

## Oregon's Largest Financial Aid Program

As the cost of attending colleges and universities over the past decade has significantly increased, **Oregon's largest grant program has helped over 30,000 students statewide each year to afford a college education and supported the State's progress toward its statewide educational attainment goals.** However, with limited funding, the grant only serves a small fraction of eligible students. The Oregon Opportunity Grant (OOG) is Oregon's largest state-funded, need-based grant program for college students, and is administered by the Higher Education Coordinating Commission's Office of Student Access and Completion (OSAC). This brief summarizes the findings in the HECC annual Report to the Oregon Legislature on the OOG, pursuant to HB 2407 (2015).

*From 2009-2019, more than 2 million applicants for financial aid qualified as OOG-eligible. Limited funds meant that only 16.5 percent of them actually received a grant award.*

## OOG Impacts on Academic Success

**The OOG program has a positive impact on students continuing and completing college:**

- **PERSISTENCE:** For the 2016-17 academic year, the fall-to-fall term/semester retention rate for first-time **OOG recipients statewide was 82 percent**, versus 77 percent for non-recipients.<sup>1</sup>
- **GRADUATION:** OOG recipients, who come from lower income backgrounds than their peers, **are equally or more likely to complete postsecondary certificates and degrees.**<sup>2</sup>

### 2015 POLICY CHANGE

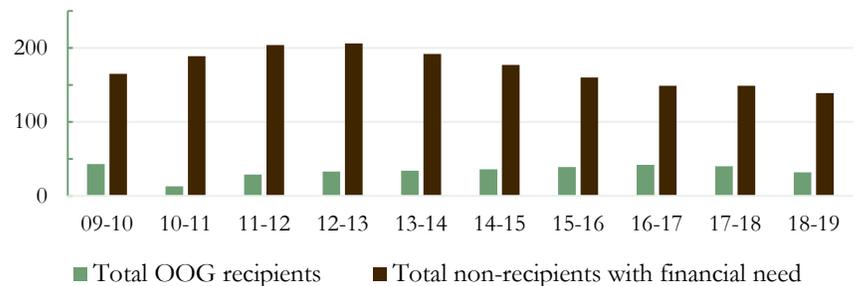
House Bill 2407 (2015) clarified that OSAC should prioritize awarding OOG grants to students with the highest financial need in years when program funds are insufficient. This change, enacted at the beginning of the 2016-2017 academic year, made an immediate impact:

- The amount of dollars distributed to students with an adjusted gross income under \$20,000 jumped from \$33.5 million in 2015-16 to \$40.6 million the following year.
- Compared to the prior year, 3,000 additional students with an income under \$20,000 received an OOG award.

## Persistent Affordability Gaps

While the 2015 policy change distributed more dollars to those students with the highest financial need,<sup>3</sup> the **vast majority of students with financial need who are eligible for the OOG (~83 percent) still do not receive an award due to lack of available funds.**

Number of students with financial need in Oregon per year (in thousands)



<sup>1</sup> The 2016-17 academic year is the most recent year with data available from all three sectors.

<sup>2</sup> At community colleges, OOG recipients complete at a slightly higher rate than non-recipient students (50% vs. 47%). At public universities, OOG recipients do just as well as non-recipients in terms of completing their degree programs (approximately 65% for both groups).

<sup>3</sup> A student qualifies as having financial need if their Expected Family Contribution is lower than the cost of attendance of their institution.

# Oregon Opportunity Grant: 2020 Report

## Rising Costs vs. Available Aid

A large percentage of today’s students, even those who receive an OOG award, have difficulty affording college. After receiving maximum federal Pell Grant and OOG awards, low-income students still have to borrow anywhere from \$11,000 to \$40,000 to pay for the full cost of attendance (COA) each year. In 2018-19, the percentage of the COA the maximum OOG covers (after other aid has been applied) was below 20 percent at public institutions and under 10 percent at independent private non-profit institutions, before institutional aid is applied.

Because of the exorbitant COA, some people choose to not enroll in college at all<sup>4</sup>—even those who would receive both an OOG award and a federal Pell Grant. As Pell Grant awards for individuals go unclaimed, the net effect is that millions of federal dollars available for educating Oregonians do not flow into the state.

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## Progress Toward State Goals

Insufficient financial aid for Oregonians seeking higher education hinders progress toward the State’s two key educational attainment goals. The 40-40-20 educational attainment goal established by ORS 350.014 (2017) calls for 80 percent of Oregonians to earn a postsecondary certificate or degree and the State’s adult attainment goal calls for increased credentials to prepare working adult Oregonians for projected job growth.

**Funding for the OOG should be increased in order to foster progress toward state goals and provide a realistic possibility of college affordability for Oregon’s low- and middle-income students and families.** Committing to funding models that cover most or all of students’ financial need will lead to more students—both new high school graduates and adult learners—going to college to enhance their skills without fear of life-altering debt.

Estimated unclaimed federal Pell Grant dollars (in millions)



## NEXT STEPS FOR OREGON

Helping Oregonians pursue their education and career goals, as well as carrying out the mission of ORS 350.014, requires a sizeable investment in the Oregon Opportunity Grant. There are opportunities to redesign the grant structure or to recommit to the funding levels and structure of the Shared Responsibility Model, which shaped SB 334 (2007); Recession-Era budget cuts made it impossible to continue supporting students at the high levels envisioned with this structure. Options for investment strategies based on existing models include:

- Ensuring that all students with demonstrated financial need gain access to the OOG.
- Ensuring that currently eligible students receive a large enough award to fully cover their college costs.
- Adopting a new OOG budget shaped by a differentiated award amount model, similar to the State of Washington’s, where award amounts scale to the financial need of all students with need (see <https://wsac.wa.gov/washington-college-grant>).

<sup>4</sup> The OOG award amount drives the number of applicants and number of those who actually use the funds; this number varies yearly.