

Joint Committee on Ways and Means

Carrier – House: Rep. Buckley

Revenue: No revenue impact

Fiscal: Fiscal statement issued

Action: Do Pass the B-Engrossed Measure as Amended and Be Printed C-Engrossed

Vote: 20 – 0 – 2

House – Yeas: D. Edwards, Galizio, Garrard, Hanna, Jenson, Morgan, Nathanson, Nolan, Shields
– Nays:
– Exc:

Senate – Yeas: Bates, Brown, Courtney, Devlin, Johnson, Morse, Nelson, Schrader, Verger, Westlund, Whitsett
– Nays:
– Exc: Gordly, Winters

Prepared By: Steven Bender, Legislative Fiscal Office

Meeting Date: 6/22/07

WHAT THE MEASURE DOES: Requires the Oregon Student Assistance Commission (OSAC) to change the calculation of grant amounts in the Oregon Opportunity Grant program from the method that is currently used. Currently, award amounts are based on the costs of attendance but do not vary by income level, i.e., when a student qualifies for an award by having income below the maximum allowed income, the student's award amount is then independent of their income level. Under the required changes, Opportunity Grant award amounts will vary by income level and family size, instead of just varying by the institution attended. This revised calculation of award amounts is commonly known as the Shared Responsibility Model. Makes changes operative on July 1, 2008.

Requires the Commission to calculate awards equal to the difference between its determination of the cost of education (which includes living expenses as well as tuition and fees), and the student's ability to pay. The student's ability to pay is based on an amount that is equal for all students attending a particular institution (the student share), and an amount that varies with the student's financial resources and qualification for federal student aid (the family share and the federal share). Requires OSAC to report to the Legislative Assembly or Emergency Board prior to implementing changes in the methods it uses to calculate award amounts.

ISSUES DISCUSSED: Relationship of the bill to the OSAC budget, costs of implementing the Shared Responsibility Model, possible award sizes under the model, potential costs of funding the proposed award sizes, difficulties in projecting Shared Responsibility Model costs, potential OSAC responses to funding shortfalls, latitude granted to OSAC to respond to funding shortfalls and to designate award amounts and program eligibility parameters, appropriate extent of legislative directives and restrictions on the Commission's authority to establish Opportunity Grant award amounts and eligibility requirements.

EFFECT OF COMMITTEE AMENDMENT:

- Add statements of legislative policies relating to the Opportunity Grant program directing the Oregon Student Assistance Commission to give highest priority to students with the greatest financial need; to expand the Opportunity Grant program to serve more students in the low-middle income range; and to avoid use of application cut-off dates so as to allow all eligible students to receive grants.
- Requires OSAC to base set Opportunity Grant award amounts on a consideration of total funding available for the program.
- Prohibits OSAC from reducing awards to low-income students by a greater proportion than any reduction in award amounts to other students.
- Authorizes application cut-off dates but restricts their implementation to situations where funding is insufficient to fund awards for all eligible students.
- Revises language to guarantee that certain students enrolled before the July 1, 2008 Opportunity Grant program changes do not receive reductions in their Opportunity Grants as a result of those changes.
- Requires OSAC to establish a Shared Responsibility Steering Committee to advise on Shared Responsibility Model implementation, specifies membership, and sunsets the committee in 2012.

BACKGROUND: The Opportunity Grant program provides grants to Oregon public and private universities and to Oregon community colleges to fund student aid for qualified Oregon students attending these institutions. It is the state's primary student financial aid program. Qualification for the awards is need-based, and is made on the bases of the student's financial need and enrollment status. The Opportunity Grant program is administered by the Oregon Student Assistance Commission and funded by General Fund, Lottery Funds, Federal Funds and Other Funds.

House Bill 5044-A, the budget bill for the Oregon Student Assistance Commission, appropriates \$43 million General Fund above the essential budget level for Opportunity Grant awards, to coincide with the implementation, by SB 334-C, of the Shared Responsibility Model on July 1, 2008. This supplement would provide total funding of \$72 million for the Oregon Opportunity Grant program in the 2008-09 academic year. During the 2009-11 biennium, the Shared Responsibility Model changes would operate for both years of the biennium, and the continuing cost of the Opportunity Grant program would total \$152 million.

In addition to these amounts, the HB 5044-A also includes \$651,314 General Fund and three positions (3.40 FTE) for program administration. This represents increases over the funding and staffing levels in the Oregon Student Assistance Commission budget for the existing Opportunity Grant program, and were provided to address increased workload resulting from the additional complexity and expanded recipient base under the Shared Responsibility Model program changes and funding level increase. Administrative costs will largely be independent of the size of the program.