
MEMORANDUM

Legislative Fiscal Office
900 Court St. NE, Room H-178
Salem, Oregon 97301
Phone 503-986-1828
FAX 503-373-7807

To: Members of the Education Subcommittee
From: Doug Wilson, Legislative Fiscal Office
(503) 986-1837
Date: May 27, 2015
Subject: HB 2407 Work Session Recommendations

Background Information

HB 2407 makes several changes to the Oregon Opportunity Grant including:

- Establishes procedures for determining maximum grant amounts under the program,
- Provides that the agency may establish criteria for prioritizing the grants to those students with greatest needs,
- Provides that the agency may award grants to qualified students to reward student persistence and encourage completion of degrees or certificates,
- Provides that the agency establish academic standards for applicants who are renewing their grants,
- Provides if an applicant meets the requirements of academic standards and progress toward completion, the applicant is to have his or her grant renewed for the second year of eligibility,
- Provides that qualified students are to be made aware of counseling services and academic guidance available at the institution, and
- Requires annual report regarding the academic success and performance of students receiving grants.

This bill has an estimate cost of \$250,000 General Fund to provide for the changes necessary to the Financial Aid Management (FAM) system which is used to process grant applications, award grants, and manage the program. The resources for these changes will be part of the overall budget for the Higher Education Coordinating Commission's budget.

There are no amendments to the bill at this time.

HB 2407 Final Subcommittee Action:

Final Motion:

Sen./Rep. _____ moves HB 2407-A to the full committee with a "do pass" recommendation.

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 2407 - A

Seventy-Eighth Oregon Legislative Assembly – 2015 Regular Session
Legislative Fiscal Office*Only Impacts on Original or Engrossed
Versions are Considered Official*Prepared by: Krista McDowell
Reviewed by: Doug Wilson
Date: 5/15/2015**Measure Description:**

Provides that all qualified students receive second year of Oregon Opportunity Grant funding if they meet academic standards and benchmarks established by Higher Education Coordinating Commission by rule.

Government Unit(s) Affected:

Higher Education Coordinating Commission

Summary of Expenditure Impact:

	2015-17 Biennium	2017-19 Biennium
General Fund	\$250,000	
Total Funds	\$250,000	\$0

Local Government Mandate:

This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

Analysis:

The bill makes a number of changes to re-structure the Oregon Opportunity Grant (OOG) program. These changes specifically relate to eligibility, award amounts, priority awards, award guarantees, and award application deadlines. The Higher Education Coordination Commission (HECC) is directed to establish rules related to this legislation as well as report annually, on or before February 1, to committees of the Legislative Assembly regarding the academic success and performance of qualified students who receive Opportunity Grants.

Implementing the above summarized changes to the OOG awarding process will require significant reprogramming of the current Financial Aid Management (FAM) system that OSAC uses to process the Free Application for Federal Student Aid (FAFSA) data used to determine student eligibility and award amounts for the Opportunity Grants. This is estimated to cost \$250,000 General Fund in the 2015-17 biennium for service and supply costs related to information technology reprogramming. The OSAC is also seeking funding to make major improvements in the FAM system overall. The Joint Committee on Ways and Means will need to factor in this with the costs and tasks in changes necessary for implementing this bill.

Costs associated with rulemaking and reporting to the Legislative Assembly are anticipated to be minimal and absorbable within the existing parameters of the HECC budget. Funding for the Oregon Opportunity Grants is provided for in both the Governor's Recommended Budget and the Co-Chairs' Framework.

STAFF MEASURE SUMMARY

House Committee On Higher Education, Innovation, and Workforce Development

Fiscal: Fiscal impact issued

Revenue: No Revenue Impact

Action Date: 03/20/15

Action: Do Pass With Amendments, Be Printed Engrossed And Be Referred To Ways
And Means By Prior Reference.

Meeting Dates: 02/20, 03/20

Vote: Yeas: 9 - Gallegos, Hayden, Johnson, McKeown, Nearman, Read, Reardon, Whisnant, Williamson

Prepared By: Victoria Cox, Committee Administrator

WHAT THE MEASURE DOES:

Allows Oregon Opportunity Grants to be awarded to highest need students when funds are insufficient to award all eligible students. Guarantees second year award to students who reapply and meet eligibility requirements. Permits development of program to provide additional incentives for students completing 15 or more credits per term. Requires Office of Student Access and Completion to inform post-secondary institutions of qualified students attending institution for purpose of providing academic counseling and guidance. Directs Higher Education Coordinating Commission to report annually to Legislative Assembly regarding academic success and performance of qualified students. Declares emergency, effective on passage.

ISSUES DISCUSSED:

- Inability of funding to keep up with provisions of shared responsibility model
- Desire to prioritize students with greatest need
- Incentives for students to complete degree programs in four years
- Importance of support services to persistence and completion
- Need for data on performance of students receiving grants

EFFECT OF COMMITTEE AMENDMENT:

Replaces the measure.

BACKGROUND:

Oregon's need-based financial aid program, the Oregon Opportunity Grant (OOG), has not been reevaluated since the adoption of the state's 40-40-20 goals for higher education. The Higher Education Coordinating Commission (HECC) convened a Financial Aid Work Group to study the OOG program and make recommendations focusing on improved student access and completion for students with the greatest need and progress toward 40-40-20. Currently, grants are awarded on a first-come first-served basis and the number of applicants greatly exceeds the available funds.

House Bill 2407-A directs the HECC to implement programs to ensure that students with the greatest financial need are prioritized and that those receiving the OOG for one year also receive the grant a second year if they continue to meet qualifying criteria.