

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: SB 932 – 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: 5/11/2015

Measure Description:

Extends eligibility for receiving Oregon financial aid scholarships and grants to certain students who qualify for exemption from paying nonresident tuition.

Government Unit(s) Affected:

Higher Education Coordinating Commission

Summary of Expenditure Impact:

	2015-17 Biennium	2017-19 Biennium
General Fund	\$43,499	\$101,000
Total Funds	\$43,499	\$101,000
Positions	1	
FTE	0.08	

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 would broaden eligibility requirements for certain state scholarships to students exempted from paying nonresident tuition under ORS 351.641. Many students who are eligible for resident tuition under ORS 351.641 cannot file a Free Application for Federal Student Aid (FAFSA) because they are neither US citizens nor eligible noncitizens. Currently, the FAFSA application data is what the Oregon Student Access Commission (OSAC) uses to determine students' eligibility for the Oregon Opportunity Grants. To be able to determine these additional students' eligibility for an Oregon Opportunity Grant, the OSAC would need to either develop its own separate application process, or contract with a third-party vendor to collect and transmit the necessary data. For the purposes of this analysis it is assumed that these services are contracted for through a third-party vendor.

The total number of newly eligible students, under the provisions of this bill, is estimated at a maximum of 1,000 students per year. Contracts with a third-party vendor to process these additional applications are estimated at a flat rate fee of \$28 for each new student and \$15 for subsequent applications for returning students. Assuming that the first applications for this newly eligible student population are for the 2016-2017 academic year; the fiscal impact for these vendor fees is estimated at \$28,000 General Fund (GF) in the 2015-17 biennium and \$101,000 GF in the 2017-19 biennium. (Please see additional tables on page 2 of this analysis for more information.)

OSAC is requesting one (0.08 FTE) limited-duration Information Systems Specialist 7 position at an estimated cost of \$15,499 GF in the 2015-17 biennium, for 347 hours of programming. This position will create a static website that serves as a portal to an online application as well as develop, test, and implement processes to import and convert applicants' data for loading into OSAC's financial aid management system.

Maximum Additional Student Applications – Breakdown by Biennium & School Year

Biennium	2015-17		2017-19		2019-2021	
School Year	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Number of 1st Time Applicants	-	1,000	1,000	1,000	1,000	1,000
Number of 2nd Time Applicants			1,000	1,000	1,000	1,000
Number of 3rd Time Applicants				1,000	1,000	1,000
Number of 4th Time Applicants					1,000	1,000
Total Applicants	-	1,000	2,000	3,000	4,000	4,000

Vendor Costs per Application– Breakdown by Biennium & School Year

Biennium	2015-17		2017-19		2019-2021	
School Year	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
\$28 Fee for 1st Time Applicants	\$ -	\$ 28,000	\$ 28,000	\$ 28,000	\$ 28,000	\$ 28,000
\$15 Fee for 2nd Time Applicants			\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000
\$15 Fee for 3rd Time Applicants				\$ 15,000	\$ 15,000	\$ 15,000
\$15 Fee for 4th Time Applicants					\$ 15,000	\$ 15,000
Total Vendor Costs	\$ -	\$ 28,000	\$ 43,000	\$ 58,000	\$ 73,000	\$ 73,000

Without additional funding to the Oregon Opportunity Grant program these additional students may make the awards slightly more competitive. Currently, there are roughly 120,000 students eligible for an Oregon Opportunity Grant per year with only about 40% actually receiving a grant. Given the maximum population increase of 1,000 students, less than a 1% increase in applicants would be expected with the passage of this legislation. Additionally, this new student population may be skewed towards an expected family contribution (EFC) rate of zero or close to zero, which would give this population a higher priority for grant awards. Average grant awards are roughly \$2,000 currently.