Improving the Impact of the Oregon Promise

PRESENTED TO THE SENATE EDUCATION COMMITTEE

Juan Báez-Arévalo, HECC
Director, Office of Student Access and Completion
Kyle Thomas, HECC
Legislative and Policy Affairs

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Promise awards can be used at any Oregon community college, for up to 90 college credits

2021-22 Awarding (full-time)
- $1,000 per year (minimum)
- $4,131 per year (maximum)
- Before $50/term co-pay applied
Recent OPG Distribution

OPG Recipients and Student Impacts
- Slightly more likely to be women and Hispanic/Latinx
- 75% of recipients return for 2nd year of the program
- 1st cohort of Promise students appears to have earned their degree somewhat faster than HS graduates did prior to OPG’s existence

Financial Impacts
- Program’s design capitalizes on federal aid dollars for low-income students (Pell grants)
- OPG award has had a smaller impact as tuition and cost of attendance rise each year

COVID Impacts
- Class of 2021 had significant drop in OPG applications due to many factors
- Class of 2020 had a higher than average EFC cutoff

The OPG Awarding System Distributes Funds After Other Federal and State Aid, Which Results in Fewer Resources for Lower-Income Students

The award amount depends on student’s **remaining** financial need to cover the average cost of tuition.

- If a student’s tuition is covered in-full by other public grants, the student receives the minimum award ($850).
- When combined with the OOG, Promise students from the lowest-income families receive, on average, $3,628.
- Meanwhile, Promise students from middle and higher-income families receive $3,981 on average

*All award numbers above are after co-pay, based on 2021-2022 award rates.

More than 50% of recipients are low income, but nearly **80% of the program dollars** go to higher income students.

Percentage of OPG recipients with Pell grant

- 52% Pell recipients
- 48% non-Pell recipients

Distribution of OPG funds

- 21% Pell recipients
- 79% non-Pell recipients


Inequitable Award Structure – Oregon Promise

2018-19 Oregon Promise Grant Awards

Analysis of OSAC data
Minimum OPG Awards Have Not Kept Up With Rising Tuition Costs

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<tbody>
<tr>
<td><strong>Average Cost of CC Tuition</strong> (12 cr per term)</td>
<td>$3,248</td>
<td>$3,390</td>
<td>$3,537</td>
<td>$3,684</td>
<td>$3,855</td>
<td>$3,981</td>
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<tr>
<td><strong>Min. OPG Award (after co-pay)</strong></td>
<td>$850</td>
<td>$850</td>
<td>$850</td>
<td>$850</td>
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<td>$850</td>
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<tr>
<td><strong>Max OPG Award (after co-pay)</strong></td>
<td>$3,398</td>
<td>$3,540</td>
<td>$3,687</td>
<td>$3,834</td>
<td>$4,005</td>
<td>$4,131</td>
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*Current co-pay for Oregon Promise is $50 per term*
Oregon Promise helps recent HS and GED® graduates pay their college tuition

A number of barriers prevent the program from *advancing equity*:

1. Low-income students may have personal life stressors and obstacles that affect their high school grades; the current GPA requirement prevents them from advancing their education and future
2. The co-pay creates an *unnecessary financial burden* on already low-income students
3. The current minimum award structure puts a cap on how much low-income students receive and *disproportionally benefits middle-to-high income* students
Improving the Impact of the Oregon Promise

Recommended steps to increasing student access, equity, and success

1. Eliminate the $50 co-pay

2. Increase the minimum award and have it rise as tuition increases

3. Lower the high school GPA requirement from 2.5 to 2.0
Proposed Equity Reforms for OPG

Items 1 & 2 would begin in 2022-23; Item 3 would begin ASAP for Class of 2022 applicants

<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
<th>Total Cost of Reform for 2022-23</th>
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<tbody>
<tr>
<td>1</td>
<td>Remove $50 Co-Pay</td>
<td>$1,364,900</td>
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<tr>
<td>2</td>
<td>Increase Minimum Award Amount</td>
<td>$6,200,856</td>
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<tr>
<td>3</td>
<td>Lower GPA Requirement</td>
<td>$2,475,777</td>
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<td><strong>$10,041,533</strong></td>
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<thead>
<tr>
<th>Year</th>
<th>Projected Annual Spending in Current Form</th>
<th>Projected Annual Spending with New Items</th>
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<tbody>
<tr>
<td>2021-22</td>
<td>$13,505,161</td>
<td>$13,505,161</td>
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<tr>
<td>2022-23</td>
<td>$18,294,707</td>
<td>$28,336,240</td>
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<tr>
<td><strong>2021-23</strong></td>
<td><strong>$31,680,981</strong></td>
<td><strong>$41,841,401</strong></td>
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*Estimation as of 1-10-2022 expenditure and applicant data.*

*LAB = $42.2M*