

ANALYSIS

Item 13: Higher Education Coordinating Commission Oregon National Guard State Tuition Assistance

Analyst: Kim To

Request: Allocate \$150,000 General Fund from the Emergency Fund to the Higher Education Coordinating Commission for the agency to fully award tuition assistance to eligible Oregon National Guard members through the 2024 summer term.

Analysis: The Higher Education Coordinating Commission (HECC) is requesting \$150,000 General Fund to maintain current level assistance for students eligible for the Oregon National Guard State Tuition Assistance Program (ONGSTA).

HECC administers the ONGSTA program on behalf of the Oregon Military Department. Established in 2018, the Oregon National Guard State Tuition Assistance program provides undergraduate tuition assistance to current members of the Oregon National Guard attending Oregon public universities and community colleges. The 2019 Legislature expanded the program to include eligible private nonprofit schools and the Oregon Health and Science University and to allow awards to be used towards undergraduate certificate programs. To further improve equity and access, the 2021 Legislature added a book allowance to the grant award and restructured the ONGSTA program to allow the program to be first pay after the Department of Defense Federal Tuition Assistance (FTA) funds have been applied towards student's tuition balance. Prior to this restructuring, the awarding process for the ONGSTA program was a last dollar pay after all state and federal assistance had been applied. This restructuring to apply ONGSTA funding after FTA but before Pell and other state grant was intended to achieve a higher level of equity by providing National Guard members who are considered higher need as lower income earners access to additional financial aid to assist with other costs of attendance such as food, housing, transportation, and childcare.

HECC projects an increase in applications and award amounts that would outpace the 2023-25 program budget of \$5,035,800. Although the 2021 restructure of the ONGSTA program authorizes HECC to adjust grant amounts if funds are insufficient, HECC and the Oregon Military Department believes reduction in grant awards would negatively impact the retention of Guard members, as well as the recruiting efforts of the Oregon National Guard. The increase in award amount is due to the above program expansions and restructuring coupled with an increase in cost of attendance. Based on average awarding amount and the number of applications HECC has already received for the 2023-24 academic year, HECC requests an additional \$150,000 General Fund to maintain current level assistance for eligible Guard members for the summer 2024 term. HECC will work with the Oregon Military Department to calibrate forecasting for ONGSTA program for the 2024-25 academic year.

Recommendation: The Legislative Fiscal Office recommends that the Emergency Board allocate \$150,000 General Fund from the Emergency Fund to Higher Education Coordinating Commission to maintain current level awarding for the Oregon National Guard State Tuition Assistance Program.

13
Higher Education Coordinating Commission
Chase

Request: Allocate \$150,000 from the State Emergency Fund to the Higher Education Coordinating Commission (HECC) to fully award Oregon National Guard State Tuition Assistance (ONGSTA) to eligible service members for the 2024 summer term.

Recommendation: Approve the request.

Discussion: Established in 2018, the ONGSTA program has become a foundational recruiting and retention tool for the Oregon National Guard (ONG). In addition to a desire and commitment to defend the state and nation, the ability to obtain an education is one of the main reasons cited by service members as to why they choose to join an all-volunteer armed service. Providing tuition assistance to service members is of the utmost value to the Oregon Military Department (OMD) and ONG. Between the 2018 and 2023 fall terms, 1,007 ONG service members received education benefits through the ONGSTA program.

The HECC Office of Student Access and Completion (OSAC) administers the ONGSTA program. The program was originally designed to fund eligible service members for costs of tuition net federal and state grants applied to a student's account. In 2021, Senate Bill 101 revised the funding structure to award ONGSTA for costs of tuition net of only Department of Defense Federal Tuition Assistance (FTA) applied to a student's account. Additionally, Senate Bill 101 (2021) expanded the ONGSTA funding structure to include a book stipend and costs related to average student fees (limited to fees charged to all students enrolled).

Prior to the Senate Bill 101 (2021) funding structure revisions, the average ONGSTA award for each fall, winter, and spring term was \$278,246 and \$65,000 for the summer terms. Since the 2021 funding structure revisions, the average ONGSTA award for each fall, winter, and spring term is \$886,362 and \$150,000 for the summer terms. In addition to the 2021 funding structure revisions, the increased costs to attend Oregon public post-secondary schools has risen an average of four percent per academic year. Both factors contributed to the increased costs to administer the ONGSTA program and impacts HECC's ability to continue to award eligible service members at the same level without additional resources.

Forecasting the ONGSTA program demand is difficult since HECC receives college enrollment data in aggregate, not specific to ONG service members. This request seeks to partially remediate the estimated funding shortfall by ensuring awards will be granted to service members seeking to attend the 2024 summer term.

Legal Reference: Allocation of \$150,000 from the State Emergency Fund to supplement the appropriation made by chapter 454, section 1(7), Oregon Laws 2023, for the Higher Education Coordinating Commission, Oregon National Guard tuition assistance for the 2023-25 biennium.



Oregon

Tina Kotek, Governor

Higher Education Coordinating Commission

3225 25th Street SE

Salem, Oregon 97302

www.oregon.gov/HigherEd

April 29, 2024

Senator Rob Wagner, Co-Chair
Representative Julie Fahey, Co-Chair
State Emergency Board
900 Court Street NE
H-178 State Capitol
Salem, OR 97301

Dear Co-Chairs:

Nature of the Request

The Higher Education Coordinating Commission (HECC) requests \$150,000 in General Funds to allow HECC to continue to fully award tuition assistance to eligible Oregon National Guard members for the 2024 summer term. The Oregon National Guard State Tuition Assistance (ONGSTA) program was budgeted at \$5,035,800 for the 23-25 biennium. This amount was based on CSL which included \$800,000 from the 2022 Legislative Emergency Board. However, several factors have contributed to the increased spending beyond the allocated amount.

Prior to SB 101 (2021), the ONGSTA awarding structure was to fund eligible Oregon National Guard members "tuition only" costs after all federal and state grants were applied to the eligible National Guard student's accounts. SB 101 restructured the ONGSTA awarding which allowed ONGSTA funds be applied to the student tuition award only after Federal Department of Defense Federal Tuition Assistance (FTA) funds (no other state or federal funding) were applied to the student's tuition balance. Additionally, SB 101 allowed the HECC to provide a book stipend and to provide funding toward certain student fees, which is based on the average standard fees (only fees charged to all students enrolled) per sector. The average ONGSTA award using the awarding structure prior to SB 101 for each fall, winter and spring term was \$278,246 and \$65,000 for the summer terms. The average awarding amount using the post SB 101 awarding structure for each fall, winter and spring term is \$886,362 and \$150,000 for the summer terms. The additional increase of spending due to the awarding restructure and the average increase in the cost of attendance increase for Oregon public post-secondary schools at an average of 4% per academic year, summarizes the increase in spending to support ONGSTA benefits for eligible Oregon National Guard members for the 2023-2025 biennium.

Forecasting the ONGSTA program demand is difficult because the HECC is not forecasting college enrollment alone as other grant programs, but college enrollment associated with Oregon National Guard retention and recruitment.



Oregon

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These factors combined, in a still relatively new program with the HECC, result in the shortfall that this request seeks to partially remediate.

Agency Action

HECC continually works with the Oregon Military Department to ensure the members of the Oregon National Guard receive the support they need to advance their post-secondary educational goals. To date, and through the 2024 summer term, HECC intends to fully award all eligible Oregon National Guards with the addition of these funds. HECC will continue to monitor the funds available for the 24-25 academic year. Attached to this request is a letter of support from the Oregon Military Department.

Action Requested

The Higher Education Coordinating Commission requests the Emergency Board to increase the budget for the ONGSTA program by \$150,000 GF so HECC may fully award eligible Oregon National Guard students through the 2024 summer term.

Legislation Affected

None

Sincerely,

Ben Cannon, Executive Director
Higher Education Coordinating Commission



OREGON MILITARY DEPARTMENT
JOINT FORCE HEADQUARTERS, OREGON NATIONAL GUARD
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230 GEER DRIVE NE
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April 29, 2024

The Honorable Senator Rob Wagner, President of the Senate
The Honorable Representative Julie Fahey, Speaker of the House
State Emergency Board
900 Court Street NE
H-178 State Capitol
Salem, OR 97301-4048

Dear Co-Chairpersons:

The Oregon Military Department (OMD) and Oregon National Guard (ONG) respectfully submit this letter in support of the May Emergency Board request from the Higher Education Coordinating Commission (HECC) for \$150,000 in General Fund for the Oregon National Guard State Tuition Assistance Program (ONGSTA). The ONGSTA Program was established in 2018 via House Bill 4035. Modifications to the program enhancing its effectiveness and usefulness for ONG Service Members were approved in the 2019 and 2021 Sessions.¹

Since its inception, the ONGSTA program has become a foundational recruiting and retention tool for the ONG. In addition to a desire and commitment to defend our state and nation, the ability to obtain an education is one of the main reasons cited by Service Members as to why they choose to join an all-volunteer Armed Service. Providing Tuition Assistance to our Service Members is of the utmost value to the OMD and ONG. It is also critical to note that prior to this program's establishment, Oregon was the only state in the nation which did not offer any form of State Tuition Assistance to National Guard Service Members.

Our HECC partners have showcased exceptional leadership, fortitude, and perseverance in managing this complicated and much needed program. Because of their efforts, 1,007 Oregon National Guard Service Members have received essential educational benefits between the fall term 2018 and fall term 2023. We expect this level of engagement by our Service Members to continue making the solvency of this program more important than ever.

Should funding not be allocated, there will be significant impacts to the program. Initial impacts will include the need for HECC to cancel the ONGSTA program for the 2024 Summer Term. The longer-term implications for the remainder of the biennium are outlined in the HECC letter. These will all negatively impact the educational plans for Oregon National Guard Service Members, and they will have a *significant reputational impact* to the ONG, and negatively impact future recruiting and retention efforts in Oregon.

¹ HB 2817 (2019 Session) / SB 101 (2021 Session)

This ONGSTA program allows Oregon to make a promise to our Service Members that the State will help them obtain an education in return for their commitment and dedication to serving the State and the Nation. Canceling this program, even for one term, breaks the faith with our Service Members and deprives them of a key tool for long term personal and professional growth.

As The Adjutant General for Oregon, it is my responsibility to see to the welfare of our Service Members. Ultimately, leaders are learners. Sustaining the funding for this program helps Oregon keep the promise it made to our Service Members regarding the opportunity to obtain a higher education with minimal to no cost. It also is an invaluable tool to attract and retain leaders to meet the needs of our State and Nation. Both the Executive and Legislative branches in Oregon have been committed partners in executing our mission, and I am eternally grateful for the ongoing support.

Please approve the request submitted by the Higher Education Coordinating Commission for funding related to the Oregon National Guard State Tuition Assistance Program.

Sincerely,



Alan R. Gronewold
Brigadier General
The Adjutant General

cc: Tom Riel, Director of Operations
Bob Small, Senior Policy Advisor