



# Oregon Opportunity Grant and Federal Financial Aid Policy Changes

## Joint Committee on Ways and Means Subcommittee on Education

Dr. Amy G. Cox

Director, Office of Research and Data

Juan Baez-Arevalo

Director, Office of Student Access and Completion

February 12, 2024

# Oregon Opportunity Grant Annual Evaluation



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# ORS 348.205 requires the HECC to conduct an evaluation of the Oregon Opportunity Grant each year

This year's report asks three questions:



1. Who is served by the grant?



2. What is the academic success and performance of students with the grant?



3. How does the OOG affect college/university affordability?

The report pays particular attention to the impact of a program expansion in 2021-22.

OOG eligibility expanded that year to include students with expected family contributions (EFCs) up to \$6,000.

Eligibility for the Pell Grant in 2021-22 was an EFC up to \$5,846.

# Who is served by the Oregon Opportunity Grant?

Compared to students from higher income backgrounds and to students overall, students with an OOG are more likely to be from communities that have been underserved in higher education.

- OOG students are more often:
  - Students of color
  - Students from rural areas
  - Older students
  - Women

OOG recipients in 2021-22 looked similar to previous years of OOG recipients and previous years of Pell recipients.

- Under the expanded eligibility, the OOG program continued to serve students facing some of the greatest headwinds to pursuing college/university

# What is the academic success and performance of students with an OOG?

Students with the OOG succeeded at the same or higher levels as other students

Community college students with an OOG had **higher rates of retention and earned more credits** than higher-income students and students overall

Public university & private institution students with an OOG had **nearly identical rates of retention and earned nearly identical numbers of credits** as higher-income students and students overall

Across the sectors, students with the OOG had **similar retention rates and number of credits** as earlier years of OOG and Pell Grant recipients

We examined 4 academic measures:

- Fall-to-winter retention
- Fall-to-spring retention
- Fall-to-fall retention
- Credits earned that year

We compared OOG students to:

- Students with EFCs above the OOG eligibility limit
- Oregon students overall, incl. those who did not apply for aid
- Earlier years of OOG recipients (with lower EFCs)
- Earlier years of Pell Grant recipients (with similar EFCs)

# How does the program affect college/university affordability?

Students with an OOG face steeper affordability challenges, but expanded eligibility meant the OOG improved affordability more in 2021-22

**50%** of students with the OOG could not cover the cost at their school, even with financial aid, EFC, and their own earnings.

However, this share would have been **62.5%** without the OOG.

The OOG had a stronger impact on student affordability in 2021-22, partly because of the expanded eligibility.

With the expansion, the OOG improved the affordability overall rate by 5.4%, rather than 3% as previously.

This helped propel the first improvement in college affordability in a decade.

## How we measure affordability:

Cost of attendance: tuition & fees, housing, books & supplies, transportation, personal expenses

vs Expected resources: financial grants, most institutional aid, EFC, estimate of student earnings

# Conclusions

The OOG serves students who have the greatest financial need and disproportionately come from underserved communities

Students with the OOG do as well or better than students from higher income backgrounds and than students overall

The recent expansion to the OOG helped propel the first significant improvement in affordability in a decade

The evaluation recommends continued promotion and expansion of the OOG program

# Oregon opportunity Grant, FAFSA Simplification, and Student Need Calculations



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# Oregon Opportunity Grant: Transformation, Investment and Impact

2009-2018 Rationing of Funds Through Fixed Amounts

2018-2023 Increased Awards, Return of Tiered Awards, Elevating of EFC Limits, and Extending Deadlines

2023-2024 Increased Awards, Continuation of High EFC Cap, Late Filing Deadline and Additional Reform

# Oregon Opportunity Grant : Fall 2023 Utilization and Disbursements

Strong Utilization Rate of the OOG in 2023-24 with an estimated 57.6% award pickup rate

Prelim. Fall 2023 OOG	FT Recipients	HT Recipients	Total Recipients	Total Disbursements
Community Colleges	11,607	6,575	18,182	\$ 17,423,539
State Universities + OHSU	14,207	1,531	15,738	\$ 32,728,429
Private Institutions	2,269	116	2,385	\$ 7,474,866
<b>Totals</b>	<b>28,083</b>	<b>8,222</b>	<b>36,305</b>	<b>\$ 57,626,834</b>

If the projected term to term retention level averages 93%, the 2023-24 fund disbursement will be slightly above the \$148M budgeted level for the year. Leaving less than 52% of LAB for the 2<sup>nd</sup> year of the biennium.

# Free Application for Federal Student Aid (FAFSA) Simplification

With changes, come unknowns and challenges for students, families, institutions, and financial aid entities/agencies.

## Impacts:

- Possibly more applicants for admission and/or financial aid due to easier submission process of the FAFSA Form®.
- Student eligibility changes – for better and worse. Overall trend is that more students will have a lower SAI and be Pell Grant eligible. However, there are some students who will receive less or no federal aid due to the formula changes. This has retention concerns for currently enrolled students who may see a drop in their financial aid offerings before degree completion.
- Compressed timeframe for this 2024-25 cycle for all entities to make financial aid offers on limited data, and for institutions to complete verification and review unusual/special circumstance requests, given the delays.
- New FAFSA data-sharing limitations for entities who receive FAFSA records, and for those who participate in FAFSA Completion efforts.
- Institutions and agencies who receive FAFSA records are now responsible for proper handling of Controlled Unclassified Information (CUI) in the form of federal taxpayer information (FTI) from the FAFSA.
- Increased number of students with high levels of need and a significant overall increase in students who qualify for the federal Pell grant, which directly implies a significantly higher demand for state need based aid particularly the Oregon Opportunity Grant.

2024-25 records are delayed to state agencies and institutions until mid-March 2024.

Students cannot access their FAFSA Submission Summary until March 2024.

Financial aid grants and institutional awards will be delayed.

# Estimated: EFC to SAI Transition via NASFAA Model Tool

2023-24 OOG Authorized			Forecasted SAI		
EFC Value	Headcount	%	SAI Value	Headcount	%
0	35,512	56.3%	-1500 - 0	46,858	74.3%
1 - 2,000	9,054	14.4%	1 - 2,000	2,575	4.1%
2,001 - 4,000	7,284	11.5%	2,001 - 4,000	3,343	5.3%
4,001 - 6,000	6,110	9.7%	4,001 - 6,000	3,195	5.1%
6,001 - 8,000	5,133	8.1%	6,001 - 8,000	1,978	3.1%
			8,001+	5,144	8.2%
<i>Total</i>	63,093	100.0%	<i>Total</i>	63,093	100.0%
<b>Population:</b> 2023-24 OOG Authorized Students (Oct 2022 to Sept 2023)					

87% forecasted at a lower SAI compared to EFC

51% shifted from 0 EFC to -1500 SAI

Students with forecasted SAI above 8,000 were mostly dependent students with their own income (70%)

EFC does not equal SAI

- Under the current OOG structure (2023-24), the lowest EFC students receive the largest awards. Award sizes decrease as EFC increases. Students with EFCs of up to 8,000 receive awards.
- Students with a 0 EFC receive the maximum Pell grant. For 2024-25, students with 0 or negative SAI will receive the maximum Pell grant.
- Using only OOG authorized students, we project a major shift within our current award tiers.
- This model does not have inflation adjustment included – which means we could see more students with a lower SAI.

## 2024-25 OOG Award Calculation

The NASFAA tool projections indicate a clear and substantial shift that increases the number and percent students who are eligible for the maximum award from 56% of students to 74% of students.

**The significant projected increase in demand for OOG requires OSAC to consider cost controls to stay on budget before setting 2024-25 awards.**

Given the high volume of students in need, cost control parameters such as setting a tight SAI cap/limit, and new award tiers are required.

For the first-time in 3-years, OSAC will have to set an OOG eligibility threshold below the federal Pell eligibility limit. The current OOG 8,000 EFC eligibility limit will become a lower SAI threshold.

# 2024-25 OOG Award Calculation

Several cost control considerations have been under review, and feedback was sought from OSAC's Student Aid Advisory. Considerations included: significantly reducing award amounts, setting early tier steps among the highest need, having an early FAFSA/ORSAA cutoff date and reintroducing past cost controls (eg Fall/Winter Enrollment Requirements).

Any cost control scenario will impact affordability. HB 2407 (2015) prioritizes awarding Oregon Opportunity Grants to the qualifying students with the greatest financial need or whose circumstances would enhance the promotion of equity guidelines published the Higher Education Coordinating Commission.

**Rather than reducing award amounts for the highest need students (watering down the soup) and impacting their ability to stay enrolled, OSAC intends to sustain award values for the highest need students and will extend the window of FAFSA/ORSAA filing until the volume of high need applicants reaches the threshold that we can afford to award.**

With additional funding, OSAC could raise the SAI cap above the currently projected limit of 2,000; and/or to extend the filing window through the summer months.

# 2024-25 OOG Award Calculation

## OSAC: Spring and Summer Awarding Plans

Mid-March – Initial review of FAFSA/ORSAA records and patterns.

**Early April – Setting initial OOG award parameters per data results and updated projections.**

- **Most likely starting with an SAI limit of 2,000 to stay within LAB.**

Mid-June – Evaluate FAFSA/ORSAA filing patterns to consider the feasibility of raising the SAI cap for 2024-25.

Summer months – OSAC will keep making OOG awards as FAFSA/ORSAA results come in, and as funds allow for 2024-25.

Fall 2024 (post-add/drop window) – OSAC will have to consider the need for a cost control via fall enrollment requirement, per initial pickup rate/fall expenditure rate

# Oregon Opportunity Grant: Sustaining the Transformation and Impact

## 2018-2023 Increased Awards and Tired Awards, Higher Eligibility Limits, Extended Deadlines and Access Reforms

- Introduction of award tiers, with a gradual slope among the tiers to focus on award amount level for all students
- By increasing the EFC limit to 6,000 in 21-22, OOG began awarding students above the Federal Pell Grant EFC limit
- Since 2021-22, OOG recipients at community colleges are more likely to be full-time enrolled students than half-time
- OSAC has been able to waive the fall term enrollment requirement since 2021-22, and reviews the policy each term to determine if it can continue

## 2024-2025 Opportunities from the Shift from EFC to SAI, and the Increase in Eligible Students for Pell Grant & OOG

- Initial forecasting estimates that many students will see a lower SAI compared to the prior EFC calculation, more will qualify for need based aid like Pell and OOG.
- Cost controls are required if no additional funding is authorized for the OOG
- The significant increase in Pell eligible students in Oregon because of the new FAFSA SAI calculation, creates opportunity to further the impact of the OOG if the recent transformations are sustained into 2024-25, and through 2025-2027
- Maintaining recent transformations (ex. an eligibility cap (8,000) above Pell, late filing deadlines, and fall enrollment waivers will further reduce the affordability gap, sustain enrollment gains, and increase completion rates
- Any additional investment in the OOG for 2024-25, and sustained increases in 2025-27 have a guaranteed ROI from federal Pell dollars (immediate return), and an exponential return on investment in years to come per the known results of the impact of the OOG on recipient retention and completion!