



LPRO: LEGISLATIVE POLICY AND RESEARCH OFFICE

FINANCIAL AID

BACKGROUND BRIEF

Financial aid is a broad topic that covers a wide variety of areas and programs, including public and private grants, loans, and scholarships. This brief focuses on public financial aid programs administered by the federal government and the State of Oregon. It explains the methods by which students are considered eligible for various forms of aid; summarizes each of the federal and state-administered financial aid programs; and explores the impact of financial aid programs on students' academic success and other outcomes.

FINANCIAL AID ELIGIBILITY

The U.S. Department of Education sets basic criteria for federal financial aid eligibility. These requirements include, but are not limited to, a demonstrated financial need, U.S. citizenship or permanent residency, a Social Security account number, qualification such as a high school diploma or GED, and enrollment in and satisfactory academic progress made toward a degree or certificate program. Other factors may affect eligibility for certain types of aid, such as incarceration or a prior criminal conviction. For example, an applicant who is incarcerated may receive a Federal Supplemental Educational Opportunity Grant and Federal Work Study, but is ineligible for federal student loans.¹ In December of 2020, Congress restored eligibility for incarcerated individuals to receive Pell Grants, removed the requirement for Selective Service registration, and reversed the loss of eligibility for individuals convicted of drug offenses while receiving aid.²

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¹ U.S. Department of Education, *Eligibility for Students with Criminal Convictions*, <<https://studentaid.gov/understand-aid/eligibility/requirements/criminal-convictions>> (last visited August 12, 2021).

² Federal Register, *Early Implementation of the FAFSA Simplification Act's Removal of Requirements for Title IV Eligibility Related to Selective Service Registration and Drug-Related Convictions*, available at <<https://www.federalregister.gov/documents/2021/06/17/2021-12762/early-implementation-of-the-fafsa-simplification-acts-removal-of-requirements-for-title-iv>> (last visited August 12, 2021).

Free Application for Federal Student Aid (FAFSA)

The first step for most applicants for federal and state financial aid programs is the Free Application for Federal Student Aid (FAFSA). The FAFSA is a form designed by the U.S. Department of Education to assess an applicant's total financial situation in order to determine the types and amount of aid for which the applicant is eligible. In December of 2020, Congress significantly simplified the FAFSA application form by reducing the number of questions from 108 to 36.

In making an eligibility calculation, the FAFSA considers an applicant's family income; benefits such as Social Security; financial assets; income tax liability; whether the applicant is dependent, independent, or cares for dependents; and other factors in order to generate an applicant's Expected Family Contribution (EFC). While the EFC represents the ability of an applicant's family to contribute to the cost of their education, it is not necessarily the specific dollar amount that they will be expected to pay. Rather, it is an index indicator used to calculate the amount of need-based aid for which an applicant will be eligible.³ Certain conditions may trigger an automatic EFC calculation of zero, meaning the applicant is eligible for the maximum amount of aid; these conditions include a household income under \$27,000 for parents of dependent students and independent students with dependents.⁴

Next, the applicant's Cost of Attendance (COA) is calculated by a school's financial aid staff and is used to determine an applicant's financial need to attend that school. The COA represents an estimate of the total cost for the applicant to attend a particular school, including tuition and fees, room and board, and textbooks and other supplies, with allowances for costs such as child care and a personal computer.

In order to calculate an applicant's financial need, the following formula is applied:

$$\text{Financial Need} = \text{Cost of Attendance (COA)} - \text{Expected Family Contribution (EFC)}$$

The amount of financial aid for which an applicant is eligible is dependent on their financial need, which differs depending on the school's cost of attendance. For example, if an applicant's COA for attending a university is \$27,000 and their EFC was calculated to be \$12,000, the applicant would be eligible for up to \$15,000 in need-based financial aid. By contrast, if that same applicant's COA for attending a community college is \$20,000, the applicant would be eligible for up to \$8,000 in need-based aid.

Additional aid is available to applicants on a non-need basis. This includes any type of aid that is not based on the EFC calculation. However, eligibility for federal non-need-based (NNB) aid is still dependent on an eligibility formula:

$$\text{NNB Aid Eligibility} = \text{Cost of Attendance (COA)} - \text{Financial Aid Awarded So Far}$$

³ U.S. Department of Education, *How Aid is Calculated*, <<https://studentaid.gov/complete-aid-process/how-calculated>> (last visited August 12, 2021).

⁴ U.S. Department of Education, *The EFC Formula, 2021-2022*, available at <<https://fsapartners.ed.gov/sites/default/files/attachments/2020-08/2122EFCFormulaGuide.pdf>> (last visited August 12, 2021).

This formula accounts for all aid awarded to the applicant thus far, including need-based aid such as grants and subsidized loans, as well as private loans and scholarships, to determine the remaining amount necessary to cover the cost of attending a school. Federal non-need-based aid programs include unsubsidized loans as well as grants targeted to members of certain groups.

Oregon Student Aid Application (ORSAA)

Federal law restricts eligibility for federal financial aid to individuals who are U.S. citizens or nationals and registered permanent residents with a Social Security account number. This means that individuals who are undocumented, including those with Deferred Action for Childhood Arrivals (DACA) status or Temporary Protected Status (TPS), or those who are unable to prove legal permanent residency, are unable to apply for many types of aid, including Pell Grants and federally subsidized student loans. In response, the State of Oregon created the Oregon Student Aid Application (ORSAA), which mirrors the FAFSA's ability to calculate EFC, in order to provide the ability for undocumented individuals to apply for financial aid. State law provides that individuals who are not citizens or lawful permanent residents are eligible to receive state-provided aid such as the Oregon Opportunity Grant and the Oregon Promise.⁵

FEDERAL STUDENT AID PROGRAMS

Most federal student aid programs are administered by the U.S. Department of Education under Title IV of the Higher Education Act of 1965 (HEA), as amended by a series of congressional reauthorizations. The most recent significant overhaul of the federal financial aid system was in 2010, when Congress discontinued several loan programs and reorganized the remaining programs into their current framework. Current Title IV aid programs include need-based aid such as Pell Grants and Direct Subsidized Loans, as well as non-need-based aid programs such as Direct Unsubsidized Loans. In the 2019-2020 award year, the federal government disbursed more than \$118 billion in loans and grants.⁶ It currently holds approximately \$1.6 trillion in student debt.⁷ Additional federal aid programs for military veterans are administered by the U.S. Department of Veterans Affairs (VA). Tables 1 and 2 (on page 8) provide an overview of Title IV grant and loan programs respectively administered by the U.S. Department of Education.

Need-Based Aid

Need-based financial aid is offered to applicants who demonstrate a financial need to cover the costs of attending a school. Financial need is calculated by subtracting an applicant's EFC from the cost of attendance at the school they will attend. Eligibility for

⁵ [ORS 350.240 \(2019\)](#) (last visited September 22, 2021).

⁶ U.S. Department of Education, *Title IV Program Volume Reports*, available at <<https://studentaid.gov/data-center/student/title-iv>> (last visited August 12, 2021).

⁷ U.S. Department of Education, *Federal Student Loan Portfolio*, available at <<https://studentaid.gov/data-center/student/portfolio>> (last visited August 12, 2021).

these need-based aid programs is determined when an applicant submits the FAFSA form.

Pell Grants. Pell grants, originally called Basic Educational Opportunity Grants under the 1964 HEA, were revised and expanded under the 1972 amendments to that law and have since become a major source of need-based aid for students. They are grant awards, meaning that they are cash distributions made directly to students to meet the costs of their education with no expectation of repayment. Pell grants are targeted at the students with the most financial need, and award amounts are dependent on a student's financial need as calculated by their EFC and a school's cost of attendance, with higher award amounts for those with more financial need.⁸ Under the Children of Fallen Heroes Scholarship program, Pell-eligible students whose parent or guardian died in the line of duty as a public safety officer automatically receive the maximum award amount.⁹ In December of 2020, Congress increased the maximum annual Pell Grant amount to \$6,495 and reversed a prohibition for incarcerated individuals that was enacted in 1994.

Federal Supplemental Education Opportunity Grant (FSEOG). In addition to Pell grants, students with exceptional financial need are eligible for additional grant funds through the Federal Supplemental Education Opportunity Grant (FSEOG) program. Unlike Pell grants, these funds are distributed to schools for disbursement to students on a limited basis rather than to every eligible student, although eligibility is still based on income via the FAFSA's EFC calculation. The award amount varies by school, with a maximum award amount of \$4,000.¹⁰

Direct Subsidized Loans. In addition to grants, the federal government acts as a lender by directly issuing low-interest loans to students. The Direct Loans program, formerly known as Stafford Loans, is another major source of need-based and non-need-based aid for students across the country. Students with EFC-determined financial need are eligible for subsidized loans, for which the federal government pays the accrued interest on the student's behalf while the student is enrolled, while the loan is deferred, and during a six-month grace period after leaving school.¹¹ There are limits on the amount that may be borrowed with a subsidized loan, and they are only issued to undergraduate students. Otherwise, subsidized and unsubsidized direct loans are very similar, including the interest rate, which is fixed for the term of each loan but is adjusted by Congress each year for new loans.¹² Loan recipients are expected to pay back the

⁸ U.S. Department of Education, *Federal Pell Grant Program: Payment Schedule for Determining Full-Time Scheduled Awards in the 2021-2022 Award Year*, (2021), available at <<https://fsapartners.ed.gov/sites/default/files/attachments/2021-01/20212022PellPaymentSchedule.pdf>> (last visited August 12, 2021).

⁹ U.S. Department of Education, *(General) Subject: Children of Fallen Heroes Scholarship Act*, available at <<https://fsapartners.ed.gov/knowledge-center/library/electronic-announcements/2018-11-19/general-subject-children-fallen-heroes-scholarship-act>> (last visited August 12, 2021).

¹⁰ U.S. Department of Education, *FSEOG (Grants)*, <<https://studentaid.gov/understand-aid/types/grants/fseog>> (last visited August 12, 2021).

¹¹ U.S. Department of Education, *Subsidized and Unsubsidized Loans*, <<https://studentaid.gov/understand-aid/types/loans/subsidized-unsubsidized>> (last visited August 12, 2021).

¹² U.S. Department of Education, *Interest Rates for Direct Loans First Disbursed Between July 1, 2021 and June 30, 2022 (EA ID: LOANS-21-06)*, (2021), available at <<https://fsapartners.ed.gov/knowledge-center/library/electronic->

loans in full, including interest and fees, and are required to complete entrance counseling in addition to signing master promissory note contracts. Under certain circumstances, students may engage in an income-based repayment plan¹³ or have the loan forgiven altogether via the Public Service Loan Forgiveness Program or by other circumstances.¹⁴ In 2010, Congress ended the practice of subsidizing private banks to administer federal student loans (known as the Federal Family Education Loan Program) and shifted to having the U.S. Department of Education administer loans directly.

Federal Work-Study. The Federal Work-Study (FWS) program, while neither a grant nor a loan program, is a third type of need-based aid provided by the federal government. FWS provides part-time job opportunities in public service to eligible students with financial need so that students may earn money and gain work experience while in school. Participating employers are typically a school campus, a local nonprofit organization, or a public agency.¹⁵ Work hours are limited to prioritize academic scheduling and students earn at least the federal minimum wage. The federal government allocates funds to institutions to subsidize wages for students up to 50 percent in most cases, with 100 percent funding for mathematics tutors.¹⁶

Federal Perkins Loan Program. The Federal Perkins Loan Program, discontinued by Congress in 2017, was a need-based subsidized loan program in which the federal government allocated funds to schools to provide loans to students with exceptional financial need.¹⁷ The interest rate for these loans was fixed at five percent with a targeted repayment period of 10 years, and the grace period prior to repayment, during which interest did not accrue, was nine months rather than six.¹⁸ Borrowing amounts were limited to \$5,500 per year and \$27,500 cumulatively for undergraduate students and \$8,000 per year and \$60,000 cumulatively for graduate students. Perkins loans may also be partially or fully cancelled if a borrower serves as a full-time teacher in certain schools or programs, or in certain other public service professions or volunteer positions. The government may also discharge the loan under certain circumstances such as school closure, disability, or bankruptcy.¹⁹ Although no new Perkins loans have

[announcements/2021-05-19/interest-rates-direct-loans-first-disbursed-between-july-1-2021-and-june-30-2022-ea-id-loans-21-06](#)> (last visited August 12, 2021).

¹³ U.S. Department of Education, *Income-Driven Repayment Plans*, <<https://studentaid.gov/manage-loans/repayment/plans/income-driven>> (last visited August 12, 2021).

¹⁴ U.S. Department of Education, *Public Service Loan Forgiveness*, <<https://studentaid.gov/manage-loans/forgiveness-cancellation/public-service>> (last visited August 12, 2021).

¹⁵ U.S. Department of Education, *Work-Study Jobs*, <<https://studentaid.gov/understand-aid/types/work-study>> (last visited August 12, 2021).

¹⁶ U.S. Department of Education, *Federal Work-Study (FWS) Program*, <<https://www2.ed.gov/programs/fws/index.html>> (last visited August 12, 2021).

¹⁷ U.S. Department of Education, *Perkins Loans*, <<https://studentaid.gov/understand-aid/types/loans/perkins>> (last visited August 12, 2021).

¹⁸ Arianne Hutchins, U.S. News & World Report, *What Happened to the Federal Perkins Loan?*, <<https://www.usnews.com/education/blogs/student-loan-ranger/articles/2019-07-24/what-happened-to-the-federal-perkins-loan>> (last visited August 12, 2021).

¹⁹ U.S. Department of Education, *Perkins Loan Cancellation and Discharge*, <<https://studentaid.gov/manage-loans/forgiveness-cancellation/perkins>> (last visited August 12, 2021).

been issued since 2017, the government holds \$4.7 billion in outstanding Perkins loan balances nationwide as of 2021.²⁰

Non-Need-Based Aid

In addition to the federal aid programs for students with financial need, the federal government also operates several non-need-based (NNB) aid programs, which are available to all eligible applicants regardless of their EFC. Most of these programs are in the form of unsubsidized loans; however, there are grant and scholarship programs for students who meet certain criteria. The amount of federal NNB aid for which an applicant is eligible depends on the cost of attendance at a particular school and the amount of aid that has already been issued to the applicant.

Direct Unsubsidized Loans. While undergraduate students with financial need are eligible for Direct Subsidized Loans issued by the federal government, these loans are limited by EFC eligibility and in the amount that can be borrowed, and they are not available to graduate students. Otherwise, students may apply for federal government-issued Direct Unsubsidized Loans. The terms for these loans are very similar to their subsidized counterparts, including an interest rate of 3.73 percent for undergraduate students; loans for graduate students carry an interest rate of 5.28 percent. The main significant difference is that the federal government pays the accrued interest for Direct Subsidized Loans while the borrower is pursuing their undergraduate studies, for the six-month grace period thereafter, and while the loan is deferred.²¹ By contrast, borrowers of Direct Unsubsidized Loans are fully responsible for paying the interest that accrues as soon as the loan is disbursed; the borrower has the option to allow the interest to be capitalized (i.e., added to the principal) during deferment. Borrowers are expected to pay back the loan in full, including interest and fees, but may apply for loan forgiveness through programs such as Public Service Loan Forgiveness.²² Borrowers with a combination of subsidized and unsubsidized loans may also apply for a loan consolidation.

PLUS Loans. PLUS loans (originally called Parent Loans for Undergraduate Students) are supplemental loans offered to students in graduate and professional programs and to parents of undergraduate students. In the case of the latter, the parents, rather than the student, are fully responsible for paying back the full amount of the loan, plus interest and fees.²³ The interest rate for PLUS loans is 6.28 percent. Borrowers may apply for an income-contingent repayment plan, loan consolidation, and loan forgiveness under the Public Service Loan Forgiveness program. Unlike other federal loans, applicants must undergo a credit check to verify eligibility.

²⁰ U.S. Department of Education, *Federal Student Loan Portfolio*, available at <<https://studentaid.gov/data-center/student/portfolio>> last visited August 12, 2021).

²¹ U.S. Department of Education, *Subsidized and Unsubsidized Loans*, <<https://studentaid.gov/understand-aid/types/loans/subsidized-unsubsidized>> (last visited August 12, 2021).

²² U.S. Department of Education, *Student Loan Forgiveness*, <<https://studentaid.gov/manage-loans/forgiveness-cancellation>> (last visited August 12, 2021).

²³ U.S. Department of Education, *Parent PLUS Loans*, <<https://studentaid.gov/understand-aid/types/loans/plus/parent>> (last visited August 12, 2021).

Teacher Education Assistance for College and Higher Education (TEACH) Grants.

As an incentive for individuals to pursue careers in teaching, particularly in high-need academic subjects, the federal government offers Teacher Education Assistance for College and Higher Education (TEACH) grants. Students who are enrolled in an eligible bachelor's or master's program that will lead to a career as a teacher may apply for TEACH grants of up to \$4,000 per year.²⁴ Recipients must sign a contract in which they agree to teach in a high-need field at a school primarily serving students from low-income families for at least four years after leaving school. Those who do not fulfill the terms will have their grants converted into Direct Unsubsidized Loans that they will be responsible for repaying. Following a controversy that arose in 2018 regarding grants that were converted to loans, the department modified its methodology for determining how service obligations are fulfilled.²⁵

Iraq and Afghanistan Service Grants. Students whose parent or guardian died as a result of military service in Iraq or Afghanistan after September 11, 2001 are eligible for special student aid from the federal government, provided that the student meets the eligibility for Pell Grants apart from the EFC limitation.²⁶ Like Pell Grants, these grants have a maximum award of \$6,495 but cannot exceed the cost of attendance and do not need to be repaid.

Post-9/11 GI Bill and Other Veterans Benefits. The U.S. Department of Veterans Affairs (VA) administers several programs designed to assist military veterans with pursuing education and joining the workforce. The largest such program is the Post-9/11 GI Bill, which offers to pay tuition and housing costs to veterans who served on active duty for at least 90 days after September 11, 2001.²⁷ Veterans may use these benefits at institutions of higher education or for vocational training programs. Benefit amounts increase according to the length of service, up to full tuition for a public school or \$26,042 for a private or foreign school in 2021 for those who served more than three years. In 2017, Congress passed the Forever GI Bill, which eliminated a 15-year time limit on the usage of benefits. Veterans may also transfer their benefits to spouses or dependents under certain circumstances. The VA also administers other aid programs for veterans including the older Montgomery GI Bill, the National Call to Service program, and the Veterans Educational Assistance Program (VEAP).

²⁴ U.S. Department of Education, *TEACH Grants*, <<https://studentaid.gov/understand-aid/types/grants/teach>> (last visited August 12, 2021).

²⁵ Federal Register, *Federal Perkins Loan Program, Federal Work-Study Programs, Federal Supplemental Educational Opportunity Grant Program, Federal Family Education Loan Program, William D. Ford Federal Direct Loan Program, National Direct Student Loan Program, Teacher Education Assistance for College and Higher Education Grant Program, Federal Pell Grant Program, Leveraging Educational Assistance Partnership Program, and Gaining Early Awareness and Readiness for Undergraduate Programs*, (2020), available at <<https://www.federalregister.gov/documents/2020/08/14/2020-14589/federal-perkins-loan-program-federal-work-study-programs-federal-supplemental-educational>> (last visited August 12, 2021).

²⁶ U.S. Department of Education, *Iraq and Afghanistan Service Grants* <<https://studentaid.gov/understand-aid/types/grants/iraq-afghanistan-service>> (last visited August 12, 2021).

²⁷ U.S. Department of Veterans Affairs, *Post-9/11 GI Bill*, <<https://www.va.gov/education/about-gi-bill-benefits/post-9-11/>> (last visited August 12, 2021).

Table 1: Federal Grant Aid Programs, 2019-2020

Program	Need-based (Y/N)	Maximum Award Amount	Number of Recipients	Aid Disbursed	Aid Per Recipient (Average)
Pell Grant	Y	\$6,495	6,902,446	\$28.4 billion	\$4,117
FSEOG	Y	\$4,000	1,585,917	\$1.2 billion	\$753
Iraq and Afghanistan Service Grant	N	\$6,495	88	\$474,000	\$5,387
TEACH Grant	N	\$4,000	26,912	\$80 million	\$2,973
Federal Work Study	N	N/A	578,859	\$1.1 billion	\$1,946

Data: U.S. Department of Education (<https://studentaid.gov/data-center/student/title-iv>)

Source: Legislative Policy and Research Office

Table 2: Federal Loan Aid Programs, 2019-2020

Program	Need-based (Y/N)	Interest Rate	Number of Recipients	Aid Disbursed	Aid Per Recipient (Average)
Direct Subsidized Loan	Y	3.73%	4,943,246	\$18.8 million	\$3,808
Direct Unsubsidized Loan (Total)	N	3.73%	6,414,480	\$47.6 billion	\$7,417
Direct Unsubsidized Loan (Undergraduate)			4,969,703	\$20.3 billion	\$4,085
Direct Unsubsidized Loan (Graduate)			1,444,777	\$27.2 billion	\$18,874
PLUS Loan (Total)	N	6.28%	1,181,422	\$23.6 billion	\$19,946
PLUS Loan (Graduate)			426,412	\$11.2 billion	\$26,297
PLUS Loan (Parent)			755,010	\$12.4 billion	\$16,359
Perkins Loan (2017-2018)	Y	5%	256,225	\$630.6 million	\$2,461

Data: U.S. Department of Education (<https://studentaid.gov/data-center/student/title-iv>)

Source: Legislative Policy and Research Office

OREGON STUDENT AID PROGRAMS

Oregon's state-provided financial aid programs are administered by the Office of Student Access and Completion (OSAC) within the Higher Education Coordinating Commission (HECC). Oregon offers both need-based and non-need-based aid,

including several grant programs, but does not offer loans. The two most prominent grant programs are the Oregon Opportunity Grant, which provides grants to students with financial need, and the Oregon Promise, which provides grants to students to attend a community college regardless of financial need. Table 3 (on page 15) provides an overview of Oregon's need-based and non-need-based financial aid programs.

Grants

A majority of state-funded student aid in Oregon is in the form of grants. Unlike loans, grants are disbursed to students who meet certain criteria with no expectation of repayment. Oregon operates both need-based and non-need-based grant programs, all of which have eligibility criteria that students must meet to qualify. Students must submit the FAFSA or ORSAA in order to apply for all grants, but certain grants may require students to complete a supplemental application or verify certain additional eligibility requirements.

Oregon Opportunity Grant. The Oregon Opportunity Grant (OOG) is the largest state-funded, need-based aid program in Oregon. The OOG is available to Oregon resident enrolled students and out-of-state members of tribes with historical presence in Oregon's boundaries who can demonstrate financial need. Financial need is determined using the FAFSA's EFC calculation or a similar calculation on the Oregon Student Aid Application (ORSAA) for undocumented students or recipients of Deferred Action for Childhood Arrivals (DACA) status. Depending on the availability of state funds, both the EFC eligibility limit and the maximum award amount may change from year to year; while there is overlap with the federal Pell Grant program, some students may receive the OOG who are not eligible for a Pell grant. The EFC eligibility limit for the 2021-2022 award year was \$4,000, while the maximum award was \$2,778 for attending a community college and \$3,612 for attending a four-year public or private university.²⁸ Award amounts are determined by OSAC according to the Shared Responsibility Model outlined in administrative rule, which attempts to balance the cost of attendance between the student, their family, the federal government, and the state.²⁹

As a result of [House Bill 2407 \(2015\)](#), if funds are insufficient to cover every eligible applicant, awards for the applicants with the highest financial need are prioritized.³⁰ Grants to current and former foster children are also prioritized if insufficient funds are available.³¹ A significant gap exists between the total number of eligible students and the number of OOG awards granted each year due to insufficient funds. According to a recent HECC report, approximately 30,000 students receive the OOG each year, while over 130,000 students are eligible. Those who receive the award are nearly split evenly between attending public universities and community colleges with a small fraction

²⁸ Higher Education Coordinating Commission, Office of Student Access and Completion, *Oregon Opportunity Grant Eligibility & Awarding Details*, <<https://oregonstudentaid.gov/oog-eligibility-awarding.aspx>> (last visited August 12, 2021).

²⁹ [OAR 575-031-0022](#); [OAR 575-031-0023](#); [OAR 575-031-0025](#) (last visited September 22, 2021).

³⁰ [Section 1, Chapter 624, Oregon Laws 2015](#) (last visited September 22, 2021).

³¹ [ORS 348.205 \(9\)\(a\) \(2019\)](#); [OAR 575-031-0060\(1\)](#) (last visited September 22, 2021).

attending private universities.³² In the 2018-2019 biennium, 32,784 students were awarded OOG funds totaling more than \$74.6 million.³³

Oregon Promise. The Oregon Promise is a non-need-based grant program that provides funding for students to attend community college. The Oregon Promise, created in 2015 by [Senate Bill 81](#), is the state-funded financial aid program that most closely resembles a universal aid program.³⁴ A student who graduates from an Oregon high school or receives their GED in Oregon, achieves a 2.5 grade point average or a GED test score of 145, has not already earned more than 90 college credits, and has lived in Oregon for at least 12 months (and whose parents live in Oregon, if the student is a dependent) is eligible to receive a grant to apply toward tuition at a community college in Oregon.³⁵ The minimum grant amount is the lesser of \$1,000 or actual tuition, while the maximum grant amount is based on the average tuition for a community college, which was determined by OSAC to be \$4,131 for the 2021-2022 award year; a \$50 co-pay is also deducted each term. Oregon Promise awards are also reduced if the applicant has received other financial aid such as the Oregon Opportunity Grant; in this way, it functions mainly as a “last-dollar” program. In the 2018-2019 biennium, \$17.7 million was disbursed to nearly 10,500 Oregon students through the Oregon Promise.³⁶

Although the Oregon Promise was not designed to be a means-tested program, [Senate Bill 1032 \(2017\)](#) allowed OSAC to temporarily place an EFC cap on applicants if funds were insufficient to cover all eligible applicants.³⁷ During the Second Special Session of 2020, [Senate Bill 5723](#)³⁸ reduced the appropriation for Oregon Promise grants, causing OSAC to implement an EFC limit and rescind pending offers to otherwise eligible students.

Deceased or Disabled Public Safety Officer (DDPSO) Scholarship. Oregon law provides for scholarships to be issued to dependent children of public safety officers (e.g., police officers, corrections officers, firefighters) who suffer death or permanent disability as a result of their duties, to be used at a 2- or 4-year college or university in Oregon.³⁹ These scholarships are offered in addition to any other financial aid for which the student is eligible. Award amounts are limited to tuition and fees after other financial aid is applied to a maximum of \$13,000 per year. Like other forms of financial aid, applicants must complete the FAFSA, as well as a supplemental application submitted to OSAC. Funds for these scholarships are sourced from proceeds from civil asset

³² Higher Education Coordinating Commission, *Oregon Opportunity Grant 2021 Report Brief*, available at <<https://www.oregon.gov/highered/research/Documents/Reports/OOG-Report-Issue-Brief-2021.pdf>> (last visited August 12, 2021).

³³ Higher Education Coordinating Commission, *2021-2023 Agency Request Budget 1073-1075*, (2021), available at <<https://www.oregon.gov/highered/policy-collaboration/Documents/Legislative-Resources/Budget/HECC-ARB-2021-23.pdf>> (last visited August 12, 2021).

³⁴ [Section 2, Chapter 697, Oregon Laws 2015](#) (last visited September 22, 2021).

³⁵ [OAR 575-039-0020](#) (last visited September 22, 2021).

³⁶ Higher Education Coordinating Commission, *2021-2023 Agency Request Budget 1075-1076*, (2021), available at <<https://www.oregon.gov/highered/policy-collaboration/Documents/Legislative-Resources/Budget/HECC-ARB-2021-23.pdf>> (last visited August 12, 2021).

³⁷ [Section 1, Chapter 697, Oregon Laws 2017](#) (last visited September 22, 2021).

³⁸ [Section 227, Chapter 9, Oregon Laws 2020 Second Special Session](#) (last visited September 22, 2021).

³⁹ [ORS 348.270 \(2019\)](#) (last visited September 22, 2021).

forfeitures, although [Senate Bill 75 \(2021\)](#)⁴⁰ allowed the HECC to access funds appropriated for the OOG once civil asset funds are depleted.⁴¹ In the 2018-2019 biennium, OSAC awarded 14 DDPSO scholarships to students totaling \$130,379.⁴²

Oregon Chafee Education and Training Grant. In addition to prioritizing Oregon Opportunity Grant funds for former foster children, OSAC collaborates with the Oregon Department of Human Services to offer grants to current and former foster children via the federal Chafee Education and Training Voucher (ETV) program, which provides money to states and tribes to assist with transitioning individuals from foster care into adulthood. This functions as part of a broader package of benefits for foster children known as the Independent Living Program.⁴³

Oregon's Chafee Education and Training Grant is offered to students who are currently in foster care, were adopted out of foster care at age 16 or older, or have aged out of the foster care system after turning 18.⁴⁴ In addition to the FAFSA, students must submit a supplemental application to OSAC. Applicants may receive up to \$5,000 per year, although that amount may be reduced based on other received aid, financial need, and available state funds. Recipients must be enrolled at an Oregon-based college or university and maintain satisfactory academic progress toward a degree, although the latter provision was suspended as a result of Congressional action in December of 2020. Several other eligibility criteria were also altered, including raising the age up to 26.⁴⁵ In the 2018-2019 award year, eligible former foster youth were awarded \$814,408 through this program.⁴⁶

Barber and Hairdresser Grant Program. The State of Oregon offers scholarships to students seeking to pursue careers in barbering, hairdressing, manicure, or esthetics.⁴⁷ The Oregon Barber and Hairdresser (B&H) Grant Program offers between \$100 and \$1,500, depending on financial need, to eligible students enrolled in hair design and cosmetology programs at participating schools in Oregon.⁴⁸ This program is funded by interest accrued from the Oregon Student Assistance Fund. No additional application is needed apart from the FAFSA, and applicants are notified if they are eligible by their

⁴⁰ [Section 1, Chapter 99, 2021 Oregon Laws](#) (last visited September 22, 2021).

⁴¹ [ORS 131A.360 \(3\)\(e\)](#); [ORS 131A.365 \(3\)\(e\) \(2019\)](#) (last visited September 22, 2021).

⁴² Higher Education Coordinating Commission, *2021-2023 Agency Request Budget 1077*, (2021), available at <https://www.oregon.gov/highered/policy-collaboration/Documents/Legislative-Resources/Budget/HECC-ARB-2021-23.pdf> (last visited August 12, 2021).

⁴³ Oregon Department of Human Services, *Independent Living Program – Eligibility and Services*, <https://www.oregon.gov/DHS/CHILDREN/FOSTERCARE/ILP/Pages/eligibility-services.aspx> (last visited August 12, 2021).

⁴⁴ Higher Education Coordinating Commission, Office of Student Access and Completion, *Oregon Chafee Education and Training Grant*, <https://oregonstudentaid.gov/chafee-etg.aspx> (last visited August 12, 2021).

⁴⁵ Oregon Department of Human Services, *Independent Living Program – Pandemic Aid for Foster Youth*, <https://www.oregon.gov/dhs/CHILDREN/FOSTERCARE/ILP/Pages/Pandemic-Aid-Foster-Youth.aspx> (last visited August 13, 2021).

⁴⁶ Higher Education Coordinating Commission, *2021-2023 Agency Request Budget 1078*, (2021), available at <https://www.oregon.gov/highered/policy-collaboration/Documents/Legislative-Resources/Budget/HECC-ARB-2021-23.pdf> (last visited August 13, 2021).

⁴⁷ [ORS 348.290 \(2019\)](#).

⁴⁸ Higher Education Coordinating Commission, Office of Student Access and Completion, *Barbers & Hairdressers Grant*, <https://oregonstudentaid.gov/barbers-grant.aspx> (last visited August 13, 2021).

schools. Because of limited funds available, only individuals with high financial need are considered for B&H grants.

Oregon Student Child Care Grant. In order to assist with the cost of child care while pursuing higher education, the State of Oregon offers grants to students who are parents of dependent children under 12 or who have special needs.⁴⁹ The amount awarded varies depending on the child's age and location, the cost of child care, and available state funds. According to a video published by OSAC, the maximum award amount in 2018 was \$10,000.⁵⁰ In order to maintain eligibility, recipients must use a child care provider listed with the Oregon Department of Human Services, be enrolled in an undergraduate program at an Oregon-based postsecondary institution, not be in default for any Title IV aid, and maintain satisfactory academic progress. Awards to eligible applicants are prioritized based on renewal of prior years' applicants, financial need, academic credits already earned, and full-time over part-time enrollment.⁵¹ Awards are disbursed to the student via their institution, and the student is responsible for applying the funds toward a child care provider. According to the HECC, there were approximately 400 eligible applicants in the 2018-2019 academic year, but only 86 student-parents received an award due to limited funds available.⁵²

Oregon National Guard State Tuition Assistance. In 2018, the Legislative Assembly passed [House Bill 4035](#), which created a grant program for active members of the Oregon National Guard to receive tuition assistance.⁵³ This program offers tuition assistance based on current public university tuition rates (\$208 per credit hour in 2021-2022), up to a maximum of 180 quarter credit hours or 120 semester credit hours, for use at an Oregon-based institution of higher education. This is a last-dollar program, meaning that the total award amount will deduct all other financial aid received by the applicant. Eligible applicants must have completed basic military training, be an active and participating member of the Oregon National Guard, not already hold a bachelor's degree or be in default on Title IV aid, and file the FAFSA as well as a federal Department of Defense tuition assistance application and accept all available aid.⁵⁴ In the 2019-2020 biennium, 177 out of a total 302 eligible applicants received awards totaling \$305,568.

Oregon Teacher Scholars Program. In 2017, the Legislative Assembly passed [Senate Bill 182](#), aiming to promote the growth of a culturally and linguistically diverse body of teachers in Oregon. As part of this legislation, the HECC, in partnership with the Educator Advancement Council and the Chief Education Office, administers scholarships up to \$5,000 for teacher candidates from culturally and linguistically

⁴⁹ Higher Education Coordinating Commission, Office of Student Access and Completion, *Oregon Student Child Care Grant*, <<https://oregonstudentaid.gov/child-care-grant.aspx>> (last visited August 13, 2021).

⁵⁰ Higher Education Coordinating Commission, Office of Student Access and Completion, *Oregon Student Child Care Grant* (video) <https://www.youtube.com/watch?v=cp_T18EoLd0> (last visited August 13, 2021).

⁵¹ [OAR 575-095-0030](#).

⁵² Higher Education Coordinating Commission, *2021-2023 Agency Request Budget 1076-1077*, (2021), available at <<https://www.oregon.gov/highered/policy-collaboration/Documents/Legislative-Resources/Budget/HECC-ARB-2021-23.pdf>> (last visited August 13, 2021).

⁵³ [Section 2, Chapter 53, Oregon Laws 2018](#) (last visited September 22, 2021).

⁵⁴ [OAR 575-067-0006](#) (last visited September 22, 2021).

diverse backgrounds to use at approved educator preparation providers.⁵⁵ Diverse candidates are defined in administrative rule as being black or African American, Hispanic, Asian or Pacific Islander, Native American or Alaskan Native, or a non-native English speaker.⁵⁶ Applicants must apply through OSAC's online scholarship clearinghouse. Approximately 150 students are estimated to have been served by this program in the 2019-2021 biennium.⁵⁷

Other Aid Programs

Apart from need-based and non-need-based grants, the State of Oregon operates several other financial aid programs for postsecondary education. These include tuition waivers, workforce development programs, a state-operated scholarship clearinghouse, and several assistance programs for veterans.

Foster Youth Tuition and Fee Waiver. Since 2011, Oregon law has provided for current and former foster children, up through age 25, to have all remaining tuition and fees at a public institution of higher education waived, after applying any federal, state, or institutional grants or scholarships (except Chafee ETV grants).⁵⁸ This was done in conjunction with requiring OSAC to prioritize foster children when awarding Oregon Opportunity Grants.⁵⁹ Applicants must submit the FAFSA and be enrolled in a community college, public university, or OHSU for their initial bachelor's degree. Previously, recipients were required to complete 30 hours of volunteer community service, but this was removed in 2018.⁶⁰

JOBS Plus. In 1995, as part of the national welfare reform movement, the State of Oregon created the JOBS Plus program, intended to facilitate transition from reliance on public assistance toward full workforce participation.⁶¹ Recipients of Supplemental Nutritional Assistance Program (SNAP) or Temporary Assistance for Needy Families (TANF) benefits are eligible to replace their benefits with subsidized wages from a job at a participating employer; this system is overseen by the Department of Human Services. One element of this program is the creation of Individual Education Accounts (IEA) for each participant, into which a portion of the participant's earnings is deposited for later use at an institution of higher education.⁶² Participants may apply earnings from an IEA toward educational expenses up to five years after leaving the JOBS Plus program. Any unused funds left after five years are transferred to the Oregon Opportunity Grant program. According to the HECC, 20 participants received IEA funds

⁵⁵ [Section 9, Chapter 639, Oregon Laws 2017](#) (last visited September 22, 2021).

⁵⁶ [OAR 575-066-0002](#) (last visited September 22, 2021).

⁵⁷ Higher Education Coordinating Commission, *2021-2023 Agency Request Budget 1077-1078*, (2021), available at <<https://www.oregon.gov/highered/policy-collaboration/Documents/Legislative-Resources/Budget/HECC-ARB-2021-23.pdf>> (last visited August 13, 2021).

⁵⁸ [ORS 350.300 \(2019\)](#).

⁵⁹ [Section 1, Chapter 642, Oregon Laws 2011](#); [Section 4, Chapter 642, Oregon Laws 2011](#) (last visited September 22, 2021).

⁶⁰ [Section 1, Chapter 12, Oregon Laws 2018](#) (last visited September 22, 2021).

⁶¹ Chapter 561, Oregon Laws 1995; [ORS 411.877-896 \(2019\)](#) (last visited September 22, 2021).

⁶² [ORS 411.894 \(2019\)](#) (last visited September 22, 2021).

in the 2018-2019 academic year, and 57 individuals are estimated to have IEA accounts created in the 2021-2023 biennium.⁶³

Oregon Youth Corps. The Oregon Youth Corps (OYC), also known as the Oregon Youth Conservation Corps, was created in 1987 to provide workforce development services to at-risk and disadvantaged youth aged 13 to 25, while also promoting environmental conservation and community stewardship through grants to local organizations. It operates two separate programs: the Summer Conservation Corps provides youth with paid opportunities for summer projects, while the comparatively smaller Community Stewardship Corps offers longer-term opportunities while participants earn their high school diplomas or GED. Community Stewardship Corps members earn tuition vouchers toward higher education by participating and completing the program.⁶⁴ These vouchers accrue by \$125 per month of participating in the program, up to a maximum of \$1,500.⁶⁵ According to a 2019 report, 733 youth participating in the program, earned \$129,000 in tuition vouchers.⁶⁶

OSAC Scholarship Clearinghouse. In addition to the Oregon Teacher Scholars Program, OSAC administers a scholarship clearinghouse that connects students with over 600 privately funded scholarships. These scholarships, provided by the Oregon Community Foundation, banks, nonprofit organizations, and private donors, are a major source of supplemental financial aid for students pursuing higher education, and are awarded on a wide array of criteria, both need-based and merit-based. Students apply via an online portal on the OSAC website, browse for scholarships, and submit a single application for all scholarships for which they are eligible. According to HECC, nearly \$18 million was awarded to 3,335 students in the 2018-2019 academic year.⁶⁷

Veterans Assistance Programs. The Oregon Department of Veterans Affairs offers several assistance programs to military veterans designed to augment or supplement the aid programs provided by the U.S. Department of Veterans Affairs. These programs include the Veteran Educational Bridge Grant, the Voyager Tuition Assistance Program, and the Nonresident Veteran In-State Tuition program.

⁶³ Higher Education Coordinating Commission, *2021-2023 Agency Request Budget 1077*, (2021), available at <<https://www.oregon.gov/highered/policy-collaboration/Documents/Legislative-Resources/Budget/HECC-ARB-2021-23.pdf>> (last visited August 13, 2021).

⁶⁴ [ORS 418.658 \(2019\)](#) (last visited September 22, 2021).

⁶⁵ [OAR 715-100-0004](#) (last visited September 22, 2021).

⁶⁶ Oregon Youth Conservation Corps, *Oregon Youth Conservation Corps 2018-2019 Annual Report 10*, (2019), available at <https://www.oyccweb.com/uploads/2/6/4/4/26442920/annual_report.pdf> (last visited August 16, 2021).

⁶⁷ Higher Education Coordinating Commission, *2021-2023 Agency Request Budget 1072-1073*, (2021), available at <<https://www.oregon.gov/highered/policy-collaboration/Documents/Legislative-Resources/Budget/HECC-ARB-2021-23.pdf>> (last visited August 16, 2021).

Table 3: Oregon Grant Aid Programs, 2018-2019

Program	Need-based (Y/N)	Maximum Award Amount	Number of Eligible Recipients	Number of Recipients ⁶⁸	Aid Disbursed, in \$	Aid Per Recipient
Oregon Opportunity Grant	Y	\$3,612	138,949	32,794	\$74.6 million	\$2,275
OOG foster youth				268	\$508,955	\$1,899
Oregon Promise	N	\$4,131		10,500	\$17.7 million	\$1,686
DDPSO Scholarship	N	\$13,000	15	14	\$130,379	\$9,313
National Guard Tuition Assistance	N	\$37,440 ⁶⁹	302	177	\$305,568	\$1,726
Oregon Student Child Care Grant	Y	\$10,000 ⁷⁰	400	86	\$501,481	\$5,831
JOBS Plus	Y	N/A	N/A	20	\$108,923	\$5,446
Oregon Teacher Scholars	N	\$5,000	150			
Oregon Chafee ETV	Y	\$5,000	N/A	228	\$814,408	\$3,572
Barber & Hairdresser Grant	Y	\$1,500	N/A	N/A	N/A	N/A
Foster Youth Tuition Waivers	N	N/A	N/A	36	\$43,561	\$1,210
Oregon Youth Corps	N	\$1,500	N/A	733	\$129,000	\$176
OSAC Scholarships			16,000	3,225	\$18 million	\$5,581

Data: Higher Education Coordinating Commission

Source: Legislative Policy and Research Office

⁶⁸ Higher Education Coordinating Commission, 2021-2023 Agency Request Budget 1072-1078, (2021), available at <<https://www.oregon.gov/highered/policy-collaboration/Documents/Legislative-Resources/Budget/HECC-ARB-2021-23.pdf>> (last visited August 16, 2021).

⁶⁹ This is calculated by multiplying the maximum award amount of \$208 per credit hour by the maximum credit hour allotment of 180 credit hours.

⁷⁰ Higher Education Coordinating Commission, Office of Student Access and Completion, Oregon Student Child Care Grant (video), <https://www.youtube.com/watch?v=cp_T18EoLd0> (last visited August 16, 2021).

IMPACT ON STUDENTS

Affordability

Recent decades have seen steep increases in higher education costs. While tuition and other costs for both public and private universities have increased each year, publicly funded grant aid has not followed suit, creating an ever-widening gap in affordability for students. According to the HECC, the cost of education at community colleges and public and private universities has increased between 33 percent and 37 percent in the last decade, while funding for public aid programs such as Pell grants and the Oregon Opportunity Grant has remained relatively static. During the 2019-2020 academic year, 43 percent of Oregon students report being unable to meet expenses with the resources available to them, including family contributions, earnings, and financial aid.⁷¹ Higher education students are also likely to report high levels of food and housing insecurity, despite receiving aid and working while pursuing their studies.⁷²

A report by the Western Interstate Commission for Higher Education (WICHE) lists Oregon as the western state with the highest average tuition and fees for resident undergraduates at public four-year universities, and second highest for two-year institutions.⁷³ Meanwhile, Oregon is below the average in terms of per-student financial aid granted by the state. This reflects the affordability challenges faced by students, particularly those with lower incomes who are more likely to qualify for need-based aid.

For the 2020-2021 academic year, the annual cost of attendance, including tuition, fees, supplies, room and board, and other expenses, at an Oregon public university ranged from \$24,066 (Eastern Oregon University) to \$42,572 (Oregon Health & Science University); the cost of attendance at a community college ranged from \$16,028 (Treasure Valley CC) to \$24,250 (Klamath CC).⁷⁴ A student with the highest financial need who receives a maximum Pell Grant (\$6,495), a Federal Supplemental Education Opportunity Grant (\$4,000), and an Oregon Opportunity Grant (\$3,612), totaling \$14,107, must cover the remainder of the cost of attendance through additional scholarships or loans.

⁷¹ Higher Education Coordinating Commission, *Oregon Higher Education Statewide Snapshot: 2019-2020 Academic Year – Public Institutions*, (2021), available at <https://www.oregon.gov/highered/research/Documents/Snapshots/Statewide-Snapshot.pdf> (last visited August 16, 2021).

⁷² Katharine M. Broton, and Sara Goldrick-Rab, Going Without: An Exploration of Food and Housing Insecurity Among Undergraduates, 47 ER 121, (121-133) (2018), available at <https://journals.sagepub.com/doi/10.3102/0013189X17741303> (last visited August 19, 2021).

⁷³ Colleen Falkernstern, Western Interstate Commission for Higher Education, *Tuition and Fees, Appropriations, and Financial Aid in the West: Aligning Resources to Aid COVID-19 Recovery Efforts*, (2021), available at <https://www.wiche.edu/wp-content/uploads/2021/05/2020-21-TF-insights-pub-FINAL.pdf> (last visited August 16, 2021).

⁷⁴ Higher Education Coordinating Commission, Office of Student Access and Completion, *2021-22 Standard Student Budgets for Oregon Postsecondary Institutions*, (2021), available at <https://www.oregon.gov/highered/plan-pay-for-college/Documents/OSAC/Student%20Budgets.pdf> (last visited August 16, 2021).

Outcomes

Despite the affordability challenges faced by students, there is a noticeable impact on students' academic outcomes as a result of financial aid, although impacts appear to vary with each type of aid. According to the HECC, graduation rates tend to decline as loan amounts increase, while the reverse is true for grant aid. Additionally, the percentage of Oregon students applying for financial aid via the FAFSA or ORSAA has dropped in recent years, from 59 percent in 2019⁷⁵, to 52 percent in 2020⁷⁶ and 46 percent in 2021.⁷⁷

Nationally, total aid disbursed to students peaked in 2010, in the wake of the 2008 financial crisis and recession during which enrollment in higher education spiked. Since that time, enrollments have dropped, and the distribution of aid types has shifted. Data from the College Board shows that the share of aid in the form of loans for undergraduates has fallen from 44 percent in 2007-2008 to 27 percent in 2019-2020, while the share of institutional grant aid—largely from private nonprofit institutions—has nearly doubled in that time, from 16 percent to 30 percent. Pell grants spiked in 2009-2010, going from 14 percent of the share of aid in the year prior to 18 percent. By 2019-2020, it had dropped to 15 percent.⁷⁸ Most other forms of aid, including state grant aid, private grants, federal veterans' benefits, tax benefits, and other programs like FWS, did not see a significant change in that time. Similar trends appear for graduate student aid, although federal loans make up a much larger share of aid distribution. Average grant aid per full-time equivalent (FTE) student, including private and institutional grants, was \$9,850 in 2019-2020, while average federal loan amounts per FTE were \$4,090 and other aid per FTE was \$1,000 in that year.

While the growth in federal student loans has slowed in recent years, loans remain a significant portion of aid distributed to students each year. As of 2018-2019, nearly one third of undergraduate students receive federal loans each year, averaging around \$6,630; graduate students tend to borrow much more. An important dimension for the topic of student loans is debt. According to the Federal Reserve, 30 percent of the U.S. adult population has incurred education debt, concentrated largely among those under age 30.⁷⁹ Data from the College Board show that 55 percent of borrowers owe less than \$20,000, representing 14 percent of outstanding federal debt, while 45 percent of the

⁷⁵ Higher Education Coordinating Commission, *FAFSA/ORSAA Completion Rates: Combined 2019-20 FAFSA/ORSAA Completion Rates – Oregon Public High Schools: Class of 2019*, (2019), available at <<https://www.oregon.gov/highered/research/Documents/Reports/FAFSAORSAA-CompletionRates-Class2019.pdf>> (last visited August 16, 2010).

⁷⁶ Higher Education Coordinating Commission, *FAFSA/ORSAA Completion Rates: Combined 2020-21 FAFSA/ORSAA Completion Rates – Oregon Public High Schools: Class of 2020*, (2020), available at <https://www.oregon.gov/highered/plan-pay-for-college/Documents/OSAC/FAFSAORSAAdata_June2020.pdf> (last visited August 16, 2021).

⁷⁷ Higher Education Coordinating Commission, *FAFSA/ORSAA Completion Rates: Combined 2021-22 FAFSA/ORSAA Completion Rates – Oregon Public High Schools: Class of 2021*, (2021), available at <https://www.oregon.gov/highered/plan-pay-for-college/Documents/OSAC/FAFSA_ORSSA_June2021report.pdf> (last visited August 16, 2021).

⁷⁸ College Board, *Trends in College Pricing and Student Aid 2020* 30-35, (2020), available at <<https://research.collegeboard.org/pdf/trends-college-pricing-student-aid-2020.pdf>> (last visited August 16, 2021).

⁷⁹ Board of Governors of the Federal Reserve System, *Report on the Economic Well-Being of U.S. Households in 2017 - May 2018*, (2018), available at <<https://www.federalreserve.gov/publications/2018-economic-well-being-of-us-households-in-2017-student-loans.htm>> (last visited August 16, 2021).

debt is held by the 10 percent of borrowers who owe more than \$80,000. Default rates are highest among those who owe the lowest amounts. In Oregon, 536,700 borrowers collectively owe \$20 billion in federal student loans.⁸⁰ Table 4 describes this in more detail.

Table 4: Student Debt in Oregon, by Amount Owed

Amount Owed	Dollars Outstanding	Borrowers in Oregon
Less than \$5,000	\$220 million	80,200
\$5,000 - \$10,000	\$590 million	81,500
\$10,000 - \$20,000	\$1.54 billion	105,700
\$20,000 - \$40,000	\$3.43 billion	119,200
\$40,000 - \$60,000	\$2.80 billion	57,200
\$60,000 - \$80,000	\$2.45 billion	35,600
\$80,000 - \$100,000	\$1.55 billion	17,400
\$100,000 - \$200,000	\$3.85 billion	27,900
More than \$200,000	\$3.56 billion	12,000
Total	\$20 billion	536,700

Data: U.S. Department of Education (<https://studentaid.gov/data-center/student/portfolio>)
Source: Legislative Policy and Research Office

Although the Pell grant program has expanded access to higher education for low-income students, there is a persistent gap in graduation rates between Pell recipients and non-Pell recipients nationwide, although disparities vary widely by institution.⁸¹ More than half of Pell recipients attend private for-profit institutions, which tend to have lower graduation rates than public and private nonprofit schools.⁸² In 2018-2019, 34 percent of undergraduate students nationwide received Pell grants, averaging \$4,418 per student. In Oregon, 31.5 percent of undergraduate students received Pell grants, averaging \$4,205 per student.

According to a 2021 HECC report, recipients of the Oregon Opportunity Grant disproportionately reflect Oregon's disadvantaged populations—historically underserved racial and ethnic groups, women, rural, and first-generation college students—although all types of Oregonians are represented.⁸³ HECC's analysis found that the OOG boosted the ability of these students to afford and complete their education when compared with other low-income students who did not receive the OOG (but did receive Pell grants). While not entirely alleviating the affordability challenges that low-income students face, the OOG does appear to have a noticeable impact on both access and completion for recipients.

⁸⁰ U.S. Department of Education, *Federal Student Loan Portfolio by Borrower Location and Debt Size*, (2021), available at <<https://studentaid.gov/data-center/student/portfolio>> (last visited August 19, 2021).

⁸¹ Scott A. Ginder, Janice E. Kelly-Reid, Farrah B. Mann, U.S. Department of Education, Institute of Education Sciences, *Graduation Rates for Selected Cohorts, 2009–14; Outcome Measures for Cohort Year 2009–10; Student Financial Aid, Academic Year 2016–17; and Admissions in Postsecondary Institutions, Fall 2017*, (2018), available at <<https://nces.ed.gov/pubs2018/2018151.pdf>> (last visited August 16, 2021).

⁸² U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS), *Student Financial Aid 2018-19 provisional data*, (2021), available at <<https://nces.ed.gov/ipeds/>> (last visited August 16, 2021).

⁸³ Higher Education Coordinating Commission, *Annual Evaluation of the Oregon Opportunity Grant: House Bill 2407 (2015) 13*, (2020), available at <<https://www.oregon.gov/highered/research/Documents/Reports/HECC-HB-2407-OOG-2021-Report.pdf>> (last visited August 16, 2021).

By contrast, the impact of the comparatively newer Oregon Promise program is more modest. A report from the HECC found that while community college attendance rose among grant recipients during the program's first two years, it has since returned to the level previously seen before the program was enacted.⁸⁴ Nevertheless, recipients appear to be more likely to enroll in higher credit loads and complete degree programs faster. Recipients are broadly representative of Oregon high school graduating classes in terms of race, ethnicity, and gender, although they are slightly more likely to be women, Hispanic/Latinx, and from lower-income backgrounds. Notably, due to its interaction with the need-based Oregon Opportunity Grant program, although most Oregon Promise recipients are lower-income, they tend to receive the minimum \$1,000 reward (in conjunction with OOG awards) while most Oregon Promise program funds go to students with higher incomes who do not qualify for other forms of aid.

STAFF CONTACT

Matt Perreault, LPRO Analyst
Legislative Policy and Research Office
503-986-1665
matthew.perreault@oregonlegislature.gov

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⁸⁴ Higher Education Coordinating Commission, *Senate Bill 80 (2015): The Oregon Promise – Report from Year 5 12, (2020)*, available at <<https://www.oregon.gov/highered/research/Documents/Reports/HECC-report-341.522-Oregon-Promise-2020.pdf>> (last visited August 16, 2021).