HIGHER EDUCATION COORDINATING COMMISSION
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Research Brief: Recent Improvements in College and University Affordability

Summary 2023

Introduction

Over the past several decades, the cost of attending college or university has climbed sharply, far faster than the cost of other goods and services.[1] Even after controlling for inflation, the cost of attendance at Oregon's public colleges and universities has risen 38 percent in the last twenty years.[2] Nearly half of Oregon students have faced costs not covered by their expected resources in the past decade, a rate that is likely even higher in the experience of Oregonians because many students and families cannot pay the federally calculated expected family contribution (EFC). For many Oregonians, especially those from low-income backgrounds, the high cost of education is a barrier to obtaining a postsecondary certificate or degree and the upward mobility it can offer.

More Oregon students are now able to afford the cost of college and university

Through a combination of expanded financial aid, reduced enrollment, and stable tuition, more Oregon students at public colleges and universities had resources to cover the cost of attendance in the last two years than at any time in recent history. Though some of the reasons were related to the pandemic, affordability is likely to keep improving in the coming years because of significant increases in Oregon financial aid programs, including a historic increase in the Oregon Opportunity Grant, the new Oregon Tribal Student Grant, and more.

However, good news is emerging about college affordability in Oregon. From 2019-20 to 2021-22, the affordability rate—the share of Oregon students enrolled at public colleges and universities who face costs that are greater than their expected resources—has improved, in part because of increases in public financial aid. **In 2019-20, 43 percent of students faced unaffordable costs, and that share fell to 34 percent over the next two years**. Though some of this improvement is the result of temporary factors related to the pandemic, it is likely to be the start of a period of continued improvement in affordability, as further expansions of state-provided aid are underway. This research brief describes the recent improvements in affordability for Oregon students and what might be expected in the years to come.

The recent improvement in affordability

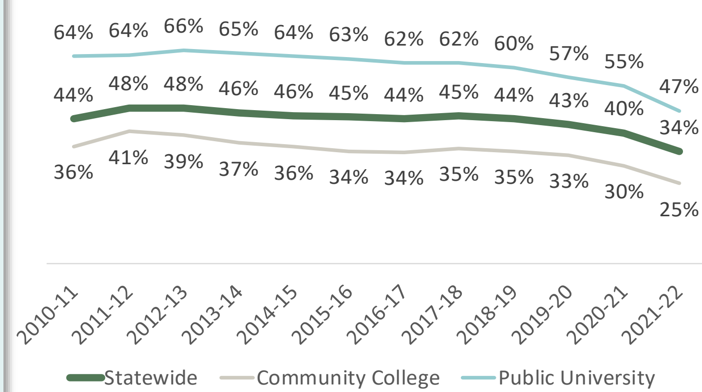
From 2010-11 through 2019-20, the share of Oregon students who filed a complete the Free Application for Federal Student Aid (FAFSA) or Oregon Student Aid Application (ORSAA) and who had costs that outweighed their resources remained between 43 percent and 48 percent. The affordability rate was generally stable despite increases in state financial aid during this period, because costs of attendance continued to rise.

The affordability rate varies by educational sector, with more students at public universities facing unaffordable costs than at community colleges (averaging 62.5 percent and 36 percent during this period, respectively). As with the overall trend, the rates by sector were relatively constant between 2010-11 and 2019-20. Affordability

[1] National Center for Education Statistics, U.S. News: Visual Capitalist, February 3, 2021.
[2] HECC analysis of cost of attendance for full-time student, as reported by public colleges and universities.

has varied less across racial/ethnic identity, rural/nonrural residence, and first-generation status than enrollment and graduation, and the differences that do exist also generally did not change over the decade.

Percentage of Oregon students facing unaffordable costs with expected resources



This persistence of how many students faced unaffordable costs changed in the last two years. The affordability rate fell in 2020-21, from 43 percent to 40 percent. It fell much further, to 34 percent, in 2021-22 (the most recent year of available data). **The decline marks the first notable improvement in affordability in over a decade and is evident for both public university and community college students**. At public universities, the share of Oregon students who could not afford the cost of attendance with expected resources fell ten percentage points, from 57 percent in 2019-20 to 47 percent in 2021-22. At the community colleges, it fell almost nine percentage points, from 33.3 percent in 2019-20 to 24.6 percent in 2021-22.

The improvement in affordability is also seen across student groups. Students in all racial/ethnic groups saw improved affordability, with two-year declines ranging from eight to 13 percentage points. Students from rural counties and those from urban or mixed counties both saw improved affordability, by ten and eight percentage points, respectively. Similarly, the percentage of first-

How we define affordability

We measure affordability by comparing the cost of attendance at a college or university with the expected financial resources for each student. Students whose costs outweigh their resources are deemed as facing unaffordable costs. We calculate this measure for all Oregon students at Oregon's 17 community colleges and seven public universities who completed a FAFSA or ORSAA.

The cost of attendance comes from the institutions themselves, each of which estimates and publishes an average full-time attendance cost that includes tuition and fees, housing, books, supplies, transportation, and personal expenses.[1] We use the cost of attendance for the institution where each student is primarily enrolled. For those attending part time, we pro-rate the cost by the number credits in which they enrolled. Each student's expected financial resources include federal and state financial grants they received, the student's EFCs calculated from the FAFSA/ ORSAA, institutional aid that public university students received, and an estimate of student earnings. The estimate of student earnings is 90% of minimum wage for 15 hours per week and 48 weeks per year.[2]

The percentage of students facing unaffordable costs is likely higher than our measure suggests because many families cannot afford the EFC. The EFC is not required from families to receive aid. Rather, it defines their eligibility for aid and "is a measure of how much the student and his or her family can be expected to contribute to the cost of the student's education."[3]

[1] The institutions' published cost of attendance does not include expenses that some students will face, such as the costs of caring for children or other family members, health issues, and unexpected events. The HECC does not receive institutional aid data for individual community college students. In addition, students at public universities are far more likely than community college students to receive institutional grants, and they receive larger grants.

[2] This formula came from an estimate formerly used in Oregon financial aid policy and is consistent with the number of hours in federal work-study programs (https://www.ed.gov/content/8-things-you-should-know-about-federal-work-study).

[3] U.S. Department of Education, *Application and Verification Guide*, Chapter 3. https://fsapartners.ed.gov/knowledge-center/fsa-handbook/2022-2023/application-and-verification-guide/ch3-expected-family-contribution-efc.

generation college students facing unaffordable costs decreased by ten percentage points, while that for non-first-generation students decreased by seven percentage points.

Percentage of students with unaffordable costs by characteristic, 2017-18 through 2021-22.

	2017-18	2018-19	2019-20	2020-21	2021-22
Asian American/Asian	56%	54%	51%	48%	43%
Black/African American	47%	46%	45%	43%	35%
Latino/a/x/Hispanic	51%	49%	47%	45%	38%
Multi-racial	47%	47%	44%	41%	35%
Native American/Alaska Native	43%	42%	40%	39%	31%
Native Hawaiian/Pacific Islander	47%	44%	46%	40%	33%
White	43%	42%	41%	38%	33%
Not Reported	43%	43%	40%	38%	33%
First-generation	56%	54%	51%	48%	43%
Not first-generation	47%	46%	45%	43%	35%
Rural counties	47%	47%	44%	41%	35%
Urban/mixed counties	43%	42%	40%	39%	31%

Why did college and university get more affordable?

The improvement in affordability stems largely from increases in state and other financial aid, fewer students seeking aid, and a slight decrease in the cost of attendance. In 2021-22, students at higher income levels became eligible for the Oregon Opportunity Grant (OOG; the State's largest financial aid grant), because of a 17-percent increase in OOG funding and slightly fewer students applying. Before this, only students with the lowest incomes were eligible, those whose EFC was $3,500 or less. In contrast, students with EFCs up to $6,000 were eligible for the OOG in 2021-22. As a comparison, eligibility for a federal Pell Grant was a $5,846 EFC in 2021-22.

The number of OOG recipients rose 20% in 2021-22

Beyond the OOG, other financial aid opportunities rose during this time. Federal pandemic relief made new aid available to students and postsecondary institutions through the federal CARES Act in 2020.[3] Institutional aid at the public universities rose 11 percent between 2019-20 and 2021-22 (after adjusting for inflation).

Fewer students also applied for financial aid in 2021-22 than earlier. Enrollment fell during the pandemic statewide. Consistent with broader enrollment declines, this was particularly relevant at the community colleges, where the number of students who completed a FAFSA/ORSAA fell 21 percent between 2019-20 and 2021-22. At the universities, the number of FAFSA/ORSAA-filers fell seven percent during this time. This meant available aid was able to reach a broader share of the student body. Early indicators are that enrollment in both sectors began to rebound in 2022-23, though not to pre-pandemic levels.

The cost of attendance also fell slightly over this period after adjusting for inflation, as most institutions held off on significant tuition increases during the pandemic, if they made any at all. This made it slightly easier for students to afford the cost. The average full-time cost of attendance in 2021-22 was $952 less per year among FAFSA/ORSAA filers at the community colleges and $806 less at the universities, compared to 2019-20.

[3] The Coronavirus Aid, Relief, and Economic Security Act (CARES Act), passed by Congress in March 2020, allotted funds for grants to college and university students under the Higher Education Emergency Relief Fund and to the Governor's Education Emergency Relief (GEER) Fund. In Oregon, a portion of GEER funds were allocated to postsecondary institutions for multiple pandemic-relief efforts, including grants to students.

Finally, the possibility also exists that a smaller share of students would face unaffordable costs if the underlying student body became more affluent. If relatively more students came from middle- and higher-income backgrounds in recent years, then affordability would have improved because families had greater resources, rather than because of more financial aid or lower cost of attendance. For the most part, this does not appear to be the case. Students in 2020-21 and 2021-22 were almost as likely to come from middle- and upper-income backgrounds as students in 2019-20. The percentage of students at both the colleges and universities who were eligible for a Pell grant was nearly the same in 2021-22 as it was prior to the pandemic in 2019-20. However, the percentage of new freshmen eligible for a Pell grant and the percentage of students with the lowest EFCs did decline slightly, indicating a need to follow this and the college-going rate of those from low-income backgrounds in future years.

Percentage of students who complete FAFSA and are eligible for a Pell Grant by sector, 2017-18 through 2021-22.

	2017-18	2018-19	2019-20	2020-21	2021-22
Community College	56%	54%	51%	48%	43%
Public University	47%	46%	45%	43%	35%

Where do we go from here?

The improvement in public college and university affordability over the last two years is welcome news. The improvement stems both from increased state financial aid and from pandemic-related factors that are likely temporary, at least to some extent: federal relief efforts, steep enrollment declines, and relatively stable tuition in this period. This raises the question: Is the recent improvement in affordability temporary or the beginning of a trend? Multiple new expansions of state financial aid indicate that improvement in affordability is likely to continue in the coming years, even after the impact of pandemic-related factors fades.

The largest of these expansions in state-based aid is a roughly 50-percent increase in the OOG ($100 million) in 2023-24. The increase enables the State's largest financial aid program to increase awards for the highest-need students who are struggling most with college costs, while serving even more students. Other expansions include creation of the historic Oregon Tribal Student Grant for members of Oregon's nine federally recognized Tribes, a doubling of the minimum Oregon Promise award for recent high school graduates with the lowest incomes, changes to the Oregon National Guard State Tuition Assistance program to award more money to the lowest-income recipients, and a larger award size from the Oregon Teachers Scholars Grant for future educators. Taken together, these expansions point to continued improvement in public college and university affordability for Oregon students. They also point to continued increases in graduation, as state-based financial aid shows consistently positive impacts on student success.

At the same time, additional work remains to solve the college affordability challenge in Oregon. Oregon's college-going rate remains lower than the national average, and the gap widened further during the pandemic. Many potential students do not enroll in college or university because the cost is too high, and the need to pay large student loans reduces the financial benefit that a certificate or degree offers. Continued work is needed to create pathways into postsecondary education and training that are affordable, equitable, and widespread.

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