



LB 497 Testimony

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- The Coordinating Commission administers the Nebraska Opportunity Grant, the state's financial-aid program that supports low-income postsecondary students attending Nebraska colleges and universities. Recipients must be Nebraska residents and low income.
- In 2013-14, the Commission awarded \$16.5 million to 15,944 students attending Nebraska colleges and universities. The average award was \$1,030. More than 40,000 other Nebraska students qualified for the Opportunity Grant but did not receive awards due to limited funding.
- In 2013-14, Opportunity Grant funding consisted of \$9.8 million in lottery revenue and \$6.7 million in General fund appropriations. While lottery funding has increased by between \$300,000 and \$1.5 million each year since 2007, General fund appropriations for the Opportunity Grant have been flat during the same period. The only increase has come from the lottery portion of funding. Even with that increase, Nebraska ranks 33rd in the country in the amount of need-based financial aid per full-time equivalent undergraduate student.
- LB 497 terminates lottery funding as of June 30, 2016, for the Nebraska Opportunity Grant program. Thousands of needy students will be affected by this change if the lottery funds are not replaced.
- If the Coordinating Commission had distributed Opportunity Grant funds in 2013-14 without its current level of lottery revenue, some 9,700 of the 15,944 recipients would not have received grants. Put another way, without the lottery funding, only about 11% of eligible students – 6,230 out of 56,000 – would have received grants. For many of our needy students, this could be the difference between enrolling in college or not and staying in college or dropping out.
- This is not just a barrier to individual students; failure to fully develop individual potential will negatively affect Nebraskans collectively. While median household income in Nebraska has

fared better than the national average, it declined in real terms from 1999-01 to 2011-13. In addition, the proportion of PK-12 students receiving free and reduced price lunches has been on the rise since 1999-2000, and is currently 45%. The need for grant aid will grow as these students reach college.

- Labor economists predict that 66-70% of Nebraska jobs will require some postsecondary education by 2020. Currently, about 42% of Nebraskans aged 25 to 64 have an associate's degree or higher. Without significant progress toward ending the achievement gap, demographic changes will result in stagnation of educational attainment as more highly educated white Nebraskans retire and are replaced by Hispanic and African-American Nebraskans who have much lower educational attainment – and tend to be poorer and in need of grant aid.
- We support the State's decision to periodically evaluate how it distributes its lottery revenue, but we hope that evaluation results in the continuation of significant lottery funding for the Opportunity Grant because we are concerned about the State's ability or willingness to replace what currently is about \$9.8 million in lottery funds with General fund appropriations.