
MEMORANDUM

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To: Members of the Education Subcommittee

From: Doug Wilson, Legislative Fiscal Office
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Date: June 17, 2013

Subject: HB 3472 -- Work Session Recommendations

Background Information

HB 3472-A directs Oregon Education Investment Board (OEIB), Oregon University System (OUS) and Department of Community Colleges and Workforce Development (CCWD) to jointly create a "Pay Forward, Pay Back" pilot program proposal to replace the current system of tuition and fees required to attend institutions of higher education. The student would enter into binding contracts to pay the State or institution a certain percentage of their income after graduation to repay the costs of their education. This portion of the bill sunsets at the end of the 2013-15 biennium after the proposal is presented to the Legislature.

The bill also directs Higher Education Coordinating Commission (HECC) to conduct a study on freezing tuition increases for incoming undergraduate students at public universities and report findings to interim legislative committees no later than September 30, 2013.

It is assumed that with the amendment below, the fiscal impact can be absorbed by the staff and resources in the budget passed by the Subcommittee for HECC.

Recommended Changes HB 3472-A

LFO recommends one amendment (A12) of which it knows about. This amendment places the responsibility for the Pay-Forward, Pay Back portion of the bill on the HECC and directs it to "consider" the creation of a proposed pilot program to the 2015 Legislature if HECC determines a pilot program is warranted. The general requirements of the program remain similar to the A Engrossed version of the bill.

The amendment also changes the required reporting date of the study on freezing tuition from September 30, 2013 to during the 2014 legislative session.

Sen. /Rep. _____ moves the A5 amendment to HB 3472-A.

HB 3472-A Final Subcommittee Action:

Final Motion:

Sen./Rep. _____ moves HB 3472-A to the full committee as amended with a “do pass” recommendation.

77th OREGON LEGISLATIVE ASSEMBLY – 2013 Regular Session
STAFF MEASURE SUMMARY
House Committee on Higher Education & Workforce Development

MEASURE: HB 3472 A
CARRIER:

REVENUE: No revenue impact
FISCAL: Fiscal statement issued

Action:	Do Pass as Amended and Be Printed Engrossed and Be Referred to the Committee on Ways and Means by Prior Reference
Vote:	9 - 0 - 0
Yeas:	Gallegos, Gilliam, Gorsek, Greenlick, Harker, Huffman, Johnson, Whisnant, Dembrow
Nays:	0
Exc.:	0
Prepared By:	Victoria Cox, Administrator
Meeting Dates:	4/3, 4/15

WHAT THE MEASURE DOES: Directs Higher Education Coordinating Commission (HECC) to conduct study on freezing tuition increases for incoming undergraduate students at public universities and report findings to interim legislative committees no later than September 30, 2013. Directs Oregon Education Investment Board (OEIB), Oregon University System (OUS) and Department of Community Colleges and Workforce Development (CCWD) to propose “Pay Forward, Pay Back” pilot program to replace current system of tuition and fees required to attend institutions of higher education and establish program criteria. Requires submission of proposal to Seventy-eighth Legislative Assembly for approval. Declares emergency, effective on passage.

ISSUES DISCUSSED:

- Western Promise tuition guarantee program at Western Oregon University
- Impact on admissions of higher tuition for entering freshmen
- Addition of provisions originally proposed in HB 2838 proposing “Pay Forward, Pay Back” program

EFFECT OF COMMITTEE AMENDMENT: Directs Oregon Education Investment Board (OEIB), Oregon University System (OUS) and Department of Community Colleges and Workforce Development (CCWD) to propose “Pay Forward, Pay Back” pilot program to replace current system of tuition and fees required to attend institutions of higher education and establish program criteria. Requires submission of proposal to Seventy-eighth Legislative Assembly for approval.

BACKGROUND: House Bill 3472-A directs the Higher Education Coordinating Commission (HECC) to conduct a study on whether public universities can successfully implement a tuition freeze that will guarantee incoming students the same tuition rate for four years. The study must include an analysis of Western Oregon University’s “Western Tuition Promise” and the “Finish in Four” program proposed in Florida as well as ways to mitigate the financial strain on universities. HECC is to report the findings and recommendations to interim legislative committees on higher education no later than September 30, 2013.

“Pay Forward, Pay Back” refers to a system of financing post-secondary education whereby, in lieu of paying tuition or fees, students sign a binding contract to pay the State of Oregon or the institution a certain percentage of annual adjusted gross income for a specified number of years following graduation. Additionally, House Bill 3472-A directs OEIB, OUS and CCWD to develop a proposal for a pilot program to be submitted to the 2015 Legislative Assembly for approval and implementation.

4/18/2013 9:12:00 AM

This summary has not been adopted or officially endorsed by action of the committee.

HB 3472-A12
(LC 3854)
6/14/13 (DRG/ps)

**PROPOSED AMENDMENTS TO
A-ENGROSSED HOUSE BILL 3472**

1 On page 2 of the printed A-engrossed bill, delete lines 18 through 44 and
2 insert:

3 **SECTION 1. (1) The Higher Education Coordinating Commission**
4 **shall consider the creation of a proposed pilot program called Pay**
5 **Forward, Pay Back. The pilot program would:**

6 **“(a) Replace the current system of charging students tuition and**
7 **fees for enrollment at public institutions of higher education; and**

8 **“(b) Identify one or more public institutions of higher education to**
9 **participate in the pilot program.**

10 **“(2) If the commission determines that a pilot program is war-**
11 **ranted, the commission shall submit a proposed pilot program to the**
12 **2015 regular session of the Legislative Assembly for approval.**

13 **“(3) A proposed pilot program shall:**

14 **“(a) Allow students who are residents of this state, as defined by**
15 **the institution, and who qualify for admission to the institution to**
16 **enroll in the institution without paying tuition or fees;**

17 **“(b) Provide that, in lieu of paying tuition or fees, students must**
18 **sign binding contracts to pay to the State of Oregon or the institution**
19 **a certain percentage of the student’s annual adjusted gross income**
20 **upon graduation from the institution for a specified number of years;**

21 **“(c) Specify the number of years and the percentage of annual ad-**
22 **justed gross income for contracts at each participating institution and**

1 base the specifications on research to date; and

2 “(d) Establish an immediate funding source for the first 15 to 20
3 years of the pilot program and include the establishment of a revolving
4 fund to deposit payments made under the pilot program.

5 “(4) A proposed pilot program may vary by institution depending
6 on:

7 “(a) The total cost of education at the institution.

8 “(b) The portion of the cost that is paid by the State of Oregon.

9 “(c) The number of years specified in the contract.

10 “(d) The percentage of annual adjusted gross income specified in the
11 contract.”.

12 On page 3, delete lines 9 through 11 and insert:

13 “(2) The commission shall submit a report on the study described in sub-
14 section (1) of this section to the committees relating to higher education
15 during the 2014 regular session of the Legislative Assembly.”.

16
