

**HB 3472**  
**Relating to Higher Education Tuition**

---

HB 3472 directs the Higher Education Coordinating Commission to consider whether a pilot program is warranted for a “Pay Forward, Pay Back” proposal to replace the current system of tuition and fees required to attend institutions of higher education. Under this concept, a student would enter into binding contract to pay the State or institution a certain percentage of their income after graduation to repay the costs of their education. If HECC determines that such a pilot project should be considered, it is instructed to present its findings to the 2015 Legislature.

This bill also directs HECC to conduct a study on freezing tuition increases for incoming undergraduate students at public universities similar to the Western Tuition Promise program at Western Oregon and similar programs in other states. HECC is to report on the study to the 2014 Legislature.

The Education Subcommittee recommends HB 3472 be amended and reported out do pass as amended.

Joint Committee on Ways and Means

Carrier – House: Rep. Frederick  
Carrier – Senate: Sen. Girod

**Revenue:**

**Fiscal:** Minimal fiscal impact, no statement issued

**Action:** Do Pass the A-Engrossed Measure as Amended and be Printed B-Engrossed

**Vote:**

House

Yeas:

Nays:

Exc:

Senate

Yeas:

Nays:

Exc:

**Prepared By:** Doug Wilson, Legislative Fiscal Office

**Meeting Date:** June 25, 2013

**WHAT THE MEASURE DOES:** 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 during the 2014 Legislative Session. Directs the Higher Education Coordinating Commission to consider proposing a “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. If it is determined that the state should consider a pilot project the concept needs to be presented to the Seventy-eighth Legislative Assembly for approval. Declares emergency, effective on passage.

**ISSUES DISCUSSED:**

- Need for finding assistance to pay for post-secondary education
- General questions on how the Pay Forward Pay Back proposal would work

**EFFECT OF COMMITTEE AMENDMENT:** The amendment places responsibility for the Pay-Forward , Pay Back study with HECC and not with a number of education related agencies; and directs the HECC to consider the creation of a proposed pilot program and determine if it has the merit to be presented to the 2015 Legislature. Also changed by the amendment was the due date for the study on tuition freeze – from September 2013 to the 2014 Legislative Session.

**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.

“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.

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