

Students for Educational Debt Reform (SEDR)  
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Testimony of Tracy Gibbs, SEDR  
In Support of HB 2838, the Pay Forward, Pay Back Pilot Program Bill  
Before the House Higher Education and Workforce Development Committee  
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Chair Denbrow, members of the committee, thank you for this opportunity to testify in support for HB 2838. For the record, my name is Tracy Gibbs and I am here from the Students for Educational Debt Reform. As a current Portland State University student, I wanted to lend my support for the innovative "Pay Forward, Pay Back" proposal. I appreciate the legislature's openness to listen to proposals that can make college more affordable to Oregon students. One such program is HB 2838, or the Pay It Forward bill.

It's been called a debt bomb waiting to explode. The next bubble on par with the subprime mortgage mess. It is a crisis that's taking a toll on an already-weak economy. Whichever scary word you prefer, there's no doubt that student-loan debt looms as a major long-term problem facing the state's population of college graduates and beyond. The economy might be seeing a modest recovery of late, but there doesn't seem to be any relief for this pocket of borrowers. Higher education is an integral part of the American Dream. But, today more and more young people and their families increasingly have to finance their (or their child's) education through student loans.

Behind these stark realities is the impact that these trends are having on Oregon students. In fact, the impact often extends beyond the students, burdening their immediate families for decades. This threatens the ability of current and future generations to build successful careers and contribute to the economy, and it affects the ability of previous generations to save for their own future.

Indeed, the overwhelming debt many students face leave them unable to wait for higher-paying jobs and forces them to take lower-paying jobs in order to stop the payments and interest from ballooning. This results in fewer graduates starting their own businesses and negatively impacts the economy. Though many with federal student loans have the option of income-based repayment—a recently expanded program which caps borrowers' required monthly payments at an affordable amount based on income and family size—the majority of borrowers with federal student loans are either unaware or do not understand the program. Additionally, this is not even an option for those with private student loans.

Furthermore, the escalation of college costs at Oregon Colleges and Universities has resulted in many students and families barely scraping by, having to turn down admissions to their top-choice schools they couldn't afford, or delaying college altogether. Worse still, some students leave school with debt and no degree. From managing soaring tuition costs to streamlining federal student aid, the postsecondary education system in Oregon needs reform. The current system does not work for the many Oregonians looking for access to and success in higher education. Middle-class families like mine are frustrated by the increasing cost of college and the rising need to take out loans to finance a higher education. These problems need to be addressed both for future generations of Oregonians and for those students and families who have already been burdened with significant debt. The purpose of student loans should be to increase access to postsecondary education and invest in future economic growth—not to generate federal revenue.

I believe that college cultivates intellectual traits and has inherent value. Academics are not just about exploring subject areas; it also educates students socially. Education that arises out of experience is the best of its kind. The real value of higher education is self-realization. Unfortunately, for many Oregonians, opportunities for an enlightening education like mine are being closed. Their self-realization is that they won't be able to go to college. My fear is that if we as a state do not respond to the student debt crisis that by precipitating change and influencing its direction, the escalating cost of college will respond for us. And, unfortunately, the burden will be on the students and their families across the state. Unless Oregon takes the student debt crisis seriously, quickly addressing the imperatives of new ways to pay for college like Pay It Forward, many Oregon public universities will lose even more funding.

Students for Educational Debt Reform (SEDR) supports HB 2838 a dramatically different approach, one that demonstrates shared responsibility, a commitment to future generations, and seriousness about the value of higher education. Pay It Forward represents a social commitment, not a debt. The State will maintain at least its current level funding of higher education, and the students will contribute a small fixed percentage of their actual earnings for a set number of years after graduation. We have the opportunity to make a dramatic impact on one of Oregon's most urgent and pressing societal problems and to fulfill a promise to those students who work hard, graduate from high school and look to our public colleges and universities as a pathway to a better future. We owe them nothing less.

Thank you for the opportunity to testify before you today. I would be happy to answer any questions.