



Small Business Owners. Small Business Values.

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To: House Committee On Higher Education, Innovation, and Workforce Development

From: The Main Street Alliance of Oregon

Date: February 26, 2015

Re: Letter in Support of HB 2662

Chair Read and Members of the Committee,

**The Main Street Alliance of Oregon, a coalition of over 2500 small businesses across Oregon, supports HB 2662.** The Main Street Alliance of Oregon works to provide small businesses a voice on the most pressing public policy issues in Oregon and nationally. Small businesses are job creators, and in Oregon represent 98% of employers.

We support House Bill 2662, the Pay It Forward pilot program because our members need a healthy local economy to thrive. Two thirds of Oregon public university graduates have student debt at an average of \$26,000. That debt is holding back economic recovery and limiting families' access to credit.

The Main Street Alliance talks directly to business owners around the state about their needs and priorities. Our 2014 State of Main Street report focuses on the experiences and views of Oregon small business owners as documented in a survey of 443 small business owners throughout Oregon. The majority of these "Main Street" businesses were in rural cities from Hood River to Joseph, from Astoria to Brookings, from Monmouth to Ashland and in the Bend/Redmond area. Business sizes vary from 1-100 employees, with the majority below 25 employees. Based on some of our key findings, I believe this bill will improve access to economic opportunity for small business owners and their families.

**Most small business owners report that more customers will help them to create more jobs, not lower taxes or fewer regulations. Oregon small business owners believe increasing consumer demand is what is needed most to create more jobs and get the economy back on track. A November 2014 analysis by the New York Federal reserve shows that student debt is harming consumer spending power. More millennials are delaying starting their own households or even living with other young friends in favor of staying with their parents. That means they are delaying major purchases like homes and cars, and they are also not buying any of the stuff that it takes to run a household. Pay It Forward would give participants a much more affordable and less risky way to finance their education, meaning they would have more cash to support local businesses.**

**Small business owners across Oregon continue to face challenges with access to credit.**

Respondents reported they have been turned down for loans within the past year, decided to not seek bank loans due to being discouraged, and have had lines of credit called in. This has particularly impacted women business owners and business owners of color. A 2013 report by the New York Federal Reserve found that student loan debt may be causing reduced access and demand for credit. Many young people and their families are not eligible, or cannot afford to take on another line of credit for a home or business because of crushing student loans. **Pay It Forward would give graduates more economic options after college, and would help protect their families from becoming over-extended with student loans, allowing them to invest in their business and create jobs.**

**Small business owners support local banking and public policy encouraging local lending over Wall Street banks, by a factor of 9 to 1. Pay It Forward would keep Oregon's investment in Oregon.** The program would give students an option to finance their education without Wall Street lenders. Graduates' contributions would go into a dedicated public fund that would benefit future students like themselves, not some out-of-state banker.

I urge you to vote yes on HB 2662. Oregon small businesses are counting on you. We need to invest in solutions to the student debt crisis so that our economy can thrive.

Thank you for your consideration

A handwritten signature in black ink, appearing to read "Stephen Michael". The signature is fluid and cursive, with a large initial "S" and "M".

Stephen Michael  
State Director, The Main Street Alliance of Oregon