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Testimony in Support of HB 2662: Pay it Forward Pilot

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House Committee on Higher Education, Innovation and Workforce Development

Thank you for the opportunity to provide testimony in support of HB 2662, The Pay It Forward Pilot. Family Forward Oregon supports the Pay It Forward Pilot because it will increase access to affordable public higher education for all Oregon's working families, especially for women.

Women are especially burdened by student debt. The serious problem of mounting student debt is compounded by the increasing cost of higher education and stagnant wages in the job market. While this is a problem for all students, the burden hits women especially hard because it heightens the persistent gender pay gap.¹ Research by the American Association of University Women (AAUW) showed that women were significantly more likely to be burdened by their student debt than men, and that the trend is towards increasing inequality. While almost half of all graduates pay a greater proportion of their income than a typical individual can reasonably afford on student loan payments, women are especially heavily burdened. Female graduates pay 53 percent of their income as compared to 39 percent of male graduates- a serious disparity.²

Women, particularly working mothers, can be priced out of higher education when faced with skyrocketing tuition. Low-income students and women are more likely than other college students to both have dependent children and lack resources for other costs of attending college such as childcare.³ These unmet needs are seldom included in the conversation about student debt because they aren't financed – students are generally required to come up with much of the money for costs such as their family contribution, books, and child care in addition to bearing the burden of their loans.

Expected increases to household income after college may make some debt seem manageable, although low-income students have reason to hesitate based on reasonable

¹ For Women, Student Loan Debt Is an Even Bigger Crisis AAUW www.aauw.org/2014/07/08/women-and-student-loan-debt/

² Ibid.

³ “College Affordability for Low-Income Adults: Improving Returns on Investment for Families and Society” Women’s Policy Research (IWPR) www.luminafoundation.org/files/publications/ideas_summit/College_Affordability_for_Low-Income_Adults.pdf



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fears regarding their debt burdens and that they won't be able to complete their degrees.⁴ One survey of college graduates found that only 35.3% graduated in four years and 56.7% graduated in six years.⁵ Without a degree there is little or no earnings increase, but the student is still responsible for the entire debt incurred. Pay It Forward changes the calculus facing working people considering college by assuring them that the risk is shared. Pay It Forward ensures that instead of being responsible for unknown and potentially exorbitant monthly student loan payments, they will commit to pay a fixed percentage of their income over a set period of time into the higher education fund. Pay It Forward transforms the individual burden on student debt into a shared obligation.

Oregon has the opportunity to lead the nation in addressing the mounting student debt crisis and alleviating one of the many economic and social barriers to full and equal economic participation for all Oregonians, and women in particular. A strong and successful Pay It Forward Pilot would be a step towards ensuring that working families throughout Oregon can access higher education, one of the proven avenues to improving their lives. For these reasons Family Forward Oregon supports HB 2662, The Pay It Forward Pilot. Oregon's working families need access to quality higher education. Thank you.

⁴ "College Affordability for Low-Income Adults: Improving Returns on Investment for Families and Society" Women's Policy Research (IWPR)
www.luminafoundation.org/files/publications/ideas_summit/College_Affordability_for_Low-Income_Adults.pdf

⁵ "Oregon Public College Graduation Rates" Chronicle of Higher Education
http://collegecompletion.chronicle.com/state/#state=or§or=public_four