

STAFF MEASURE SUMMARY**House Committee On Higher Education, Innovation, and Workforce Development****Fiscal:** Fiscal impact issued**Revenue:** No Revenue Impact**Action Date:** 04/01/15**Action:** Without Recommendation As To Passage, Be Referred To Revenue, And Then To Ways And Means By Prior Reference.**Meeting Dates:** 03/06, 04/01**Vote:**

Yeas: 5 - Gallegos, Read, Reardon, Whisnant, Williamson

Nays: 4 - Hayden, Johnson, McKeown, Nearman

Prepared By: Victoria Cox, Committee Administrator

WHAT THE MEASURE DOES:

Establishes Pay It Forward program. Requires Higher Education Coordinating Commission (HECC) to establish parameters of program by rule and for Office of Student Access and Completion (OSAC) to administer program. Establishes Pay It Forward Implementation Fund. Specifies that Pay It Forward program may only proceed if OSAC determines there are sufficient moneys in fund. Permits OSAC to implement limited scope pilot program.

ISSUES DISCUSSED:

- Development of Pay It Forward concept
- Long-range repayment prospects
- Other programs competing for funding
- Need for more study of revenue impact

EFFECT OF COMMITTEE AMENDMENT:

No amendment.

BACKGROUND:

House Bill 3472 (2013) directed the HECC to consider the creation of a pilot program titled "Pay Forward, Pay Back" to determine whether or not to propose its implementation to the 2015 Legislative Assembly. "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. The HECC reported its findings in September, 2014 concluding in part:

Clearly the State needs to increase its funding for higher education if it hopes to achieve its laudatory 40-40-20 goals. At the same time we need to find a solution for those who are faced with the prospect of incurring untenable levels of student debt which will deflate their own prospects as well as their ability to participate in the larger economy. That is where the Pay It Forward (PIF) program comes in. Pay It Forward represents a social commitment, not a debt; it demonstrates shared responsibility, a commitment to future generations, and a seriousness about the value of higher education. We are confident that this pilot program will demonstrate both the demand for and the efficacy of the Pay It Forward model. Oregon's students deserve no less.

House Bill 2662 directs the HECC to establish the Pay It Forward program and OSAC to administer it, if it is determined that there are sufficient moneys available in the Pay It Forward Implementation Fund. The measure also provides OSAC with the option to implement a pilot program of limited scope.