

- House Committee On Revenue _6/8/2015 1:00 PM HB 2662 Establishes Pay It Forward program.

Why are student loans necessary

Trend:

Although the underlying costs of higher education have remained relatively stable, Oregon's decreasing investment in our higher education system have placed more of a burden on students and families.

- * **In 1990, about two-thirds of higher education costs were borne by the State. Now it's only just over one-quarter.**
 - * **Students are asked to pick up the slack, whether in the form of personal savings or student loans.**
 - * **In response to budgetary shortfalls, it is easier to underfund higher education than other services because the gap will ultimately be made up through student loans or by out-of-state tuition.**

Effect:

This results in a long-term divestment in Oregon's economy.

- * **Students graduating with student loans have decreased or delayed economic activity.**
- * **This decreased or delayed economic activity calls into question economic forecasts.**

A decade ago, there was only about \$300 billion in such loans outstanding, and now \$1.1 trillion. New York Times May 14 2014

Statistically, limiting educational choices and attainment result in higher public service costs and lower income levels.

"It is time for a fundamental change in how we approach the financing of higher education, and the bill I will introduce today will do just that. The College for All Act will provide free tuition at every public college and university in this country."
– Sen. Bernie Sanders (I-Vt.)



note that Senator Sanders plan does not seem to include many cost-containment measures. Without some kind of assurance of long-term sustainability, it's not much more than an expensive scholarship program. 1) how the revenue source is assured to match demand, which leads into ... 2) where it's coming from at all, and 3) what kind of outcomes the program is expecting. Is it just simply "get students into college," then I don't know what that benefit really accomplishes. If it's beyond economic outcome

The legislature has new programs to help students with the cost of a college degree. The newest one is called "pay it forward." The basic concept is to provide a student with funds that are advanced against future income. There will be an agreement that an amount of the students gross income will be used to pay the advance. There were estimates that it may take 20 years to repay. There also is a provision for the use of the IRS to help collect payments. I have testified on this topic sometimes two times a week. Watch out for a push for a sales tax. all this because the legislature will not address financial short falls.

**Respectfully,
Tim Cowan the Citizens Lobbyist tm**