

STAFF MEASURE SUMMARY**House Committee On Revenue****Fiscal:** Fiscal impact issued**Revenue:** No Revenue Impact**Action Date:** 06/08/15**Action:** Do Pass With Amendments, Be Printed Engrossed And Be Referred To Ways And Means By Prior Reference.**Meeting Dates:** 05/11, 06/08**Vote:**

Yeas: 5 - Barnhart, Lininger, Read, Smith Warner, Vega Pederson

Nays: 4 - Bentz, Davis, Johnson, Whitsett

Prepared By: Dae Baek, Economist**WHAT THE MEASURE DOES:**

Establishes the Pay It Forward program. Directs the Higher Education Coordinating Commission (HECC) to establish the parameters of the program by rule and for the Office of Student Access and Completion (OSAC) to administer the program. Establishes the Pay It Forward Implementation Fund. Specifies that the Pay It Forward program may only proceed if the OSAC determines that there are sufficient moneys in the fund, subject to the approval by the Legislative Assembly. Allows the OSAC to implement a limited scope and duration pilot program. Directs the HECC to begin the process of developing the policy and rules for implementing the program, and to submit a progress report during the 2016 and 2017 regular legislative sessions. Takes effect on passage.

ISSUES DISCUSSED:

- Overview and outline of the pilot program
- Sample selection and data collection
- Initial costs of the program
- Parameters of the program
- Real financial cost to participating students
- Tax deductibility of repayment
- Process and issues related to paying back
- Inadequacy of and options for higher education funding
- Long term issues of the program

EFFECT OF COMMITTEE AMENDMENT:

Specifies that the Pay It Forward program may only proceed if the OSAC determines that there are sufficient moneys in the fund and if the Legislative Assembly approves the determination; also directs the HECC to begin the process of developing the policy and rules for implementing the program, and to submit a progress report during the 2016 and 2017 regular legislative sessions.

BACKGROUND:

The 2013 Legislature directed the Higher Education Coordinating Commission (HECC) to study the Pay It Forward (PIF) program. The PIF program refers to a system of financing post-secondary education whereby, in lieu of paying tuition or fees, a student signs into a bidding contract to pay the State of Oregon or the institution, a certain percentage of adjusted annual income for a specified number of years after graduation. The HECC work group reported its findings in September 2014. This bill reflects salient elements of the report.