

Fiscal: Has minimal fiscal impact

Revenue: No Revenue Impact

Action Date: 02/22/16

Action: Do Pass The A-Eng Bill.

Meeting Dates: 02/22

Vote:

Yeas: 7 - Baertschiger Jr, Beyer, Gelsner, Hass, Knopp, Kruse, Roblan

Prepared By: Richard Donovan, Committee Administrator

WHAT THE MEASURE DOES:

Directs State Treasurer and Higher Education Coordinating Commission to conduct study to explore approaches for lowering interest rates on student loans in Oregon. Specifies contents of study. Requires report to interim legislative committee on higher education no later than December 1, 2016. Declares emergency, effective on passage.

ISSUES DISCUSSED:

- Desire to examine potential ways to address student debt crisis
- Impact of potential debt on persistence and completion of students currently attending college
- Estimated \$1.3 trillion existing student loan debt in the U.S.; student loans are not dischargeable through bankruptcy
- Impact to Oregon economy of former students deferring major purchases due to student loan debt

EFFECT OF COMMITTEE AMENDMENT:

No amendment.

BACKGROUND:

The potential economic impact of student loan debt has received significant media attention recently. As student loan debt has exceeded \$1.3 trillion, many borrowers have deferred buying homes and starting families. Currently, more than 7.3 million borrowers are at least 90 days delinquent. Unlike other consumer debt, in most cases student loans may not be refinanced to reflect current low interest rates.

Connecticut recently passed legislation directing the Connecticut Higher Education Student Loan Authority to refinance student loans for residents of the state, regardless of where they attended college. House Bill 4021A requires the State Treasurer and Higher Education Coordinating Commission to conduct a study to determine the feasibility of offering a similar program to Oregonians and to report the findings to the Legislature by Dec. 1, 2016.