

HB 2929 STAFF MEASURE SUMMARY

House Committee On Higher Education and Workforce Development

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Sub-Referral To: House Committee On Revenue

Meeting Dates: 3/28, 4/11

WHAT THE MEASURE DOES:

Addresses student loan debt with the following programs:

- Directs State Treasurer to establish student loan refinancing guarantee pilot program. Permits State Treasurer to establish contract with a financial institution. Requires State Treasurer to establish a loss reserve account for each financial institution with which State Treasurer enters into a contract. Directs State Treasurer to establish procedures under which a financial institution participating in student loan refinancing guarantee pilot program may submit reimbursement claim for a loss incurred from a refinancing loan default. Establishes Student Loan Refinancing Guarantee Program Fund in State Treasury, and directs fund moneys to be continuously appropriated to State Treasurer to make payments to loss reserve accounts. Requires State Treasurer to adopt rules to implement student loan refinancing guarantee pilot program, including eligibility criteria for financial institution participation.
- Requires Higher Education Coordinating Commission (HECC) to develop and make available a loan counseling program to Oregon residents who graduated from a post-secondary educational institution. Specifies counseling program is voluntary, and is created as distinct and supplementary to mandatory loan counseling under federal law. Specifies minimum services counseling program is required to provide.
- Provides credit to employers that provide education loan repayment assistance to employees. Requires each employer submit application to the HECC for receipt of credit. Specifies amounts of and eligibility for credit.
- Establishes refundable credit against personal income taxes for contributions to higher education savings network account. Establishes tax credit for amounts contributed to higher education savings network accounts owned by employees of taxpayer. Increases limitation on subtraction for contribution to Achieving A Better Life Experience (ABLE) account or higher education savings network account to amount per designated beneficiary.
- Establishes subtraction from personal income taxes for amounts that taxpayer paid in student loan interest. Specifies amount of and eligibility for subtraction.

Applies credits and subtractions to tax years beginning on or after January 1, 2017, and before January 1, 2023.

Creates sunset for student loan refinancing guarantee pilot program on December 31, 2019. Takes effect on 91st day following adjournment sine die.

REVENUE: Revenue impact issued.

FISCAL: May have fiscal impact, but no statement yet issued.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

BACKGROUND:

Student loan debt has doubled over the past seven years, and now totals approximately \$1.3 trillion nationally. In the United States, 68 percent of four-year institution graduates emerge with student loan debt, with median loan amounts totaling \$30,100 for undergraduate education. In Oregon, the Higher Education Coordinating Commission (HECC) reports that 63 percent of Oregon's four-year graduates exit with student loans, and that those median loan amounts total \$27,697.

Many individuals are struggling with loan repayment. Nationally, 39.4 percent of graduates have paid no money toward their loan principal three years after leaving school, while rates are significantly higher (59.6 percent) for students who did not complete their degree. Federal student loan repayment is also less likely for students from lower income backgrounds who were Pell grant recipients. There is universal, bipartisan agreement that student loan debt has negative impacts on Oregon's local economies through decreases in individual investment and spending dollars.