

HB 2780 STAFF MEASURE SUMMARY

House Committee On Higher Education

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Sub-Referral To: Joint Committee On Ways and Means

Meeting Dates: 1/26

WHAT THE MEASURE DOES:

Creates Guaranteed Opportunity Program to cover cost of attendance at Oregon public institutions of higher education. Allows any person who graduated from high school in Oregon or any tax-paying resident between ages of 18 and 65 to enroll in program. Collects percentage of participants' annual adjusted gross income based on level of degree program pursued under Guaranteed Opportunity agreement, starting from graduation until retirement. Requires participants to pay 2% of adjusted gross income for associate's degree or certificate program, 3% for bachelor's degree program, 4% for master's degree or professional degree program, and 5% for doctorate program. Allows participants to enroll repeatedly in Guaranteed Opportunity Program and pay established rate for highest level of degree pursued. Authorizes Higher Education Coordinating Commission (HECC) to enter into agreements with Oregon Department of Revenue and Internal Revenue Service to verify participants' income, including participants living out-of-state. Creates task force to study implementation of program and establishes operative date of January 1, 2043.

REVENUE: May have revenue impact, but no statement yet issued.

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

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

Students in Oregon currently pay for college with a combination of federal grants and loans, state financial aid programs, private scholarships, and private loans. According to the Oregon Department of Justice, the average student loan debt for Oregonians is \$36,091 and Oregonians' total student loan debt is \$18.9 billion.

House Bill 2780 establishes the Guaranteed Opportunity Program to cover student costs, including tuition and fees, textbooks and supplies, housing, and any other cost identified by rule. According to data collected by the Higher Education Coordinating Commission (HECC), the annual cost of attendance at public universities ranges from \$25,158 at Western Oregon University to \$44,452 at Oregon Health & Science University. At public community colleges, costs range from \$17,433 at Treasure Valley Community College to just over \$25,000 at colleges such as Chemeketa, Columbia Gorge, and Linn-Benton. These estimates include the cost of tuition and fees, books and supplies, room and board, personal expenses, and transportation.

The federal government currently offers four income-driven repayment plans that allow people to pay a percentage of discretionary income (typically 10%) monthly for 20-25 years, after which federal loan debt is forgiven. While the Guaranteed Opportunity Program established in HB 2780 is also income-driven, it differs from the federal repayment plans in that its payments are based on adjusted gross income, rather than discretionary income; it sets the payment rate at 2-5% instead of 10-20%; it calculates payments annually rather than monthly; and it requires program participants to make payments until they are 65 years old or retired, rather than for a set time period.