

# **Pay It Forward: The Debt-Free Degree Plan for Oregon**

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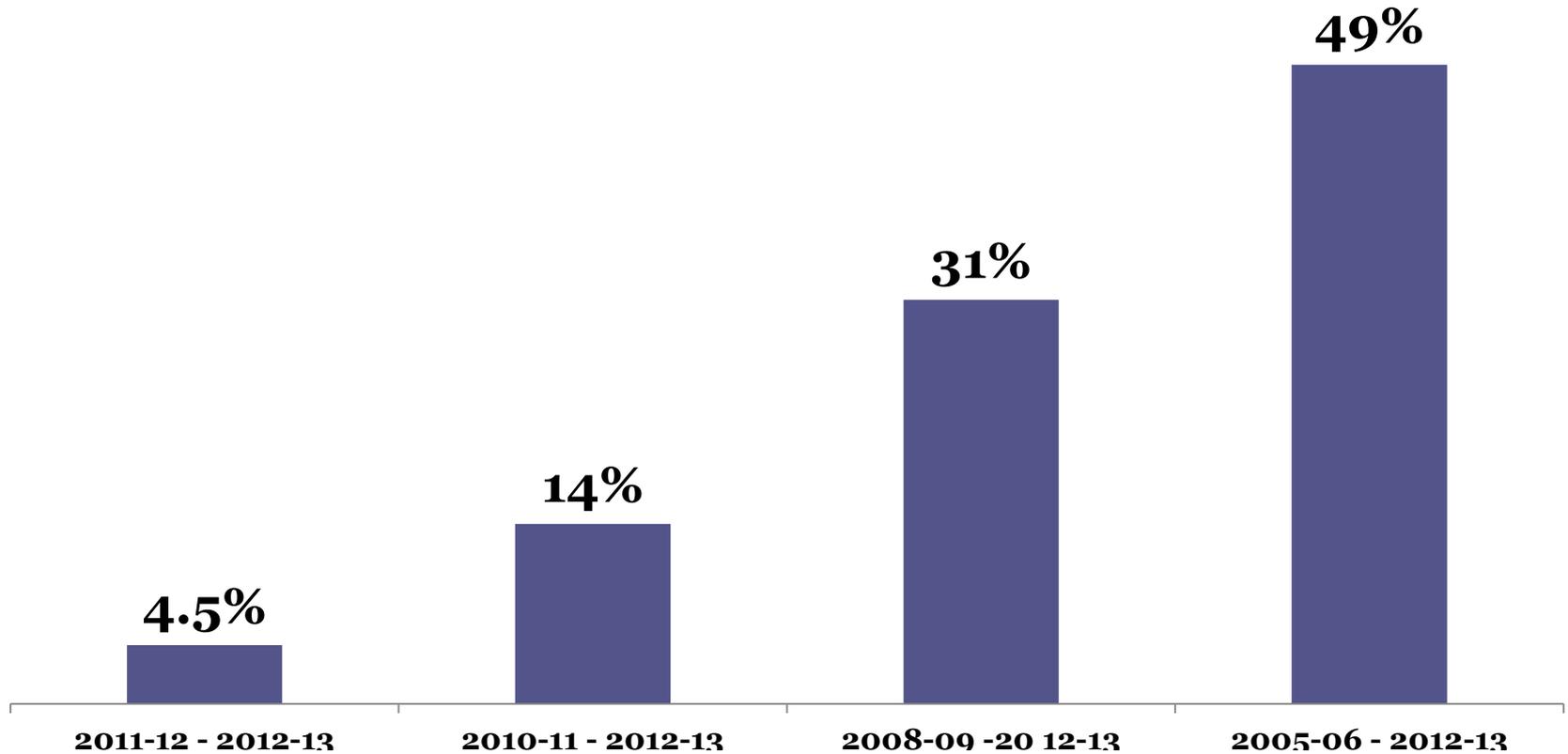
**Presentation to the Oregon House  
Higher Education Committee, February  
25, 2013**

# How does it work?

- **Replaces** tuition with post-graduate contributions into a state trust fund
- **Funds** future students from this trust fund
- **Future students** will also participate in Pay It Forward



# Increases in Tuition and Fees at Oregon State University



# The Pay It Forward Solution



**Go to college without upfront costs**

**Contribute a fixed percent of income**

**for a pre-determined number of years.**

**to a higher education trust fund after graduation**

**The fund enables access for future students**

# No upfront costs.

- Abolishes and replaces tuition
- Free and open access to all qualified students
- Increases career choice at college and after graduation
- Zeroes out student debt

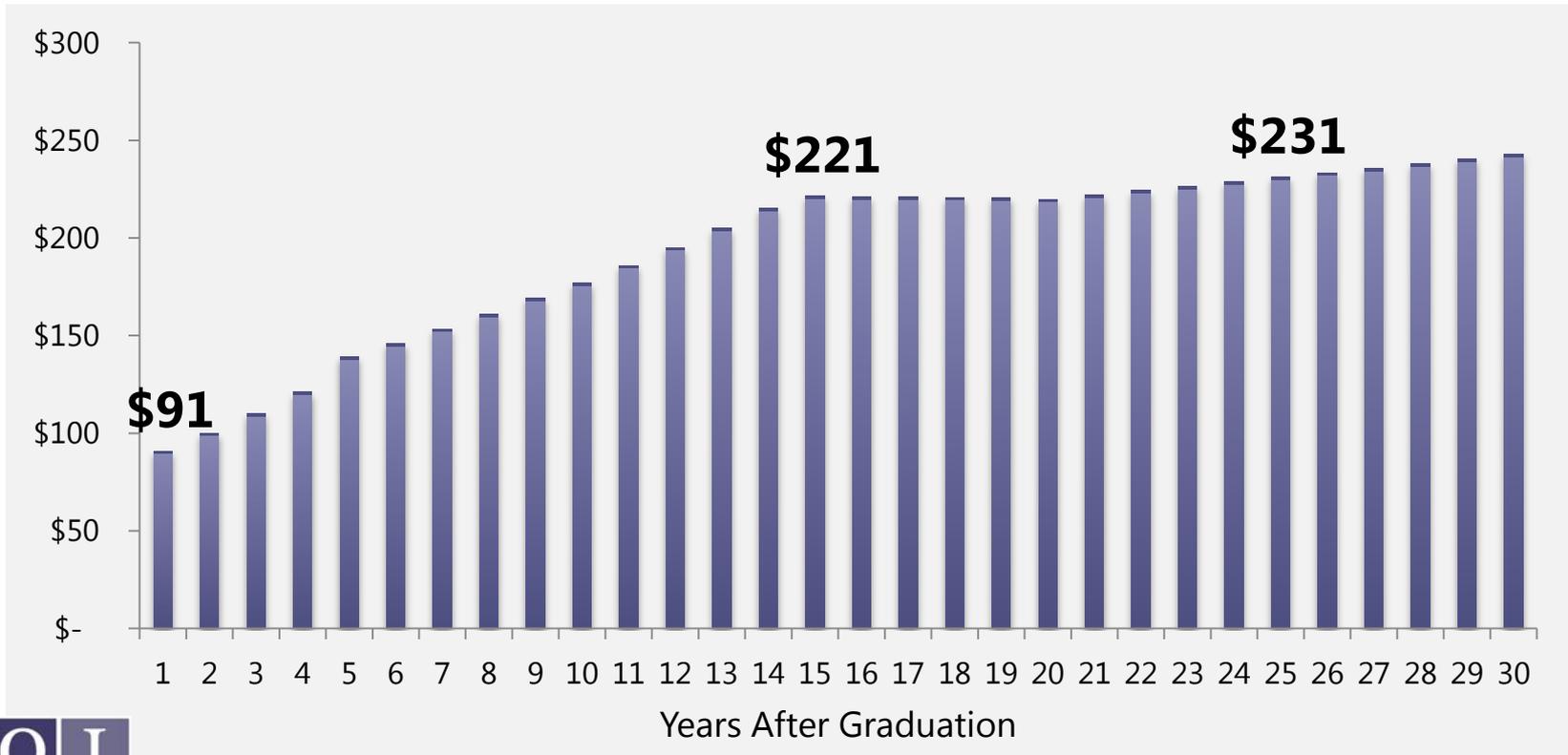


# Contributions proportional to income.

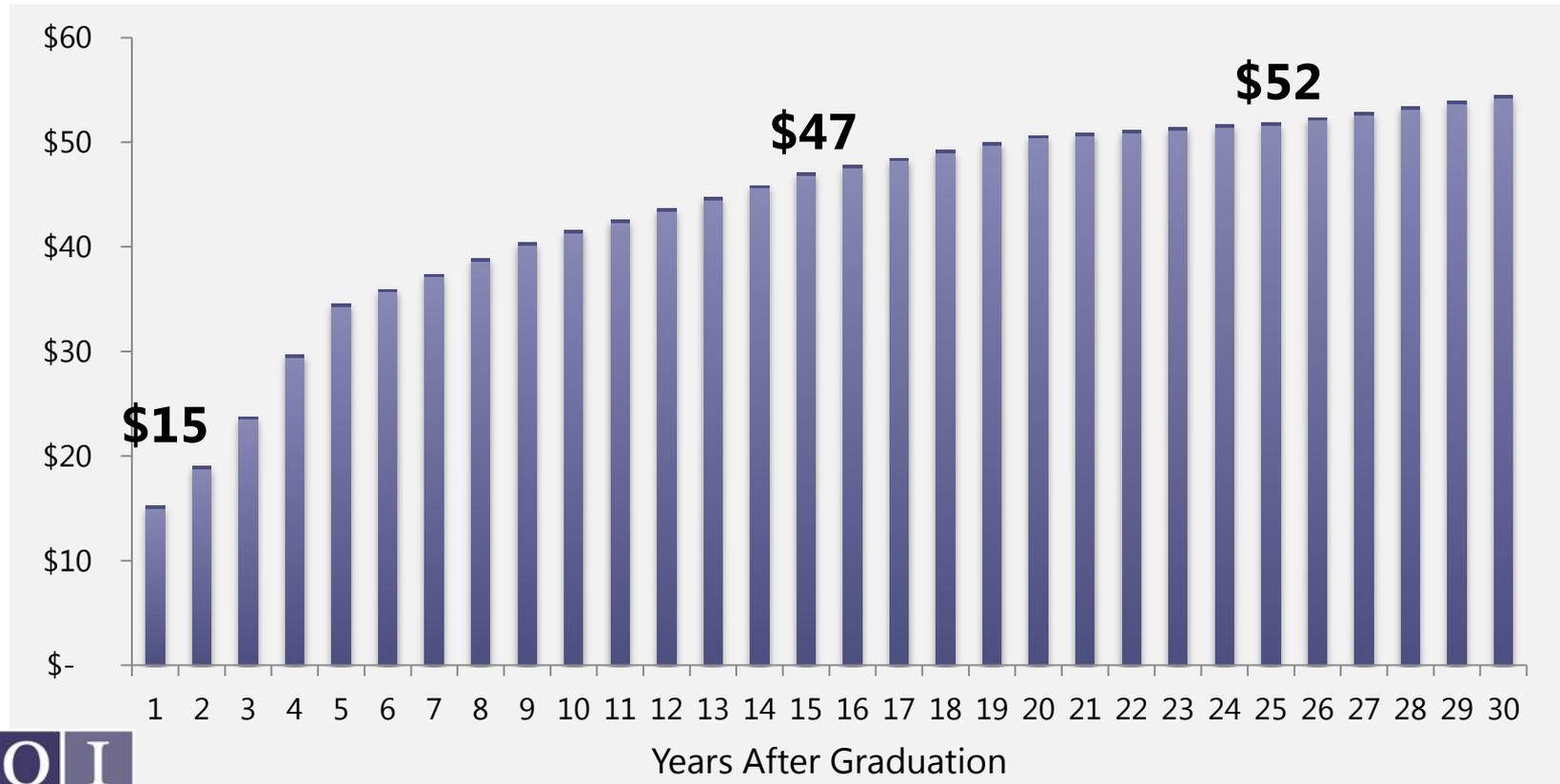
- Amount based on market income; it is a rough estimate of human capital development gained through higher education.



**Hailey is a high school senior. If she goes to a four year college, she will pay 4% of AGI for 25 years.**



# If she goes to a community college, she will pay 1.5% of AGI for 25 years.



# Statewide Implementation

- Transition to PIF in all public colleges and universities
- \$600 million in Year 1
- \$1.4 billion in Year 4
- Year 25: Net Revenue

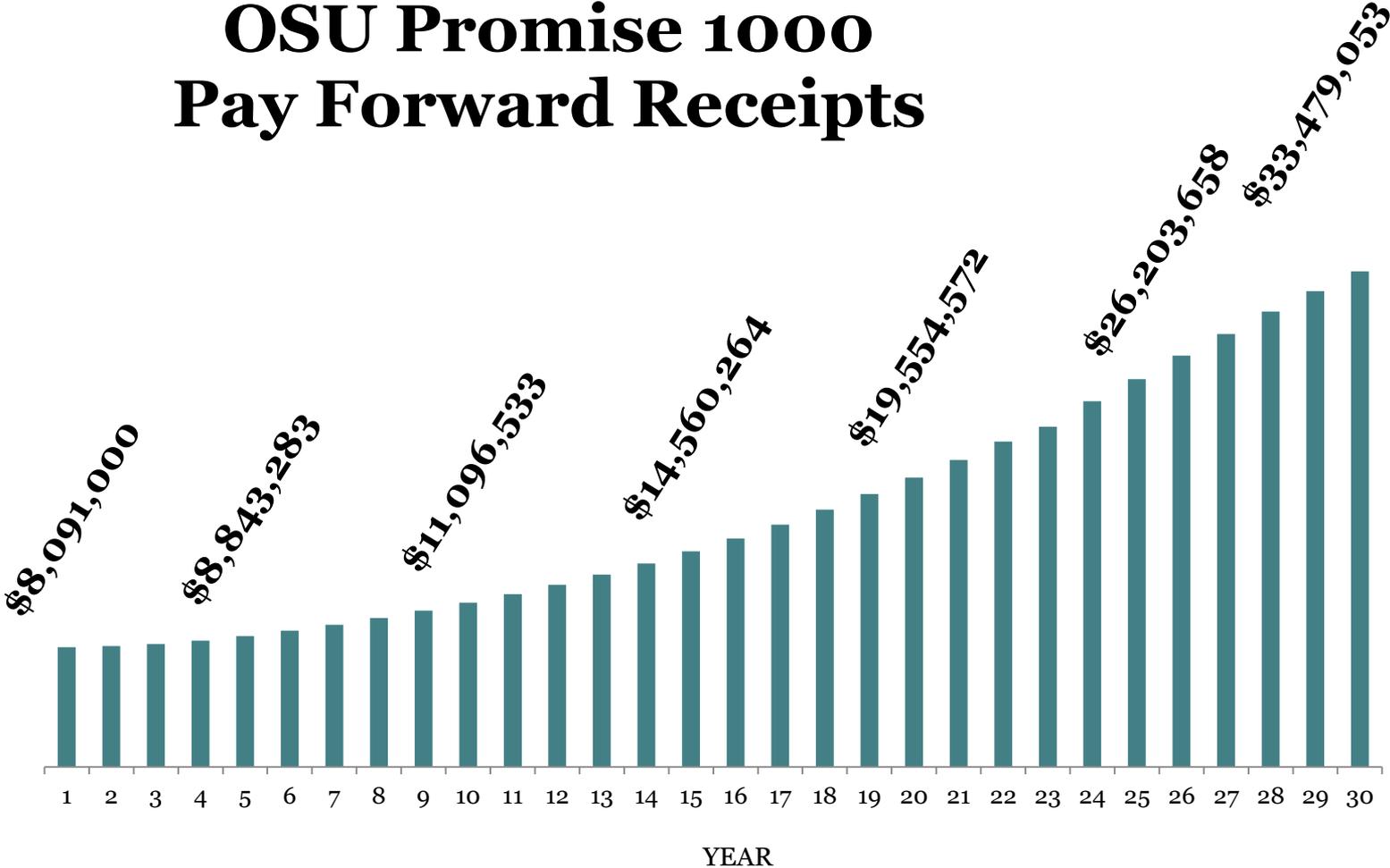


# Pilot Programs

- Smaller universities or community colleges
- State Need Grant eligible students who did not receive the grant
- STEM majors
- Medical professions
- Parental participation: pre-funding PIF

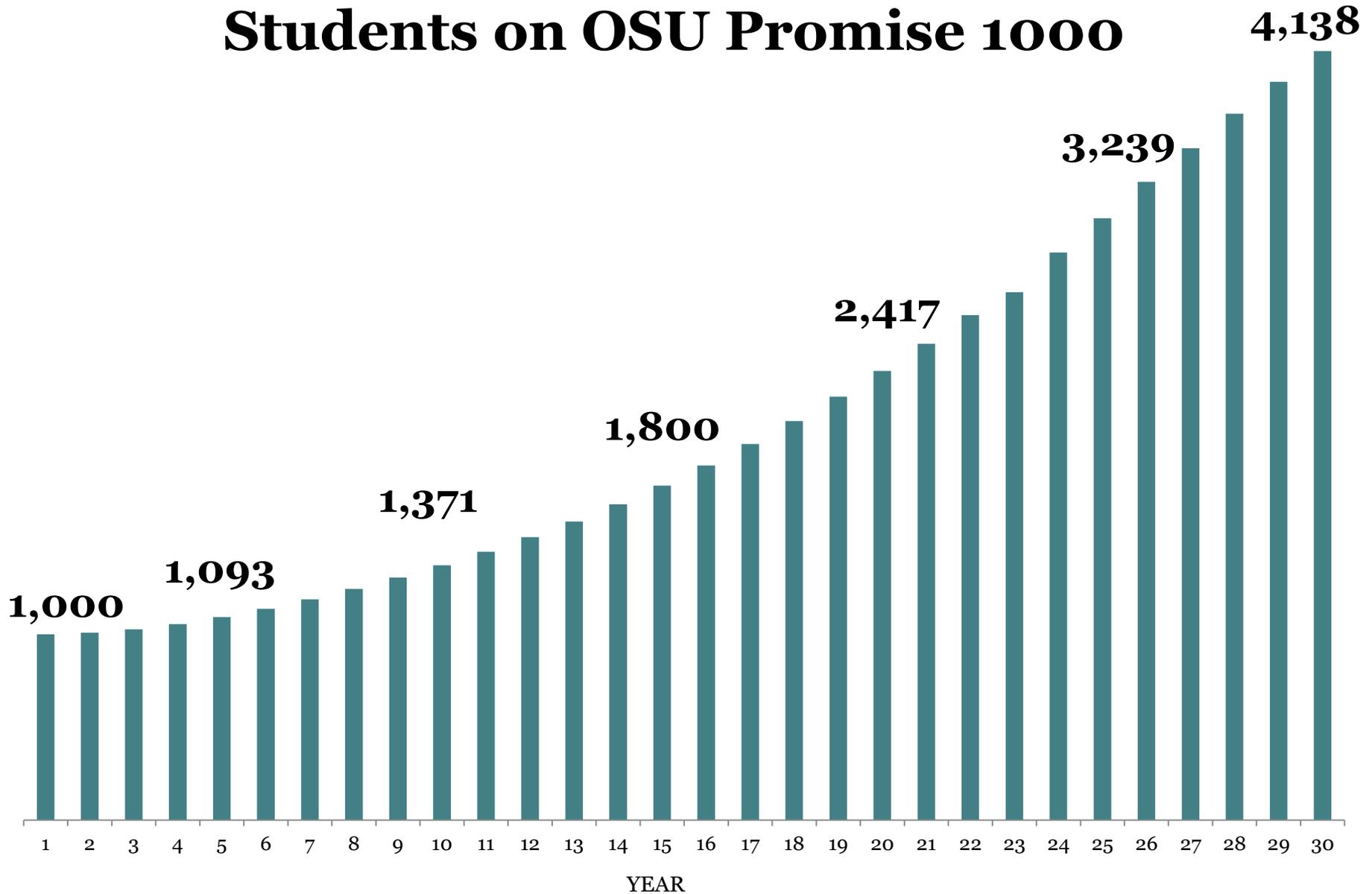


# OSU Promise 1000 Pay Forward Receipts

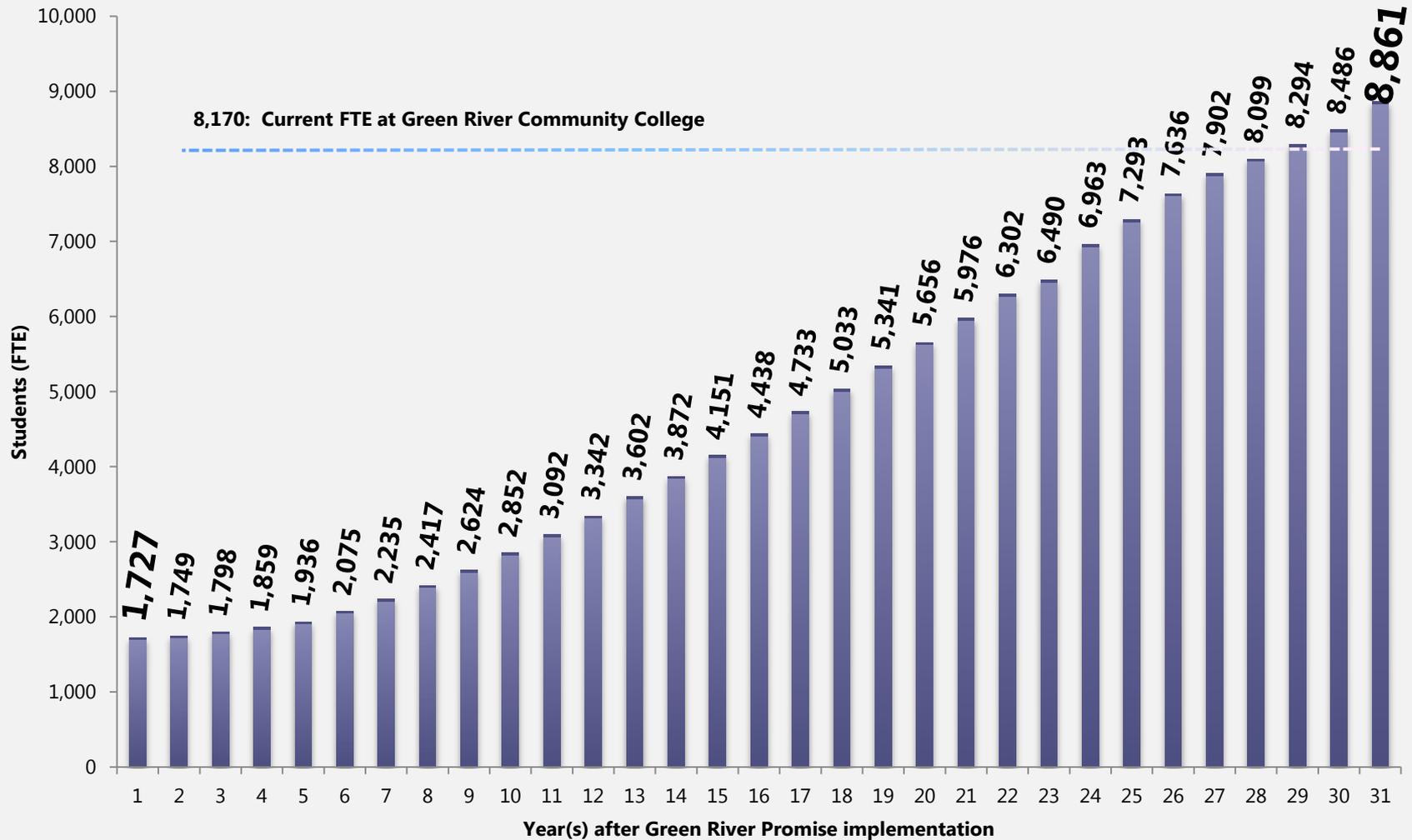


YEAR

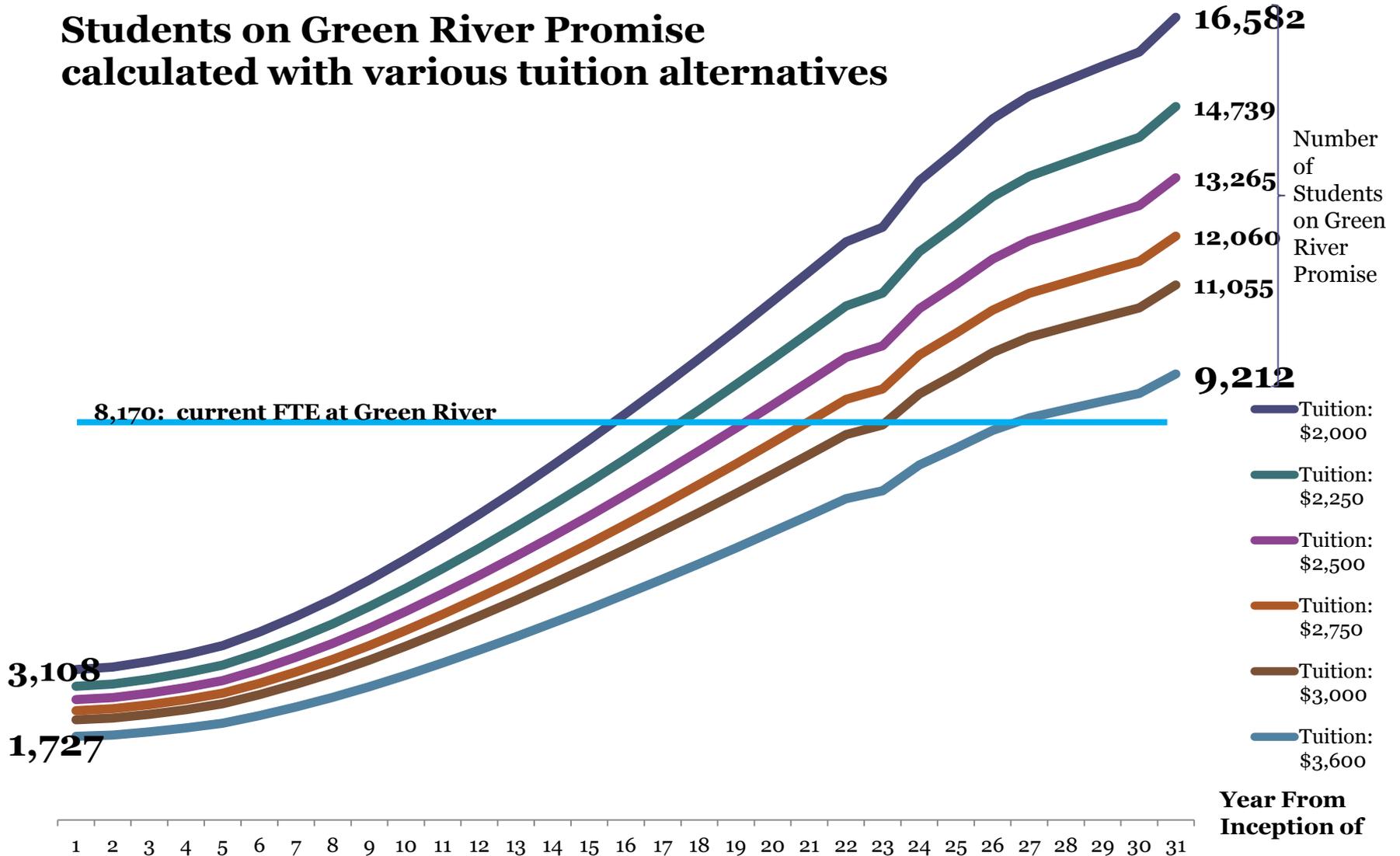
# Students on OSU Promise 1000



# PAY IT FORWARD AT GREEN RIVER COMMUNITY COLLEGE: GROWTH IN NUMBER OF STUDENTS



# Students on Green River Promise calculated with various tuition alternatives



# Partnering with other states would increase students' options and mobility.

- Pennsylvania
- New York
- Vermont
- Oregon
- California



# Right now, we are:



- Consulting with legislators
- Working with stakeholders
- Figuring out how to start pilot programs
- Developing tighter actuarial calculations
- Developing interactive spreadsheets
- Working with the US Treasury
- Working with other states about their efforts