

PAYING IT FORWARD IN OREGON

Senator Michael Dembrow

Former Chair, Oregon House Committee on
Higher Education and Workforce Development

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GENESIS OF THE OREGON BILL

- Fall 2012 – Portland State University capstone course on Student Debt (Research, Advocacy, and Legislation).
 - Students connect with Economic Opportunity Institute
 - Develop set of analyses/recommendations that center around Pay It Forward
- December 2012 – As part of their final exam, students present recommendations to a panel of legislators.
 - They recommend pursuing a PIF strategy.
 - House Committee on Higher Education and Workforce Development has a bill drafted that includes their recommendations.

HB 3472 (2013)

- Directs Higher Education Coordinating Committee (HECC) to study and design a potential pilot Pay It Forward program for consideration by the Legislature in 2015.
- Passage of SJR 1 provides potential start-up funding for pilot,
 - A constitutional referral (November 2014)
 - Will allow state to bond for “human infrastructure”

- Also directs the HECC to study the expansion of the “Western Oregon Promise” to other universities.
 - Tuition at WOU frozen at (somewhat higher) first-year rate for four years.
- HB 3472 Passes House unanimously on 6/27/13
- HB 3472 Passes Senate unanimously on 7/1/13

HB 3472 (2013)

- SECTION 1. (1) The Higher Education Coordinating Commission, Oregon Student Access Commission, Oregon University System and Department of Community Colleges and Workforce Development shall jointly create a proposed pilot program called Pay Forward, Pay Back. The pilot program shall be designed to replace the current system of charging students tuition and fees for enrollment at public institutions of higher education. The proposal shall identify one or more public institutions of higher education to participate in the pilot program.

- (2) The proposed pilot program shall be submitted to the Seventy-eighth Legislative Assembly [2015] for approval.

- (3) The pilot program shall:
- (a) Allow students who are residents of this state, as defined by the institution, and who qualify for admission to the institution to enroll in the institution without paying tuition or fees.

- (b) Provide that, in lieu of paying tuition or fees, students must sign binding contracts to pay to the State of Oregon or the institution a certain percentage of the student's annual adjusted gross income upon graduation from the institution for a specified number of years.

- (4) The pilot program may vary by institution depending on:
 - (a) The total cost of education at the institution.
 - (b) The portion of the cost that is paid by the State of Oregon.
 - (c) The number of years specified in the contract.
 - (d) The percentage of annual adjusted gross income specified in the contract.

- (5) The proposal shall specify the number of years and the percentage of annual adjusted gross income for contracts at each participating institution and base the specifications on research to date.

- (6) The proposal shall establish an immediate funding source for the first 15 to 20 years of the pilot program and must include the establishment of a revolving fund to deposit payments made under the pilot program.

EXTENSIVE (and surprising) INTEREST

- Starting with *The New York Times*, *Wall Street Journal*, and *AP*, spread to hundreds of print and online sources
- NPR, local radio and television
- Congress, other legislatures, and the Obama administration

WHY?

- appeal of the story behind the bill's genesis (student authors)
- some misunderstanding of the bill's scope and exaggeration of its effects
- bill passed on same day as deadline for extending current federal student loan interest rate
- unanimous approval in both chambers
- general recognition of the severity of the student loan crisis

Ongoing Work Since Passage

The “Pay It Forward” Guaranteed College Affordability Act of 2013 – Sen. Merkley and others

- DOE Study
- Funding for state pilots
- IRS role in **collections**
- Students in pilots still eligible for FFA
- Maintenance of Effort Requirement: proportion of state support vs. tuition must be maintained

Legislators in other states considering legislation:

- MA, PA, ME, IN, OH, CA, HI, FL, IL, MD, TX, VT, WA

HECC Committee on PIF

- Advised by group of PSU students and faculty, Treasurer's Office, Oregon Students Association, Economic Opportunity Institute, Oregon Center for Public Policy, Working Families Party, a HECC member, and Chair Dembrow
- Focus the pilot on a couple of schools, or make slots available in each school?
- Focus on particular majors? Just undergraduate, or include professional program like primary care nurse practitioners?

- Lottery system for applicants?
- Students co-enrolled at different institutions?
- Etc.
- Plan to present recommendations to the full Higher Education Coordinating Commission in the spring.

- *For more information, please email me at sen.michaeldembrow@state.or.us.*