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On Behalf Of:
Committee: House Committee On Higher Education
Measure: HB2780

This bill has a very misleading title - "Guaranteed Opportunity Program" is really doublespeak for "Uncapitalized New Student Loan Program."

At the federal level, we have seen the detrimental effects of government student loan programs on higher education - they cripple opportunity instead of creating it. The US Dept. of Education was only created in 1979, and the modern federal student loan landscape dates to the budgets of the first Reagan Administration from 1981-1984 with a dramatic shift of direct-aid-grants to federally guaranteed student loans. Reagan's goal was not altruistic: as Governor of California in the 1960's both he and the deep state cointelpro forces that emerged in California after the 1961 trial of Robert Miesenbach witnessed the organized student opposition to both McCarthyism and the Vietnam War as well as in support of Civil Rights and Free Speech. Students eagerly engaged in this anti-war activism because tuition at the University of California and at Community Colleges was free under the California Master Plan for Education. President Reagan's student loan expansion put debt shackles on students - deterring them from extracurricular activism so that they would hurry up on their degree less they take out more debt. Meanwhile, Reagan's student loan expansion vastly cut into career-entry professionals ability to invest in starter homes (a problem exacerbated by the very carefully-planned deep-state collapse of the Savings and Loan industry) and to seed fund retirements. Meanwhile, the free spigot of student loans from the government caused colleges and universities nationwide to raise tuition rates and fail to control spending.

This bill will simply shift wealth from lower-middle class workers to higher education professionals and subcontractors - such as the army of politically connected contractors and highly paid consultants living off Portland Community College's overbuilt facilities. A 4-6% decline in early earnings to pay back the State of Oregon is not insignificant - it is funding that can go to a 401k or 403b match or into an IRA - hurt by the compounding of interest. Direct grants to create "opportunity" are far more preferable - and possible given the state's misspent resources.

Moreover, this bill provides no detail as to the future solvency of the program. Unlike the Federal Government, Oregon can't just print money out of thin air. The bond funding of this program should raise red flags - and I suspect bonds backed by future student loan repayments rather than the full faith and credit of the income base of Oregon (or its assets such as Eliot State Forest) will get a poor bond rating. A lack of controls in this program regarding "career schools" means the program is open to abuse by predatory for-profit institutions that make false promises regarding future

employability. Those loans will not be paid back.

The goals of this program could be accomplished by leveraging state assets - such as overturning the state land board's decision to cancel logging leases on Eliot State Forest and then redirecting the revenue to seed a permanent scholarship endowment.