



Testimony on HB 2780
House Higher Education Committee
January 26, 2023

Chair Lively, Vice-Chairs Ruiz and McIntire, and members of the Committee. My name is Kyle Thomas and I am the Director of Legislative and Policy Affairs for the Higher Education Coordinating Commission (HECC). Thank you for the opportunity to submit testimony on HB 2780.

HB 2780 introduces a fairly novel student and institutional funding system wherein high school graduates or resident taxpaying students attending institutions of higher education in this state may forego the payment of costs of attendance, including costs not always incurred by students at institutions, such as housing, in exchange for payment of a set percentage of future salary for a specified period of years after graduation.

If adopted, Oregon would be the first state to implement such a program.

Though a small pilot program was proposed by the Office of Student Access and Completion 10 years ago, the complexity of this legislation requires that analysis be revisited prior to the Commission being able to provide robust information about potential program structures and costs. In addition to information on such structures or costs, the Commission is not yet able to provide information on our ability to work with federal or other state entities to ensure repayment of individuals out-of-state or out-of-country, as required by the bill.

HECC recommends that, prior to convening a large public task force, or setting lifetime repayment rates and time periods in statute, that an actuarial analysis be conducted to determine potential program costs and returns based on a number of variables, including the repayment rates, enrollment projections, projected higher education costs, and wages. In particular, there may be a self-selection effect under the current payment details, where projected higher income earners do not enroll in the program, making the program more costly on a per capita basis.

This analysis could then be presented to a task force for their consideration. HECC does not currently have staff capacity or expertise for such analysis, and would request resources for it as part of the fiscal impact process.

While this legislation proposes that the state provide upfront funding to build reserves for future attendance costs, the legislation does not provide for perhaps the most important cost factor: what the appropriate 'public share' of higher education costs is or should be. This is a crucial public policy question, and one the legislature must have a hand in answering. As of 2020, 47% of the cost of public higher education in Oregon was covered by public sources, and it is not clear whether it is the intent of the legislation that such contributions continue, and at what rate they would continue after 2043.

These are very preliminary comments, and the Commission appreciates opportunity for further conversation on this bill prior to a committee vote.

Thank you for your time today.