

HB 2780
Guaranteed Opportunity Program

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House District 20

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Guaranteed Opportunity Program

- \$1,750,000,000,000 = Total Amount of Student Debt held in US
 - Up from \$855,480,000,000 as of Quarter 4 2010
 - 92% of all Student Debt in Federal Student Loans (\$1.61 Trillion)
 - 57 % of Students from (4-year) Private Non-Profit Institutions
 - 55% of Students from (4-year) Public Institutions
- Oregon is 14th lowest in US with “average Student Debt” of \$26,504
 - Student Loan Debt by Type:
 - Bachelor’s Degree = \$28,400 (US Avg)
 - Graduate School = \$71,000 (US Avg)
 - Medical School = \$203,062 (US Avg)

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- Weight of Student Debt Significantly Impacting People
 - Career Opportunities
 - Economic/Investment Opportunities
 - Wealth Growth
 - Most Federal Loans require 10% (or more) of discretionary income for period of 20-25 years
 - Students often Feel Pressured to Enter the Job Market with or without the Education/Training/Workforce Preparation they want – because of Necessity
 - Imagine the Lost Opportunities of both the Student and our Community *
- Average age of First-Time Home Buyer (2021) = 36
 - Up from 33 in 2020
 - Up from 29 in 1981
 - Impacting Market Signals for Housing – Impacting Purchase Power for Home Buyers – Slowing Construction
 - How many homes are not being built/constructed because people cannot access market?
 - How many small businesses NEVER get started because of a lack of capital earlier in a career?

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- Most Oregonians Use Debt to Afford Post-Secondary Education/Training Workforce Preparation
- Most People who Depend upon Debt experience Measurable Decline in Economic Opportunity over Time
 - The Ugly Truth about Compound Interest & Opportunity Costs
- There is a NEED for A Strategic Pivot in How Government Assists Oregonians AFFORD the Skillsets we ALL depend upon
 - After a Review of Federal/State Models
 - GOP = A Combination of GI Bill & Reverse Social Security
 - GI Bill Framework
 - Education Costs
 - Room/Board
 - Salary (Determined through Rule)
 - Reverse Social Security (1940) = Optimizing the Value of Time
 - Percentages of Income Rather than Fixed Amount
 - 1-5% based upon learning category **
 - Not counted as debt, treated like FICA ***
 - Standing Advisory Board for Adjustments (As Required)

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- Advantages
 - Repayment in smaller amounts over the length of a career: more purchase power earlier
 - Repayment would NOT count as standing debt: it would not be an obstacle for credit development
 - Program would cover far more costs than existing federal loans: salary along with educational costs, housing, and other costs identified by implementing advisory committee
 - Repayment linked to scale of Education/Training/Workforce Preparation provided: Greater choice in terms of career pathways
 - GOP would allow mid-career adjustment in a far more manageable approach than currently available to most Oregonians
 - GOP would be Transformative: A Guaranteed Option for all Oregonians to pursue the career they choose – which (according to studies) yields better, longer working career – higher lifetime taxes into public programming as a result

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- Anticipated Rebuttal
 - Some Students deserve FREE Money
 - Response:
 - People Generally Value What They Earn More
 - Nothing is Truly Free: Somebody Always Pays for Dinner
 - Federal Loans are based upon Actual Costs + Interest ****
 - Response
 - The Current Approach Constrains Opportunity
 - GOP Would Pay for A Total Learning Environment with Likely Greater Outcomes
 - A Career is Too Long for Repayment
 - Response
 - GOP Provides greater Economic Security over Time
 - Career-long Learning Opportunities is closer to 21st Century Realities than “one and don
 - It’s Different Than What We Currently Do

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- Context
 - Leveraging Contributions Over Time
 - 1940 Social Security = 42 Workers per Recipient
 - Today = 3 Workers per Recipient
 - 2050 = 2 Workers per Recipient
 - The Trust Fund = the Funds Value to Pay
 - Residual of Contributions Over Time (Value of Interest)
 - Assets made possible Over Time (Adjustments, Percentage Changes, Recipient Age modifications)

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- The ASK
 - Perfect World – Your Support and then Development of a Measure ready for Passage in 2023
 - Areas for Work:
 - Capitalization of Fund for Operations (existing language is 20 year Bonding)
 - Inclusion of Private/Non-Profit and Certain and Specific “For Profit” Education, Training, Workforce Preparation Institutions
 - Other Adjustments TBD
 - Plan B – Your Interest and then Formal Development of a Task Force or Work Group for presenting a Measure for Passage in 2024
 - Plan Z – Your Support/Interest then Development of a Referral to the People of Oregon in 2024

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- Questions?