

HB 2719

Guaranteed Opportunity Program

State Representative

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House District 20

2025 Legislative Session



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\$1,770,000,000,000 = 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 in US with “average Student Debt” of \$37,017

Student Loan Debt by Type:

- Bachelor’s Degree = \$35,331 (US Avg)
- Graduate School = \$73,520 (US Avg)
- Total Cost for 4-year Medical School = \$230,296 (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 (2024) = **38**

- Up from **33** in 2020
- Up from **29** in 1981
- Up from **24** in 1961
- 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 Must Rely upon Debt, Experience Measurably Less Economic Independence and Opportunity over Time.

- The Ugly Truth about Compound Interest COIN (The Other Side – Opportunity Costs).
- There IS A BIG Difference between Grants and Loans for Post-secondary Education.

Most People will NEED to Transition Employment MORE Often in the Future, Learning Increasingly MORE Complicated skills and tasks

- 21st Century
 - National Workforce DIRECTLY CONNECTED To Relative National Security
 - Nations with HIGHLY SKILLED WORKFORCES will OUTPERFORM Nations WITHOUT Trained Workers
 - Post-Secondary Education/Workforce Preparation NO LONGER JUST ABOUT YOU

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The GOP provides us with a New Approach

- An Amalgamation of Successful Programs
- Imagine an Economy of Scale for Debt Management
- Pre-Tax mirroring FICA

Section 1.

- Definition of Terms.
 - Covered Costs.
 - Tuition,
 - Mandatory Fees.
 - Textbooks and Supplies.
 - Housing.
 - Other Expenses Determined as Mission Critical for Program Completion.



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Section 2.

- Establishes the Guaranteed Opportunity Program (GOP) within the Office of Student Access and Completion (OSAC), Higher Education Coordinating Commission (HECC)
 - Eligibility.
 - Between 18 to 65 Years-Old.
 - High School Graduate (Requirements met)
 - 1 Year of Residency in Oregon.
 - Contract for Completion Pathway: Shared Expectations Compact.
 - Initial Repayment
 - 2% for A.S. or Equivalent
 - 3% for B.S or Equivalent
 - 4% for Graduate Degree or Professional Degree Equivalent
 - 5% for Doctoral Degree
 - OSAC shall develop “Crosswalk” for Apprenticeships and All other viable formalized Workforce Preparation Experiences.
 - Career-long Eligibility up to a “Cap” of 5% of Gross Salary.
 - Minimum Penalty Amount for Failure to Complete Program/Terms of Contract.

Section 3.

- Authorization for OSAC to develop administrative policies and procedures for determination of funding schedule distribution.

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Section 4.

- HECC Rulemaking Authorities for Long-term Implementation.

Section 5.

- Even-numbered Year Reporting Requirements (September 15)
 - Summary of Program Recommendations.
 - Workforce Subject Matter Experts (SME) Recommendations on Potential Workforce Incentives available through Percentage Adjustment assigned to Discrete Educational Programming.
 - Dynamic Flexibility in “Future Workforce.”
 - Market-based Incentives

Section 6.

- Establishment of the Guaranteed Opportunity Program Implementation Fund (GOPIF).

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Section 7.

- Establishment of The Task Force on Implementing the Guaranteed Opportunity Program.
- Charged with oversight of GOP, Recommendation Deliberation and Policy Improvement.

Sections 8-10.

- Implementing Cues, Sunset of Implementation Task Force

Section 11.

- HECC Reporting Requirements on Progress of GOP Development to Legislative Assemblies before Effective Date.

Section 12-13.

- Implementing Cues

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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 done”
- 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 2025
- 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 2026
- Plan Z – Your Support/Interest then Development of a Referral to the People of Oregon in 2026

QUESTIONS?

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