

77th OREGON LEGISLATIVE ASSEMBLY – 2013 Regular Session  
STAFF MEASURE SUMMARY  
House Committee on Higher Education & Workforce Development

MEASURE: HB 3472 A  
CARRIER:

REVENUE: No revenue impact

FISCAL: Fiscal statement issued

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<b>Action:</b>	Do Pass as Amended and Be Printed Engrossed and Be Referred to the Committee on Ways and Means by Prior Reference
<b>Vote:</b>	9 - 0 - 0
<b>Yeas:</b>	Gallegos, Gilliam, Gorsek, Greenlick, Harker, Huffman, Johnson, Whisnant, Dembrow
<b>Nays:</b>	0
<b>Exc.:</b>	0
<b>Prepared By:</b>	Victoria Cox, Administrator
<b>Meeting Dates:</b>	4/3, 4/15

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**WHAT THE MEASURE DOES:** Directs Higher Education Coordinating Commission (HECC) to conduct study on freezing tuition increases for incoming undergraduate students at public universities and report findings to interim legislative committees no later than September 30, 2013. Directs Oregon Education Investment Board (OEIB), Oregon University System (OUS) and Department of Community Colleges and Workforce Development (CCWD) to propose “Pay Forward, Pay Back” pilot program to replace current system of tuition and fees required to attend institutions of higher education and establish program criteria. Requires submission of proposal to Seventy-eighth Legislative Assembly for approval. Declares emergency, effective on passage.

**ISSUES DISCUSSED:**

- Western Promise tuition guarantee program at Western Oregon University
- Impact on admissions of higher tuition for entering freshmen
- Addition of provisions originally proposed in HB 2838 proposing “Pay Forward, Pay Back” program

**EFFECT OF COMMITTEE AMENDMENT:** Directs Oregon Education Investment Board (OEIB), Oregon University System (OUS) and Department of Community Colleges and Workforce Development (CCWD) to propose “Pay Forward, Pay Back” pilot program to replace current system of tuition and fees required to attend institutions of higher education and establish program criteria. Requires submission of proposal to Seventy-eighth Legislative Assembly for approval.

**BACKGROUND:** House Bill 3472-A directs the Higher Education Coordinating Commission (HECC) to conduct a study on whether public universities can successfully implement a tuition freeze that will guarantee incoming students the same tuition rate for four years. The study must include an analysis of Western Oregon University’s “Western Tuition Promise” and the “Finish in Four” program proposed in Florida as well as ways to mitigate the financial strain on universities. HECC is to report the findings and recommendations to interim legislative committees on higher education no later than September 30, 2013.

“Pay Forward, Pay Back” refers to a system of financing post-secondary education whereby, in lieu of paying tuition or fees, students sign a binding contract to pay the State of Oregon or the institution a certain percentage of annual adjusted gross income for a specified number of years following graduation. Additionally, House Bill 3472-A directs OEIB, OUS and CCWD to develop a proposal for a pilot program to be submitted to the 2015 Legislative Assembly for approval and implementation.

4/18/2013 9:12:00 AM

*This summary has not been adopted or officially endorsed by action of the committee.*

**PROPOSED AMENDMENTS TO  
A-ENGROSSED HOUSE BILL 3472**

1 On page 1 of the printed A-engrossed bill, line 2, delete “declaring an  
2 emergency” and insert “appropriating money”.

3 Delete lines 3 through 23.

4 On page 2, delete lines 1 through 16.

5 Delete lines 18 through 45 and delete page 3 and insert:

6 **“SECTION 1. (1) As used in this section:**

7 **“(a) ‘Designated service site’ means any geographic area, popu-**  
8 **lation group or facility that is located in Oregon and has been desig-**  
9 **nated by the Health Resources and Services Administration of the**  
10 **United States Department of Health and Human Services as a health**  
11 **professional shortage area, a medically underserved area or a med-**  
12 **ically underserved population.**

13 **“(b) ‘Health care practitioner’ means a:**

14 **“(A) Physician licensed under ORS chapter 677;**

15 **“(B) Registered nurse licensed under ORS 678.010 to 678.410;**

16 **“(C) Nurse practitioner licensed under ORS 678.375 to 678.390;**

17 **“(D) Physician assistant licensed under ORS 677.505 to 677.525; or**

18 **“(E) Certified registered nurse anesthetist licensed under ORS**  
19 **chapter 678.**

20 **“(c) ‘Health care program’ means a health care education program**  
21 **that:**

22 **“(A) Meets the educational requirements for licensure as a health**

1 care practitioner listed in paragraph (b)(A) to (E) of this subsection;  
2 and

3 “(B) Is offered by a public or private not-for-profit educational in-  
4 stitution that:

5 “(i) Is based in Oregon; and

6 “(ii) Does not already participate in an exclusive state-funded  
7 scholarship program that pays tuition for health care practitioners  
8 who commit to practicing medicine in an underserved or rural area in  
9 Oregon.

10 “(d) ‘Participant’ means a person who has been selected by the  
11 Oregon Student Access Commission to receive a scholarship under  
12 subsection (5) of this section.

13 “(e) ‘Prospective health care practitioner’ means a person who has  
14 been accepted into, but has not yet started, a health care program.

15 “(f) ‘Service agreement’ means the agreement executed by a pro-  
16 spective health care practitioner under subsection (3) of this section.

17 “(2)(a) There is created the Rural Health Scholars Initiative, to be  
18 administered by the Oregon Student Access Commission pursuant to  
19 rules adopted by the commission.

20 “(b) In administering the initiative, the commission shall ensure  
21 that no less than 25 percent of all scholarship moneys awarded under  
22 subsection (5) of this section, and no more than 50 percent of all  
23 scholarship moneys awarded under subsection (5) of this section, are  
24 awarded to participants who are studying to become physicians li-  
25 censed under ORS chapter 677.

26 “(3) A person who wishes to participate in the initiative shall sub-  
27 mit an application to the commission in accordance with rules adopted  
28 by the commission. To be eligible to become a participant in the ini-  
29 tiative, the person must:

30 “(a) Be a prospective health care practitioner;

1       “(b) Be considered a resident of Oregon under rules adopted by the  
2 commission;

3       “(c) Execute a service agreement stating that:

4       “(A) Immediately upon the completion of the health care education  
5 degree, residency or training, as established for each degree by the  
6 commission by rule, the participant will practice as a health care  
7 practitioner in a designated service site, approved by the commission,  
8 for one year longer than the number of years the participant spent in  
9 the health care program for which the participant received a scholar-  
10 ship; and

11       “(B) While practicing as a health care practitioner in a designated  
12 service site during the period described in subparagraph (A) of this  
13 paragraph, the participant must see all patients, regardless of any  
14 patient’s ability to pay for services; and

15       “(d) Meet other requirements established by the commission by  
16 rule.

17       “(4) The commission may select participants from among the pro-  
18 spective health care practitioners who submit applications as provided  
19 in subsection (3) of this section. The commission shall give preference  
20 to prospective health care practitioners who are:

21       “(a) Individuals of rural heritage, as defined by the commission by  
22 rule;

23       “(b) First generation college students; or

24       “(c) Individuals from a diverse or underrepresented community.

25       “(5) The commission shall provide a scholarship covering the entire  
26 cost of tuition and fees for the participant’s health care education in  
27 a health care program.

28       “(6) A participant receiving a scholarship under subsection (5) of  
29 this section who fails to complete the terms of the service agreement  
30 shall repay to the commission the amount received plus an additional

1 penalty of 25 percent of the amount received. The total amount to be  
2 paid to the commission under this subsection shall be reduced on a  
3 pro rata basis, as computed by the total number of years agreed to in  
4 the service agreement, for every full year that the participant com-  
5 plied with the service agreement.

6 “(7) A participant receiving a scholarship under subsection (5) of  
7 this section who fails to receive the health care degree for which the  
8 scholarship was awarded shall repay to the commission the amount  
9 received.

10 “(8) In the event that a participant is required to repay the com-  
11 mission under subsection (6) or (7) of this section, the commission  
12 may:

13 “(a) Collect any amounts due;

14 “(b) Have any amounts due be collected by the Collections Unit in  
15 the Department of Revenue under ORS 293.250; or

16 “(c) Contract with a collections agency to collect any amounts due.

17 “(9) Any moneys received or collected by the commission under  
18 subsections (6) to (8) of this section shall be deposited into a separate  
19 account held by the commission for the purpose of carrying out the  
20 provisions of this section. The commission may not use the moneys  
21 in the account for any other purpose.

22 “(10) The commission may accept moneys from any public or pri-  
23 vate source for the purposes of carrying out the provisions of this  
24 section.

25 “(11) Not later than December 1 of each even-numbered year, the  
26 commission shall submit a report to the Legislative Assembly on the  
27 status of the initiative. The report shall include, for the previous  
28 biennium:

29 “(a) The total number of active participants in the initiative; and

30 “(b) A breakdown of active participants in the initiative by health

1 care practitioner category.

2 **“SECTION 2.** The first report required under section 1 (11) of this  
3 2013 Act is due on December 1, 2014.

4 **“SECTION 3.** In addition to and not in lieu of any other appropri-  
5 ation, there is appropriated to the Oregon Student Access Commission,  
6 for the biennium beginning July 1, 2013, out of the General Fund, the  
7 amount of \$2,250,000, which may be expended for the purposes of the  
8 Rural Health Scholars Initiative created in section 1 of this 2013  
9 Act.”.

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HB 3472-A5  
(LC 3854)  
5/20/13 (TR/ps)

**PROPOSED AMENDMENTS TO  
A-ENGROSSED HOUSE BILL 3472**

1 On page 2 of the printed A-engrossed bill, delete lines 18 through 44 and  
2 insert:

3 **SECTION 1. (1) The Higher Education Coordinating Commission**  
4 **shall consider the creation of a proposed pilot program called Pay**  
5 **Forward, Pay Back. The pilot program would:**

6 **“(a) Replace the current system of charging students tuition and**  
7 **fees for enrollment at public institutions of higher education; and**

8 **“(b) Identify one or more public institutions of higher education to**  
9 **participate in the pilot program.**

10 **“(2) If the commission determines that a pilot program is war-**  
11 **ranted, the commission shall submit a proposed pilot program to the**  
12 **2015 regular session of the Seventy-eighth Legislative Assembly for**  
13 **approval.**

14 **“(3) A proposed pilot program shall:**

15 **“(a) Allow students who are residents of this state, as defined by**  
16 **the institution, and who qualify for admission to the institution to**  
17 **enroll in the institution without paying tuition or fees;**

18 **“(b) Provide that, in lieu of paying tuition or fees, students must**  
19 **sign binding contracts to pay to the State of Oregon or the institution**  
20 **a certain percentage of the student’s annual adjusted gross income**  
21 **upon graduation from the institution for a specified number of years;**

22 **“(c) Specify the number of years and the percentage of annual ad-**

1 **justed gross income for contracts at each participating institution and**  
2 **base the specifications on research to date; and**

3 **“(d) Establish an immediate funding source for the first 15 to 20**  
4 **years of the pilot program and must include the establishment of a**  
5 **revolving fund to deposit payments made under the pilot program.**

6 **“(4) A proposed pilot program may vary by institution depending**  
7 **on:**

8 **“(a) The total cost of education at the institution.**

9 **“(b) The portion of the cost that is paid by the State of Oregon.**

10 **“(c) The number of years specified in the contract.**

11 **“(d) The percentage of annual adjusted gross income specified in the**  
12 **contract.”.**

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