

**A-Engrossed**  
**House Bill 3472**

Ordered by the House April 18  
Including House Amendments dated April 18

Sponsored by Representatives WHISNANT, HARKER, GILLIAM

**SUMMARY**

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

**Directs Higher Education Coordinating Commission, Oregon Student Access Commission, Oregon University System and Department of Community Colleges and Workforce Development to propose Pay Forward, Pay Back pilot program to replace current system of tuition and fees required to attend institution of higher education.**

**Sets criteria for pilot program proposal.**

**Requires proposal to be submitted to Seventy-eighth Legislative Assembly for approval.**

Directs Higher Education Coordinating Commission to conduct study on freezing tuition increases for incoming undergraduate students at public universities.

Requires commission to submit report to interim legislative committees no later than September 30, 2013.

Declares emergency, effective on passage.

**A BILL FOR AN ACT**

1  
2 Relating to higher education tuition; and declaring an emergency.

3       Whereas the Legislative Assembly recognizes that post-secondary education has expanded op-  
4 portunities for Oregonians to qualify for high-quality jobs and entry into the middle class, providing  
5 clear benefits to this state's economy; and

6       Whereas Oregon ranks 42nd in the United States in terms of state appropriations for higher  
7 education, with public investment in higher education in this state decreasing over the past decade  
8 from its peak of \$856 million in the 2000-2001 academic year to \$626.9 million in the 2010-2011 aca-  
9 demic year, a 27 percent decline; and

10       Whereas in response to decreased state support, over the past two decades annual tuition and  
11 fees in this state have risen by nearly \$4,100, or 133 percent, at public four-year institutions of  
12 higher education and by more than \$1,900, or 150 percent, at public two-year institutions of higher  
13 education; and

14       Whereas tuition at Oregon's public institutions of higher education has been rising far more  
15 rapidly than family incomes, with tuition, fees and room and board at public four-year institutions  
16 of higher education in Oregon rising from 18 percent of median household income in the 1990-1991  
17 academic year to nearly 31 percent of median household income in the 2009-2010 academic year; and

18       Whereas with college costs rising beyond the reach of many Oregonians, financial aid programs  
19 are inadequate to reach all students with financial need, with state grants of financial aid cut by  
20 75 percent in the 2010-2011 academic year to \$19.3 million, providing aid to just eight percent of all  
21 Oregon students; and

22       Whereas the increasing unaffordability of a college education has forced students to borrow  
23 more money to pay for higher education, causing 60 percent of students graduating from public

**NOTE:** Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted.  
New sections are in **boldfaced** type.

1 four-year institutions of higher education in Oregon in 2010 to be left with student debt averaging  
2 \$24,626, a 50 percent increase from the average student debt of \$16,361 that was owed by students  
3 graduating from Oregon's public four-year institutions of higher education just seven years earlier;  
4 and

5 Whereas high levels of student debt are damaging not only to the individual student's ability to  
6 succeed financially but also will have grave consequences for the future economy of this state; and

7 Whereas the Legislative Assembly now finds that it must halt the decrease in this state's sup-  
8 port for public education and, over time, must increase its contribution to the funding of higher  
9 education; and

10 Whereas the Legislative Assembly finds that it must immediately seek another approach to fi-  
11 nancing the students' share of the cost of public higher education in this state that will not result  
12 in students graduating from Oregon's public colleges and universities burdened with debt; and

13 Whereas there is growing interest in a new financing strategy known as Pay Forward, Pay  
14 Back; and

15 Whereas the Legislative Assembly recognizes that it is in this state's interest to study and re-  
16 commend a potential Pay Forward, Pay Back program; now, therefore,

17 **Be It Enacted by the People of the State of Oregon:**

18 **SECTION 1. (1) The Higher Education Coordinating Commission, Oregon Student Access**  
19 **Commission, Oregon University System and Department of Community Colleges and**  
20 **Workforce Development shall jointly create a proposed pilot program called Pay Forward,**  
21 **Pay Back. The pilot program shall be designed to replace the current system of charging**  
22 **students tuition and fees for enrollment at public institutions of higher education. The pro-**  
23 **posal shall identify one or more public institutions of higher education to participate in the**  
24 **pilot program.**

25 (2) The proposed pilot program shall be submitted to the Seventy-eighth Legislative As-  
26 sembly for approval.

27 (3) The pilot program shall:

28 (a) Allow students who are residents of this state, as defined by the institution, and who  
29 qualify for admission to the institution to enroll in the institution without paying tuition or  
30 fees.

31 (b) Provide that, in lieu of paying tuition or fees, students must sign binding contracts  
32 to pay to the State of Oregon or the institution a certain percentage of the student's annual  
33 adjusted gross income upon graduation from the institution for a specified number of years.

34 (4) The pilot program may vary by institution depending on:

35 (a) The total cost of education at the institution.

36 (b) The portion of the cost that is paid by the State of Oregon.

37 (c) The number of years specified in the contract.

38 (d) The percentage of annual adjusted gross income specified in the contract.

39 (5) The proposal shall specify the number of years and the percentage of annual adjusted  
40 gross income for contracts at each participating institution and base the specifications on  
41 research to date.

42 (6) The proposal shall establish an immediate funding source for the first 15 to 20 years  
43 of the pilot program and must include the establishment of a revolving fund to deposit pay-  
44 ments made under the pilot program.

45 **SECTION 2. Section 1 of this 2013 Act is repealed on June 30, 2015.**

