

B-Engrossed House Bill 3472

Ordered by the House June 26
Including House Amendments dated April 18 and June 26

Sponsored by Representatives WHISNANT, HARKER, GILLIAM, GORSEK; Representative DEMBROW

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 **consider creation of** [*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 **if commission determines that pilot program is warranted.**

If commission determines that pilot program is warranted, requires proposal to be submitted to [*Seventy-eighth Legislative Assembly*] **2015 regular session of 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*] **2014 regular session of Legislative Assembly.**

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

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 Whereas the increasing unaffordability of a college education has forced students to borrow
2 more money to pay for higher education, causing 60 percent of students graduating from public
3 four-year institutions of higher education in Oregon in 2010 to be left with student debt averaging
4 \$24,626, a 50 percent increase from the average student debt of \$16,361 that was owed by students
5 graduating from Oregon's public four-year institutions of higher education just seven years earlier;
6 and

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

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

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

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

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

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

20 **SECTION 1. (1) The Higher Education Coordinating Commission shall consider the crea-**
21 **tion of a proposed pilot program called Pay Forward, Pay Back. The pilot program would:**

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

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

26 **(2) If the commission determines that a pilot program is warranted, the commission shall**
27 **submit a proposed pilot program to the 2015 regular session of the Legislative Assembly for**
28 **approval.**

29 **(3) A proposed pilot program shall:**

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

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

36 **(c) Specify the number of years and the percentage of annual adjusted gross income for**
37 **contracts at each participating institution and base the specifications on research to date;**
38 **and**

39 **(d) Establish an immediate funding source for the first 15 to 20 years of the pilot program**
40 **and include the establishment of a revolving fund to deposit payments made under the pilot**
41 **program.**

42 **(4) A proposed pilot program may vary by institution depending on:**

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

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

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

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

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

3 **SECTION 3.** (1) The Higher Education Coordinating Commission shall conduct a study
4 on whether public universities listed in ORS 352.002 can successfully implement a tuition
5 freeze that will guarantee that incoming undergraduate students have the same tuition rate
6 for four years. The study must include an analysis of:

7 (a) The “Western Tuition Promise” offered by Western Oregon University;

8 (b) The “Finish in Four” program proposed in Florida; and

9 (c) Ways of mitigating the financial strain that the adoption of a tuition freeze would
10 place on a university’s finances.

11 (2) The commission shall submit a report on the study described in subsection (1) of this
12 section to the committees relating to higher education during the 2014 regular session of the
13 Legislative Assembly.

14 **SECTION 4.** This 2013 Act being necessary for the immediate preservation of the public
15 peace, health and safety, an emergency is declared to exist, and this 2013 Act takes effect
16 on its passage.

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