

**LEGISLATIVE EDUCATION STUDY COMMITTEE  
BILL ANALYSIS**

**Bill Number:** HM 44

**51st Legislature, 2nd Session, 2014**

**Tracking Number:** .194627.1

**Short Title:** Study Oregon's "Pay It Forward" Tuition Pgm

**Sponsor(s):** Representative W. Ken Martinez and Other

**Analyst:** Mark Murphy

**Date:** February 6, 2014

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**Bill Summary:**

HM 44 requests that the Legislative Finance Committee (LFC) study the feasibility of adapting Oregon's "Pay it Forward" deferred tuition payment model for implementation in New Mexico.

Among its provisions, the memorial requests that:

- the LFC study the costs of implementing a "Pay it Forward" model in New Mexico and analyze the inclusion of the costs of fees, books, room and board, transportation, and other costs of college attendance in its analysis;
- the LFC, by October 1, 2014, publish on its website a report of its study and an analysis of the benefits and detriments to implementing the "Pay It Forward" model in the state; and
- copies of this memorial are transmitted to the LFC and the Higher Education Department (HED).

**Fiscal Impact:**

Legislative memorials do not carry appropriations.

**Substantive Issues:**

During Oregon's 2013 legislative session, legislation was enacted that required the Higher Education Coordinating Commission (HECC) to study a *Pay Forward, Pay Back* system for funding higher education.

According to the Oregon Legislative Information System, Oregon's HB 3472 (Ch. 700, 2013 Laws):

- requires the HECC to consider the creation of a proposed pilot program called *Pay Forward, Pay Back* that would:
  - replace the current system of charging students tuition and fees for enrollment at public higher education institutions; and
  - identify one or more public institutions of higher education to participate in the pilot program;

- requires, if the HECC determines that a pilot program is warranted, the HECC to submit a proposed pilot program to the 2015 regular session of the Legislative Assembly for approval; and
- specifies that a proposed pilot program must:
  - allow students who are residents of the state, as defined by the institution, and who qualify for admission to the institution to enroll in the institution without paying tuition or fees;
  - provide that, in lieu of paying tuition or fees, students must sign binding contracts to pay the State of Oregon or the institution a certain percentage of the student's annual adjusted gross income upon graduating from the institution for a specified number of years;
  - specify the number of years and the percentage of annual adjusted gross income for contracts at each participating institution and base the specifications on research to date; and
  - establish an immediate funding source for the first 15 to 20 years of the pilot program and include the establishment of a revolving fund to deposit payments made under the pilot program.

As noted in HM 44, the enactment of HB 3472 in Oregon marked a unique approach to the student debt crisis and has been highlighted by the national media. The system has been referred to in these reports as either the *Pay It Forward* system or the *Pay Forward, Pay Back* system.

**Background:**

A December 2013 report from the Institute for College Access and Success on *Student Debt and the Class of 2012* found that:

- 71 percent of college seniors who graduated in 2012 had student loan debt;
- of those students with debt, the average amount was \$29,400 per borrower; and
- from 2008 through 2012, debt at graduation (federal and private loans combined) increased an average of 6.0 percent per year.

Additionally, according to the state level data from the Project on Student Debt:

- 61 percent of New Mexico's students have some form of debt; and
- the state average student debt is \$17,994.

**Committee Referrals:**

HEC

**Related Bills:**

- HB 145 *Lottery Scholarship Changes*
- \*HB 254 *Lottery Scholarship Solvency*
- \*HB 263 *Lottery Scholarship Changes*
- HM 37 *Tribal College Lottery Scholarship Exclusion*
- SB 1a *Study Acquiring BLM Land to Generate Revenue*

SB 8a *Resident Tuition for Some Undergrad Students*  
SB 60 *Higher Ed Equity Investment in Development*  
SB 141 *Limit Lottery Scholarship Tuition Increases*  
SB 146 *Lottery Tuition Rates & Definitions*  
\*SB 150 *Lottery Scholarship Solvency*  
SM 23 *Tribal College Lottery Scholarship Exclusion*