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## FISCAL IMPACT REPORT

ORIGINAL DATE 02/04/14

SPONSOR Martinez, K. LAST UPDATED \_\_\_\_\_ HM 44

SHORT TITLE Study Oregon’s “Pay it Forward” Tuition Program SB \_\_\_\_\_

ANALYST Armstrong

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY14	FY15		
	NFI		

(Parenthesis ( ) Indicate Expenditure Decreases)

Relates to SB 141, SB 146

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Higher Education Department (HED)

### SUMMARY

#### Synopsis of Bill

House Memorial 44 requests that the Legislative Finance Committee study Oregon’s “Pay it Forward” measure, focusing on the feasibility and ways to adapt the model for implementation in New Mexico and costs – including fees, books, room and board, transportation – associated with implementing such a program. The memorial further requests that LFC publish a report on the results of the study and an analysis of the benefits and detriments of implementing the “Pay it Forward” model in New Mexico.

### FISCAL IMPLICATIONS

No fiscal impact.

### SIGNIFICANT ISSUES

Currently, Oregon does not have an operating deferred tuition payment program. The measure referenced by HM 44 directed the state’s Higher Education Coordinating Commission to conduct a study of a “Pay Forward, Pay Back” pilot program to replace the current system of tuition and

fees required to attend institutions of higher education. The Commission is required to submit its report to the 2014 regular session of Oregon Legislative Assembly. The model defers payment of tuition costs until participants are employed after completing college, which graduates then repay at a rate of up to three percent of their income annually for 24 years.

It is possible for LFC to study higher education tuition reform options generally, but available data on Oregon's implementation would be preliminary at best and not sufficient for a full evaluation. LFC last reviewed the state's higher education financial aid programs in August 2008.

## **RELATIONSHIP**

Senate Bills 141 and 146 limit lottery scholarship tuition increases by providing that the tuition rate for a student receiving the legislative lottery scholarship shall not increase after the student's first semester.

JA/svb