

## **Appendix III: State Legislation**

## Appendix III-A: Illinois Public Act Directing Study

HB5323 as amended:

Public Act 098-0920

HB5323 Enrolled

LRB098 16867 OMW 51940 b

AN ACT concerning education.

Be it enacted by the People of the State of Illinois,  
represented in the General Assembly:

Section 5. The Higher Education Student Assistance Act is amended by adding Section 47 as follows:

(110 ILCS 947/47 new)

Sec. 47. Study; applicability and practicality of Pennsylvania's Pay It Forward Pay It Back program to the State of Illinois.

(a) The Illinois Student Assistance Commission shall undertake a study to determine the practical and fiscal impacts of adopting a program in Illinois similar to Pennsylvania's Pay It Forward Pay It Back program. The study shall focus on the particular intricacies, details, and mechanics of funding, with specific regard to the proposal contained in the language of House Bill 5323 from the 98th General Assembly, as introduced. The Commission shall also, to the greatest extent possible, conduct a survey of similar programs within the 50 states, with specific regard to funding and programmatic practicality and feasibility.

(b) The Commission shall prepare a report based on the results of the study and submit its report to the General Assembly on or before December 1, 2014.

(c) This Section is repealed on December 1, 2015.

Section 99. Effective date. This Act takes effect upon becoming law.

Effective Date: 8/15/2014

Original language of HB5323:

**HB5323**



**98TH GENERAL ASSEMBLY**

**State of Illinois**

**2013 and 2014**

**HB5323**

by Rep. Jack D. Franks

**SYNOPSIS AS INTRODUCED:**

New Act  
30 ILCS 105/5.855 new

Creates the Pay It Forward, Pay It Back Act. Establishes a program to provide loans to eligible students to attend an institution of higher learning in this State that are to be repaid, in part, according to the income of the student borrowers. Sets forth the Pay It Forward, Pay It Back Program Fund where moneys in the fund shall be kept for the sole purpose of awarding program loans under the Act. Provides that the Department of Revenue shall administer the program and by rule develop the loan application process. Sets forth provisions governing loan repayment. Requires the Department to submit an annual report to the General Assembly. Amends the State Finance Act to create the Pay It Forward, Pay It Back Program Fund. Effective immediately.

LRB098 16867 OMW 51940 b

FISCAL NOTE ACT  
MAY APPLY

STATE MANDATES  
ACT MAY REQUIRE  
REIMBURSEMENT

**A BILL FOR**

1 AN ACT concerning education.

2 **Be it enacted by the People of the State of Illinois,**  
3 **represented in the General Assembly:**

4 Section 1. Short title. This Act may be cited as the Pay It  
5 Forward, Pay It Back Act.

6 Section 5. Definitions. As used in this Act:

7 "Borrower" means a person who has been awarded and accepts  
8 a program loan under this Act.

9 "Covered tuition" means the total sum charged for the  
10 credits required for attendance at an institution of higher  
11 learning for a full-time undergraduate academic period.  
12 "Covered tuition" includes fees and other charges customarily  
13 imposed on all students, but does not include charges for room  
14 and board, books, or supplies.

15 "Department" means the Department of Revenue.

16 "Eligible student" means a person who is a resident of this  
17 State and has been accepted to or enrolled in an institution of  
18 higher learning.

19 "Fund" means the Pay It Forward, Pay It Back Program Fund.

20 "Institution of higher learning" has the meaning ascribed  
21 to it in Section 10 of the Higher Education Student Assistance  
22 Act.

23 "Program" means the Pay It Forward, Pay It Back Program

1 established under this Act.

2 "Program loan" means a loan awarded by the Department to an  
3 eligible student under the program.

4 Section 10. Pay It Forward, Pay It Back Program.

5 (a) The Pay It Forward, Pay It Back Program is established  
6 to provide loans to eligible students under this Act. These  
7 loans are to be repaid, in part, according to the income of the  
8 eligible students.

9 (b) The Pay It Forward, Pay It Back Program Fund is  
10 established in the State Treasury. The moneys in the Fund shall  
11 be appropriated on a continuing basis to the Department for the  
12 sole purpose of awarding program loans under this Act. The Fund  
13 shall consist of the funds deposited according to subsection  
14 (c) of this Section, the repayment of program loans, interest  
15 earned on the moneys in the Fund, and other funds appropriated  
16 or made available to the Fund.

17 (c) The Pay It Forward, Pay It Back Program shall be funded  
18 by redirecting 75% of General Assembly's appropriation to the  
19 Department of Commerce and Economic Opportunity for awarding  
20 tax credits under the Economic Development for a Growing  
21 Economy Tax Credit Act and depositing that amount into the Pay  
22 It Forward, Pay It Back Program Fund.

23 (d) An eligible student may submit an application to the  
24 Department for a program loan. Loans shall only be issued from  
25 available funds. The application shall be in such form as

1 required by the Department and shall include family income and  
2 such other information as required by the Department. The  
3 Department shall review the application and, if satisfied that  
4 the applicant is an eligible student and is not ineligible for  
5 loan assistance under subsections (a) and (b) of Section 35 of  
6 the Higher Education Student Assistance Act, shall award a  
7 program loan to the applicant.

8 (e) If demand for program loans exceed available funding,  
9 then priority shall be given to those applicants with the  
10 highest levels of academic achievement and who belong to the  
11 lowest income demographic. The process for determining  
12 priority shall be established by the Department by rule.

13 (f) The amount of a program loan shall be:

14 (1) if the family income of the eligible student is  
15 below 300% of the federal poverty level, 100% of covered  
16 tuition;

17 (2) if the family income of the eligible student is  
18 between 300% and 450% of the federal poverty level, 66% of  
19 covered tuition; or

20 (3) if the family income of the eligible student is  
21 between 450% and 600% of the federal poverty level, 33% of  
22 covered tuition.

23 (g) The Department may not charge interest on a program  
24 loan.

25 (h) By accepting a program loan, an eligible student shall  
26 agree to repay the amount of the program loan, plus a default

1 insurance premium amount to be determined by the Department  
2 subject to the following:

3 (1) Repayment shall commence not later than 36 months  
4 after the eligible student graduates from the institution  
5 of higher learning or becomes employed full time, whichever  
6 occurs first. The 36-month period may be extended by the  
7 Department if the borrower can demonstrate to the  
8 satisfaction of the Department that the borrower has made a  
9 good faith effort to obtain full-time employment, but has  
10 been unable to do so. The duration of the extension shall  
11 be determined at the sole discretion of the Department.

12 (2) The monthly amount required to be repaid shall be  
13 based on the repayment schedule that the Department shall  
14 by rule develop.

15 (3) If at any time during the repayment period the  
16 borrower leaves the work force, except in the case of a  
17 disability, the monthly amount required to be repaid shall  
18 be based on one-half of the estimated annual taxable income  
19 of the borrower that is reportable to the Department,  
20 subject to the limitation specified in item (2) of this  
21 subsection.

22 (4) Monthly payments shall continue until the borrower  
23 has fully paid the amount of the program loan and the  
24 default insurance premium amount.

25 (5) The Department may defer repayment during any time  
26 period that the borrower is enrolled full-time or part-time

1 in a postgraduate degree program at an institution of  
2 higher learning.

3 (6) Award recipients who either leave or are dismissed  
4 from the institution of higher learning prior to graduation  
5 shall pay to the State the amount borrowed under the  
6 program together with interest of 5% per year on that  
7 amount.

8 (i) To administer the program, the Department may exercise  
9 the same powers of collection as otherwise authorized by law.

10 (j) The Department shall forgive the repayment of a program  
11 loan if the borrower dies or becomes disabled.

12 (k) The Department may establish and administer, or  
13 contract with a third party to do so, a default insurance plan  
14 for program loans in which eligible students have defaulted on  
15 repayment of their program loans.

16 (l) The Department shall submit an annual report to the  
17 General Assembly. The report shall describe the financial  
18 stability of the fund and student success metrics utilized,  
19 both for initiated loan awards and loan continuances within the  
20 program. The Board of Higher Education shall submit an annual  
21 report to the General Assembly that is based upon the annual  
22 report provided by the Department and that contains  
23 recommendations to improve student outcomes.

24 Section 500. The State Finance Act is amended by adding  
25 Section 5.855 as follows:



1 (30 ILCS 105/5.855 new)

2 Sec. 5.855. The Pay It Forward, Pay It Back Program Fund.

3 Section 999. Effective date. This Act takes effect upon

4 becoming law.

## **Appendix III-B: State Legislative Summary**

# Pay It Forward Legislation

## California

### **Legislation:**

AB1456 <http://leginfo.legislature.ca.gov/faces/billStatusClient.xhtml>

- *Status:* Referred to Committee on Rules 6/5/14

### **Purpose:**

To require that the California Student Assistance Commission (CSAC) and the Legislative Analyst to conduct a study of the effects of enacting Pay It Forward, Pay It Back legislation.

- *Status:* A report on the study is due to the Assembly Committee on Higher Education and the Senate Committee on Education on or before September 30, 2015.

### **Program Parameters:**

- State residency required
- Would cover the up-front costs of tuitions and fees and room and board
- Pilot schools would consist of:
  - One campus of the California State University (CSU)
  - One campus of the California Community Colleges (CCC)
  - One campus of a nonprofit private postsecondary institution
- Pilot may vary by institution depending on:
  - Total cost of education;
  - Portion of cost paid by the State;
  - Number of years; and
  - Percentage of annual AGI specified in contract

### **Payment Parameters:**

- Participants would pay, upon graduation, between 2 and 4 percent, inclusive, of their annual AGI to the state or the institution for a specified number of years

### **Funding:**

The study will establish and immediate source of funding for the first 15 to 20 years, inclusive, of the pilot program.

## Connecticut

### **Legislation:**

sHB 5241 [http://www.cga.ct.gov/asp/cgabillstatus/cgabillstatus.asp?selBillType=Bill&bill\\_num=HB-5241](http://www.cga.ct.gov/asp/cgabillstatus/cgabillstatus.asp?selBillType=Bill&bill_num=HB-5241)

- *Status:* Passed House 4/28/14; referred to Senate 4/30/14

### **Purpose:**

For the Connecticut Health and Educational Facilities Authority, the Connecticut Higher Education Supplemental Loan Authority (CHESLA), in consultation with the Office of Higher Education, The University of Connecticut, the Board of Regents for Higher Education and the State Treasurer to study the feasibility of a pay it forward, pay it back pilot.

- *Status:* The report is due to the joint standing committee of the General Assembly no later than April 1, 2015.

## Florida

### **Legislation:**

SB 738 <https://www.flsenate.gov/Session/Bill/2014/0738>

- *Status:* Died in Education Committee 5/2/14

# Pay It Forward Legislation

## Hawaii

### **Legislation:**

HB 1516 <http://legiscan.com/HI/text/HB1516/id/912988>

- Status: Introduced 1/15/14; referred to Committees on Higher Education and Finance

### **Purpose:**

Require the economic research organization at the University of Hawaii to examine, and develop if feasible, the feasibility of establishing a pay forward, pay back pilot program at the university

- Status: The report is due to the legislature no later than twenty days prior to the convening of the 2015 regular session.

### **Program Parameters:**

- State residency required
- Covers tuition and fees only
- One or more U of H Campuses would be identified as pilot institutions

### **Payment Parameters:**

Participants would pay, upon graduation from any U of H campus, a certain percentage of their annual AGI over a specified number of years

- The cost to each student would vary may vary by campus depending on:
  - Total cost of education;
  - Portion of cost paid by the State;
  - Any other financial aid or scholarships obtained and applied by the student
  - Number of years specified in contract; and
  - Percentage of annual AGI specified in contract

## Indiana

### **Legislation:**

HB 1084 <http://iga.in.gov/legislative/2014/bills/house/1084/#>

- Status: Introduced and referred to House Education Committee 1/9/14

### **Purpose:**

Requires the Commission for Higher Education to analyze and consider the creation of a deferred tuition pilot program that would begin in Fall 2015.

- Status: If a pilot program is warranted, the Commission will submit a proposal and any draft legislation to the Council before November 1, 2014.

### **Program Parameters:**

- State residency required
- Covers tuition and fees only
- One or more state postsecondary institutions would be identified as pilot schools
- The pilot would vary by institution depending on:
  - Total cost of education;
  - Portion of cost paid by the State;
  - Number of years specified in contract; and
  - Percentage of annual AGI specified in contract

### **Payment Parameters:**

Participants would pay, upon graduation, a certain percentage of their annual AGI over a specified number of years.

# Pay It Forward Legislation

## **Funding:**

Commission proposal would establish an immediate funding source for the first 20 years.

## Iowa

### **Legislation:**

HF2153/SF2029 <http://coolice.legis.iowa.gov/Cool-ICE/default.asp?Category=billinfo&Service=Billbook&menu=false&hbill=HF2153>

- Status: Introduced and referred to House Education Committee 2/17/14

### **Purpose:**

Establish a Commission to study the feasibility of a Pay It Forward pilot program. This includes, at a minimum, reviewing issues relating to funding sources for the pilot program; student payments under the pilot program; the scope of the pilot program in regards to participation of students and academic programs; data collection under the pilot program; and the manner in which the pilot program may function with federal and state financial aid programs.

- Status: The Commission report is due by January 15, 2015 to the:
  - State Board of Education;
  - State Board of Regents;
  - Governor; and
  - General Assembly

### **Program Parameters:**

- Would require state residency
- Would cover tuition and fees only
- Would identify one or more public institutions to participate in the pilot
- The pilot would vary by institution depending on:
  - Total cost of education; and
  - Portion of cost paid by the State.

### **Payment Parameters:**

Participants would pay to the state or institution a certain percentage of their annual AGI for a specified number of years.

## **Funding:**

Would establish an immediate funding source for the first 15-20 years of the pilot, including a revolving fund for the deposit of payments.

## Louisiana

### **Legislation:**

HCR 21 <http://www.legis.la.gov/legis/ViewDocument.aspx?d=908531>

- Status: Introduced 3/12/14; Sent to Secretary of State 6/1/14

### **Purpose:**

To study the feasibility of implementing a pay it forward program and report findings and recommended legislation to the House and Senate Education Committees.

- Status: Report due no later than 60 days prior to the beginning of the 2015 Regular Session.

## Maine

# Pay It Forward Legislation

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## **Legislation:**

SP667 <http://www.mainelegislature.org/LawMakerWeb/dockets.asp?ID=280050792>

- **Status:** Introduced 1/8/14; Indefinitely postponed 5/1/14

## **Purpose:**

Directing the University of Maine System and the Maine Community College System to study the establishment of a pilot program based on Oregon's "Pay Forward, Pay Back" model.

## Maryland

## **Legislation:**

HB853 <http://mgaleg.maryland.gov/webmga/frmMain.aspx?id=hb0853&stab=01&pid=billpage&tab=subject3&ys=2014RS>

- **Status:** Introduced 2/5/14; Unfavorable report by Appropriations 3/10/14

## **Purpose:**

Requiring the Board of Regents of the University System of Maryland to study the feasibility of a potential Pay It Forward program. This includes an analysis of the Western Tuition Promise (Western Oregon University) and the Finish in Four (proposed in Florida).

- **Status:** Report due to the Governor, the Senate Budget and Taxation Committee, and the House Appropriations Committee by December 31, 2014.

## **Program Parameters:**

- State residency required
- Covers tuition and fees only
- Pilot schools would be chosen from constituent institutions or schools of the University System of Maryland
- The pilot would vary by institution depending on:
  - Total cost of education;
  - Portion of cost paid by the State;
  - Number of years specified in contract; and
  - Percentage of annual AGI specified in contract

## **Payment Parameters:**

Participants would pay, upon graduation, a certain percentage of their annual AGI over a specified number of years.

## **Funding:**

An immediate funding source for the first 20 years would be established as part of the pilot proposal.

## Massachusetts

## **Legislation:**

H3631 <https://malegislature.gov/Bills/188/House/H3631>

- **Status:** Introduced 8/15/13; Accompanied a study order H4134 discharged to the House Rules Committee 6/2/14

## **Purpose:**

Requiring the Massachusetts Education Financing Authority to prepare a study on the feasibility of the creation of a Pay Forward, Pay Back pilot program

# Pay It Forward Legislation

## Michigan

### **Legislation:**

HB 5315

[http://www.legislature.mi.gov/\(S\(dtdraa45r0fiw3aqkxzda45\)\)/mileg.aspx?page=getObject&objectName=2014-HB-5315](http://www.legislature.mi.gov/(S(dtdraa45r0fiw3aqkxzda45))/mileg.aspx?page=getObject&objectName=2014-HB-5315)

- Status: Introduced and referred to the Michigan Competitiveness Committee 2/12/14

### **Purpose:**

To amend the State School Act of 1979 to create a pilot PIF program known as the Smarter Michigan and Retaining Talent (SMART) Tuition Program.

### **Program Parameters:**

- State residency required
- Covers tuition and fees only
- Pilot program participants would consist of 100 students enrolled in community college and 100 students enrolled in public universities in the state
  - If more than 200 applications are received, participants would be chosen by random selection
- Students are ineligible to apply if their household income \$250,000 or more.
- Grants would not exceed the weighted average tuition cost for each sector.
- Grants will be awarded for up to three consecutive years for community college participants and for up to five consecutive years for public university participants.
- Participants would be ineligible for grants in subsequent years if he/she fails to maintain a GPA of at least 2.5 and that failure continues for more than one term or semester.

### **Payment Parameters:**

- Each calendar year, participants will pay 2 percent of their AGI for attendance at a community college or 4 percent for attendance at a public university
- Payments would begin in the first calendar year he/she obtains employment after graduation or enrollment ceases and his/her AGI exceeds the Federal Poverty Level.
- The length of a participant's payments would be five years for each academic year a grant was received, up to 25 years (e.g., if a participants received a grant for 4 academic years, payments would last 20 years).

### **Funding:**

Initial funding (for 200 students) would be \$2 million.

Funding would be appropriated each state fiscal year from public and private sources, as well as from the State General Fund/General Purpose funds. Funds from the State School Aid Fund would not be used.

### **Reporting:**

By June 1 of each year, Treasury would report on the creation and implementation of the pilot program in the preceding year fiscal year. The report would include the following:

- By sector –
  - Number of participants enrolled;
  - Number that continued in and dropped out of the pilot program;
  - Number that graduated from and dropped out of school
- An analysis of payments received from participants, including, but not limited to:
  - Amount in grants each participant received;
  - Amount each participant has repaid;
  - Number of payments made on time; and

# Pay It Forward Legislation

- Number of payments made late
- Number of participants who found employment;
- Number of participants unemployed; and
- A general summary of the pilot program, including, but not limited to:
  - Total amount paid out on behalf of participants;
  - Total amount repaid by participants; and
  - Projection of future payments estimated to be received.

Within 6 months of receiving the report, the Financial Aid Restructuring Commission (established by this legislation) would make recommendations to the Governor and Legislature regarding the long-term viability of the pilot program.

## New Jersey

### **Legislation:**

S979 [http://www.njleg.state.nj.us/2014/Bills/S1000/979\\_R1.PDF](http://www.njleg.state.nj.us/2014/Bills/S1000/979_R1.PDF)

- Status: Introduced 1/27/14; Conditional Veto from Governor received in Senate 7/10/14

### **Purpose:**

Establishes the College Affordability Study Commission to examine issues and develop recommendations to increase the affordability of higher education in New Jersey, including the creation of a Pay It Forward pilot program.

### **Program Parameters:**

- Would include enrollment at public institutions only
- Would cover tuition and fees only

## New Mexico

### **Legislation:**

HM 44 <http://www.nmlegis.gov/lcs/legislation.aspx?chamber=H&legtype=M&legno=44&year=14>

- Status: Introduced 1/30/14; Passed House 2/15/14

### **Purpose:**

Requests the legislative finance committee (LFC) study the Oregon "Pay It Forward" model, focusing on the feasibility and ways to adapt the model for implementation in New Mexico; and study the costs of implementing a PIF model and analyze the inclusion of the costs of fees, books, room and board, transportation and other costs of college attendance in its analysis; and report on the benefits and detriments of a PIF model in the state.

- Status: The LFC report is due by 10/1/14

## New York

### **Legislation:**

A8562/S6420

[http://assembly.state.ny.us/leg/?default\\_fld=&bn=A08562&term=2013&Summary=Y&Actions=Y&Memo=Y&Text=Y](http://assembly.state.ny.us/leg/?default_fld=&bn=A08562&term=2013&Summary=Y&Actions=Y&Memo=Y&Text=Y)

- Status: Introduced and referred to Higher Education Committees 1/22/14

### **Purpose:**

To enact the "pay it forward, pay it back program" which would be implemented by the board of trustees of the state university.



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- Status: The pilot program would go into effect July 1 of the next succeeding year after it becomes law.

## Program Parameters:

- Participant must have been a resident for at least one year prior to application
- Would cover tuition only
- Pilot schools would consist of two four-year institutions of the state university and two community colleges
- Participants would be required to complete the degree program within a minimum period of no less than two years and no more than four years.
- Participants would be required to apply for Pell Grants and tuition assistance funding.

## Payment Parameters:

- Participants would pay the institution a certain percentage of their annual AGI for a specified number of years (based on the institution attended).
- Participants who fail to fulfill any contract obligation – including failure to provide information necessary to determine continued eligibility – would have their PIF award converted to a loan for the full amount of tuition, plus interest.
- Any Pell Grant or tuition assistance awards would be applied prior to PIF.

## Funding:

The board of trustees would establish an immediate funding source for the pilot program, including a revolving fund for payment deposits.

## Ohio

## Legislation:

HB242 [http://www.legislature.state.oh.us/bills.cfm?ID=130\\_HB\\_242](http://www.legislature.state.oh.us/bills.cfm?ID=130_HB_242)

- Status: Introduced and referred to House Education Committee 8/12/13

## Purpose:

To require the Chancellor of the Ohio Board of Regents to consider creating a Pay Forward, Pay Back pilot program.

- Status: Proposal is due to the 131<sup>st</sup> General Assembly on the first day of regular session

## Program Parameters:

- State residency required
- Would cover tuition and fees only
- Would identify one or more state institutions for participation in the pilot program
  - Program would vary by institution based on:
    - Total cost of education;
    - The portion of costs paid by the state

## Payment Parameters:

- Participants would pay to the state or institution a certain percentage of their annual AGI upon graduation for a specified number of years.

## Funding:

Report would identify and immediate funding source for the first 15-20 years of the pilot, as well as a method for collecting payments.

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## Oklahoma

### **Legislation:**

SB2001 <http://www.oklegislature.gov/BillInfo.aspx?Bill=SB2001&Session=1400>

- Status: Introduced 1/16/14; referred to Education Committee 2/4/14

### **Purpose:**

Authorizes the Oklahoma State Regents for Higher Education to consider implementation of a Pay It Forward pilot program.

- Status: Report is due to the first session of the 55<sup>th</sup> Legislature

### **Program Parameters:**

- Would cover tuition and fees only
- Would identify one or more public institutions to participate in the pilot program
  - Pilot would vary by institution based on:
    - Total cost of education;
    - The portion of costs paid by the state;
    - The number of years and the percentage of annual AGI specified in the contract.

### **Funding:**

Would establish a funding source for the first 15-20 years and establish a revolving fund to deposit payments.

## Oregon

### **Legislation:**

HB3472 <https://olis.leg.state.or.us/liz/2013R1/Measures/Text/HB3472/Enrolled>

- Status: Signed into law 7/29/13

### **Purpose:**

To consider the creation of a pilot program called Pay It Forward, Pay It Back and, if warranted, submit a proposal to the 2015 Legislature. The bill also calls for the Oregon Higher Education Coordinating Commission (HECC) to conduct a study on whether public institutions can implement a tuition freeze to guarantee incoming undergrads will have the same tuition for four years. This includes analyses of the Western Tuition Promise and Finish in Four programs.

- Status: The first program proposal was presented to the Oregon Legislature in June 2014.  
<http://education.oregon.gov/Documents/HECC/Student%20Success/5-7-14/Agenda%20Item%203.b%20-%20Overview%20of%20Pay%20it%20Forward%20proposal.pdf>

### **Program Parameters:**

If funded in in the 2015 legislative session, the pilot program would begin in the 2016-17 school year.

- Program is voluntary
- Applicants would be chosen from a lottery and from pre-selected high schools from across the state
- State residency required
- Covers T&F only
- Total program participation could not exceed 10 years (for intermittent students) regardless of degree attainment
- Pilot may vary by institution depending on:
  - Total cost of education;
  - Portion of cost paid by the State;
  - Number of years; and
  - Percentage of annual AGI specified in contract

# Pay It Forward Legislation

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## **Payment Parameters:**

The percentage of future AGI contribution based on number of credit hours a student participated:

- .75% per 45 credits at a community college
- 1% per 45 credits at a four-year institution
- Students will choose if they want credit hours to be included in their PIF payment plan or funded in some other manner

Payments begin six months after completion of terminal degree (bachelor's if student goes on to graduate school) or the student ceases enrollment.

- Participants will send an estimate of annual income by January 31 of the first payment year.
- Participants will be billed at least quarterly. Electronic and monthly payment options will also be available.
- Participants must send any change in income to the PIF administrator as soon as possible so the PIF payment can be adjusted.
  - Estimated income will be compared each year to information provided by the Department of Revenue
    - If PIF was underpaid, the PIF administrator may instruct Revenue to add a deficiency (treated as unpaid taxes) to the participant's tax return for the previous year
    - If PIF was overpaid, the PIF administrator may instruct Revenue to add a credit to the participant's tax return for the previous year
- Participants who have moved outside of the jurisdiction of the Department of Revenue will be considered to have withdrawn from the program and are assessed an amount to be determined by the PIF administrator.

Payments would last for 20 years in all cases (no buyouts or capped contribution limits)

## **Funding:**

The pilot calls for a gradual increase in investment over the first 4 years, reaching its maximum at year 4 years and declining every year after, breaking even at year 22. According to the HECC, if the Oregon Opportunity Initiative is passed during the November elections, the Treasurer's office will be allowed to issue bonds for non-capital requests. This could be used, in whole or in part, to fund the PIF pilot.

### Model 1:

- \$25 million
  - Year 1: \$6.25 million, accommodating 1,000 FTEs
  - Year 2: \$12.5 million, accommodating 2,000 FTEs
  - Year 3: \$18.75 million, accommodating 3,000 FTEs
  - Year 4: \$25 million, accommodating 4,000 FTEs in this year and each year thereafter
- This consists of about 2.5% of the total public higher education FTEs in Oregon
- Applicants would consist of students from a stratified random sample (including nontraditional students) who put themselves in the PIF lottery and all graduates of a few selected high schools (including those with underserved populations) that apply

### Model 2:

- \$15 million
  - Year 1: \$3.75 million, accommodating 600 FTEs
  - Year 2: \$7.5 million, accommodating 1,200 FTEs
  - Year 3: \$11.25 million, accommodating 1,800 FTEs
  - Year 4: \$15 million, accommodating 2,400 FTEs in this year and each year thereafter
- This consists of about 1.5% of the total public higher education FTEs in Oregon

# Pay It Forward Legislation

- Applicants would consist of students from a stratified random sample (including nontraditional students) who put themselves in the PIF lottery. This model would not allow for targeted recruitment of underserved students.

## Pennsylvania

### Legislation – Senate:

SB 1094 <http://www.legis.state.pa.us/cfdocs/billInfo/billInfo.cfm?sYear=2013&sInd=0&body=S&type=B&bn=1094>

- Status: Introduced and referred to Senate Education Committee 9/16/13

### Purpose:

Amend the Pennsylvania Higher Education Assistance Agency (PHEAA) Act (P.L. 549) and establish the Pay It Forward, Pay It Back Pennsylvania program. The program would be administered by PHEAA.

### Program Parameters:

- State residency required
- Covers tuition and fees only at approved institutions
  - A community college
  - A university of the State System of Higher Education
  - Pennsylvania State University
  - University of Pittsburgh
  - Temple University
  - Lincoln University
  - Any other institution designated as State-related by the Commonwealth
- Eligibility would be based on participant's household income as a percentage of the Federal Poverty Line (FPL). For example, a eligibility for a family of four would be as follows:

Income % of FPL	Income in Dollars	Percentage of T&F Covered by PFPB
Up to 300%	Up to \$69,150	100%
300% to 450%	\$69,151 to \$103,725	66%
450% to 600%	\$103,726 to \$138,300	33%

- If in a given year program funds are less than the aggregate amount applied for, priority would be given based on need.

### Payment Parameters:

- Participants would not be charged interest.
- Participants would repay the amount of any funds received for tuition and fees, plus a default insurance premium amount determined by PHEAA.
- Repayment would begin no later than 36 months after the participant graduates or becomes employed full-time, whichever comes first.
  - The 36-month period may be extended if the borrower demonstrates that he/she has made a good-faith effort to obtain full-time employment but has been unable to do so.
  - Payments may be deferred if the participant is enrolled full- or part-time in a postgraduate degree program.
- Monthly payments would be:
  - Eight-tenths of one percent of AGI for every year of community college attended
  - One and fifteen-one-hundredths percent of AGI for every year of State university or State-related university attended

# Pay It Forward Legislation

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- If the participant ceases working for reasons other than for disability, the percentages above would apply to *one-half* of the estimated annual taxable income rather than to the individual's full AGI.
- Monthly payments would continue until the participant has fully paid the amount due.
- Participants who do not pay as agreed would have their PIF account subject to debt collections through either PHEAA or a designated third party.
- Forgiveness would apply in cases of death or disability.

## **Funding:**

- The program fund would consist of:
  - Funds received from the natural gas severance tax (established by this legislation);
    - Five percent on every unconventional gas well in the state
  - Payments made by participants;
  - Any interest earned on the fund; and
  - Any other funds appropriated or made available to the fund.
- PHEAA must report the financial stability of the program to the General Assembly three years after the first award is made, and every three years thereafter
  - PHEAA would make recommendations to either increase or decrease the rate of the natural gas severance tax based on the sufficiency of program funding.

## **Legislation – House:**

HR 429 <http://www.legis.state.pa.us/cfdocs/billinfo/BillInfo.cfm?year=2013&sind=0&body=H&type=R&bn=429>

- Status: Introduced 9/9/13; referred to House Education Committee

## **Purpose:**

Directs the Legislative Budget and Finance Committee to conduct a study to examine the impact that a Pay It Forward program would have on the Commonwealth. This includes an analysis of the following programs:

- Western Tuition Promise (Western Oregon University)
- Finish in Four (proposed in Florida)
- Pay It Forward, Pay It Back (proposed in Oregon)
- Pay It Forward (proposed in Washington)

The report would be due to the House Education, Finance, and Appropriations Committees no later than two years after the adoption of this legislation.

## **Program Parameters:**

Study would provide analysis of pilot program, as well as the potential adoption of a PIF program model at all 14 State System of Higher Education schools and four state related colleges and universities

## **Payment Parameters:**

- Participants would pay a portion of post-graduate income for a predetermined amount of time
  - Amount would be fixed percentage on a graduated scale

## Rhode Island

### **Legislation:**

H7201 <http://webserver.rilin.state.ri.us/billtext14/housetext14/H7201.pdf>

- Status: Introduced 1/28/14; House Education Committee recommended measure be held for further study 2/26/14

### **Purpose:**

# Pay It Forward Legislation

Amends the Rhode Island Board of Education Act for the executive committee of education to establish a Pay It Forward, Pay It Back Pilot Program beginning on or before June 30, 2015 and ending on June 30, 2018.

## Program Parameters:

- Would require state residency
- Would cover tuition and fees only
- Would identify one or more public institutions to participate in the pilot program
  - Pilot would vary by institution based on:
    - Total cost of education;
    - The portion of costs paid by the state;
    - The number of years and the percentage of annual AGI specified in the contract.
- Participants would be required to complete their course of study and graduate on time: no more than two years for an associate's degree and no more than four years for a bachelor's degree
- Executive committee would identify and select the courses of study and careers to include in the pilot program
  - Must meet the needs determined to be essential for the state's workforce development

## Payment Parameters:

- Would specify the number of years and the percentage of annual AGI based on research to date.

## Funding:

Would establish an immediate funding source for the first three years of the pilot, as well as a revolving fund for depositing payments.

## South Carolina

### Legislation:

H4414

[http://www.scstatehouse.gov/query.php?search=DOC&searchtext=4414&category=LEGISLATION&session=120&conid=7617428&result\\_pos=&keyval=1204414&numrows=10](http://www.scstatehouse.gov/query.php?search=DOC&searchtext=4414&category=LEGISLATION&session=120&conid=7617428&result_pos=&keyval=1204414&numrows=10)

- Status: Introduced and referred to House Committee on Education and Public Works 1/14/14

### Purpose:

For the Commission on Higher Education to establish the Palmetto Pay Forward, Pay Back Pilot Program

- Status: Proposed pilot program is due to the General Assembly before December 1, 2015

### Program Parameters:

- Would require state residency
- Would cover tuition and fees only
- Pilot program would vary by institution based on:
  - Total cost of education;
  - The portion of costs paid by the state; and
  - The number of years and the percentage of annual AGI specified in the contract.

### Payment Parameters:

- Participants would pay a certain percentage of annual AGI to the state or institution for a specified number of years after graduation, transfer, withdrawal, or expulsion.
- Circumstances would be specified for participants who:
  - Die;
  - Become unable to work due to incapability or disability;
  - Are willfully unemployed or underemployed

# Pay It Forward Legislation

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- Would provide a method to prioritize or apportion repayment if participant attends multiple institutions

## **Funding:**

Would establish an immediate funding source for the first 15-20 years of the pilot, as well as a revolving fund to deposit payments.

## Vermont

### **Legislation:**

S192 <http://www.leg.state.vt.us/database/status/summary.cfm?Bill=S.0192&Session=2014>

- Status: Introduced and referred to Senate Education Committee 1/7/14

### **Purpose:**

To establish a task force to develop a detailed plan to create and implement the Vermont Pay It Forward, Pay It Back College Affordability Program.

- Status: Task force report (including timeline for implementation) is due on or before January 15, 2015 to the:
  - House and Senate Committees on Appropriations, Education, and Government Operations;
  - House Committee on Ways and Means; and
  - Senate Committee on Finance

### **Program Parameters:**

- Would require state residency
- Would cover tuition and fees only
- Would identify one or more public institutions to participate in the pilot

### **Payment Parameters:**

- Participants would pay a certain percentage of future earnings for a specified number of years upon graduation or disenrollment
- Payments would vary:
  - By institution;
  - Based on whether the participant is enrolled in an associate's or bachelor's degree program; and
  - Based on an individual participant's ability to pay

## **Funding:**

Would determine the amount to be transferred from the Vermont Higher Education Endowment Trust Fund or identify an alternative source for initial funding.

## Virginia

### **Legislation:**

HJ72 <http://lis.virginia.gov/cgi-bin/legp604.exe?ses=141&typ=bil&val=hj72>

- Status: Introduced 1/6/14; Left in House Rules Subcommittee on Studies 2/12/14

### **Purpose:**

To request the State Council of Higher Education for Virginia (SCHEV) to study the feasibility of a Pay It Forward, Pay It Back pilot program. This includes considering: the advantages/disadvantages to students, institutions, and the Commonwealth; the costs of establishing and administering the pilot; the contract terms between a student and the state or institution; and any other related matters.

- Status: SCHEV shall submit a report to the Governor and General Assembly by November 30, 2014.

# Pay It Forward Legislation

## Washington

### **Legislation:**

SHB 2720 <http://apps.leg.wa.gov/documents/billdocs/2013-14/Pdf/Bills/House%20Bills/2720-S.pdf>

- *Status:* Referred to Appropriations Committee 2/15/14

### **Purpose:**

To create the Pay It Forward Pilot Program

### **Program Parameters:**

- Program is voluntary
- Five pilot schools will be chosen by the Student Achievement Council
  - At least two will be located east of the crest of the Cascade Mountains, one of which is located in central Washington
  - Must vary in size and geographic location
  - Must serve a high proportion of low-income and traditionally underrepresented students, including those whose parents have never attended college
  - Must have communities and leaders that demonstrate support for their students to pursue postsecondary education
- The rate at which the pilot expands from the initial five schools (eventually incorporating all public high schools in the state) will be determined by the legislature in the omnibus appropriations act
- Each pilot school will be allocated one full-time equivalent counselor to increase participation in PIF and the College Bound Scholarship
- Applicants will be chosen from:
  - All students graduating after January 1, 2015
  - Students who graduated from one of the selected pilot schools within eight years of the start of the PIF pilot, including those who previously enrolled in a postsecondary program and did not participate in PIF
- Covers T&F only, less any other state financial aid

### **Payment Parameters:**

- Participants shall begin making payments one year following graduation or discontinuation of postsecondary program
- Payment structure would be in proportion to the number of credit hours registered, as follows:
  - Participants who attended a state university, no more than 5 percent of income
  - Participants who attended a regional university or state college or who enrolled in an applied baccalaureate program at a community or technical college, no more than 3-1/2 percent of income
  - Participants who attended a community or technical college and enrolled in an associate degree, workforce degree, or certificate program, no more than 2 percent of income
  - Participants who transfer from a community or technical college to a baccalaureate program, based on the proportion of credit hours earned in the respective sectors
  - Participants who receive other state financial aid, calculated according to the proportion of their tuition and required fees that are financed through PIF
- Participants may receive PIF assistance for up to five years, or the credit or clock hour equivalent, or up to 125% of the published length of program time
- Payments will not last longer than 25 years

### **Funding:**

The start-up funding would be drawn from the same money as is currently used for need-based grants, but eventually the Fund would become self-supporting and would eliminate the need for state funding for college.





Pay It Forward Legislation

		New Mexico	New York	Ohio	Oklahoma	Oregon	Pennsylvania	Rhode Island	South Carolina	Vermont	Virginia	Washington	
Payment Parameters	Payment %		TBD based on institution	TBD		The percentage of future AGI contribution based on number of credit hours a student participated: <ul style="list-style-type: none"> <li>• 75% per 45 credits at a community college</li> <li>• 1% per 45 credits at a four-year institution</li> <li>• Students will choose if they want credit hours to be included in their PIF payment plan or funded in some other manner</li> </ul>	Would repay the amount of any funds received for tuition and fees, plus a default insurance premium amount determined by PHEAA. Monthly payments would be: <ul style="list-style-type: none"> <li>• Eight-tenths of one percent of AGI for every year of community college attended</li> <li>• One and fifteen-one-hundredths percent of AGI for every year of State university or State-related university attended</li> <li>• If the participant ceases working – other than for disability reasons, one-half of the estimated annual taxable income, subject to the parameters above</li> </ul>	TBD - fixed on a graduated scale	TBD based on research to date	TBD. Would provide a method to prioritize or apportion repayment if participant attends multiple institutions	TBD. Payments would vary: <ul style="list-style-type: none"> <li>• By institution;</li> <li>• Based on whether the participant is enrolled in an associate's or bachelor's degree program; and</li> <li>• Based on an individual participant's ability to pay</li> </ul>	Payment structure would be in proportion to the number of credit hours registered, as follows: <ul style="list-style-type: none"> <li>• Participants who attended a state university, no more than 5 percent of income</li> <li>• Participants who attended a regional university or state college or who enrolled in an applied baccalaureate program at a community or technical college, no more than 3-1/2 percent of income</li> <li>• Participants who attended a community or technical college and enrolled in an associate degree, workforce degree, or certificate program, no more than 2 percent of income</li> <li>• Participants who transfer from a community or technical college to a baccalaureate program, based on the proportion of credit hours earned in the respective sectors</li> <li>• Participants who receive other state financial aid, calculated according to the proportion of their tuition and required fees that are financed through PIF</li> </ul>	
	Deferment Provision						The 36-month period may be extended if the borrower demonstrates that he/she has made a good-faith effort to obtain full-time employment but has been unable to do so. Payments may be deferred if the participant is enrolled full- or part-time in a postgraduate degree program.			Circumstances would be specified for participants who are willfully unemployed or underemployed			
	Forgiveness Provision						Forgiveness would apply in cases of death or disability			Forgiveness would apply in cases of death, incapability to work, or disability			
	Payment Start Date					Begin six months after completion of terminal degree (bachelor's if student goes on to graduate school) or the student ceases enrollment	Would begin no later than 36 months after the participant graduates or becomes employed full-time, whichever comes first	TBD		Begins after graduation, transfer, withdrawal, or expulsion	Upon graduation or disenrollment		Begins one year following graduation or discontinuation of postsecondary program
	Payment Length			TBD		Payments would last for 20 years in all cases (no buyouts or capped contribution limits)	Monthly payments would continue until the participant has fully paid the amount due		TBD based on research to date	TBD	TBD		Payments will not last longer than 25 years
	Moving Provision					Participants who have moved outside of the jurisdiction of the Department of Revenue will be considered to have withdrawn from the program and are assessed an amount to be determined by the PIF administrator							
	Failure to Fulfill Contract			Participants who fail to fulfill any contract obligation – including failure to provide information necessary to determine continued eligibility – would have their PIF award converted to a loan for the full amount of tuition, plus interest			Participants who do not pay as agreed would have their PIF account subject to debt collections through either PHEAA or a designated third party						
	Amount			The board of trustees would establish an immediate funding source for the pilot program			The pilot calls for a gradual increase in investment over the first 4 years, reaching its maximum at year 4 years and declining every year after, breaking even at year 22. <b>Model 1:</b> <ul style="list-style-type: none"> <li>• \$25 million</li> <li>o Year 1: \$6.25 million, accommodating 1,000 FTEs</li> <li>o Year 2: \$12.5 million, accommodating 2,000 FTEs</li> <li>o Year 3: \$18.75 million, accommodating 3,000 FTEs</li> <li>o Year 4: \$25 million, accommodating 4,000 FTEs in this year and each year thereafter</li> <li>• This consists of about 2.5% of the total public higher education FTEs in Oregon</li> <li>• Applicants would consist of students from a stratified random sample (including nontraditional students) who put themselves in the PIF lottery and all graduates of a few selected high schools (including those with underserved populations) that apply</li> </ul> <b>Model 2:</b> <ul style="list-style-type: none"> <li>• \$15 million</li> <li>o Year 1: \$3.75 million, accommodating 600 FTEs</li> <li>o Year 2: \$7.5 million, accommodating 1,200 FTEs</li> <li>o Year 3: \$11.25 million, accommodating 1,800 FTEs</li> <li>o Year 4: \$15 million, accommodating 2,400 FTEs in this year and each year thereafter</li> <li>• This consists of about 1.5% of the total public higher education FTEs in Oregon</li> <li>• Applicants would consist of students from a stratified random sample (including nontraditional students) who put themselves in the PIF lottery. This model would not allow for targeted recruitment of underserved students.</li> </ul>						

