
A BILL FOR AN ACT

RELATING TO EDUCATION.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that two-thirds of
2 students graduating from American colleges and universities are
3 graduating with some level of debt. According to the Consumer
4 Financial Protection Bureau, federal student debt topped \$1
5 trillion in 2013 and private banks have issued another \$200
6 billion in student loans. Further, the Federal Reserve reported
7 that, aside from mortgages, student loans are now the most
8 widely held debt in the country.

9 The legislature further finds that, as increases in tuition
10 continue to outpace gains in family income, more students will
11 find post-secondary education unaffordable. The skyrocketing
12 tuition drives income inequality by depriving those of less
13 means of the schooling necessary to bridge the income gap.
14 Moreover, in Hawaii, escalating tuition costs contributes to the
15 underrepresentation of native Hawaiian students in post-
16 secondary enrollment and educational attainment. Studies show
17 that native Hawaiians stop their educational journey after high
18 school more often than non-native Hawaiians.



1 The legislature also finds that a number of states are
2 working to cut costs for higher education. For example, Oregon
3 has developed the pay forward, pay back program to replace
4 tuition with post-graduate contributions into a state trust
5 fund. The program would be a deferred tuition payment program,
6 with income-based repayment after students graduate. Post-
7 graduation contributions would be deposited into a higher
8 education trust fund to be expended for future post-secondary
9 students.

10 The purpose of this Act is to require the economic research
11 organization at the University of Hawaii to:

- 12 (1) Examine the feasibility of establishing a pay forward,
13 pay back pilot program at the University of Hawaii;
14 and
15 (2) Develop a proposed pilot program if feasible.

16 SECTION 2. (a) The economic research organization at the
17 University of Hawaii shall examine the feasibility of
18 establishing a pay forward, pay back pilot program at the
19 University of Hawaii to replace the current system of charging
20 students tuition and fees for enrollment.

21 (b) If the economic research organization at the
22 University of Hawaii determines that establishing a pay forward,



1 pay back pilot program is feasible, the economic research
2 organization at the University of Hawaii shall develop a
3 proposed pilot program. The proposed pilot program shall:

4 (1) Identify one or more campuses to participate in the
5 pilot program;

6 (2) Allow students who are residents of this State, as
7 defined by the University of Hawaii, and who qualify
8 for admission to the University to enroll without
9 paying tuition or fees;

10 (3) Provide that, in lieu of paying tuition or fees,
11 students shall sign binding contracts to pay to the
12 State or the university a certain percentage of the
13 student's annual adjusted gross income, upon
14 graduation from any University of Hawaii campus, for a
15 specified number of years; and

16 (4) Specify the number of years and the percentage of
17 annual adjusted gross income for contracts at each
18 participating campus and the bases for the
19 specifications.

20 (c) The end cost to each student participant in the
21 proposed pilot program may vary by campus based upon the:

22 (1) Total cost of education at the campus;



- 1 (2) Portion of the cost that is paid by the State;
- 2 (3) Any other financial aid or scholarship moneys obtained
- 3 and applied by the student participant to offset
- 4 education costs;
- 5 (4) Number of years specified in the contract; and
- 6 (5) Percentage of annual adjusted gross income specified
- 7 in the contract.

8 SECTION 3. The economic research organization at the
9 University of Hawaii shall submit a written report of its
10 findings and recommendations, including any proposed pilot
11 program details and any proposed legislation, to the legislature
12 no later than twenty days prior to the convening of the regular
13 session of 2015.

14 SECTION 4. There is appropriated out of the general
15 revenues of the State of Hawaii the sum of \$ or so
16 much thereof as may be necessary for fiscal year 2014-2015 for
17 the economic research organization at the University of Hawaii
18 to examine the feasibility of establishing a pay forward, pay
19 back pilot program at the University of Hawaii and, if
20 determined to be feasible, develop a proposed pilot program.

21 The sum appropriated shall be expended by the University of
22 Hawaii for the purposes of this Act.



1 SECTION 5. This Act shall take effect on July 1, 2014.

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H.B. NO. 1516

Report Title:

UHERO; Pay Forward, Pay Back; Pilot Program; Appropriation

Description:

Requires the UHERO to examine the feasibility of establishing a pay forward, pay back pilot program. Requires the UHERO to develop a proposed pilot program if feasible. Makes an appropriation. Effective 07/01/2014.

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