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## 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



1 that native Hawaiians stop their educational journey after high  
2 school more often than non-native Hawaiians.

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

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

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

18 SECTION 2. (a) The economic research organization at the  
19 University of Hawaii shall examine the feasibility of  
20 establishing a pay forward, pay back pilot program at the



1 University of Hawaii to replace the current system of charging  
2 students tuition and fees for enrollment.

3 (b) If the economic research organization at the  
4 University of Hawaii determines that establishing a pay forward,  
5 pay back pilot program is feasible, the economic research  
6 organization at the University of Hawaii shall develop a  
7 proposed pilot program. The proposed pilot program shall:

8 (1) Identify one or more campuses to participate in the  
9 pilot program;

10 (2) Allow students who are residents of this State, as  
11 defined by the University of Hawaii, and who qualify  
12 for admission to the University to enroll without  
13 paying tuition or fees;

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

20 (4) Specify the number of years and the percentage of  
21 annual adjusted gross income for contracts at each



1 participating campus and the bases for the  
2 specifications.

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

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

13 SECTION 3. The economic research organization at the  
14 University of Hawaii shall submit a report of its findings and  
15 recommendations, including any proposed pilot program details  
16 and any proposed legislation, to the legislature no later than  
17 twenty days prior to the convening of the regular session of  
18 2016.

19 SECTION 4. There is appropriated out of the general  
20 revenues of the State of Hawaii the sum of \$ or so  
21 much thereof as may be necessary for fiscal year 2015-2016 for



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1 the economic research organization at the University of Hawaii  
 2 to examine the feasibility of establishing a pay forward, pay  
 3 back pilot program at the University of Hawaii and, if  
 4 determined to be feasible, develop a proposed pilot program.

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

7 SECTION 5. This Act shall take effect on July 1, 2015.

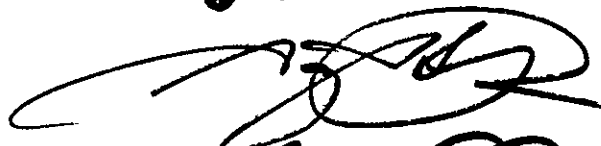
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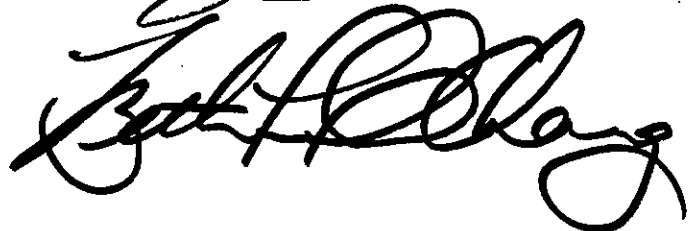
INTRODUCED BY:











JAN 28 2015



# H.B. NO. 1277

**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.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

