

**Testimony Neither For Nor Against LD 1141
An Act To Increase the Affordability of College Tuition and Attract Professionals to Maine**

Senator Langley, Representative Kornfield, honorable members of the Joint Standing Committee on Education and Cultural Affairs, I am Jody Harris from the Maine Center for Economic Policy. I am testifying neither for nor against LD 1141 not because we don't support policies to improve college affordability (we do wholeheartedly!) but because MECEP opposes the Pay it Forward provision of this bill.

Pay it Forward does nothing to address Maine's college affordability crisis. It does not help Maine students reduce the burden of repaying tuition costs; in fact its terms are more onerous than many commercial loans. And it is not a solution for working adults trying to go back to college so they can get ahead in their jobs. Pay It Forward is a bad idea for Maine.

MECEP has long been an advocate for making college in Maine more affordable, especially for low- and middle-income students and working adults. Maine needs more workers with the education and skills to meet the demands of 21st-century jobs. We lag the rest of New England in terms of Maine residents with a higher degree. And we have over 200,000 adult workers with some college credit but not enough to qualify for a degree. The percentage of adult Mainers in the workforce with incomplete degrees is the worst in New England.¹ Maine needs to bring down costs of attending college in order to boost the economic prospects of our workers and our state.

Earlier this month MECEP issued its research findings of the most effective ways of making college more affordable, that is graduating students with the least amount of student loan debt. The three most effective strategies across the 50 states are: increased state appropriations for the public university system to bring down tuition costs, targeted state aid for low-income students, and a more accessible community college system responsive to student and workforce demand.²

MECEP applauds the work of the legislature's college affordability study commission who this winter issued recommendations that address a number of points in this bill, including setting a goal for college attainment and addressing the high costs of text books. The study commission also recommended increasing and tiering based on family income the State of Maine grant program for low-income students. These recommendations were thoroughly considered and based on the testimony of hundreds of experts, parents, and students alike.

This commission also evaluated Oregon's Pay It Forward model and rejected it for Maine. It did so for good reasons:

- ✓ Pat It Forward does not cover room and board, a significant barrier for low- and middle-income students. For Maine resident students attending the University of Maine today, the costs of room and board plus books and related supplies is \$12,500 a year compared to \$10,600 for tuition and fees.³
- ✓ Students still must pay back the cost of their deferred tuition expenses after college, making Pay It Forward no better than a student loan and conceivably worse. In Oregon, the Pay It Forward model which LD 1141 aims to replicate, students are obligated to pay a set percentage of their income into the Pay It Forward pool for 20 years; while most student loans are for 10 years.
- ✓ Pay It Forward would be of little help to Maine's 200,000 adult students who started college, but because of work and family obligations, did not complete their degree. The cost of higher education has increased most for these working adults because of reductions in public aid.⁴ The Maine legislature has reduced state appropriations for the State of Maine grant program by 21 percent over the past ten years.⁵

There are also severe financial constraints to implementing Pay It Forward. The start-up costs of implementing Pay It Forward in the University of Maine System for all incoming freshmen would exceed \$25 million in the first year and \$100 million in the fourth year before the first cohort of graduates begin repayment. The lag before repayment dollars become sufficient to cover program costs will require a substantial long-term subsidy by the state. Based on MECEP's projections for a pilot project in Maine, taxpayers could be responsible for substantial costs to fund the program for close to 20 years.⁶

I urge the committee to reject the Pay It Forward proposal for Maine. We believe that state funds would be better spent increasing the State of Maine grant program, which is a more effective means of helping Maine students who are struggling with college costs and student loans.

Thank you and I am happy to answer any questions.

¹ Working Poor Family Project: Analysis of 2013 American Community Survey.

² Daggett, Christy. Maine's Public College Affordability Crisis: It's Worst for Families Earning the Least. Maine Center for Economic Policy: Augusta, ME, April 2015.

³ See University of Maine Website. "Costs at UMaine – Undergraduate Costs of Attendance." Available at: <http://umaine.edu/stuaid/costs-at-umaine-2/undergraduatecoa/>.

⁴ Colleen Quint, Lisa Plimpton, Mitchell Institute, Investing in Higher Education is Economic Development, p. 2.

⁵ Maine Legislature. Final Report of the Commission to Study College Affordability and College Completion, December 9, 2014.

⁶ Martin, Garrett, Executive Director, Maine Center for Economic Policy. Presentation to the Commission to Study College Affordability and College Completion, Augusta, ME, October, 2014.