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**Testimony IN FAVOR of HB 5241 AA Requiring a Study of a Pay-It-Forward College Payment Plan**

Submitted by Lindsay Farrell, Connecticut Director

Representative Willis, Senator Cassano, and distinguished members of the Higher Education Committee, thank you for holding a hearing on this bill today.

The student debt crisis is increasingly burdensome on Connecticut families. The financial burden of college education prohibits students from attending a higher education program, ruins the credit and purchasing power of college participants (particularly in the housing and automobile markets), forces students to drop out of school before they have completed their studies, and saddles students and parents with usurious penalties. Americans have a collective >\$1.2 trillion in student debt, and seven million (17.5%) borrowers are currently in default. While Congress stalls, we need to tackle this issue however we can in Connecticut.

**Working Families supports the following principals for addressing this crisis:**

- Education is a public good. State legislatures must fund public higher education at a level sufficient to provide a high quality, affordable, and accessible public higher education for students, and pay decent wages and benefits to faculty and staff. The legislature should commit to a funding floor for higher education, with a commitment to increase funding over time.
- The status quo is not working. Public disinvestment from higher education has caused tuition to skyrocket, shifting the burden onto students. At the same time, the quality of public higher education has declined, as tenure-track faculty positions have been replaced by low-wage adjunct positions and online education, student to faculty ratios have increased, and essential programs are being cut. The high tuition/high aid model has not provided a stable funding stream for public colleges and universities, and has resulted in increased reliance on student loans.
- Education should be as accessible as possible. This means that access to state and federal need-based aid must be protected and expanded.
- WF supports a tuition-free public higher education system. Given the challenges that exist with securing adequate public funding, we support an income-based contribution into a publicly administered higher education fund in lieu of tuition.
- Academic needs should be a priority in institutional budgets. The quality of education should never be compromised for financial concern or benefit.

- Private lenders should not profit from the educational debt of students. A Debt-Free Higher Education system should have no role for corporate Wall Street lenders, and should socialize the benefits of a shared responsibility model for funding higher education.
- We must address the debts held by graduates, which are reaching astronomical levels. We believe that state-based policies should be investigated simultaneously with federal solutions to address fair lending concerns, such as interest rates, bankruptcy protections, and a statute of limitations.

**Working Families recognizes that no one policy can solve all of these problems. We must engage in an ongoing way with solutions to improve both public revenue and appropriations, while at the same time investigating other ways to reduce indebtedness for students.**

The Pay It Forward solution offers students access to higher education without debt. Students at public universities and community colleges would pay no tuition up-front. In exchange, they would agree to pay a small percentage of their income for a set period of years to “pay forward” the cost of instruction for the next generation of students.

We urge this committee to pass this bill to study a Pay It Forward concept for Connecticut as one tool in the tool kit for tackling the student debt crisis. Connecticut needs innovative solutions to tackle this problem. Pay It Forward should be considered as part of a comprehensive strategy to make college more accessible and a better value for attendants.

We see this proposal as a mechanism to transfer the burden of debt off of students by replacing the role of tuition and loans. We would not support such a fund replacing the role of public appropriations. In fact, a social insurance model would work best when paired with increased public appropriations. We are not attached the name Pay It Forward for such a policy.

**Some suggestions for the structure and language of this legislation:**

- Change any language such as “upon graduation” to upon departure, or upon leaving the school. Such a program will not be secure if students who leave early have no responsibility to the system.
- Explore CHESLA as a possible venue to create a Pay It Forward styled system. The fund could possibly provide the upfront funding to public higher education institutions in lieu of student tuition payments.
- There needs to be a more well-rounded approach to studying the program for Connecticut. The Office of Higher Education, the University of Connecticut, the Board of Regents of Higher Education, our allies in labor (specifically at the education unions), student organizations, CHEFA and other stakeholders need to be participants.
- There is no reason to exclude concerns such as state disinvestment or reigning in the costs of higher education from this study. Looking at Pay It Forward in a broader context will help Connecticut find the right solution for our state.

Thank you for your consideration of these issues and we hope the committee will support HB 5241.