



State of Connecticut
HOUSE OF REPRESENTATIVES
STATE CAPITOL
HARTFORD, CONNECTICUT 06106-1591

REPRESENTATIVE MATTHEW LESSER
ONE HUNDREDTH ASSEMBLY DISTRICT

LEGISLATIVE OFFICE BUILDING
ROOM 4032
HARTFORD, CT 06106-1591

HOME: 860-344-1230
CAPITOL: 860-240-8585
TOLL FREE: 800-842-8267
FAX: 860-240-0206
E-MAIL: Matthew.Lesser@cga.ct.gov

VICE CHAIRMAN
GOVERNMENT ADMINISTRATION AND
ELECTIONS COMMITTEE

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INTERNSHIP COMMITTEE

Testimony regarding House Bill 5241, AN ACT REQUIRING A STUDY OF A PAY-IT-FORWARD COLLEGE PAYMENT PLAN.

Representative Willis, Senator Cassano, honorable ranking members Senator Boucher and Representative LeGeyt, distinguished vice chairs and members of the Higher Education and Employment Advancement Committee:

Given the crisis in the cost of higher education, with student debt now the largest single source of unsecured debt in the United States, I wish to testify today in strong support of **HB 5241 AN ACT REQUIRING A STUDY OF A PAY-IT-FORWARD COLLEGE PAYMENT PLAN.**

Evidence continues to mount that the spiraling cost of college education has increased income inequality, limited social mobility and knocked America from first to fourteenth in the world in percentage of its population with college degrees.

While I strongly support the bill, I would respectfully ask that the Committee consider the following modifications:

- 1) Ensure that rather than the Office of Higher Education **that the study be led by an agency or quasi-public agency with expertise on bonding and capital markets**, in consultation with the Office of Higher Education, the University of Connecticut, the Board of Regents of Higher Education and other stakeholders. I would suggest that the Committee approach the Connecticut Health and Educational Finance Authority (CHEFA), the State Treasurer and/or other interested parties to consider financing options that would allow for Pay it Forward but have little or no effect on the operations of educational institutions.
- 2) I would encourage that the study be asked to examine continued eligibility for federal student aid, issues related to collection of debt, ensuring state maintenance of effort in funding of higher education, and the moral hazard created if a program creates incentives

for participation by students with only low earning potential. In that light, I would suggest that the study monitor developments by other states, the US Department of Education and the US Congress to attempt to address each of those issues.

3) I would respectfully suggest that any Pay-it-Forward study look at potential cooperation with non-public colleges and universities.

Pay it Forward is an intriguing and potentially transformative method of helping students escape the burden of crushing student debt. By no means is it the only potential solution and it is clear to me that many questions need to be answered before Connecticut could seriously consider full implementation.

However I would strongly urge the Committee to consider it seriously by moving this study forward, as the Committee considers other options to deal with the critical and growing issue of college affordability.

Sincerely,

Matthew Lesser