

June 2014

Word Count 230

Attention editors
and producers:

Cascade Commentaries are provided for reprint in newspapers and other publications, with credit given to author(s) and Cascade. Contact Cascade to arrange print or broadcast interviews on this commentary topic.

Please contact:

Cascade Policy Institute
4850 SW Scholls Ferry Rd.
Suite 103
Portland, Oregon 97225

Phone: (503) 242-0900
Fax: (503) 242-3822

www.cascadepolicy.org
info@cascadepolicy.org

4850 SW Scholls Ferry Road
Suite 103
Portland, Oregon 97225

t: 503.242.0900
f: 503.242.3822
info@cascadepolicy.org
www.cascadepolicy.org

QuickPoint! – “Pay-It-Forward” Is a Step Back

By Joel Grey

The Oregon Higher Education Coordinating Commission is considering a [proposal](#) called “Pay-It-Forward.” This pilot program would give free tuition at a state university to one thousand high school graduates each year, beginning in 2016. In exchange for free tuition, students would cede 3-5% of their paychecks over a twenty-year period. Although the program is intended to become self-sustaining, it would cost between \$6.5 and \$20 million each year for the first twenty years until that happened.

This is an example of a government proposal that is not well thought out. Yale tried a [similar experiment](#) in the 1970s and eventually forgave much of the debt years later. Many students overpaid for their education, while 20% defaulted. Oregon shouldn’t repeat Yale’s mistake.

Furthermore, having a third-party payer for college [reduces students’ incentive](#) to decide whether to attend college or to pursue other options, like technical schools. It also [makes students less sensitive to the prices](#) of institutions, likely increasing the cost of college over the long run.

Education should be an investment, but students and their families should invest and then reap the benefits. That way, talented students can succeed based on merit, rather than government funding students at great cost to taxpayers, with no guarantee a pilot program like “Pay-It-Forward” will work as intended.

Government simply can’t make decisions as well as the individuals who are affected by those decisions.

Joel Grey is a research associate at Cascade Policy Institute, Oregon’s free market public policy research organization.