

DWIGHT TAKAMINE DIRECTOR

JADE T. BUTAY DEPUTY DIRECTOR

STATE OF HAWAII DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS

830 PUNCHBOWL STREET, ROOM 321 HONOLULU, HAWAII 96813 www.hawaii.gov/labor Phone: (808) 586-8842 / Fax: (808) 586-9099 Email: dlir.director@hawaii.gov

January 23, 2014

To: The Honorable Mark Nakashima, Chair, The Honorable Kyle Yamashita, Vice Chair, and Members of the House Committee on Labor & Public Employment

Date: Friday, January 24, 2014

Time: 8:30 a.m.

- Place: Conference Room 309, State Capitol
- From: Dwight Y. Takamine, Director Department of Labor and Industrial Relations (DLIR)

Re: H.B. No. 1566 Relating to Education

I. OVERVIEW OF PROPOSED LEGISLATION

H.B. No. 1566 proposes to convene a task force led by the department Director to examine the feasibility of establishing a "pay forward, pay back" program at the University of Hawaii.

The "pay forward, pay back" system enables Hawaii residents who are enrolled at the University of Hawaii an opportunity to pay no tuition or enrollment fee upon enrollment and to sign a binding contract to pay the state or university a percentage of their gross income over several years after graduation.

II. COMMENTS ON THE HOUSE BILL

While the department supports the intent of this measure, the jurisdiction of the task for chairing and convening the task force appears to be more appropriately placed within the University of Hawaii system.



UNIVERSITY OF HAWAI'I SYSTEM

Legislative Testimony

Testimony presented before the House Committee on Labor & Public Employment January 24, 2014 at 8:30 am By Dr. Joanne Itano Interim Executive Vice President for Academic Affairs University of Hawai'i System

HB 1566 - RELATING TO EDUCATION

Chair Nakashima, Vice Chair Yamashita, and members of the House Committee on Labor and Public Employment:

The University of Hawai'i (UH) welcomes the aim of HB 1566 to provide residents in Hawai'i with greater access to post-secondary education by convening a task force to examine a "pay forward, pay back" program in which residents enrolled as students pay no tuition or fees but sign a binding contract to pay the State or UH a percentage of their future adjusted annual gross income after graduation.

As the single public higher education system in Hawai'i UH is keenly focused on providing more students with the opportunity to pursue postsecondary education, the heart of our strategic goals.

The University submits this testimony with concerns regarding HB 1566 because results are not yet known in other states that have proposed this model. UH notes that while "pay forward, pay back" programs have prompted interest in other states, to our knowledge there has been no actual implementation of the program to date, and therefore, no results to evaluate. In addition, we have concerns about the practicality of initial start-up costs and later loan collection mechanisms for students who have graduated. We respectfully suggest that it would be prudent to examine preliminary results of programs in other states once these are forthcoming.

Thank you for the opportunity to testify on this measure.