Growing numbers of high school graduates are losing their shot at the American Dream, as the long-term decline in state funding for higher education pushes tuition costs out of reach for middle-class and low-income families. Students and their families must either take on a mountain of debt or shelve plans to attend college.

To address the financial barriers to higher education, EOI developed “Pay It Forward: A Debt-Free Degree Proposal”.

Pay It Forward: EOI takes on the student debt crisis

Under Pay It Forward, students pay no upfront tuition fees to attend college. Instead, they contribute a small percentage of their income for a number of years after college: 0.75% per year of community college, or 1% per year of university, for 25 years. Payments are placed in a trust fund that covers the cost for future students to receive the same opportunity to attend college with no tuition fees – hence, “Pay It Forward”.

What does that look like?

<table>
<thead>
<tr>
<th></th>
<th>1 Year Post-Grad</th>
<th>10 Years Post-Grad</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean income for BA graduate</td>
<td>$27,275</td>
<td>$53,103</td>
</tr>
<tr>
<td>Monthly PIF contribution (4%)</td>
<td>$91</td>
<td>$161</td>
</tr>
</tbody>
</table>

All figures in 2012 dollars

www.eoionline.org
Pay It Forward
Rethinking Higher Education
Restoring the American Dream

Pay It Forward Captures the Nation’s Attention
In July, Oregon unanimously passed HB 3472, commissioning a plan to implement Pay It Forward. Just one month later, 14 states are considering Pay It Forward bills and U.S. Senator Jeff Merkley (OR), recently unveiled plans for federal legislation that would provide funding for states implementing Pay It Forward.

Pay It Forward...asks the most of those graduates who are best equipped to pay and the least of graduates who can’t. It also unravels one of the most pernicious moral hazards of a college education: Universities claim to prepare students for the workforce, yet they are paid whether they fulfill that promise or not. And it would eliminate the role of big banks, which have built a lucrative industry from student loans.

-Katrina vanden Heuvel
The Washington Post, Aug. 6

States considering Pay It Forward

Be a Part of the Solution to the Student Debt Crisis
Representative Larry Seaquist (D-26) has committed to introducing a Pay It Forward bill for Washington in 2014. EOI is working with legislators across the country to implement Pay It Forward.

To learn more about Pay It Forward visit: www.eoionline.org/higher-education.