

The Employer Participation in Repayment Act

Rep. Scott Peters (D-CA) and Rep. Nicole Malliotakis (R-NY)
Sen. Mark Warner (D-VA) and Sen. John Thune (R-SD)

Legislative Background

In the 116th Congress, Reps. Scott Peters and Rodney Davis and Sens. Mark Warner and John Thune introduced the Employer Participation in Repayment Act. The bill was supported by 271 members in the House and 64 members in the Senate. The bill became law as part of the [CARES Act](#) in March 2020 and it received a five-year extension under the [Fiscal Year 2021 federal spending package](#). It will remain in effect until January 1, 2026, when it expires.

What the legislation does

The bipartisan, bicameral Employer Participation in Repayment Act allows employers to offer their employees an annual tax-free benefit of up to \$5,250 to assist paying off an employee's student loans in perpetuity by striking the provision's expiration date from the tax code. This tax fix works in favor of both employees and employers, as it also continues to incentivize businesses to address the growing student debt crisis. This legislation provides a creative, collaborative, and common-sense solution to the serious student loan debt crisis and unites stakeholders across the political and financial spectrum.

The Problem

The student debt crisis in the United States is reaching unprecedented levels, as total debt now totals over \$1.6 trillion, held by nearly 44 million Americans, according to the Office of Federal Student Aid at the Department of Education. Student debt causes borrowers to postpone major milestones, such as buying a home or saving for retirement, impeding economic growth and security. Since 2020, this benefit has been a crucial tool for employees in the process of repaying their loans and employers who utilize it as an invaluable recruitment and retention tool. However, the provision is set to expire on January 1, 2026, without further action.

The Opportunity

As student loan debt increases, more employers have begun to offer tuition and debt assistance as an employment benefit. Given their increasing debt load, employees particularly prize these kinds of benefits. 45% of workers consider student loan repayment assistance the single most important employee benefit, even ranking it higher than additional retirement and health care contributions.¹ 54% of employees between the ages of 18 and 24 would rather have student loan repayment assistance than a 401k, and 53% of employees say they would prefer student loan repayment assistance over additional vacation². Evidently, student loan repayment assistance is a powerful tool to recruit and retain employees. By making student loan repayment assistance tax-exempt for employees in perpetuity, businesses will have more ways to competitively recruit and retain the most talented employees while also making higher education more affordable and accessible. Student loan repayment should be permanently tax-exempt just like tuition assistance, and other benefits employers offer.

¹ "Student Loan Repayment Assistance: Aligning Workplace Benefits With Employee Priorities." *Nasdaq*. Vestwell. 26 Jan. 2024. Web. <https://www.nasdaq.com/articles/student-loan-repayment-assistance-aligning-workplace-benefits-with-employee-priorities>

² "More Companies Need to Offer Student Loan Help According to the Results of This New Survey." *Student Loan Hero*. N.p., 21 Nov. 2016. Web. 19 July 2017. <https://studentloanhero.com/featured/employer-sponsored-student-loan-repayment-assistance-survey-results-2016/>