

LB69 Student Loan Repayment Tax Credit

Nebraska students have a high debt burden upon graduation

Fifty-seven percent of Nebraskans in the class of 2019 have student debt, with the average graduate finishing with \$26,026 of student debt. This represents a 50% increase in the average debt of Nebraska students since 2004¹. There are currently 239,000 Nebraskans with student debt, including 19,632 Nebraskans who are over age 60².

Furthermore, this debt burden has a variety of disparities. Nationally, Pell Grant recipients were nearly twice as likely to report having difficulty with their debt payments (31% vs 14% of general students) and 30% of first-generation college students had difficulty with their student loan payments³. This debt burden saps the spending ability of Nebraska workers, increasing economic instability, and reducing the amount of income spent in Nebraska. It's also a drag on the statewide economy as a whole, with student loan debt often causing borrowers to delay economically positive actions, such as homeownership and retirement saving⁴.

Nebraska businesses face challenges in workforce development

Over the past decade, Nebraska businesses have had challenges finding qualified employees, with the state facing an annual 24,600 person shortage of qualified workers for available jobs.⁵ Much of this is exacerbated by brain drain. From 2007 to 2017, Nebraska had a worker inflow/outflow deficit of 15,570 workers with bachelor degrees that left the state.⁶ This shortage of workers is especially acute in the areas of IT and other STEM degrees that require a college education⁷. These high growth, high skill, high wage (H3) jobs are critical to the future of Nebraska's economy.

How LB69 works

LB69 would provide a tax credit for businesses equal to one half of their contribution to their employee's student loan repayment, up to a maximum tax benefit of \$1,800 per employee (creating \$3,400 of loan repayment per employee). This amounts to roughly \$300 per month in loan repayment per employee.

25% of the credit to go to small businesses with 30 or fewer employees. There is a cap of 20 employees per employer, allowing a maximum credit of \$36,000 per employer. The entire program is capped at \$1.5 million per year. If every employer that offered the benefit received the maximum credit, roughly 830 employees total would receive the benefit.

Offering a tax credit to businesses to assist with student loan repayment helps graduates, while making Nebraska businesses more competitive in employee recruitment and retention

¹ Institute for College Access & Success, 2020, <https://ticas.org/wp-content/uploads/2020/10/classof2019.pdf>

² https://omaha.com/news/education/heres-how-student-loan-debt-adds-up-in-nebraska/article_6890dd87-b2ca-5ba7-a98e-1710e8b26c3e.html

³ Institute for College Access & Success, 2020, <https://ticas.org/wp-content/uploads/2020/10/classof2019.pdf>

⁴ <https://www.bankrate.com/finance/consumer-index/money-pulse-0815.aspx>

⁵ <https://aksarben.org/wp-content/uploads/2019/10/Aksarben-Workforce-Development-Conference-2019.pdf>

⁶ <https://aksarben.org/wp-content/uploads/2019/10/Aksarben-Workforce-Development-Conference-2019.pdf>

⁷ https://opportunity.nebraska.gov/wp-content/uploads/2019/03/Nebraskas_Next_Economy_Analysis_and_Recommendations_web.pdf

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Explanation of Amendment