

Testimony: Rep. Scott Peters (CA-52)  
Ways & Means Committee Member Day  
Tuesday, June 4, 2019

Chairman Neal and Ranking Member Brady:

Thank you for hosting “Member Day” for your colleagues like me who have important legislation and priorities pending in your esteemed committee.

I’m here to highlight my bill, H.R.1043, the Employer Participation in Repayment Act, which I introduced with Mr. Rodney Davis.

The bill is simple: It would make employer-provided student loan repayment tax-free up to \$5,250 per year, just like tuition assistance is treated today.

This will provide a real incentive for more employers to help graduates pay down their student debt.

I don’t need to tell you what your constituents probably tell you daily: Student loan debt is a huge burden for many folks.

Millions of Americans across the country have a similar story of how access to affordable higher education expanded their opportunities and helped them attain the American Dream.

Today, it is getting harder for qualified students to afford the ever-increasing price of higher education they need to compete in a brain-powered economy.

For many graduates, the burden of student loan debt weighs them down for years after they earn their degree.

Nearly 70 percent of today’s college graduates will face student loan debt, with the average undergraduate student facing roughly \$30,000 in loans and an average monthly payment of \$393.

Student loan debt disproportionately hurts women and minorities, too.

Women hold approximately 67 percent of all student debt even though they make up approximately 57 percent of graduates.

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Black graduates leave school with nearly \$7,500 more in student loan debt on average than their white classmates.

This not only hinders these graduates and their families, but our economy as well.

The burden of debt affects their choices about their career, when to make investments like buying a car or a home, and when to start a family.

A recent report by the Federal Reserve found student debt to be a primary cause of lower home ownership rates among young people.

New research indicates student debt is also holding back young Americans from pursuing new opportunities. Student debt makes individuals less likely to seek out new employment or new career opportunities and creates a more risk-averse individual.

And this committee knows more than any other the importance of starting to save early for retirement. Student loan debt hinders workers' ability to save for retirement. Workers lose out on compound interest, forcing them to play catch up after their student loans are paid off.

The good news is many employers are stepping in to help ease the burden of student loan debt.

In a strong, competitive economy like we have now, employers are eager to find ways to attract top talent – and keep it.

According to the Society of Human Resource Management, more than half of Americans say student loan benefits would play a role in evaluating job opportunities.

My bill would help employees currently receiving student loan benefits from their employer and incentivize more companies to start offering this benefit.

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An astonishing 92 percent of companies offer some form of tuition assistance. Right now, only 4 percent of companies offer student loan repayment. I believe more companies would take up this program if the tax treatment was changed.

Just this week, New Balance announced they would start a student loan repayment program if this bill becomes law.

Congress first created the educational assistance program to help cover the cost of college and could not envision a world with \$1.5 trillion in existing student debt.

It is time for this Congress to update the law. Circumstances have changed and more graduates rely on student loans to afford the cost of higher education.

We must do more to address the student debt crisis in this country. This bill won't solve the student debt crisis, but it will provide relief for many Americans who struggle to make their student loan payments each month.

The bill has 145 bipartisan cosponsors from 40 states. It's supported by a diverse range of over 60 businesses, colleges, nonprofits and student groups, including the Society for Human Resource Management, National Education Association, American Association of Community Colleges, Association of Young Americans, Starbucks, Raytheon, Hewlett-Packard, and more.

We should pass this commonsense legislation, and I look forward to working with you all to get this bill across the finish line.

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I introduced another bill, H.R.2120, the Saving for the Future Act, that falls under your committee's jurisdiction. This bill ensures that every American can save for retirement.

The bill establishes a minimum employer contribution to a savings plan of 50 cents per hour worked, which equals \$20 per week and more than \$1,000 per

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year. With standard contributions, this could generate over \$600,000 saved over a lifetime of work.

If an employer currently offers a traditional retirement plan, then they won't have to change anything.

Employees at smaller companies would be able to save through federally provided "UP Accounts," modeled after the popular Thrift Savings Plan for federal workers.

Congress has already made good progress this year to promote Americans saving for their retirement.

I applaud the Ways and Means Committee for shepherding the bipartisan SECURE Act and hope the Senate acts on the legislation soon.

I urge the committee to take further action and expand the population of Americans who currently do not have access to retirement savings accounts.

There is much we can do on a bipartisan basis to make Americans' lives better, and I look forward to being a partner in that process.

Thank you for your time today, I yield back.