

## **Docket Item**

November Legislative Update

## **Summary**

### Legislative Concept Details

There are two remaining concepts to preview with the Commission. These items are a proposal for a tax deduction for student loan payments made by an employer and a proposal to proactively collect some public university financial data.

#### *Student Loan Tax Deduction*

Student loan debt burdens affect home ownership rates, consumer spending, and employment decision-making, yet while tuition payments made on the part of an employer can be tax deductible, student loan payments are not. This type of employer benefit is only offered by around 5% of employers.

A state incentive to offer this benefit may induce more employers to provide the benefit to employees, increasing the attractiveness of Oregon employers to job seekers while helping borrowers repay student loan debt more quickly. Additionally, allowing employers to deduct from their Oregon taxes student loan payments paid on employees' behalf and allowing employees to deduct the value of this benefit from their Oregon income would provide an incentive for well-educated recruits to move to Oregon and for Oregon graduates to remain here, providing a competitive advantage to Oregon employers.

The proposal creates an incentive by mirroring a current federal deduction, one that allows employers to pay up to \$5,250 per year per employee for tuition, and have those payments excluded from income – creating a payroll tax benefit for employers and an income tax benefit for employees, and applying it to payments for student loans for state tax purposes.

#### *Public University Financial Data*

Under ORS 350.075, the HECC is responsible for ensuring compliance with state higher education goals. However, HECC lacks direct access to the university financial data required to ensure compliance and answer key policy questions.

Currently HECC staff must create specific requests for such data on an ad hoc basis, which both slows down the collection of such data and can result in the resulting data provided by the institutions being incomplete. In addition, HECC staff also occasionally respond to external requests from media members, or members of the public, for which such data would be helpful in responding. Collecting such data on a regular basis and within a pre-established framework would improve these processes and allow the HECC to reply more readily to other external requests.

HECC surveyed 11 state higher education coordinating entities and all 11 states reported they have access to this data and it is valuable in answering certain higher education finance and policy questions.

The proposed LC seeks to establish the authority of HECC to collect university financial data.

### 2019 Legislative Concept Package

Over the past several commission meetings, the commission has received information on 12 legislative concepts. One concept has since been withdrawn, leaving 11 concepts for the Commission to approve.

HIGHER EDUCATION COORDINATING COMMISSION

Docket Item 5.0:  
November 8, 2018

Approval of the agency bill requests is required according to the Commission's "Delegation of Authority" document dated February 8, 2018.

The 11 concepts being submitted to the Governor's office and DAS for review and potential introduction in the 2019 Legislative session are as follows:

1. LC 331 – eTranscripts – To require a work group conduct a feasibility study and cost benefit analysis on building an electronic transcript system
2. LC 333 – Building on Transfer Pathway Work – To update the Transfer Student Bill of Rights and Responsibilities to conform with HB 2998 (2017), and to require the construction of a transfer portal
3. LC 335 – Accelerated Learning Standards – To codify two accelerated learning standards adopted by HECC in June 2016
4. LC 336 – Individual and Institutional Grants for Adult Attainment – To create two grant programs: 1) for individual returning adult learners seeking to transition into a high demand, living wage career, and 2) for institutions that develop programs and strategies to support the returning adults
5. LC 339 – Native American College Access Grant – To establish a first dollar financial aid program for students of Native American heritage
6. LC 340 – Oregon Promise Grant – To index the minimum Oregon Promise grant award to inflation, eliminate the \$50 copay, and fix a technical issue with current statute
7. LC 343 – Student Loan Payment Tax Deduction – To provide a tax deduction for employers and employees for the direct payment of student loans by an employer
8. LC 344 – Oregon Youth Conservation Corps Sustainability – To raise revenue to support the Oregon Youth Conservation Corps
9. LC 345 – Agency Minor and Technical Revisions – To modify and correct multiple statutes related to higher education and HECC
10. LC 347 – Implied Authority – To provide the agency with authority to conduct activities in pursuit of statutory mandates, even if those activities are not specifically enumerated in statute. To place the agency at parity with other state agencies
11. LC 349 – Public University Financial Data Collection – To establish a regular, defined university financial data collection system and process

**Staff Recommendation:**

Staff recommends the Commission approve a motion to recommend the 11 listed legislative concepts to the Governor's office, for review and potential introduction in the 2019 legislative session.