



ALASKA SHRM STATE COUNCIL



ACPE & Student Loan Repayment Assistance in Alaska

Richard Millay and Kerry Thomas

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ACPE & Student Loan Repayment Assistance in Alaska



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Topics to be covered

- **ACPE & Supporting Development in Alaska**
- **ACPE Loan Repayment Initiative**
- **Emerging Loan Repayment Models**
- **Loan Repayment in Alaska**
- **Questions & Answers**



ACPE & Supporting Workforce Development in Alaska



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Who we are

- **Alaska Commission on Postsecondary Education (ACPE)**
- **Alaska Student Loan Corporation (ASLC)**
- **Our mission:**

ACPE promotes access to and success in education and career training beyond high school



Education Planning and Promotion

- **Outreach and awareness programs**
- **Success Center**
- **Alaska Career Information System (AKCIS)**
- **Alaska Postsecondary and Completion Network**



Financial Aid – Grants and Scholarships

■ **Alaska Performance Scholarship**

- Merit based scholarship
- Available to Alaska residents who graduate from Alaska high school and meet eligibility requirements
- Up to \$4,755 per year

■ **Alaska Education Grant**

- Needs based criteria
- Awards range from \$500-\$4000 per academic year

Financial Aid – Loan Programs

- **Low cost student loans**

- Alaska Supplemental Education Loan (ASEL)
- Family Education Loan (FEL)

- **Career-specific loans**

- Winn Brindle
- Washington, Wyoming, Alaska, Montana, Idaho Regional Medical Education Program (WWAMI)
- Western Interstate Commission for Higher Education Professional Exchange Program (WICHE PSEP)



Alaska Refinance Loan

- A low, fixed interest rate
- No fees & no prepayment penalties
- Repayment terms of 5, 10, or 15 years
- Federal, private, and state education loans from any qualified lender
- Option to exclude federal loans, which may have benefits you don't want to lose



Institutional Authorization and Consumer Protection¹⁰

- **Postsecondary institutional authorization and exemptions**
- **Student complaints investigation**
- **Records retention from closed Alaska institutions**



Research & Policy Analysis

■ Research

- Alaska Performance Scholarship evaluation
- Postsecondary education and financial aid outcomes
- Strategic planning

■ Reports

■ Partnership initiatives



ACPE Loan Repayment Initiative



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What is Loan Repayment Assistance?

- **Employer-sponsored benefit**
- **Employer agrees to make payments toward employees student loan debt**
- **Employer determines contribution amount and frequency**
- **Many employers contract with third party benefit administrators**



Other Types of Education Assistance Programs

- **Government and non-profit organization-funded loan repayment programs**
- **Government-funded loan forgiveness programs**
- **Employer-sponsored tuition assistance**



Comparing Education Assistance Options

	Loan Forgiveness	Loan Repayment Assistance	Tuition Reimbursement
Types of loans eligible	Varies by forgiveness program	Any education loans	N/A
Program of study	Related to public service career	Dictated by employer	Dictated by employer
Occupational sectors	Government, non-profit, health, law, teaching	Any	Any
Funding source(s)	Government, non-profit organizations	Employer	Employer
Tax considerations (to student)	Taxable as income	Taxable as income	Tax-deductible up to \$5,200

The Current State of the Workforce

- **Student loan debt has increased 96% since 2010**
- **86% would commit to their employer for five years, if student loan debt assistance was offered**
- **Over 50% of Americans said an employer-provided student loan repayment benefit would play a role in how they evaluate job opportunities**



Outlook on Loan Repayment Assistance

- **Expected to grow rapidly in the near future**
- **8% of employers offered in 2019, up from 3% in 2015**
- **Industry analyst predicts increase to 26% in coming years**



ACPE Loan Repayment Initiative

Objectives:

- 1. Create awareness of student loan repayment**
- 2. Connect employers with resources to establish their own programs**
- 3. Provide information on latest trends and developments**



Why Loan Repayment?

- Attract talent
- Increase competitive advantage
- Hire 13% faster
- Retain 36% longer
- A win-win for employers and employees

Hire Faster Retain Longer

How student loan repayment attracts top talent

Recruitment



Retention

Retain 36% longer¹



86% of Millennials say they will commit to work 5 years for a company helping to pay their loans²

almost **half** have student loans

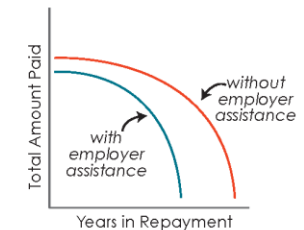
57% say student loans are a major problem³

Hire the best employees and keep them.

Contributing to your employee's monthly student loan payment gets your company ahead. An investment as little as \$150/month puts you at a competitive advantage in attracting top performers, and keeping them on your team.

Student loan repayment assistance is a win-win.

You save recruitment and training costs – and your employees save money by paying off their loans faster, reducing total borrowing costs: \$150 per month can add up to 2.5 years faster repayment and savings of \$17,900*.



ACPE seeks to support employer efforts to create and maintain employer-sponsored student loan repayment programs to attract and retain skilled workers and strengthen Alaska's workforce.



* Estimated savings are based on a \$50,000 student loan balance at 6% APR, under a 10-year repayment plan with a \$150 monthly employer contribution plus regular monthly payments made by the borrower.

Sources:

1 Peanut Butter, Millennial Benefit Preferences Study, 2017.

2 American Student Assistance, 2017.

3 Harvard Institute of Politics, 2018.

Considering your own student loan repayment program? Tell us how we can help.

Contact Richard Millay - 907-465-6683 - richard.millay@alaska.gov

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Potential Benefits

- **Enhance recruitment efforts**
- **Retain existing employees**
- **Reduce employees' financial stress**
- **Remain competitive in a tight labor market**



Popular Third Party Benefit Administrators

- [CommonBond](#)
- [EdAssist](#)
- [Gradifi](#)
- [Leaf Education Benefits](#)
- [Peanut Butter](#)
- [SoFi](#)
- [tuition.io](#)

***ACPE does not endorse or recommend any of the above listed providers**



Emerging Loan Repayment Models



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Tax Incentivized - Federal

■ Federal Legislative Action

- Congressional efforts for loan assistance tax incentives:

House

- H.R.795 - 2017 Employer Participation in Student Loan Assistance Act

Senate

- S.796 – 2017 Employer Participation in Repayment Act
- S.3595 - 2018 Student Loan Repayment Acceleration Act

Tax Incentivized - States

- **Connecticut**

- Employer tax credit up to \$2,625 per year

- **Maine**

- Employer tax credit up to \$4,500 per year for Bachelor's degree recipients, \$840 for Associates degree recipients

- **North Dakota**

- Will be jointly administered by public and private interests



401(k) Match

- **IRS Private Letter Ruling (PLR)**
 - Allows employer to make a matching 401(k) contribution when employee makes loan payment
 - PLR *only* applies to requesting organization, but signals future treatment of such plans



Unused PTO Conversion

- **Allows employees to convert unused PTO to loan contributions**
- **Employers can set parameters**
- **Often administered by a third-party platform**



Loan Repayment Assistance in Alaska



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Loan Repayment Assistance in Alaska

- **Primarily loan *forgiveness* is offered in Alaska**
- **Benefits are available on Federal loans only**
- **Most programs limited to high-demand public service sector occupations**
- **No tax incentives exist for loan repayment**
- **Increasing repayment opportunities in Alaska for healthcare and federal workers**



Loan Repayment Initiative Actions to Date

- Created Loan Repayment Infographic
- Partnered with Alaska Teacher Placement to administer pilot survey of Alaska School Districts
- Presented to Alaska Process Industry Careers Consortium (APICC)
- Partnered in joint ACPE & Alaska SHRM State Council Survey
- Prepared policy brief for AK Legislature



ACPE & AK SHRM Survey Findings

- **53% of positions require postsecondary education**
- **16% of respondents considered implementing student loan repayment**
- **No tax incentives exist for loan repayment**
- **Increasing repayment opportunities in Alaska for healthcare and federal workers**



Next Steps

- **Increase awareness about loan repayment programs**
- **Gather and share information about related legislation**
- **Determine how ACPE can assist employers in their loan repayment efforts**



Questions?



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Thank You!

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