



February 18, 2025

The Honorable John Thune
U.S. Senate
511 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Mark Warner
U.S. Senate
703 Hart Senate Office Building
Washington, DC 20510

The Honorable Nicole Malliotakis
U.S. House of Representatives
351 Cannon House Office Building
Washington, DC 20515

The Honorable Scott Peters
U.S. House of Representatives
1201 Longworth House Office Building
Washington, DC 20515

Endorsement of the Employer Participation in Repayment Act

Dear Sen. Thune, Sen. Warner, Rep. Malliotakis, and Rep. Peters:

On behalf of the Section 127 Coalition, we write to express our strong support for the Employer Participation in Repayment Act. This legislation would permanently enable employers to provide up to \$5,250 of annual tax-free, student loan repayment educational assistance as a voluntary benefit to their employees under IRS Section 127.

The Section 127 Coalition is co-chaired by the National Association of Independent Colleges and Universities (NAICU) and the Society for Human Resource Management (SHRM) and represents a diverse array of nearly 60 organizations including trade associations, higher education institutions, and private employers. All members are dedicated to preserving and strengthening employer-provided educational assistance.

Section 127 of the Internal Revenue Code allows employees to receive up to \$5,250 per year in educational assistance from their employer for eligible education-related expenses, such as tuition or student loan assistance, as a tax-free benefit. This provision incentivizes employees to take advantage of employer-funded education and loan repayment opportunities without the concern of a tax penalty for doing so. The Consolidated Appropriations Act, signed into law in December 2021, allows employers to contribute up to \$5,250 per employee annually toward student loan assistance without increasing the employee's gross taxable income. This provision is set to expire on January 1, 2026.

According to the Education Data Initiative, 42.8 million borrowers have federal student loan debt in the U.S., and the average federal student loan debt balance is nearly \$38,000. These levels of student loan debt create a significant financial burden for many individuals.

The Section 127 Coalition believes that enabling employers to invest in their employees by utilizing this voluntary benefit is essential to encourage workers to continue reskilling and upskilling themselves, especially at a time when the demands and skills in the modern workplace are rapidly evolving.



By providing tax-free, employer-provided student loan repayment assistance, this not only enhances employee well-being and job satisfaction but also serves as an invaluable recruitment and talent retention tool for employers.

The Section 127 Coalition believes that providing tax-free educational assistance is essential for working students pursuing their educational goals and is a crucial tool for employers to attract the best employees. This positions the U.S. economy to compete globally by building a skilled workforce.

As the leading voice on protecting and expanding Section 127, we are committed to working with policymakers to advance tax policy solutions for a stronger workforce through employer-provided education assistance. We believe Section 127 plays a vital role in supporting working students and the American workforce, and we are committed to being a trusted partner as you develop meaningful tax policy solutions.

Sincerely,

The Section 127 Coalition

National Association of Independent Colleges and Universities

Society for Human Resource Management

American Council on Education

Association of American Universities

Association of Independent California Colleges and Universities

Association of Jesuit Colleges and Universities

Association of Public and Land-grant Universities

College and University Professional Association for Human Resources

Highway Benefits

HR Policy Association

InStride

Kettering College

National Association of College and University Business Officers

The Coalition of Christian Colleges and Universities

The Consortium of Hospital-Affiliated Colleges and Universities