



PARTNERSHIP FOR PUBLIC SERVICE

**Official Statement for the Record Regarding the  
Generating Opportunity by Forgiving Educational  
Debt for Service Act (H.R. 2363)**

by

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Prepared for:

**The House Committee on Ways and Means  
Subcommittees on Select Revenue Measures and  
Income Security and Family Support**

**Joint Hearing on the Heroes Earnings Assistance and Relief  
Tax Act of 2007**

**Wednesday, October 17, 2007**

Chairmen Neal and McDermott, Representatives English and Weller, Members of the Subcommittees, thank you very much for the opportunity to submit this testimony in support of H.R. 2363, the bipartisan Generating Opportunity by Forgiving Educational Debt for Service Act (GOFEDS) introduced by Rep. Tim Bishop (D-NY). The language in H.R. 2363 complements many of the objectives of the Heroes Earnings Assistance and Relief Tax Act of 2007 and I believe it would be a positive addition to the legislation.

I am Max Stier, President and CEO of the Partnership for Public Service, a non-partisan, nonprofit organization dedicated to revitalizing the federal government. We appreciate your consideration of Representative Bishop's bill and would like to share our thoughts on its impact on both military and civilian employees and the agencies in which they serve. We also urge the Subcommittees to consider adopting language from the bill when drafting the Heroes Earnings Assistance and Relief Tax Act of 2007.

The Partnership has two principal areas of focus. First, we work to inspire a new generation to federal service. Second, we work with government leaders to help transform the business of government so that the best and brightest will enter, stay and succeed in meeting the challenges of our nation. Given those objectives, identifying ways to attract new talent to federal service is high on our list of priorities. We believe that H.R. 2363 has the potential to make a great impact on the government's ability to recruit the highly-skilled individuals needed in all branches of our military and our federal civil service while yielding a significant return on investment.

Our country is facing unprecedented new challenges in a host of areas, from protecting our nation against terrorism, to responding to catastrophic natural disasters like that of Hurricane Katrina. It is crucial that our armed services and federal civilian agencies have some of our nation's best and brightest minds to meet these challenges. Yet at a time when our need for technically- and intellectually- skilled employees is greatest, research indicates young people view the non-profit sector, rather than government, as the best place to build a meaningful public service career. Compounding this problem, Partnership research finds conclusively that student debt is a growing barrier to attracting talented young people to government service. Rising education costs are essentially pricing the best and the brightest out of public service jobs.

According to data from the National Center for Education Statistics, more than half of full-time undergraduate students rely on student loans to finance their education. During the 2003-2004 academic year students took out an average of \$6,200 in loans. Over a four-year period a student can accumulate over \$20,000 in debt. Individuals who pursue graduate school have even greater debt. Those completing master's degrees average \$32,900 in debt. Individuals earning doctorates or other advanced degrees can have an average debt as high as \$125,000.

H.R. 2363 is a straightforward bill. Under the proposal, any student loan repayment made by the federal government on behalf of an employee will not be taxed as part of that employee's income. The tax relief benefits uniformed service members and federal

civil servants. We believe H.R. 2363 is a low-cost initiative that will do much to improve both the military and federal government's ability to recruit and retain the right people with the right skills. In addition, educational or non-profit institutions are already able to offer tax-free loan repayment benefits to graduates who pursue government or non-profit employment. H.R. 2363 puts the federal government's loan repayment program on equal footing with the programs offered by these institutions.

Mr. Chairmen, Members of the Subcommittees, we thank you for this opportunity to submit our views in strong support of H.R. 2363. We encourage the Subcommittees to consider incorporating the GOFEDS language as a provision in the Heroes Earnings Assistance and Relief Tax Act of 2007 or consider other vehicles to help move this bill forward.