

Reigniting Opportunity for Innovators (ROI) Act

Senator Maggie Hassan

The Problem: Although new businesses have historically been the [top job creators](#) in the country, many young people today are delaying starting new businesses because of their student loan debt.

Of the [63 percent](#) of college graduates who left school with student loan debt between 2006 and 2015, 19 percent delayed starting a business due to their student debt. [48 percent](#) of young adults who own a business or are interested in owning a business identified student loans as a major barrier to becoming an entrepreneur. Individuals with \$30,000 in student loan debt are estimated to be [11 percent](#) less likely to start a new business compared to those who graduate debt-free.

The Solution: Providing student loan debt relief to young entrepreneurs and full-time employees of startups would remove barriers that stand in the way of innovation and new business growth.

The ROI Act would provide student debt relief to founders of startups, as well as full-time employees who joined the startup within the first five years of business.

To be eligible, within its first three years, a business would be required to get certified as a startup by a Small Business Development Center. The SBDC would review the startup's five-year business plan and economic potential.

The ROI Act would provide student debt relief by:

- Allowing founders and full-time employees of startups to defer student debt payments – without accrual of interest – for a three-year period
 - This option would be available during the first five years that a startup is in business.
- Allowing founders and full-time employees of startups in economically distressed areas to cancel up to \$20,000 in student loan debt
 - To be eligible for debt cancellation, founders and employees would be required to make at least twenty-four loan payments. The option to apply for debt cancellation would be available after a startup has been in business for five years.
 - Economically distressed areas are areas with a poverty rate over 20 percent or with area median income below 80 percent of the state's median income.
 - To be eligible, full-time employees would be required to have joined the startup in the first five years of business.
 - Student loan debt cancelled under the bill would be tax-free.

The ROI Act is endorsed by:

Center for American Entrepreneurship, International Business Innovation Association,
and Small Business and Entrepreneurship Council