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A better-educated workforce

Nick Thiros for Ag Proud

Idaho leaders from educational, political, business and agricultural sectors have long emphasized the importance of getting high school graduates to take their education to the next level.

In fact, last month, Gov. Brad Little urged Idaho's current crop of more than 22,000 high school seniors to begin thinking about their higher education futures, when he declared October as Next Steps Month. As part of that campaign, the governor promoted a series of initiatives for seniors, including virtual college fairs to learn about Idaho's community colleges and public universities and the spectrum of technical and apprentice programs available in Idaho.

The reason leaders are pushing graduates to "go on" is simple: Idaho businesses – including farms, food processors and implement dealers – are better served when the workforce possesses the know-how, talent and skills necessary to succeed.

A critical component to pursuing higher education, however, is the ability to pay for tuition, fees, books and room and board.

"Every year we see the cost of college and training programs increase, and with it the amount of debt that travels with students long after they graduate," says Christie Stoll, executive director of IDeal Idaho's 529 college savings program. "The real difference maker when it comes to paying for higher education is the ability to save early and leverage the tax incentives provided through Idaho's 529 savings program."

In her discussions with employers around the state, Stoll says the impact higher education and training has on Idaho's economic growth and prosperity comes up frequently.

"Most employers recognize the importance of an educated and highly skilled workforce and the difference that workforce makes in the employer's success," she says. "Often, these conversations turn to how employers can attract and retain a skilled and loyal workforce."

Thanks to some recent changes in federal and state laws, Idaho employers now have the ability to improve their recruiting and retention efforts while

also making a positive impact on the future of Idaho's workforce by offering 529 education savings benefits to their employees.

Earlier this year, Little signed legislation encouraging employers to help employees save for education by providing a tax incentive. Specifically, the new law makes employers eligible for a 20% tax credit, up to \$500 per employee per year, for contributing to an employee's IDeal-529 college savings account.

Idaho is now one of just eight states nationwide to have adopted this employer tax benefit.

For Idaho businesses, Stoll argues the benefits aren't limited to educational opportunities. It's the intangibles, such as improving employee loyalty, that can be achieved by adding this benefit to the company portfolio.

Stoll points to research showing that 72% of employees believe customizable benefits would increase loyalty to their employer. Additionally, a 2020 survey by Gift of College found that 75% of employees would like their employers to help pay for college. Of those, more than half agree a simple 529 payroll deduction option would be helpful.

For the academic year 2019-20, the average cost for tuition, fees, books, supplies and living on campus in Idaho was \$16,579 for Idaho residents attending school in state.

These costs add up and can saddle graduates with significant debt the moment they are handed their diplomas. Studies show the average student loan debt in 2019 totaled more than \$35,000 nationally. In Idaho, the average student loan debt is now almost \$27,000.

"This kind of employee benefit translates across all sectors of Idaho's economy," Stoll says. "Employers have already added this to their benefits package, including companies that operate in the agricultural space."

Stoll says it's not hard to imagine employers in the dairy sector, ranch operators or feed and grain companies offering paycheck direct deposit to a 529 plan as a voluntary employee benefit or even matching employee contributions to



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build employee loyalty in a competitive hiring market.

Some Idaho companies are already reporting heightened employee satisfaction by offering either direct deposit or a 529 match program to their benefit package. For example, Hayden Beverage Co., a family-owned beverage distributorship headquartered in Boise, offered a company match to employees a year ago. The company now has more than two dozen employees participating in the match benefit. Executives say they are pleased with the results and the way the program shows how the company values its employees.

"This is an investment not only in our employees but in our workforce statewide," said Dodds Hayden, CEO of Hayden Beverage. "We're all aware of the state goals to increase the rate of students going to college or some other form of postsecondary education. I believe there are a lot of companies that really need a better-educated workforce, and this program is one way to get us closer."

In addition, recent changes in federal law have added more flexibility in how 529 savings accounts can be used. Stoll says the savings do not have to be spent just on college students pursuing careers in crop management, water science or animal and veterinary science at a four-year public college or university.

Legislation signed earlier this year by President Trump now allows the portion of a distribution earned from a 529 account to be used, without being subject to federal income tax, to pay back qualified student loans, and distributions can be used to pay costs associated with some apprentice programs. This is in addition to the previously existing ability to pay for traditional two- and four-year programs, certificates and trade schools.

These policy changes are designed to make higher education or training more affordable and accessible to more

Idahoans. The result, Stoll says, is to improve the skillsets, knowledge and ingenuity of the next generation of farm equipment operators, food science technicians or crop scientists applying the latest in cutting-edge technology to improve efficiency, yields and more.

If anyone knows a thing or two about “saving for a rainy day,” it’s farmers.

But unlike fluctuations of agriculture caused by uncertainties like weather, pests, global markets and more, certain life financial events can be anticipated and planned for. Having a child go on to postsecondary education is one of those events. By making it easier for employees to start saving early, businesses can not only earn the appreciation and loyalty

of those employees but also make a vital contribution to strengthening Idaho’s workforce. **AG**

Visit www.idsave.org/home/outreach/employer.html for more information.

References omitted but are available upon request.

IDAHO FARM FAMILY PLANTS SEEDS OF EDUCATION

For Tom and Marie Linehan, their roots in Idaho agriculture run deep. Each are fifth-generation farmers who grew up working the wheat and grain fields that dominate the Palouse landscape in northern Idaho.

The couple also shares another rich Idaho tradition: a strong belief in the power and opportunity in pursuing higher education. Marie, encouraged by her parents to pursue postsecondary studies, earned a degree in business marketing from the University of Idaho. Her interests and desire to learn didn’t stop at the Moscow campus, as she spent time studying abroad and taking night classes to broaden her horizons and learn skills proving critical to everyday life on their farm north of Genesee.

“Education is important to both of us,” she says. “It’s especially true when you look at agriculture. People might think it’s just about driving around big machinery in the summer and then taking the winter off.

“But it’s also very much about understanding the world economy, how markets are performing, understanding chemicals and soil science. Agriculture is about continuing to learn because it’s changing all so quickly. And education provides a solid foundation for that.”

The Linehans are also taking steps to ensure their two children, a 3-year-old

and another 6 months, will be financially prepared when the time arrives to pursue their own higher education dreams.

Working with IDeal, Idaho’s 529 college savings program, Tom and Marie have set up savings accounts for each child, are contributing monthly and taking full advantage of the tax benefits associated with 529 accounts.

They are also enlisting the support of family members in helping grow the accounts.

“It’s really a great program in that grandparents and others can help contribute,” Marie said. “For birthdays and Christmas, we encourage them to contribute. We ask ourselves, ‘How many toys do the kids need, really?’”

The college savings program in Idaho, like many other states with similar programs, remains one of the best tools for helping make higher education more affordable. Savings can grow tax-deferred and, when withdrawn for qualified education expenses, the funds are free from federal and state taxes. In addition, Idaho law provides a tax deduction of up to \$12,000 on annual contributions, meaning families can



Photo provided by Marie Linehan.

Tom Linehan shares his passion for agriculture and his values with his children.

potentially have more money to put toward important education goals.

Linehan says the ability to save even a little bit each month now, to prepare for costs down the road, provides her family a measure of stability and certainty about the future.

“Especially as young farm families, sometimes it feels like we’re drinking from a firehose,” Linehan says, who along with her husband primarily grows wheat but cycles in malt barley, food-grade barley and legumes.

“For us, saving this way offers a sense of security. For us, it’s a little peace of mind that we’re doing things on the right level. As farmers, we’re being good stewards of the land, and at the same time we’re trying to do the same thing for the future of our children.” **AG**

—Christie Stoll, executive director, IDeal