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Structural Inequalities in the Opportunity Maine Tax Credit

by Daniel Soucier

The Opportunity Maine Tax Credit was designed as an incentive to boost the economic outlook of the state and to correct the state's aging demographics by creating an incentive for young people to live and work in Maine.¹ It also has been touted by several employers as a way to attract highly educated employees to their companies by showing them that they would be able to take advantage of the tax credit.

The Opportunity Maine Tax Credit has undergone a variety of changes since it was instituted in 2008. Several things, however, have remained consistent throughout the various iterations of the program:

- You must be a Maine resident for the tax year in which you are filing.
- You must work in Maine.
- You must not have worked outside of Maine for more than three months of the tax year.

Complexities arise depending on where you attended school, when you earned your degree, what type of degree it was, and whether the state considers it a STEM (science, technology, engineering, mathematics) or non-STEM degree, as those factors determine if you qualify for the tax credit and what level of benefit you receive.² It is an intricate web of eligibility that took my tax professional over a week to determine what part of my student loans were eligible, how refinancing to the FedLoan system affected my eligibility, if my graduate certificate in digital curation was considered STEM or non-STEM, and if graduate certificate programs had

any eligibility whatsoever. That my tax professional had so much trouble determining my eligibility makes it apparent that the Opportunity Maine Tax Credit needs to be simplified into one system regardless of degree earned and timing of educational obtainment. This complexity leads to inequities between individuals who receive benefits from the program: between men and women and between people who work in fields similar to their degrees and those who work in jobs outside their majors.

DEMOGRAPHICS OF DEGREES EARNED

The Opportunity Maine Tax Credit treats people differently depending on their career trajectories, which are often correlated to their gender. Nationally, women earn 57 percent of all bachelor's degrees; however, according to the National Girls Collaborative Project, there is great disparity between men and women earning bachelor's degrees in STEM fields. Just under 20 percent of all engineering, computer science, and physics degrees are earned by women, and women constitute 28 percent of the science and engineering workforce. When introducing race into the equation, the numbers are even more stunning. Only 1 in 20 employees, or 5 percent, in science and engineering fields are women of color (NGCP [2018](#)).

Women, however, are the majority in most humanities and social science disciplines. According to the National Center for Education Statistics, women make up 77 percent of the workforce of primary and secondary education

teachers (NCES [n.d.](#)). Often, women pursuing careers in education or social science fields require education beyond their four-year degrees to obtain certifications and further expertise. In fact, women hold 77 percent of all master's degrees in education and 62.7 percent of master's degrees in social and behavioral sciences (Stych [2018](#)).

In the Opportunity Maine program, individuals who obtained bachelor's degrees in a STEM discipline receive refundable tax credits. For example, if an individual with a bachelor's degree in a STEM field owes the state \$1,000 in taxes for the year but paid \$2,500 in student loans, the state sends that person a check for \$1,500. However, if an individual with a bachelor's degree in a non-STEM field owes \$1,000 in income taxes for the year but paid \$2,500 in student loans, the state would simply provide a credit for the \$1,000 that is owed. With men constituting 72 percent of the science and engineering workforce, this system has a built-in gender-based structural inequity. Further, graduate degrees only qualify for offsets to the tax burden and not for refundable tax credits. This feature of the Opportunity Maine program exacerbates this gender-based inequity as such degrees are generally required for professionals in education and social and behavioral sciences, fields in which women predominate.

DEGREES AND EMPLOYMENT

I remember being a bright-eyed undergraduate student beginning my degree program in mechanical engineering.

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During the nights and weekends, I worked for a telemarketing company in Orono. One of my favorite colleagues was a recent mechanical engineering graduate who wanted to live and work in the greater Bangor area. He was not willing to relocate for work. Our boss, a recent master's degree graduate held a degree in music education and was also looking for work in her field within the greater Bangor area. These two individuals, despite having different corporate ranks, were both making telemarketing calls and were working on the same team to increase sales and customer service rankings. Despite having similar positions, under the Opportunity Maine program, the mechanical engineer would have received a refundable tax credit for his student loans while his boss would have merely had her tax burden offset. This situation of individuals not working in the fields in which they earned their bachelor's degree is not unique to this one anecdote. According to a 2013 *Washington Post* article, only 27 percent of college graduates have a career that is related to their major (Plummer 2013).

Throughout my personal, professional, and academic life, I have encountered many examples of this inequity: a history major who worked as a construction inspector, a computer science major who worked in sales at a cell phone retail store, and a political science major who worked as a project manager for a construction company. In fact, I am another example of an individual who has expertise across multiple disciplines in both STEM and the humanities. My employment lies at the intersection of creative work and technical expertise. I write articles, design websites, curate social media accounts, create and edit podcasts, execute photojournalistic duties, assist staff members with creative

ways to discuss their policy-based research, compile technical reports, and collect and curate databases for projects. My day-to-day activities lie solidly in STEM proficiencies; however, I have a BA, an MA, and a PhD in history and an advanced graduate certificate in digital curation. The Opportunity Maine Tax Credit has a structural inequity at its core when historians working as construction inspectors and political scientists working as project managers cannot receive the full STEM benefit of the tax credit but mechanical engineers and computer scientists who work in sales can.

PROPOSED REVISIONS TO THE OPPORTUNITY MAINE TAX CREDIT

The goals of the Opportunity Maine Tax Credit to boost Maine's economy and attract and retain young people are not being fully met. The above data regarding structural inequities of the program combined with anecdotal evidence from students I interact with show that many individuals feel like they have no options for staying in Maine when they graduate. Those not in STEM fields feel there is not enough incentive to stay in or relocate to the state. Additionally, people who earned their degrees outside of Maine prior to 2016 (or who were not Maine citizens while attending school in Maine prior to 2016) cannot participate in the Opportunity Maine program, which limits its ability to meet the goal of attracting new residents.

Several other states and municipalities have also attempted to attract young people, including Vermont, which enacted a program to pay individuals \$10,000 to move to the state and telecommute to their jobs in other places.

To compete with these other regions, Maine needs to simplify the Opportunity Maine Tax Credit to eliminate the structural inequities of the program and to make Maine a more attractive location for young people after they graduate. Here are some suggestions:

- Expand the refundable tax credit to include both STEM and non-STEM programs acknowledging that STEM degrees are largely earned by men and that individuals with non-STEM degrees often work in STEM fields.
- Eliminate the disparity between undergraduate and graduate education refundable tax credits acknowledging that there is a difference based on gender regarding the need for a graduate degree in specific occupations.
- Eliminate the requirement that degrees earned outside of Maine do not qualify if they were earned before 2016.
- Eliminate the need for individuals to have been Maine residents while attending school if they earned their degree prior to 2016.
- Expand the eligibility for the refundable tax credit to individuals regardless of when they earned their degree.

Clearly, the complexities and perhaps even the inequities of this program are on policymakers' minds. In fact, Governor Janet Mills in her 2020 state of the state address noted that debt-relief programs in Maine like the Opportunity Maine Tax Credit need to be simplified to assist Mainers in getting out from under debt. She also noted the need to improve the Educators for Maine Loan Forgiveness Program to

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attract quality teachers to the state. By simplifying the Opportunity Maine Tax Credit program and giving full benefits to all eligible Mainers, the inherent inequities of the system can be corrected. Individuals willing to contribute socially and economically to Maine can achieve debt relief, and Maine can attract highly qualified teachers and healthcare professionals. 🐟

NOTES

1. For more information regarding the eligibility for the Opportunity Maine Tax Credit see <https://www.liveandworkinmaine.com/opportunity-maine/>.
2. For a list of majors that the state of Maine recognizes as STEM degrees see <https://www.maine.gov/revenue/forms/credits/eotc%20stem.htm>.

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