

Workforce Development Through Post-Graduation Scholarships Act [H.R.4095](#) / [S.2191](#)

The Challenge

Nonprofit employers, like other sectors, are experiencing unprecedented workforce challenges. Similarly, communities across the nation are grappling to address workforce shortages and find candidates, which results in fewer services being available for residents everywhere. This may be especially true in rural areas. At the same time, student debt is mounting, while remaining concentrated among borrowers with zero or negative wealth. At this nexus of workforce shortage and student debt, post-graduation scholarships may offer a mitigating strategy. **A post-graduation scholarship is a type of charitable grant that foundations may make to attract individuals with career skills needed in a particular region to make their homes and build their careers in that community.**

Equity Note

According to the Equity Research Collaborative, 83% of Black borrowers have student debt that exceeds what they originally borrowed. A Roll Call article¹ states that: 90% of Black students borrow while 68% of White students do so; Black graduates face lower wages and fewer job opportunities after graduation; Black students are 5x more likely to default than White peers; and 50%+ of Black households holding student loan debt have a zero or negative net worth, compared to 32% of non-Black households.

Legislative Solution

Post-grad scholarships will stimulate regional economic growth and help address the growing student debt crisis.

This bill defines post-graduation scholarship grants as a charitable activity and excludes post-graduation scholarship grants from the recipient individual's taxable income. A post-graduation scholarship would be awarded to an individual who has already completed a degree or technical program in a career field that is needed in a particular region, thus paying off a portion of the individual's student loans. As with traditional scholarships, these programs would establish eligibility requirements, as well as a process to verify that those requirements continue to be met through the duration of the scholarship award agreement. The scholarships would be administered by place-based foundations that are well-positioned to facilitate the matching process among donors, recipients, and employers; scholarship funds would be paid directly to the lender (not the individual).

The proposal is modeled after successful local programs in Michigan,² is supported by the [Council on Foundations](#) and the [Alliance of Illinois Community Foundations](#), and builds upon the adoption of [HR26](#) by the Illinois legislature in 2021.

Please co-sponsor this bill and ask your colleagues to do the same.

Sponsors and Cosponsors

H.R. 4095

LaHood, Darin (R-IL-18)

McClain, Lisa (R-MI-10)

Sewell, Terri (D-AL-7)

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Peters, Gary (D-MI)

Capito, Shelley (R-WY)

¹ <https://rollcall.com/2022/05/05/senators-argue-over-who-benefits-from-student-debt-cancellation/>

² See <https://www.stclairfoundation.org/come-home-award/> and <http://www.cfcrawford.org/come-home-scholarship>