Student Loan Forgiveness Program

ISSUE

Congress authorized student loan forgiveness for engineers and other professionals as part of the Higher Education Opportunity Act of 2008 (HEOA). However, it has not yet funded the program. ACEC urges Congress to provide full funding so that this important program can be made available to engineering graduates.

BACKGROUND

Engineers are in demand now more than ever, but our nation’s universities are not keeping up with the need for new engineering graduates. According to the National Science Foundation, bachelor’s degrees in engineering have gradually increased since 2000. However, the engineering workforce is also getting older, and nearly 30 percent of all engineering and science degree holders in the labor force are 50 or over and expected to retire in the next 15 years.

A growing economy depends on engineering talent, and therefore reversing the declining trend in engineering graduates is critical to the nation’s future economic security.

On July 31, 2008, Congress approved the HEOA to reauthorize and expand federal student aid programs. Signed into law by President Bush on August 14, 2008, the Act includes a new program that seeks to address labor shortages in engineering and other “high need” professions.

Under the law, once Congress provides funding, an individual will be eligible for up to $2,000 in student loan forgiveness for each of five years of work in engineering or other designated fields. The maximum amount of loan forgiveness available to an individual will be $10,000. Only years of work completed after August 14, 2008 will count toward the student loan forgiveness requirements.

The program is modeled after legislation introduced in 2007 by Congressman Emanuel Cleaver (D-MO), the Strategic Technology/Engineering Program Act of 2007 (STEP Act). The STEP Act sought to create new student loan forgiveness and scholarship programs with the goal of encouraging more young people to pursue engineering careers.

ACEC will continue to encourage Congress to fund the program, and will work with the Department of Education on implementation.