

Workforce Development Through Post-Graduation Scholarships Act

(S.1757 / H.R.3582)

For more information, contact
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The Issue

Post-graduation scholarships are charitable grants made by foundations to attract or retain individuals with needed skills and talents to a particular region or community. Generally, a traditional scholarship given to an individual to attend an educational institution is tax-free. A post-graduation scholarship is awarded to someone who has completed a degree or technical program to help pay off a portion of their student loans is treated as taxable income, limiting the scholarship's impact.

Impact on Philanthropy

As policymakers consider how to attract or retain workers in rural communities where their skills and talents are needed, post-graduation scholarships can play an important role. Treating post-graduation scholarships like traditional scholarships will provide foundations and communities with an additional tool to cultivate a skilled workforce while helping to address the student loan crisis. As with traditional scholarships, foundations would establish eligibility and other grant program requirements.

Council on Foundations Position

The Council supports policies that strengthen and expand foundations' ability to assist students and recent graduates through scholarship grant programs. **The Council strongly supports this legislation.**

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Introduced in the Senate by Sen. Gary Peters (D-MI) and Sen. Shelley Moore Capito (R-WV) and in the House of Representatives by Reps. Darin LaHood (R-IL) and Terri Sewell (D-AL), the Workforce Development Through Post-Graduation Scholarship Act would equitably treat both traditional scholarships and post-graduate scholarships as non-taxable income, encouraging graduates to apply their completed educations and trainings to the rural communities that need them most.

Bill Summary

- Defines post-graduation scholarships as a charitable activity provided by certain tax-exempt organizations, repaying any portion of an education loan incurred by an individual.
- Excludes from an individual's taxable income any post-graduation scholarship in the same manner as traditional scholarships.
- Defines grant eligibility as living and working in an applicable community.
- Defines an applicable community as an area with a bachelor's degree attainment below the state or national average.
- Requires the Secretary of the Treasury and Comptroller General to submit to Congress reports on the implementation of this program.

Who benefits from a post-graduation scholarship?

While labor shortages have left many parts of the country lacking necessary workers like nurses and counselors, rural areas are particularly suffering. Outmigration, declining dynamism, and slowing population growth disproportionately impact rural areas, and individuals with needed skills and qualifications are fewer and farther between.

A foundation might provide a post-graduation scholarship to individuals in career fields such as:

- Dentistry
- Medicine, including nurses and doctors
- Counseling
- Entrepreneurship
- Engineering
- Many more