

115TH CONGRESS  
2D SESSION

# H. R. 5962

To provide for loan forgiveness for STEM teachers, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

MAY 24, 2018

Mr. SWALWELL of California (for himself, Mr. MCNERNEY, Mr. VEASEY, Mr. GALLEGRO, and Ms. TITUS) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Education and the Workforce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To provide for loan forgiveness for STEM teachers, and  
for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “STEM K to Career  
5 Act”.

6 **SEC. 2. LOAN FORGIVENESS FOR STEM TEACHERS.**

7 Part G of title IV of the Higher Education Act of  
8 1965 (20 U.S.C. 1088 et seq.) is amended by adding at  
9 the end the following:

1 **“SEC. 493E. LOAN FORGIVENESS FOR STEM TEACHERS.**

2       “(a) LOAN FORGIVENESS AUTHORIZED.—The Sec-  
3 retary shall forgive, in accordance with this section, the  
4 qualified loan amount described in subsection (c) of the  
5 student loan obligation of a borrower who—

6           “(1) is employed as a full-time STEM teacher  
7 for service in an academic year (including such a  
8 STEM teacher employed by an educational service  
9 agency)—

10           “(A) in a public or other nonprofit private  
11 elementary school or secondary school, which,  
12 for the purpose of this paragraph and for that  
13 year—

14           “(i) has been determined by the Sec-  
15 retary (pursuant to regulations of the Sec-  
16 retary and after consultation with the  
17 State educational agency of the State in  
18 which the school is located) to be a school  
19 in which the number of children meeting a  
20 measure of poverty under section  
21 1113(a)(5) of the Elementary and Sec-  
22 ondary Education Act of 1965, exceeds 30  
23 percent of the total number of children en-  
24 rolled in such school; and

25           “(ii) is in the school district of a local  
26 educational agency which is eligible in such

1           year for assistance pursuant to part A of  
2           title I of the Elementary and Secondary  
3           Education Act of 1965; or

4           “(B) in one or more public, or nonprofit  
5           private, elementary schools or secondary schools  
6           or locations operated by an educational service  
7           agency that have been determined by the Sec-  
8           retary (pursuant to regulations of the Secretary  
9           and after consultation with the State edu-  
10          cational agency of the State in which the edu-  
11          cational service agency operates) to be a school  
12          or location at which the number of children  
13          taught who meet a measure of poverty under  
14          section 1113(a)(5) of the Elementary and Sec-  
15          ondary Education Act of 1965, exceeds 30 per-  
16          cent of the total number of children taught at  
17          such school or location; and

18          “(2) is not in default on a loan for which the  
19          borrower seeks forgiveness.

20          “(b) METHOD OF LOAN FORGIVENESS.—To provide  
21          loan forgiveness under subsection (a), the Secretary shall  
22          carry out a program—

23                 “(1) through the holder of the loan, to assume  
24                 the obligation to repay a qualified loan amount for  
25                 a loan made, insured, or guaranteed under part B

1 (other than an excepted PLUS loan or an excepted  
2 consolidation loan (as such terms are defined in sec-  
3 tion 493C(a))); and

4 “(2) to cancel a qualified loan amount for a  
5 loan made under part D (other than an excepted  
6 PLUS loan or an excepted consolidation loan).

7 “(c) QUALIFIED LOAN AMOUNT.—

8 “(1) FORGIVENESS OF PERCENTAGE OF DEBT  
9 BASED ON YEARS OF SERVICE.—For each complete  
10 year of service by a borrower as a STEM teacher in  
11 accordance with this section after the date of enact-  
12 ment of the STEM K to Career Act, the Secretary  
13 shall forgive the student loan obligation of the bor-  
14 rower at the rate of 15 percent of such obligation for  
15 the first or second year of such service, 20 percent  
16 of such obligation for the third or fourth year of  
17 such service, and 30 percent of such obligation for  
18 the fifth year of such service.

19 “(2) PRINCIPAL AND INTEREST FORGIVEN.—If  
20 a portion of a loan is forgiven under this section for  
21 any year, the entire amount of interest on such loan  
22 which accrues for such year shall be forgiven.

23 “(d) SPECIAL RULES.—

24 “(1) LIST OF SCHOOLS.—If the list of schools  
25 in which a STEM teacher may perform service pur-

1       suant to subsection (a)(1) is not available before  
2       May 1 of any year, the Secretary may use the list  
3       for the year preceding the year for which the deter-  
4       mination is made to make such service determina-  
5       tion.

6               “(2) CONTINUING ELIGIBILITY.—Any teacher  
7       who performs service in a school which—

8                       “(A) meets the requirements of subsection  
9                       (a)(1) in any year; and

10                      “(B) in a subsequent year fails to meet the  
11                      requirements of such subsection,

12       may continue to teach in such school and shall be  
13       eligible for loan forgiveness pursuant to this section  
14       such subsequent years.

15               “(3) PROMISSORY NOTE CONFLICTS.—An indi-  
16       vidual with an outstanding student loan obligation  
17       who performs service described in subsection (a)(1)  
18       in accordance with this section shall be eligible for  
19       forgiveness under this section for such service not-  
20       withstanding any contrary provision of the promis-  
21       sory note under which the loan or loans were made.

22               “(4) FORGIVENESS NOT CONSIDERED IN-  
23       COME.—The amount of a loan, and interest on a  
24       loan, which is forgiven under this section shall not

1 be considered income for purposes of the Internal  
2 Revenue Code of 1986.

3 “(5) NO REFUNDS.—Nothing in this subsection  
4 shall be construed to authorize refunding of any re-  
5 payment of a loan.

6 “(6) NO DOUBLE BENEFIT.—No borrower may,  
7 for the same service, receive a benefit under both  
8 this section and subtitle D of title I of the National  
9 and Community Service Act of 1990 (42 U.S.C.  
10 12601 et seq.).

11 “(e) REGULATIONS.—The Secretary is authorized to  
12 issue such regulations as may be necessary to carry out  
13 this section.

14 “(f) DEFINITIONS.—For the purposes of this sec-  
15 tion—

16 “(1) the term ‘year’ where applied to service as  
17 a STEM teacher means academic year as defined by  
18 the Secretary; and

19 “(2) the term ‘STEM teacher’ means a teacher  
20 of science, technology, engineering, or mathe-  
21 matics.”.

22 **SEC. 3. ABOVE-THE-LINE-DEDUCTION FOR STEM EDU-**  
23 **CATION MATERIALS.**

24 (a) IN GENERAL.—Section 62(a)(2)(D) of the Inter-  
25 nal Revenue Code of 1986 is amended to read as follows:

1                   “(D) CERTAIN EXPENSES OF ELEMENTARY  
2                   AND SECONDARY SCHOOL TEACHERS.—

3                   “(i) IN GENERAL.—In the case of tax-  
4                   able years beginning after 2001, the de-  
5                   ductions allowed by section 162 which con-  
6                   sist of expenses, not in excess of \$250,  
7                   paid or incurred by an eligible educator in  
8                   connection with books, supplies (other than  
9                   nonathletic supplies for courses of instruc-  
10                  tion in health or physical education), com-  
11                  puter equipment (including related soft-  
12                  ware and services) and other equipment,  
13                  and supplementary materials used by the  
14                  eligible educator in the classroom.

15                  “(ii) STEM EDUCATION SUPPLIES.—  
16                  In the case of STEM education supplies,  
17                  the amount in clause (i) shall be increased  
18                  by \$250.

19                  “(iii) COORDINATION.—Clause (i)  
20                  shall be applied without regard to clause  
21                  (ii).”.

22                  (b) INFLATION ADJUSTMENT.—Paragraph (3) of sec-  
23                  tion 62(d) of such Code is amended to read as follows:

24                  “(3) INFLATION ADJUSTMENT.—

1           “(A) IN GENERAL.—In the case of any  
2 taxable year beginning after 2015, the \$250  
3 amount in subsection (a)(2)(D)(i) shall be in-  
4 creased by an amount equal to—

5                   “(i) such dollar amount, multiplied by

6                   “(ii) the cost-of-living adjustment de-  
7 termined under section 1(f)(3) for the cal-  
8 endar year in which the taxable year be-  
9 gins, determined by substituting ‘calendar  
10 year 2014’ for ‘calendar year 2016’ in sub-  
11 paragraph (A)(ii) thereof.

12           “(B) STEM EDUCATION SUPPLIES.—In  
13 the case of any taxable year beginning after  
14 2018, the \$250 amount in subsection  
15 (a)(2)(D)(ii) shall be increased by an amount  
16 equal to—

17                   “(i) such dollar amount, multiplied by

18                   “(ii) the cost-of-living adjustment de-  
19 termined under section 1(f)(3) for the cal-  
20 endar year in which the taxable year be-  
21 gins, determined by substituting ‘calendar  
22 year 2017’ for ‘calendar year 2016’ in sub-  
23 paragraph (A)(ii) thereof.



1           “(C) ROUNDING.—Any increase deter-  
2           mined under subparagraph (A) or (B) shall be  
3           rounded to the nearest multiple of \$50.”.

4           (c) STEM EDUCATION SUPPLIES DEFINED.—Sec-  
5           tion 62(d) of such Code is amended is amended by redesignig-  
6           nating paragraphs (2) and (3) as paragraphs (3) and (4),  
7           respectively, and by inserting after paragraph (1) the fol-  
8           lowing new paragraph:

9           “(2) STEM EDUCATION SUPPLIES.—For pur-  
10          poses of subsection (a)(2)(D), the term ‘STEM edu-  
11          cation supplies’ means expenses for books, supplies,  
12          equipment, and other materials used in connection  
13          with teaching science, technology, engineering, or  
14          math.”.

15          (d) CLERICAL AMENDMENT.—The heading for sec-  
16          tion 62(d) of such Code is amended by striking “DEFINI-  
17          TION; SPECIAL RULES” and inserting “ELEMENTARY AND  
18          SECONDARY SCHOOL TEACHERS”.

19          (e) EFFECTIVE DATE.—The amendments made by  
20          this section shall apply to taxable years beginning after  
21          December 31, 2017.

22       **SEC. 4. STEM INTERNSHIP TAX CREDIT.**

23          (a) IN GENERAL.—Subpart D of part IV of sub-  
24          chapter A of chapter 1 of the Internal Revenue Code of

1 1986 is amended by adding at the end the following new  
2 section:

3 **“SEC. 45T. STEM INTERNSHIP CREDIT.**

4 “(a) GENERAL RULE.—For purposes of section 38,  
5 in the case of an eligible employer the STEM internship  
6 credit determined under this section for the taxable year  
7 is equal to \$2,000 for each qualified STEM intern em-  
8 ployed by the employer during the taxable year.

9 “(b) LIMITATION.—The total amount of the credit al-  
10 lowed under subsection (a) to a taxpayer for a taxable year  
11 may not exceed \$50,000.

12 “(c) DEFINITIONS.—For purposes of subsection  
13 (a)—

14 “(1) QUALIFIED STEM INTERN.—The term  
15 ‘qualified STEM intern’ means an individual who is  
16 employed under an internship program of an eligible  
17 employer under which—

18 “(A) each intern is paid not less than the  
19 wage in effect under section 6(a) of the Fair  
20 Labor Standards Act of 1938,

21 “(B) each intern is employed for not less  
22 than 20 hours per week by the eligible employer  
23 in a position related to the career goals of the  
24 intern,

1           “(C) each intern completes not less than 6  
2 weeks of employment with the eligible employer  
3 as an intern, and

4           “(D) each intern is a student who is en-  
5 rolled full-time in a science, technology, engi-  
6 neering, or math program (including a program  
7 of study abroad approved for credit by the eligi-  
8 ble institution at which such student is en-  
9 rolled) leading to a recognized undergraduate or  
10 graduate degree at an institution of higher edu-  
11 cation that is an eligible institution in accord-  
12 ance with the provisions of section 487 of the  
13 Higher Education Act of 1965 (20 U.S.C.  
14 1094) and is not enrolled in an elementary or  
15 secondary school.

16           “(2) ELIGIBLE EMPLOYER.—

17           “(A) IN GENERAL.—The term ‘eligible em-  
18 ployer’ means an employer who employed on av-  
19 erage not more than 500 full-time employees on  
20 business days during the preceding calendar  
21 year. For purposes of the preceding sentence,  
22 any individual with respect to whom a credit is  
23 allowed under this section shall not be taken  
24 into account.

1           “(B) RULES FOR DETERMINING EM-  
2           PLOYER SIZE.—For purposes of subparagraph  
3           (A)—

4                   “(i) APPLICATION OF AGGREGATION  
5                   RULE FOR EMPLOYERS.—All persons treat-  
6                   ed as a single employer under subsection  
7                   (b), (c), (m), or (o) of section 414 shall be  
8                   treated as 1 employer.

9                   “(ii) EMPLOYERS NOT IN EXISTENCE  
10                   IN PRECEDING YEAR.—In the case of an  
11                   employer which was not in existence  
12                   throughout the preceding calendar year,  
13                   the determination of whether such em-  
14                   ployer is an eligible employer shall be  
15                   based on the average number of employees  
16                   that it is reasonably expected such em-  
17                   ployer will employ on business days in the  
18                   current calendar year.

19                   “(iii) PREDECESSORS.—Any reference  
20                   in this paragraph to an employer shall in-  
21                   clude a reference to any predecessor of  
22                   such employer.”.

23           (b) CREDIT MADE PART OF GENERAL BUSINESS  
24           CREDIT.—Subsection (b) of section 38 of such Code is  
25           amended by striking “plus” at the end of paragraph (36),

1 by striking the period at the end of paragraph (37) and  
2 inserting “, plus”, and by adding at the end the following  
3 new paragraph:

4 “(38) the STEM internship credit determined  
5 under section 45T(a).”.

6 (c) DENIAL OF DOUBLE BENEFIT.—Subsection (a)  
7 of section 280C of such Code is amended by inserting  
8 “45T(a),” after “45S(a),”.

9 (d) CLERICAL AMENDMENT.—The table of sections  
10 for subpart D of part IV of subchapter A of chapter 1  
11 of the Internal Revenue Code of 1986 is amended by add-  
12 ing at the end the following new item:

“Sec. 45T. STEM internship credit.”.

13 (e) EFFECTIVE DATE.—The amendments made by  
14 this section shall apply to taxable years beginning after  
15 December 31, 2017.

16 **SEC. 5. STEM APPRENTICESHIP TAX CREDIT.**

17 (a) IN GENERAL.—Subpart D of part IV of sub-  
18 chapter A of chapter 1 of the Internal Revenue Code of  
19 1986, as amended by section 4, is amended by adding at  
20 the end the following new section:

21 **“SEC. 45U. STEM APPRENTICESHIP CREDIT.**

22 “(a) GENERAL RULE.—For purposes of section 38,  
23 in the case of an eligible employer the STEM apprentice-  
24 ship credit determined under this section for the taxable

1 year is an amount equal to the taxpayer's aggregate  
2 STEM credit amount for the taxable year.

3 “(b) LIMITATION.—The total amount of the credit al-  
4 lowed under subsection (a) to a taxpayer for a taxable year  
5 may not exceed \$50,000.

6 “(c) STEM CREDIT AMOUNT.—For purposes of sub-  
7 section (a), the STEM credit amount with respect to an  
8 individual shall be—

9 “(1) \$2,000 in the case of a new apprentice,

10 “(2) \$3,000 in the case of a mid-career appren-  
11 tice,

12 “(3) \$3,000 in the case of a unemployed ap-  
13 prentice, and

14 “(4) 5,000 in the case of a completed appren-  
15 ticeship employee.

16 “(d) DEFINITIONS.—For purposes of subsection  
17 (a)—

18 “(1) ELIGIBLE EMPLOYER.—

19 “(A) IN GENERAL.—The term ‘eligible em-  
20 ployer’ means an employer who employed on av-  
21 erage not more than 500 full-time employees on  
22 business days during the preceding calendar  
23 year. For purposes of the preceding sentence,  
24 any individual with respect to whom a credit is

1 allowed under this section shall not be taken  
2 into account.

3 “(B) RULES FOR DETERMINING EM-  
4 PLOYER SIZE.—For purposes of subparagraph  
5 (A)—

6 “(i) APPLICATION OF AGGREGATION  
7 RULE FOR EMPLOYERS.—All persons treat-  
8 ed as a single employer under subsection  
9 (b), (c), (m), or (o) of section 414 shall be  
10 treated as 1 employer.

11 “(ii) EMPLOYERS NOT IN EXISTENCE  
12 IN PRECEDING YEAR.—In the case of an  
13 employer which was not in existence  
14 throughout the preceding calendar year,  
15 the determination of whether such em-  
16 ployer is an eligible employer shall be  
17 based on the average number of employees  
18 that it is reasonably expected such em-  
19 ployer will employ on business days in the  
20 current calendar year.

21 “(iii) PREDECESSORS.—Any reference  
22 in this paragraph to an employer shall in-  
23 clude a reference to any predecessor of  
24 such employer.

1           “(2) NEW APPRENTICE.—The term ‘new ap-  
2           prentice’ means an employee who, with respect to an  
3           eligible employer—

4                   “(A) completed during the taxable year a  
5                   qualified apprenticeship program, and

6                   “(B) prior to beginning the qualified ap-  
7                   prenticeship program, has not received com-  
8                   pensation during the preceding 1-year period  
9                   for services provided to the eligible employer.

10           “(3) MID-CAREER APPRENTICE.—The term  
11           ‘mid-career apprentice’ means an employee who—

12                   “(A) prior to being employed by the eligi-  
13                   ble employer was either—

14                           “(i) employed in an industry sector  
15                           different from the industry section the eli-  
16                           gible employer is in, as determined under  
17                           regulations of the Secretary, or

18                           “(ii) or was unemployed, and

19                   “(B) completed during the taxable year a  
20                   qualified apprenticeship program.

21           “(4) COMPLETED APPRENTICESHIP EM-  
22           PLOYEE.—The term ‘completed apprenticeship em-  
23           ployee’ means an employee who, with respect to an  
24           eligible employer, completed 1 year of service with



1 the eligible employer during the taxable year after  
2 completing a qualified apprenticeship program.

3 “(5) QUALIFIED APPRENTICESHIP PROGRAM.—

4 The term ‘qualified apprenticeship program’ means  
5 an apprenticeship program in a field of science, tech-  
6 nology, engineering, or math that is recognized  
7 under any program administered by the Secretary of  
8 Labor.

9 “(6) UNEMPLOYED.—An individual is unem-  
10 ployed if the individual is certified by the designated  
11 local agency as being in receipt of unemployment  
12 compensation under State or Federal law for not  
13 less than 4 weeks during the 1-year period ending  
14 on the hiring date.

15 “(7) HIRING DATE; DESIGNATED LOCAL AGEN-  
16 CY.—The terms ‘hiring date’ and ‘designated local  
17 agency’ have the meanings given such terms by sec-  
18 tion 51(d) (11) and (12), respectively.

19 “(e) DENIAL OF DOUBLE BENEFIT.—No deduction  
20 or credit shall be allowed under any other provision of this  
21 chapter for any expenses paid or incurred with respect to  
22 an individual to the extent of the credit allowed under this  
23 section with respect to the individual.”

24 (b) CREDIT MADE PART OF GENERAL BUSINESS  
25 CREDIT.—Subsection (b) of section 38 of such Code, as

1 amended by section 4, is amended by striking “plus” at  
 2 the end of paragraph (37), by striking the period at the  
 3 end of paragraph (38) and inserting “, plus”, and by add-  
 4 ing at the end the following new paragraph:

5           “(39) the STEM apprenticeship credit deter-  
 6 mined under section 45U(a).”.

7           (c) DENIAL OF DOUBLE BENEFIT.—Subsection (a)  
 8 of section 280C of such Code is amended by inserting  
 9 “45U(a),” after “45T(a),”.

10          (d) CLERICAL AMENDMENT.—The table of sections  
 11 for subpart D of part IV of subchapter A of chapter 1  
 12 of the Internal Revenue Code of 1986 is amended by add-  
 13 ing at the end the following new item:

“Sec. 45U. STEM apprenticeship credit.”.

14          (e) EFFECTIVE DATE.—The amendments made by  
 15 this section shall apply to taxable years beginning after  
 16 December 31, 2017.

17 **SEC. 6. MANDATORY MINIMUM ALLOCATION OF PORTION**  
 18 **OF FEDERAL WORK-STUDY PROGRAM FUNDS**  
 19 **FOR STEM EMPLOYMENT.**

20          (a) MANDATORY MINIMUM ALLOCATION FOR STEM  
 21 EMPLOYMENT.—Section 443(b)(2) of the Higher Edu-  
 22 cation Act of 1965 (20 U.S.C. 2753(b)(2)) is amended—

23           (1) by striking “and” at the end of subpara-  
 24 graph (A);

1           (2) by redesignating subparagraph (B) as sub-  
2           paragraph (C); and

3           (3) by inserting after subparagraph (A) the fol-  
4           lowing new subparagraph:

5                     “(B) for fiscal year 2019 and succeeding  
6                     fiscal years, an institution shall use at least 7  
7                     percent of the total amount of funds granted to  
8                     such institution under this section for such fis-  
9                     cal year to compensate students employed in  
10                    science, technology, engineering, or mathe-  
11                    matics, except that the Secretary may waive  
12                    this subparagraph if the Secretary determines  
13                    that enforcing this subparagraph would cause  
14                    hardship for students at the institution.”.

15           (b) CONFORMING AMENDMENT RELATING TO OFF-  
16           CAMPUS STEM EMPLOYMENT FOR STUDENTS AT PRO-  
17           PRIETARY INSTITUTIONS OF HIGHER EDUCATION.—Sec-  
18           tion 443(b)(8) of such Act (20 U.S.C. 2753(b)(8)) is  
19           amended—

20                    (1) by striking “or” at the end of subparagraph  
21                    (A);

22                    (2) by adding “or” at the end of subparagraph  
23                    (B); and

24                    (3) by adding at the end the following new sub-  
25                    paragraph:

1                   “(C) in science, technology, engineering, or  
2                   mathematics, in accordance with paragraph  
3                   (2)(B) of this subsection;”.

○