



MOHELA to Offer Loan Forgiveness

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On December 19, the Missouri Higher Education Loan Authority (MOHELA) announced a new program that will motivate many prospective engineering students to pursue their dreams of higher education. Next academic year, engineering students will be able to receive loan forgiveness on common Stafford Loans, courtesy of the Missouri college loan agency. The engineering plan is an addition to a group of existing successful programs designed to assist students who have chosen to study in the fields of education, nursing, and police work.

In an Associated Press article, David Lieb quoted MOHELA's Director of Business Development, Will Shaffner, who said, "The loan forgiveness program was suggested by a taskforce appointed by Governor Matt Blunt to study ways of enticing more people into the math and sciences field."

The program has the potential to reduce freshman student balances on Stafford Loans by as much as \$3,500. It will first reward those who enroll in pre-engineering programs for the upcoming 2007-2008 school year.

MOHELA is the chief lender for the University of Missouri, St Louis. With the implementation of this program, the services of MOHELA will also become more appealing to higher education institutions with strong engineering schools, such as the University of Missouri, Rolla. In fact, per university spokeswoman Mindy Limback, Rolla plans to begin employing MOHELA as its main source for processing Stafford Loans next year, when the loan forgiveness plan kicks off.

Limback reported, "MOHELA currently handles about 24% of Rolla University's total dollar volume in student loans. The policy switch would raise that percentage to 90%."

Since MOHELA controls such a large portion of student lending needs, an agreement among the three parties involved-Blunt's administration, the University of Missouri system, and MOHELA-was reached. If approved in 2007, the Lewis and Clark Discovery Initiative will transfer \$350 million of the loan agency's profits back to the state over a six-year period.

In turn, the Missouri Development Finance Board would disburse all but \$15 million of that to public colleges and universities. The funds could be used for a variety of projects, such as renovating and updating buildings; however, the money would primarily be used to improve education in the life sciences.

The remaining millions would be invested in the Missouri Technology Corporation in hopes of attracting high-tech businesses to use university research to make profitable commercial products, thus perpetuating the influx of funding.

The favor would be returned to MOHELA in the form of \$1.1 to \$1.8 billion in tax-exempt bonding authority over the next decade. MOHELA would be able to use the money to underwrite more student loans.