

Perkins Loan Forgiveness Program:

Additional information: Check with your college or university financial aid office.

This program is for social workers working in public or private nonprofit child or family service agencies providing services to high-risk children and families from low-income communities, or social workers providing early intervention services to infants and toddlers with disabilities in public or private nonprofit agencies under IDEA (Individuals with Disabilities Education Act). This program is also available for teachers, nurses, law enforcement professionals.

Recipients of Federal Perkins Loan funds received after July 22, 1992 can qualify for postponement/ cancellation of up to 100% of the loan. The cancellation takes place over 5 years. For each year of service completed, the student is entitled to cancellation of the loan at the following rates:

- First and second years of employment: 15% each year
- Third and fourth years of employment: 20% each year
- Fifth year of employment: 30%.

National Health Service Corp - Federal Program:

Additional information: http://nhsc.bhpr.hrsa.gov/join_us/lrp.cfm

Fully trained health professionals, including clinical social workers, who are dedicated to working with the underserved and have qualifying educational loans are eligible to compete for repayment of those loans if they choose to serve in a community of greatest need. In addition to loan repayment, these clinicians receive a competitive salary, some tax relief benefits, and a chance to have a significant impact on a community.

National Institutes of Health (NIH) - Loan Forgiveness for Researchers:

Additional information and on-line application: <http://www.lrp.nih.gov/>

This program is for social workers and other professionals who are pursuing research careers in the areas of clinical, pediatric, contraception and infertility, or health disparities. Participants must possess a doctoral-level degree, devote 50% or more of their time to research funded by a non-profit organization or government entity (federal, state, or local), and have educational loan debt equal to or exceeding 20% of their institutional base salary.

H.R. 2669, "The College Cost Reduction Act of 2007"

Goes into effect on October 1, 2007. Here are some the specifics of the bill:

- Loan forgiveness would be offered to those who hold public service jobs (including social workers in a public child or family service agency) after 10 years of service.
- The interest rate on subsidized student loans would be cut in half, from 6.8 percent to 3.4 percent, over four years beginning in 2008.
- The maximum Pell grant award would increase by \$490 in 2008 to \$1,090 by 2012-2013.
- A cap on repayments of federally backed loans at 15 percent of a borrower's discretionary income.

The portion of this legislation that is most pertinent to social workers is the section on loan forgiveness. Currently, under the U.S. Department of Education's Income Contingent Repayment (ICR) Program, a borrower may pay federally guaranteed and federally extended loans over 25 years. The repayment amount is tied to the borrower's income and after 25 years of ICR payments, the balance of the debt is forgiven. You can access the U.S. Department of Education's website at www.ed.gov for more information.

With respect to H.R. 2669, ICR is retained but there is also the option to shorten the period for loan forgiveness to occur. A new program will allow public service workers to cancel their loans after ten years of service for loans taken out after October 1, 2007. A public service job is defined as: emergency management, government, military service, public safety, law enforcement, public health, public education (including early childhood education), social work in a public child or family service agency, public interest law services (including prosecution of public defense or legal advocacy in low-income communities at a nonprofit organization), public child care, public service for individuals with disabilities, public service for the elderly, public library sciences, school based library sciences, and "other school-based services" or at an organization with **501 (c)(3)** Internal Revenue Service status, which would be the nonprofit sector. This legislation could impact many social workers when one considers the broad categories of government and the nonprofit sector.

However, the law is ambiguous in places. For example, it is not clear whether a public service job could be done by someone who works in a private nonprofit organization that provides child welfare services under contract to the government or what is meant by "other school-based services". Loan forgiveness is also mentioned for those who teach full-time as a faculty member at a tribal college or university and "other faculty teaching in high-need areas" to be determined by the Secretary of Education. Therefore, social workers that provide full-time public service in the aforementioned areas could benefit from this legislation as it is written. **The U.S. Department of Education will be issuing regulations in the coming months that give more details about eligibility determination and other programmatic concerns.**

Please contact the U.S. Department of Education at **1-800-USA-LEARN** for more information or to find out if you are eligible for loan forgiveness. This legislation presents a significant opportunity for social workers to improve

their economic situations as we work to enhance the lives of children and families nationwide. NASW will continue to advocate for legislation to support the social work profession and the children and families you serve. Our loan forgiveness toolkit can be accessed at <http://www.socialworkers.org/advocacy/updates/2007/072707.asp> or view our "Frequently Asked Questions" on our website at www.socialworkers.org

The National Consumer Law Center (NCLC) and the Project on Student Debt have developed the Student Loan Borrower Assistance Project that can help loan saddled social workers and other borrowers to find out more information about the recently passed College Cost Reduction and Access Act, among other student loan related issues. This multi-featured website was created for people who already have student loans and want to know more about their options and rights. The site enables the borrowers to browse a wide range of issues, such as loan basics, default and delinquency, bankruptcy, loan cancellation, repayment, and collections.

Frequently Asked Questions about the College Cost Reduction Act of 2007

When will this legislation become effective?

Most of the changes will take effect October 1, 2007.

Who is eligible for the loan forgiveness portion of the legislation?

You must be working full-time in a public service job to include:

- Emergency management
- Government
- Military service
- Public safety
- Law enforcement
- Public health
- Public education (including early childhood education)
- Social work in a public child or family service agency
- Public interest law services (including prosecution or public defense or legal advocacy in low-income communities at a nonprofit organization)
- Public child care
- Public service for individuals with disabilities
- Public service for the elderly
- Public library sciences
- School-based library sciences and "other school-based services"
- An Internal Revenue Service designated 501(c)(3) organization
- Teaching as a full-time faculty member at a tribal college or university
- Teaching in "high-needs areas" as determined by the Secretary of Education.

How do I find out if I am eligible for the loan forgiveness program?

To determine whether or not you are eligible, contact the **U. S. Department of Education** at **1-800-USA-LEARN**. They will be issuing regulations within the coming months to provide the public with more guidance on the legislation's implementation. You can also contact the Federal Student Loan Information Line at 1-800-433-3243.

How much of my loan does this affect?

After ten years of service in an eligible profession, 100% of federal loans and interest are forgiven.

Where can I get information about other loan forgiveness programs?

NASW has a loan forgiveness toolkit on our website at <http://www.socialworkers.org/advocacy/updates/2007/072707.asp>
Currently, under the U.S. Department of Education's Income Contingent Repayment (ICR) Program, a borrower may pay federally guaranteed and federally extended loans over 25 years. The repayment amount is tied to the borrower's income. After 25 years of ICR payments, the balance of the debt is forgiven. Access the U.S. Department of Education's website at www.ed.gov for information about college financial aid.

Additional information can be found at
<http://www.finaid.org/loans/publicservice.phtml> and
<http://www.loanconsolidation.ed.gov>

Who can I contact if I need further assistance?

If you need assistance in solving a loan dispute, contact the U.S. Department of Education's Federal Student Aid Ombudsman at <http://www.ombudsman.ed.gov/>

Income Contingent Repayment
<http://www.finaid.org/loans/icr.phtml>

Income Based Repayment
<http://www.ibrinfo.org/>

For more information on all of these loans or if you have further questions please consider the following:

You can find out if you are eligible for these programs by contacting the Federal Student Aid Information Center at 1-800-433-3243. For additional information concerning these and other loan forgiveness programs, please visit NASW's loan forgiveness site at <http://www.socialworkers.org/loanforgiveness>.