



AMERICAN COUNSELING
ASSOCIATION

Student Loan Assistance Programs for Counselors *Updated September 2007*

Counselors can receive assistance in repaying student loans under a handful of federal programs. These include the Federal Perkins Loan program, the National Health Service Corps, and a soon-to-be established program created by the *College Cost Reduction and Access Act*. Also included is a description of proposed loan forgiveness provisions included in legislation currently before Congress.

Federal Perkins Loan Program

Under the Federal Perkins Loan program, a portion of your loan can be cancelled for full-time service as a **school counselor** (see definition of teacher below) in a designated elementary or secondary school serving students from low-income families (i.e., Title I school).

- This program forgives 15% of your loan for the first and second years of teaching service, 20% for the third and fourth, and 30% for the fifth, up to 100%.
- See the U.S. Department of Education's web site for more information on Federal Perkins Loan cancellation :
<http://studentaid.ed.gov/PORTALSWebApp/students/english/cancelperk.js?tab=repaying>
- **Definition of Teacher**
According to the Department of Education, a teacher is a person who provides students direct classroom teaching, or classroom-type teaching in a non-classroom setting, or educational services directly related to classroom teaching (for example, school librarian or **guidance counselor**). It's not necessary for you to be certified or licensed to receive cancellation benefits. However, your employing school must consider you to be a full-time professional for the purposes of salary, tenure, retirement benefits, etc. If you are a supervisor, administrator, researcher, or

curriculum specialist, you are not considered a teacher unless you primarily provide direct and personal educational services to students.

National Health Services Corps (NHSC) Loan Repayment Program.

- Certain **licensed professional counselors** (LPCs) may be eligible for up to \$50,000 in student loan repayment under the **National Health Services Corps (NHSC) Loan Repayment Program**. For more information and to apply, go to: <http://nhsc.bhpr.hrsa.gov/applications/>.

H.R. 2669--The College Cost Reduction and Access Act

Congress gave final approval on September 7, 2007, to a compromise budget reconciliation bill--*The College Cost Reduction and Access Act* (H.R. 2669)--that creates a new loan forgiveness program for direct-loan borrowers who work in public-service fields for 10 years. The legislation now allows the Department of Education to cancel the balance of any interest and principal due on any Federal Direct Loan - including Direct Stafford, Direct PLUS, or Direct Consolidation Loan - that is not in default for borrowers who:

- Have made 120 monthly payments (i.e., 10 years) on a Direct Loan **after October 1, 2007, AND**
- Are employed in a "public service job" and have been employed in a public service job during the 120 payment period (i.e., 10 years).

A public service job is defined as a full-time job in:

- **public health, (e.g., licensed professional counselor),**
- **public education, (e.g., school counselor),**
- emergency management,
- government,
- military service,
- public safety,
- law enforcement,
- social work,
- public interest law services,
- child care,
- public library sciences, or
- any other job at an organization that is described in section 501(C)(3) of the Internal Revenue Code of 1986.

For information on the new loan forgiveness program, borrowers should visit the U.S. Department of Education's Direct Loan Servicing web site at <https://www.dlssonline.com/borrower/BorrowerWelcomePage.jsp>, or call

(800) 848-0979 or (315) 738-6634, FAX: (800) 848-0984, TDD: (800) 848-0983.

H.R. 2073--The Child Healthcare Crisis Relief Act (Pending Legislation)

On April 30, 2007, Representative Kennedy (D-RI) and Ileana Ros-Lehtinen (R-FL) introduced H.R. 2073, The Child Healthcare Crisis Relief Act, which would address the critical national shortage of children's mental health professionals by creating educational incentives, including a loan repayment program to increase the number of well-trained mental health professionals providing services to children and adolescents, especially in schools. In June 2007, Senator Jeff Bingaman introduced an identical bill, S.1572. No further action has been taken on either bill.

Both S. 1572 and H.R. 2073 would work through the Health Resources and Services Administration (HRSA) to establish programs and funding opportunities to encourage mental health professionals to work with children. Possible opportunities include loan repayment and an increased number of scholarships for individuals providing mental health services to children and adolescents, as well as several funding initiatives for universities and organizations involved in training mental health professionals to establish and maintain courses in child and adolescent mental health.