



AMERICAN COUNSELING
ASSOCIATION

Student Loan Forgiveness Programs for Counselors *Updated August 2009*

Counselors can receive assistance in repaying student loans under a handful of federal programs. These include: the Loan Forgiveness for Service in Areas of National Need program, the Loan Forgiveness for Public Service Employees, the Federal Perkins Loan Cancellation program, and the National Health Service Corps.

Loan Forgiveness for Service in Areas of National Need Program

The [Higher Education Opportunity Act of 2008](#) (HEOA) (P.L.110-315, Title IV, Part B, Section 430) was signed into law on August 14, 2008. The measure is the first comprehensive, long-term overhaul of the Higher Education Act in a decade.

The HEOA created a new “Loan Forgiveness for Service in Areas of National Need” program. The loan forgiveness program covers 17 areas of “national need,” including **school counselors working full time in low-income schools (see definition of low-income school below)**.

To qualify for the new “Loan Forgiveness for Service in Areas of National Need” program, you must be:

1. employed full time in an area of national need (see list below), and
2. not in default on the loan for which you are seeking forgiveness.

The program permits the U.S. Department of Education to:

1. forgive up to \$2,000 in Federal Stafford Loan or Federal Direct Stafford Loan debt, for each school year or calendar year of full-time employment in area of national need, up to 5 years, for a maximum of **\$10,000** per eligible borrower.

(Note: Federal PLUS Loans borrowed on behalf of a dependent student are not eligible)

To find out if the school that employs you is classified as a low-income school, you can check the U.S Department of Education's online database for the year(s) that you have been employed. Go to:

<https://www.tcli.ed.gov/CBSWebApp/tcli/TCLIPubSchoolSearch.jsp>.

Note: This program is subject to annual funding by the U.S. Congress. For the FY 2009 fiscal year (2009-2010 school year), Congress did not fund this program. ACA and other organizations, representing vital human service professions, have sent a letter to the House and Senate Appropriations Committees asking that they provide \$10 million in funding for fiscal year 2010 (2010-2011 school year) for the Loan Forgiveness for Service in Areas of National Need. This newly authorized program targets federal loan forgiveness at professions in high need, but has yet to be funded.

Call or write your U.S. Senators and Representative and ask them to fund the Loan Forgiveness for Service in Areas of National Need in FY 2010. You can find out who your Senators and Representative are and write to them by visiting the ACA internet legislative action center at <http://capwiz.com/counselin>, and entering your zip code in the box indicated. Or you can contact your Senators and Representative by calling the U.S. Capitol Switchboard at 202-224-3121 and asking for his/her office.

This is all the information ACA has available on the loan forgiveness program at this time. We will attempt to provide more details when they become available. For more information, contact your lender, or loan service provider.

LOAN FORGIVENESS FOR PUBLIC SERVICE EMPLOYEES

The College Cost Reduction and Access Act (CCRAA) enacted in October 2007, created a new loan forgiveness option for borrowers who hold public service jobs, including certain mental health and school counselors. Borrowers who meet requirements outlined in the law may be eligible to have a portion of their student loan debt forgiven.

The CCRAA creates a new loan forgiveness program for **Federal Direct Loan (only)** 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.

ACA has developed an FAQ on the public service loan forgiveness program, available at: <http://www.counseling.org/Files/FD.ashx?guid=1a69f339-3596-4a98-810a-1e00261b80f2>.

Since the earliest that borrowers can take advantage of public service loan forgiveness is **2017**, application procedures may not be immediately available. Borrowers should visit the U.S. Department of Education's Web site for more information at:

<http://studentaid.ed.gov/students/attachments/siteresources/LoanForgivenessMarch18.pdf>

Borrowers may also visit the U.S. Department of Education's Direct Loan Servicing web site at:

<https://www.dlsonline.com/borrower/BorrowerWelcomePage.jsp>, or call (800) 848-0979 or (315) 738-6634, FAX: (800) 848-0984, TDD: (800) 848-0983.

Federal Perkins Loan Cancellation 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.jsp?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.

To find out if the school that employs you is classified as a low-income school, you can check the U.S Department of Education's online database for the year(s) that you have been employed. Go to:

<https://www.tcli.ed.gov/CBSWebApp/tcli/TCLIPubSchoolSearch.jsp>.

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/>.