



AMERICAN COUNSELING ASSOCIATION

Student Loan Programs for Counselors ***Updated December 2010***

President Barack Obama signed into law the Patient Protection and Affordable Care Act (PPACA) and the Health and Education Reconciliation Act (HERA) in March 2010. Together, these measures represent the first comprehensive health reform in America in over half a century. These reforms also include significant changes for student loans, such as eliminating subsidies to financial institutions that issue federal student loans (i.e., the Federal Family Education Loan Program). This change may save up to \$68 billion over 11 years.

Starting July 1, 2010, all new federal student loans are Direct Loans, delivered and collected by private companies under performance-based contracts with the U.S. Department of Education (ED). Several student loan programs pre-date health reform, but because Congress has yet to fund some of these programs, advocacy is needed to fund and therefore actually start them.

Income-based Student Loan Repayment Program

Health reform's HERA, described above, expanded the Income-Based Student Loan Repayment Program (P.L. 111-152, Title II, Subtitle A, Part 2, Section 2213), which is expected to enable more than 1 million borrowers to reduce their monthly payments.

Borrowers who assume new student loans after *July 1, 2014 can cap monthly repayments at 10 percent - instead of 15 percent under previous law -- of their discretionary income*. Discretionary income is defined as the income one earns above 150 percent of the federal poverty line (i.e., ranging from roughly \$16,500 for an individual to \$33,000 for a family of four). And borrowers who keep up with their payments will have the *balance forgiven after 20 years -- rather than 25 years under previous law --* or 10 years for those in public service per the Public Service Loan Forgiveness Program, described below, already existing under current law.

The administration is expected to provide further details as the new law is implemented. For more information, visit <http://www.finaid.org/loans/ibr.phtml>.

Public Service Loan Forgiveness Program

The College Cost Reduction and Access Act (CCRAA), enacted in October 2007, created the Public Service Loan Forgiveness Program (P.L. 110-84, Title IV, Section 401) for *Federal Direct Loan* borrowers, including certain mental health and school counselors, who work in public-service fields for 10 years. The legislation enables ED 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,

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- 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.

Since *the earliest that borrowers can take advantage of public service loan forgiveness is 2017*, application procedures may not be immediately available. You can download an FAQ on this program [here](#). Borrowers should visit ED's student aid site for more information, at <http://studentaid.ed.gov>. For details on Direct Loan servicing, visit <https://www.dlsonline.com>, or call (800) 848-0979, (315) 738-6634, TDD: (800) 848-0983.

National Health Services Corps Loan Repayment Program (NHSC LRP)

This competitive program recruits primary care medical, dental and behavioral and mental health clinicians, including licensed professional counselors, to serve in areas with inadequate access to health care (referred to as Health Professional Shortage Areas--HSPAs). In return for their service, the corps assists clinicians in their payment of qualifying education loans. To be eligible, counselors must be fully trained, licensed and working at (or in the final stages of employment negotiations with) an NHSC-eligible facility. *Deadline: May 26, 2011.*

For more information, or to apply online, visit <http://nhsc.hrsa.gov/loanrepayment/apply.htm>. The "opportunities list" of facilities seeking an NHSC provider is available at <http://nhscjobs.hrsa.gov/>.

Note: *Counselors should inquire about the salary range of the service site before applying. Employment negotiations are the responsibility of the NHSC LRP applicant and are between the clinician and the service site. The service site cannot guarantee an NHSC LRP contract award; therefore, NHSC loan repayments should not be part of salary negotiations between clinicians and service sites.*

Loan Forgiveness for Service in Areas of National Need Program

The Higher Education Opportunity Act of 2008 (HEOA) was signed into law in August 2008, representing the first comprehensive, long-term overhaul of the Higher Education Act in a decade. HEOA created the Loan Forgiveness for Service in Areas of National Need Program (P.L.110-315, Title IV, Part B, Section 430), which covers 17 areas of "national need," including *school counselors working full time in low-income schools* (see link below).

To qualify for the loan forgiveness program, you must be:

- employed full time in an area of national need (described above), and
- not in default on the loan for which you are seeking forgiveness.

The program enables ED to 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. *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, check the [ED database](#).

Note: *This program is subject to annual funding by Congress and has not been 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. You can find your lawmakers' names and write to them about the need for this program,*

at <http://capwiz.com/counseling/issues/alert/?alertid=13094686>. Or you can contact your lawmakers by calling the Capitol switchboard: 202-224-3121.

Federal Perkins Loan Cancellation Program

This is a different program than the Stafford Loan Forgiveness Program for Teachers, for which counselors are not eligible.

Under the Federal Perkins Loan Cancellation Program (P.L. 105-244, Title IV, Part D, Section 460), a portion of your loan can be cancelled for full-time service as a *school counselor* (see the Perkins definition of a teacher below) in a designated elementary or secondary school serving students from low-income families. The Perkins Program forgives 15 percent of your loan for the first and second years of teaching service, 20 percent for the third and fourth, and 30 percent for the fifth, up to 100 percent. For details, visit <http://studentaid.ed.gov/PORTALSWebApp/students/english/cancelperk.jsp?tab=repaying>. To find out if the school that employs you is classified as a low-income school, check the [ED database](#).

Perkins Definition of Teacher: According to ED regulations for the Perkins Program, 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.

Note: *This program is also subject to annual funding by Congress and LOST its funding.*

Pediatric Specialty Loan Repayment Program

As part of health reform in 2010, PPACA created the Pediatric Specialty Loan Repayment Program (Title V, Subtitle C, Section 5203) for pediatric medical and surgical specialists, and for "*school counselors*" or other "*professional counselors*" who provide child and adolescent mental health and behavioral health care, including substance abuse prevention and treatment services. To qualify, you must agree to provide 2-to-3 years of child and adolescent mental and behavioral health care in an area with a shortage of and a need for such professionals.

Priority will be given to applicants who:

- work in or will be working in a school or other pre-kindergarten, elementary or secondary education setting;
- are familiar with evidence-based methods as well as cultural and linguistic health care competencies; and
- demonstrate financial need.

The program authorizes the U.S. Department of Health and Human Services (HHS) to forgive up to \$35,000 a year, for each year of agreed-upon service, on the principal and interest of undergraduate and graduate loans. For expected details on implementing the program, visit <http://www.hhs.gov/>.

Note: *This program is subject to annual funding by Congress and has not yet been funded*