

LOAN FORGIVENESS FOR PUBLIC SERVICE EMPLOYMENT CHECKLIST

Many people working in public service can benefit from a new federal student loan forgiveness program, especially if they have high federal student loan debt.¹

1. Find out what kind of student loans you have:²

- Request a Personal Identification Number (PIN) from the Department of Education:
<http://www.pin.ed.gov/PINWebApp/pinindex.jsp>
- Use the PIN to look up your loans in the National Student Loan Data System:
http://www.nslds.ed.gov/nslds_SA/
- Use <https://www.annualcreditreport.com/cra/index.jsp> to check for commercial student loans, which will not appear in the National Student Loan Data System. Commercial loans are not eligible for forgiveness.

2. Get your eligible loans into the Federal Direct loan program by consolidating:³

- You must consolidate all your FFEL loans (and reconsolidate your FFEL Consolidation Loans) into Federal Direct if you want those loans to be eligible for forgiveness: <http://loanconsolidation.ed.gov/>

3. Choose an eligible repayment plan:⁴

- Choose an eligible repayment plan. Consider choosing Income-Contingent Repayment (ICR) now, and switching to Income-Based Repayment (IBR) in July 2009. Use an online repayment calculator to estimate what your payments would be under these repayment options:
<http://www.finaid.org/calculators>
- Beware** - payments made on an extended repayment plan do not qualify towards forgiveness!

4. Make qualifying payments each month for 10 years while working in public service full-time:⁵

- Check that your job qualifies. Your job qualifies if you work full-time for the government or a 501(c)(3) non-profit.
- Work in public service for 10-years (the 10 years don't need to be consecutive but you have to be working in eligible employment when forgiveness is granted)

- ❑ Make 120 qualifying payments (once a month for 10 years) on your Federal Direct loans. Consider switching from Income-Contingent to Income-Based Repayment (IBR) when IBR becomes available July 2009.

5. Apply for loan forgiveness!⁶

For more information: <http://www.equaljusticeworks.org/resource/ccraa>

Decisions about student debt are highly individual. Each borrower must make his or her own decisions. Equal Justice Works does not offer legal advice. Equal Justice Works makes every effort to ensure the accuracy and completeness of the information we provide, however no guarantee can be made. Equal Justice Works bears no liability for any errors or omissions, for how content is interpreted or used, or for the content of any third-party links. The United States Department of Education has not reviewed our site or its contents nor approved our interpretations.

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¹ College Cost Reduction and Access Act of 2007 (P.L. #110-84). President Bush signed CCRAA into law on September 27, 2007. Negotiated rulemakers reached consensus on draft regulations on April 14, 2008. Final regulations will be issued by the Department of Education in November, 2008.

² Most students borrow federal student loans (like Stafford loans and GradPlus loans). Students borrow these federal student loans from one of two major federal student loan programs: the Federal Family Education Loan (FFEL) program or the Federal Direct loan program. Federal student loans from the FFEL program are issued by private banks and lending institutions like Sallie Mae, but are still federal student loans (i.e. Stafford and GradPlus loans). Federal Direct loans are federal student loans issued directly by the United States Department of Education. Students do not choose whether they get their federal student loans from a FFEL lender or from Federal Direct; schools participate in one program or the other. When students graduate, many consolidate their federal student loans into a Federal Consolidation Loan. Federal Consolidation Loans are available from FFEL lenders and from Federal Direct. Students may choose whether to consolidate with a FFEL lender or with Federal Direct. ONLY Federal Direct Loans (including Stafford loans, GradPlus loans, and consolidation loans) are eligible for Loan Forgiveness for Public Service Employment. Borrowers with FFEL loans must consolidate their FFEL loans into Federal Direct Consolidation loans in order to be eligible for Loan Forgiveness.

Some students also borrow commercial loans from state or private lenders. Public service employees should consider paying commercial loans off more quickly than federal student loans if they can, because commercial loans are not eligible for forgiveness. Students that went to school before 2006 are more likely to have substantial amounts of commercial student loan debt because an important federal student loan, the GradPlus loan, only became available to in 2006.

³ Borrowers that have already consolidated eligible federal student loans into a FFEL Federal Consolidation Loan have the right to reconsolidate into a Federal Direct Consolidation Loan beginning July 1, 2008.

⁴ Eligible repayment plans are: Income Contingent Repayment (ICR) (available now), Income-Based Repayment (IBR) (available beginning July 2009), Standard Repayment plan based on a 10-year repayment schedule, or Repayment plan where the monthly amount paid is not less than the monthly amount required under Standard Repayment over a 10-year repayment period. To maximize forgiveness benefits, borrowers should consider choosing ICR, switching to IBR when it becomes available in July 2009, and remaining in IBR as long as their income qualifies for IBR repayment.

⁵ CCRAA defines public service as: "A full-time job in 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, or at an organization that is described in section 501(c)(3) of the IRS Code and exempt from taxation, or teaching as a full-time faculty member at a Tribal College or University and other faculty teaching in high-needs areas, as determined by the Secretary" (P.L. #110-84).

The current draft of the regulations defines **full-time** as:

- employment in one or more jobs for an annual average of at least 30 hours per week, not including vacation or leave time provided by the employer, or the number of hours the employer considers full-time, whichever is greater.

The current draft of the regulations defines **qualifying employment** as:

- employment in 501(c)(3) organization; or
- employment in government (local, state, federal, and tribal including military employment and employment in public schools and universities); or
- service in a full-time AmeriCorps position; plus
- employment in a “public service organization”

The vast majority of public service lawyers work in 501(c)(3) organizations or government positions. Some that do not may still be in qualifying employment if they work for a “public service organization”. A “public service organization”:

- provides specific listed services including “public interest law services”. (“Public interest law” is defined as “legal services provided by a public service organization that are funded in whole or in part by a local, state, federal, or tribal government”); **and**
- is not “a business organized for profit, a labor union, a partisan political organization, or an organization engaged in religious activities, unless the qualifying activities are unrelated to religious instruction, worship services, or any form of proselytizing”.

⁶ The Department of Education will require documentation, forms and verifications. For more information:

<http://www.equaljusticeworks.org/resource/ccraa>