

Victory for the Social Work Reinvestment Initiative: Loan Forgiveness for Social Workers in the College Cost Reduction Act of 2007!

NASW has been working to secure student loan forgiveness legislation for social workers for many years. Thanks to grassroots member advocacy and the work of NASW lobbyists, a major victory has been scored in support for students and social workers nationwide: On September 7, 2007, Congress passed H.R. 2669, "The College Cost Reduction Act of 2007" which amounts to the most sweeping changes to federal student aid programs in more than a decade. The President is expected to sign it shortly. Most of the changes will take 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.

While we were disappointed that a provision for loan forgiveness after five years was removed from an earlier House version, we recognize that loan forgiveness is an important workforce recruitment and retention tool. Those who take advantage of loan forgiveness programs are likely to remain in their social work careers longer resulting in better outcomes for consumers. Social workers are burdened with high student loans and often receive lower pay than other professions. A recent survey by the Council on Social Work Education found that the average loan debt of social work students graduating in 2004 with a master's degree in social work was \$26,777; those with bachelor's degrees in social work faced repayment of \$18,609 in loans and those with doctoral degrees in social work were \$32,841 in debt.

For more information

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

[Read President Bush's speech](#) before signing the College Cost Reduction Act of 2007.