

## **TEACHING SERVICE & FEDERAL STUDENT LOANS/SCHOLARSHIPS**

**Number: 05-12**

**May 2005**

If you're a teacher who has obtained federal student loans, you may find that you're eligible for loan cancellation, deferment or forbearance. Scholarships that require a service obligation may even be reduced in some instances. This Briefing Bulletin provides a general overview of those federal student assistance programs and provides additional resources for individuals to obtain further information. Individuals participating in student assistance programs are urged to research and fully investigate available repayment alternatives.

### **Federal Perkins Loan Program**

#### ***Cancellation***

You can qualify for cancellation (discharge) of up to 100 percent of a Federal Perkins Loan (formerly known as a National Defense Student Loan or National Direct Student Loan) if you have served full time in a public or nonprofit elementary or secondary school system as a:

- teacher in a school serving students from low-income families; or
- special-education teacher, including teachers of infants, toddlers, children, or youth with disabilities; or
- teacher in the fields of mathematics, science, foreign languages, or bilingual education, or in any other field of expertise determined by a state education agency to have a shortage of qualified teachers in that state.

#### ***Deferment***

You also qualify for deferment (postponement) while you're performing teaching service that qualifies for cancellation.

**For specific information on cancellation and deferment of Federal Perkins Loans, you must contact the school that holds your loan.**

### **Federal Stafford Loans**

#### ***Forgiveness***

Certain teachers can have a portion of their Federal Stafford loans forgiven (cancelled). In order to be eligible, all teachers must meet the following requirements:

- you have borrowed a Federal Family Education Loan (FFEL); and
- you have an outstanding loan balance which began on or after October 1, 1998; and
- you are not in default on the loan for which you seek forgiveness; and
- you have worked full-time as an elementary or secondary school teacher for five consecutive, complete school years, at least one of which was after the 1997-98 academic year, in a designated school that qualifies for loan cancellation under the Perkins Loan Program.

You are eligible for up to \$5,000 if you meet the eligibility requirements noted above and:

- you worked five years as a “highly qualified teacher”\* or,
- the chief administrative officer of the school established that you meet the eligibility requirements of the teacher loan forgiveness that existed under prior law.

You are eligible for up to \$17,500 if you meet the eligibility requirements noted above, worked full-time as a “highly qualified”\* teacher for five consecutive years, and taught:

- mathematics or science in a secondary school, or
- special education at an elementary or secondary school.

\*Highly qualified teacher definition is contained in the federal No Child Left Behind Act. The certification of who is a “highly qualified” teacher is restricted to the chief administrative officer of the school in which the borrower is employed.

### ***Deferment/Forbearance***

If you have a FFEL or Direct Stafford Loan and you're teaching full time in a teacher shortage area, you might be eligible for deferment (postponement of repayment) for a maximum of three years if you borrowed between July 1, 1987 and June 30, 1993. If you borrowed on or after July 1, 1993, you might be eligible for forbearance (a temporary postponement or reduction).

**For more specific information on forgiveness, deferment and/or forbearance of Federal Stafford Loans, you must contact your lender or loan servicing agency. Applications are available from your lender, the National Council of Higher Education Loan Programs (NCHELP), or the New York State Higher Education Services Corporation (HESC).**

### **Douglas Teacher Scholarship**

#### ***Reduced service obligation***

If you received a scholarship under the Paul Douglas Teacher Scholarship Program (formerly the Congressional Teacher Scholarship Program), you are generally required to teach for two years for every year of scholarship assistance received. However, if you are teaching in a federally-approved teacher shortage area, you are required to teach only one year for each year of scholarship assistance received. Although no new funding for individual scholarships has been authorized since the beginning of the 1996-97 year, former scholarship recipients who have not fulfilled the scholarship agreement must continue to do so.

**For more specific information on reduced service obligations for Douglas Teacher Scholarships, you must contact the office that administers the program in the state from which you received the scholarship.**

### **Resources**

Additional resources for student loan information include the following:

- Visit the Federal Student Aid web site at [www.studentaid.ed.gov](http://www.studentaid.ed.gov). (click on “Repaying”; scroll through the page, and then click on the “Cancellation and Deferment Options for Teachers” heading)
- The New York State Higher Education Services Corporation (HESC) is the state agency that provides assistance to state residents for financing college. They are also available to provide information and assistance regarding the Federal Stafford Loan Program. Visit their website at [www.hesc.com](http://www.hesc.com). You can also call the HESC Customer Communication Center at 1-888-NYS-HESC (1-888-697-4372), available 8:00 a.m. to 4:45 p.m., Monday through Friday, for information on federal student loans. Press 2 from the phone menu; when prompted, then press 2 from the menu; when prompted, then press 3 from the menu; when prompted, then press 3 from the menu for “Loan Program Policy.”
- For Non-Direct student loan information, contact the National Student Loan Data System at [www.nsls.ed.gov](http://www.nsls.ed.gov) or 1-800-4-FED-AID.
- For direct student loan information, contact the Direct Loan Servicing Center at [www.dlsonline.com](http://www.dlsonline.com) or 1-800-848-0979.