



## Service Cancellations For all Perkins Loans

**Note:** With the exception of cancellations for Head Start, military (prior to 8/14/08) and volunteer service, the cancellation rate per completed academic year of full-time teaching or for each year of otherwise qualifying full-time service is 15% of the original principal loan balance for each of the 1st and 2nd years, 20% of the original principal loan balance for each of the 3rd and 4th years, and 30% of the original principal loan balance for the 5th year.

### Teacher Cancellations

#### **Cancellation for teaching in low-income schools**

A cancellation based on teaching in a school serving students from low-income families may be granted only if the borrower taught in an eligible school that is listed in the *Directory of Designated Low-Income Schools for Teacher Cancellation Benefits*. The Department compiles and publishes this directory of low-income schools annually after consulting with each state's educational agency.

The Directory lists, on a state-by-state and territory-by-territory basis, the schools in which a borrower may teach during the school year to qualify for deferment and cancellation benefits. The Directory is currently available in electronic format at:  
<http://www.tcli.ed.gov/CBSWebApp/tcli/TCLIPubSchoolSearch.jsp> .

*\*Effective date: August 14, 2008*

A teacher in a designated low-income elementary or secondary school who is employed by an educational service agency may qualify for a teacher cancellation. In addition, a teacher in a designated low-income elementary school, secondary school, or location operated by an educational service agency may qualify for a teacher cancellation. The Department will determine whether a school or location operated by an educational service agency is low-income pursuant to regulations of the Department and after consultation with the State education agency.

#### **Cancellation for teaching in special education**

A person who provides one of the following services does not qualify as a teacher unless (1) that person is licensed, certified, or registered by the appropriate state education agency for that area in which he or she is providing related special educational services and (2) the services provided by the individual are part of the educational curriculum for handicapped children:

- speech and language pathology and audiology;
- physical therapy;
- occupational therapy;
- psychological and counseling services; or
- recreational therapy.

#### **Cancellation for teaching in a field of expertise (shortage area)**

For a borrower to be considered as teaching in a field of expertise that has been identified by a state education agency to have a shortage of teachers, the majority of classes taught must be in that field of expertise.

A borrower who is teaching in science, mathematics, foreign language, or bilingual education qualifies for cancellation even if the State has not designated the subject area in which he or she is teaching as a shortage area.

### **Other Categories of Service Cancellations**

#### **Nurse or Medical Technician Cancellation**

Schools must cancel up to 100% of a Perkins Loan if the borrower has served full time as a nurse or medical technician providing health care services. The borrower must provide health care services *directly* to patients.

#### **Child or Family Services Cancellation**

Schools must cancel up to 100% of a Perkins Loan if the borrower has served full time as a employee of an eligible public or private nonprofit child or family service agency and has directly and exclusively provided services to high-risk children who are from low-income communities or has supervised the provision of such services. To receive loan cancellation for being employed at a child or family service agency, a borrower employed in a non-supervisory capacity must be providing services only to high-risk children who are from low-income communities. The borrower must provide services directly and exclusively to high-risk children from low-income communities. The borrower may also be providing services to adults, but these adults must be members of the families of the children for whom services are provided, and the services provided to adults must be secondary to the services provided to the high-risk children.

The types of services a borrower may provide to qualify for a child or family service cancellation include child care and child development services, health, mental health and psychological services, as well as social services. The Department has determined that an elementary or secondary school system or a hospital is not an eligible employing agency.

#### **Early Intervention Cancellation**

Schools must cancel up to 100% of a Perkins Loan if the borrower has been employed full time as a qualified professional provider of early intervention services in a public or other nonprofit program under public supervision.

#### **Law Enforcement or Corrections Officer Cancellation**

Schools must cancel up to 100% of a Perkins Loan if the borrower has served full time as a qualifying law enforcement or corrections officer.

To establish the eligibility of a borrower for the law enforcement or corrections officer cancellation provision, the school must determine that (1) the borrower's employing agency is eligible and that (2) the borrower's position is essential to the agency's primary mission.

1. A local, state, or federal agency is an eligible employing agency if it is publicly funded and its activities pertain to crime prevention, control, or reduction or to the enforcement of the criminal law. Such activities include, but are not limited to, police efforts to prevent, control, or reduce crime or to apprehend criminals; activities of courts and related agencies having criminal jurisdiction; activities of corrections, probation, or parole authorities; and problems relating to the prevention, control, or reduction of juvenile delinquency or narcotic addiction. Agencies that are primarily responsible for enforcement of civil, regulatory, or administrative laws are ineligible. However, in recognition of the fact that the activities of many divisions and bureaus within local, state, and federal agencies pertain to crime prevention, control, or reduction, or to the enforcement of criminal law, the Department has determined that a sub-unit within a larger, non-law enforcement agency may qualify as a law enforcement agency for purposes of a law enforcement cancellation.
2. For the borrower's position to be considered essential to the agency's primary mission, he or she must be a full-time employee of an eligible agency and a sworn law enforcement or corrections officer or person whose principal responsibilities are unique to the criminal justice system and are essential in the performance of the agency's primary

*\*Effective date: August 14, 2008*

The law enforcement/corrections officer cancellation is expanded to include full-time attorneys employed in Federal Public Defender Organizations or Community Defender Organizations, established in accordance with Section 3006A(g)(2) of Title 18, U.S.C.

### **Head Start Cancellation**

Schools must cancel up to 100% of a Perkins Loan if the borrower has served full time as a staff member in the educational part of a preschool program carried out under the Head Start Act.

A full-time staff member is someone who is regularly employed in a full-time professional capacity to carry out the educational part of a Head Start Program. The program must operate for a full academic year, or its equivalent, and the borrower's salary may not be more than that of a comparable employee working in the local educational agency. An authorized official of the Head Start Program must sign the borrower's cancellation form to certify the borrower's service. The cancellation rate is 15% of the original principal loan amount—plus the interest that accrued during the year—for each complete school year.

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The Head Start cancellation is expanded to include full-time staff members in a pre-kindergarten or childcare program that is licensed or regulated by the State.

### **Military Service Cancellation**

Schools must cancel up to 50% of a Perkins Loan if the borrower has served a period of full-time active duty in the armed forces (that is, the U.S. Army, Navy, Air Force, Marine Corps, or Coast Guard), the National Guard, or the Reserves. The service must be in an area of hostilities or an area of imminent danger that qualifies for special pay under Section 310 of Title 37 of the U.S. Code. The cancellation rate for every complete year of qualifying service is 12.5% of the original principal loan amount plus any interest that accrued during the year.

*\*Effective date: August 14, 2008*

The HEOA eliminates the 50 percent limitation on military service cancellations. Borrowers may now receive military service cancellation of up to 100 percent of the loan in increments of 15 percent (for the first and second years of service); 20 percent (for the third and fourth years of service); and 30 percent (for the fifth year of service).

### **Volunteer Service Cancellation**

Schools must cancel up to 70% of a Perkins Loan if the borrower has served as a Peace Corps or Americorps\*VISTA (under Title I, Part A of the Domestic Volunteer Service Act of 1973) volunteer. An authorized official of the Peace Corps or Americorps\*VISTA program must sign the borrower's cancellation form to certify the borrower's service. Americorps volunteers do not qualify for this cancellation unless their volunteer service is with Americorps\*VISTA. An Americorps\*VISTA volunteer may only qualify for this cancellation if the Americorps\*VISTA volunteer elects not to receive a national service education award for his or her volunteer service. The Americorps\*VISTA volunteer must provide appropriate documentation showing that the volunteer has declined the Americorps national service education award. Schools apply cancellation for volunteer service in the following increments:

## **Addition of New Public Service Cancellation Categories authorized by the HEOA signed into law on August 14, 2008**

**Note:** Eligible service performed on or after August 14, 2008, in these new cancellation categories will qualify a borrower for cancellation, regardless of whether the cancellation category appears on the

borrower's promissory note. The cancellation rate for each year of qualifying full-time service is 15% of the original principal loan balance for each of the 1st and 2nd years, 20% of the original principal loan balance for each of the 3rd and 4th years, and 30% of the original principal loan balance for the 5th year.

### **Full Time Fire Fighters**

Schools must cancel up to 100% of a Perkins Loan if the borrower has served as a full time fire fighter with a local State or Federal fire department or fire district.

### **Tribal College of University Faculty Service**

Schools must cancel up to 100% of a Perkins Loan if the borrower has served as a full-time faculty member at a Tribal College or University.

### **Librarian Service**

Schools must cancel up to 100% of a Perkins Loan if the borrower has served as a full time librarian with a masters degree in library science and who are employed in an elementary or secondary school that qualifies for Title I funding, or in a public library that serves a geographic area that includes one or more Title I schools.

### **Speech-Language Pathology Service**

Schools must cancel up to 100% of a Perkins Loan if the borrower is a full-time speech language pathologist with a master's degree working exclusively with Title I eligible schools.

### **Non-Service Discharges**

#### **Discharge for Death**

Schools must discharge the remaining balance of any Perkins Loan if the borrower dies. Schools must base their determination of death of the borrower on an original or certified copy of the death certificate, or an accurate and complete photocopy of the death certificate.

#### **Discharge for Permanent Disability**

Schools must discharge the remaining balance of any Perkins Loan if the borrower becomes totally and permanently disabled. Total and permanent disability is the inability to work and earn money because of an injury or illness that is expected to continue indefinitely or to result in death.

Effective date: July 1, 2008, subject to regulations, except for disability discharge requests based on Department of Veterans Affairs' determinations.

The HEOA provides for a discharge of a borrower's Perkins Loan if the borrower is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that

- can be expected to result in death;
- has lasted for a continuous period of not less than 60 months; or
- can be expected to last for a continuous period of not less than 60 months.

In addition, a borrower who is determined by the VA to be unemployable due to a service-connected disability also qualifies for a discharge on his or her Perkins Loan. The Department will issue additional guidance to Perkins loan holders describing the procedures for discharging these loans after working with the VA to identify the appropriate documentation to support a borrower's eligibility for the discharge.

#### **Discharge for spouses of September 11, 2001 victims**

The Third Higher Education Extension Act of 2006 (THEAA) authorized the discharge of the outstanding balance of a Perkins Loan made to the spouse of an eligible public servant. An eligible

public servant is a police officer, firefighter, or other safety or rescue personnel, or a member of the Armed Forces, who died or became permanently and totally disabled due to injuries suffered in the September 11, 2001 terrorist attacks. This discharge is only available on Perkins, NDSL, or Defense Loan amounts that were owed on September 11, 2001. The THEAA doesn't authorize refunding of any payments made on a loan prior to the loan discharge date.