

**ACA UPDATE: House Passes Student Aid Bill: Includes Loan Forgiveness for Counselors!**

This week, the U.S. House of Representatives passed sweeping legislation that would make some of the biggest changes in student-aid policy in a generation by slashing nearly \$19-billion in government subsidies to lenders and using the savings to expand federal assistance to students, make college loans more affordable, and reduce the federal deficit. The bill, H.R. 2669, <<http://thomas.loc.gov/cgi-bin/bdquery/z?d110:h.r.02669>> the "College Cost Reduction Act of 2007," passed by a vote of 273 to 149.

The legislation, a "budget reconciliation" measure, would cut government subsidies to lenders by a little over half a percentage point and raise the maximum Pell Grant award by \$500 over four years. It would also reduce by half the interest rate on federal student loans for undergraduates over five years, and make several changes aimed at helping borrowers who have taken on large amounts of debt, including providing loan forgiveness for counselors!

H.R. 2669 includes a manager's amendment that specifically adds school counselors who work full-time in a low-income (i.e., Title 1) school to a list of individuals eligible for limited federal student loan forgiveness under the Higher Education Act. The amendment was sponsored by Rep. George Miller (D-CA) who chairs the House Education and Labor Committee. Under the House bill, an "eligible borrower" would receive up to a maximum of \$5,000 in loan forgiveness for an outstanding Federal Stafford Loan or Federal Direct Stafford Loan, on a first-come, first-served basis, and subject to the availability of appropriations.

"An eligible borrower" is defined as someone with NO outstanding balance on a FFEL or Direct Loan as of the date of enactment of the law, and who has been employed full-time for at least 5 consecutive, complete school, academic, or calendar years as a school counselor in a Title 1 school.

In addition, H.R. 2669 would provide loan forgiveness for eligible Federal Direct Loans borrowers who have been "public sector" employees for 10 years AND made 120 income contingent payments on their Direct Loans. The bill defines a "public sector" job as a full-time job in:

- education (including early childhood education),
- public health,
- emergency management, government,
- public safety,
- law enforcement,
- social work in a public child or family service agency,
- or public interest legal services (including prosecution or public defense)

The Senate version of the bill--the Higher Education Access Act-- has cleared the Health, Education, Labor, and Pensions (HELP) Committee, but has not been addressed by the full Senate. The Senate bill contains enough critical differences that drafting an eventual

compromise bill between the two chambers could be complicated. Those negotiations will probably take place this fall.

IMPORTANT NOTE: Currently, counselors cannot receive loan repayment as a result of the House vote. The House-passed language must also be approved by the Senate, signed into law by the president, outlined under regulations developed by the U.S. Department of Education, and funded by Congress before any money can be disbursed.

To unsubscribe from the GR-Listserv, please send an e-mail to [clum@counseling.org](mailto:clum@counseling.org)

Christopher C. Campbell, M.A. Ed. Assistant Director of Public Policy and Legislation

American Counseling Association

5999 Stevenson Avenue, Suite 200

Alexandria, VA 22304

703.823.9800 x241

703.823-0252 fax

703-405-9671 mobile

<http://www.counseling.org>