

Council for American Private Education

CAPE outlook

Voice of America's private schools

Congress Includes Private School Teachers in Loan Program

Benefits Are Substantial for High-Debt Graduates

Congress last month approved a college loan forgiveness program for a broad swath of public servants, including educators in private and public schools, employees of nonprofit organizations, government workers, and others.

The program is one component of the *College Cost Reduction and Access Act*, an expansive piece of legislation that cuts college costs by overhauling various student aid and loan programs. President Bush signed the measure (H.R. 2669) into law September 27. Sponsors say the act provides “the single largest increase in college aid since the GI Bill.”

The loan forgiveness measure will cancel the balance of federal direct loans for a borrower who makes 10 years of monthly loan payments after October 1, 2007, and who is employed in a designated public service job while making those payments. Although only federal direct loans qualify, a related section of the act gives borrowers the right to consolidate non-qualifying government-guaranteed loans into direct loans.

The program allows for a variety of monthly payment options during the 10-year repayment period. Borrowers may use standard loan payments or dramatically reduced payments through either the current “income-contingent” repayment (ICR) plan or, starting July 2009, the new and more generous “income-based” repayment (IBR) plan established by the act. Plans offering the lowest monthly payments produce the highest overall benefit to borrowers, since whatever amount remains unpaid after 120 payments will be cancelled.

Substantial Savings

The combination of public service employment and reduced loan payments could amount to substantial savings for

many graduates. For example, a teacher who has accumulated \$100,000 in college loans and who works in a private school with a starting salary of \$40,000 and annual salary increases of 3 percent could

influenced by their debt burdens and will enable governments and non-profit organizations to retain talented professionals who would otherwise be forced to resign after two or three years and seek higher-paying jobs so that they could repay their student loans.”

CAPE Campaign

The inclusion of private school educators in the loan program was never a sure thing as the legislation made its way through Congress. In fact, a version of the bill that the Senate passed in July excluded teachers in religious and independent schools from the program. CAPE, its member organizations, and state affiliates urged that the final bill incorporate language from the House version, which had extended the benefit to private school teachers. In the end, the House/Senate compromise legislation (called a conference report)

that Congress ultimately enacted went even further by extending loan forgiveness to all full-time employees in religious, charitable, and other not-for-profit organizations.

At a ceremony September 18 to enroll the act and send it to President Bush for his signature, House Speaker Nancy Pelosi (D-CA) called the bill “landmark legislation” that would spur the economy and break down the financial barriers that prevent many students from pursuing higher education. She noted that the bill makes college more affordable by lowering interest rates on college loans and increasing the loan amounts for Pell Grants. Senator Edward Kennedy (D-MA), who chairs the Senate Committee on Health, Education, Labor, and Pensions, said, “College education is the engine for the American economy,” adding that the bill will help



Senator Edward Kennedy (D-MA), House Speaker Nancy Pelosi (D-CA), and Rep. George Miller (D-CA) at the enrollment ceremony September 18 for H.R. 2669. (Photo, Office of the Speaker)

have over \$125,000 in principal and interest forgiven under the program at the end of 10 years of service, according to tables developed by Georgetown University Law Center Professor Philip G. Schrag, whose work influenced the program (see related story).

In an article about the legislation to be published this fall in the *Hofstra Law Review*, Professor Schrag says that by approving the new act, “Congress has significantly improved access to higher education, particularly graduate and professional education, for persons who would like to have lower-paying public service careers but who will be saddled by high educational debts incurred to obtain the education that they need to serve the public.” He argues that the debt-cancellation program, along with the new income-based repayment plan, will “enable student borrowers to choose their careers without being unduly

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CAPE member organizations:

- Agudath Israel of America
 - American Montessori Society
 - Association Montessori International—USA
 - Association of Christian Schools International
 - Association of Christian Teachers and Schools
 - Association of Waldorf Schools of N.A.
 - Christian Schools International
 - Evangelical Lutheran Church in America
 - Friends Council on Education
 - Lutheran Church—Missouri Synod
 - National Association of Episcopal Schools
 - National Association of Independent Schools
 - National Catholic Educational Association
 - National Christian School Association
 - Oral Roberts University Educational Fellowship
 - Seventh-day Adventist Board of Education
 - United States Conference of Catholic Bishops
 - Wisconsin Evangelical Lutheran Synod Schools
 - 31 Affiliated State Organizations
- a coalition of national associations serving private schools K-12
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How to Take Advantage of the Loan Forgiveness Program

Private school teachers and other persons involved in public service could get a big boost from the federal government in repaying their college debt under the loan forgiveness program that Congress recently approved, but they have to know the program's rules and may have to take steps to lock in the benefits. Two important steps are converting existing college loans into the federal direct loans that qualify for the program and reducing current loan repayments to the lowest amounts allowable, according to Georgetown University Law Center Professor Philip Schrag, a longtime advocate of the loan forgiveness program who was influential in getting the law passed.

In an article to be published this fall in the *Hofstra Law Review*, Schrag unpacks the benefits of the new law for "high-debt/low-income graduates," and provides "a road map to the law's provisions for obtaining loan repayment assistance."

Schrag explains that the *College Cost Reduction and Access Act* includes two main provisions to help students burdened with college debt pursue a career in public service and to help public service agencies attract and retain high-quality employees who might otherwise have to seek more lucrative jobs to pay off their loans. One provision, the income-based repayment (IBR) option, goes into effect July 2009, and the other provision, loan forgiveness after 10 years of public service, goes into effect immediately, which is to say the 10-year countdown starts as early as October 1, 2007.

Loan Forgiveness

Section 401 of the act allows borrowers with federal direct college loans to have the balance of the loans forgiven after they have made 120 monthly payments, so long as those payments are made while the person has been employed in a qualifying public service position. Employment does not have to be for 10 consecutive years, nor does it have to be with the same employer, but to qualify toward loan forgiveness, the 120 payments have to be made during periods of active employment in some type of qualifying public service. The person must also be employed in public service at the time of the loan forgiveness.

Only payments made after October 1, 2007, count when calculating the 120 payment requirement, which is good news for recent or future graduates, but bad news for borrowers who have already paid down a good deal of debt.

In addition, only federal direct loans are eligible for the forgiveness program, and that includes a federal direct Stafford loan (subsidized or not), a federal direct Grad PLUS loan, or a

federal direct consolidation loan. The consolidation loan is key, because, as Professor Schrag explains, section 203(b)(1)(B) of the new law gives borrowers the right to consolidate government-guaranteed loans that do not qualify for loan forgiveness into a federal direct loan that does. (As the name suggests, a "direct" loan is borrowed directly from the U.S. Department of Education.) Under the new law, federal Perkins loans, FFEL Stafford loans (subsidized or not), and certain other federally guaranteed loans made by banks and other financial institutions may be consolidated into direct loans. Loans that are not guaranteed by the federal government are not eligible for consolidation. Professor Schrag's advice on consolidation is clear: If they are going to take advantage of the new forgiveness provision, borrowers who have "government-guaranteed loans must first consolidate prior educational debt into a federal direct consolidation loan."

Reducing Loan Repayments

If whatever balance remaining on a loan at the end of 120 payments is going to be forgiven, it makes sense to maximize that balance by reducing each monthly payment to the lowest amount allowed by law. Professor Schrag says borrowers can do that by using the current income-contingent repayment (ICR) option or the new and more generous income-based repayment (IBR) option that takes effect July 2009. Both options tie repayment amounts to income, but under IBR the payments are lower and unpaid interest is treated more favorably, according to Schrag. He says the IBR plan "creates a method for borrowers to limit their annual educational debt repayment to a reasonable, affordable amount: 15% of discretionary income, where discretionary income is defined as adjusted gross income minus 150% of the poverty level for the borrower's family size."

Schrag illustrates the savings in monthly payments using the example of a borrower who owes \$100,000 at 6.8 percent interest (the current

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America compete globally. And Representative George Miller (D-CA), who, as chairman of the Education and Labor Committee, shepherded the bill through the House, said the loan forgiveness program would help people enter "promising careers" in public service that they might otherwise pass up because of the need to deal with college debt.

More information about the new law is available on CAPE's Web site at <<http://www.capenet.org/new.html>>.

Education Department Honors Star Teachers

At its third annual conference for private school leaders September 25, the U.S. Department of Education honored four outstanding private school educators with the American Stars of Teaching Award. Along with 51 colleagues from public schools (one from each state and the District of Columbia), the teachers were selected from among 4,000 nominees for their success in changing the lives of students.

Dr. Pamela Durkee has been teaching high school science for the past eight years at York School in Monterey, CA, after having taught at the college level 12 years before that. Chuck Harmon, headmaster of York, said Dr. Durkee's "record of achievement alone is remarkable.

In the last three years, 100 percent of her students have scored a 3 or better on the AP Biology exam with 75 percent earning a 5."

Larry Becker is a high school math teacher with 25 years of service at Blue Ridge Christian School in Kansas City, MO. The department's profile says he is known for his "loyalty and service" to the school, his "fairness with each student," and the extra help he provides to those in need. According to Paul Wieduwilt, the school's



From left, Star Teachers Larry Becker, Pamela Durkee, Martha Adams, and Angela Tweddale at the U.S. Department of Education. (USDE photo)

principal, Mr. Becker "has a servant's heart and a willingness to help his students be successful in math and in life in general." Becker simply describes his ministry as "an incredible blessing."

Ms. Angela Tweddale teaches sixth-grade at St. Andrews School, an inner-city school in Grand Rapids MI. School principal Connie

Ankoviak said Tweddale is "a marvel to watch and has a natural ability to teach by readily adapting her teaching style to fit the needs of her students."

Mrs. Martha Adams has been teaching high school science for more than 25 years at St. Brendan Catholic High School in Miami, FL. Her principal, Br. Felix Elardo, said Mrs. Adams has shown "outstanding leadership,

creativity, and excellence as a science teacher. Under her guidance, many students have entered a scientific profession, especially in the medical field."

"Just like Martha Adams, Larry Becker, Pamela Durkee, and Angela Tweddale, No Child Left Behind expects results for every child. So we must support teachers who get the job done in America's most challenging classrooms," said U.S. Secretary of Education Margaret Spellings.

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Stafford rate) and earns \$40,000 as a starting salary. Under the standard repayment plan (non-ICR and non IBR) the person would have to struggle to come up with monthly loan payments of \$1,151 for 10 years, for a total repayment of principal and interest amounting to \$138,097. Under the IBR plan, the monthly payment would only be \$309 the first year and would gradually increase to \$403 in year 10 (assuming 3 percent increases in both income and poverty rates each year).

But here's where the big savings kick in. If the same person teaches in a religious or independent school or is employed in some other qualifying public service position, the federal government would forgive \$125,552 of the principal and interest after 10 years of employment and payments. The borrower's total repayment during the 10 years would only amount to \$42,448, nearly \$100,000 less than the repayment obligation under the standard plan.

Advice to Borrowers

Schrag offers several pieces of advice to maxi-

mize benefits under the loan-forgiveness program. First, consolidate non-qualifying government-guaranteed loans into federal direct loans, the only loans that are eligible for forgiveness. Second, lower the monthly payments by taking advantage of the current income-contingent repayment plan and, when it becomes available in July 2009, the income-based repayment plan. ICR, IBR, and standard payment plans qualify for the 120 payments necessary before forgiveness begins, as long as the payments are made after October 1, 2007.

A link to Professor Schrag's article "Federal Student Loan Repayment Assistance for Public Interest Lawyers and Other Employees of Governments and Nonprofit Organizations" is available on CAPE's Web site at <<http://www.capanet.org/new.html>>.

[Editor's Note: Persons who have already paid substantial amounts toward their college debt prior to October 2007 may not realize any benefits under the loan forgiveness program and should carefully calculate the total potential costs and benefits before consolidating loans or opting for lower payment plans.]

Crisis Response Resource

Private school administrators looking for help in preparing for disasters and managing emergencies now have a new resource. The U.S. Department of Education's Office of Safe and Drug-Free Schools has devoted an entire issue of its ERCMExpress newsletter to the topic "Emergency Management Opportunities and Challenges for Non-Public Schools."

The newsletter notes that the "need for school safety and emergency management has grown more complex and urgent in the last 15 years." Whereas the focus was once exclusively on "fire, crime, and medical emergencies, and natural disasters such as hurricanes, tornadoes, and earthquakes," the list of potential incidents now includes "targeted violence" and the "potential threats of terrorist assaults involving explosive devices as well as biological, chemical, nuclear, and radiological weapons."

The document offers practical advice on how private school officials can work with public school districts, health agencies, local emergency management offices, and a network of businesses, nonprofits, and community groups to develop response plans and to share resources and services.

The newsletter also reviews relevant federal grant programs that require school districts to consult with private schools on how best to include and serve students and teachers.

Stories from the field describe how private school representatives have collaborated with government officials to coordinate planning, to produce crisis guides, and, in one instance, to develop an emergency notification system that sends phone calls, text messages, and e-mail alerts to parents when an emergency arises.

The publication is available at <http://www.ercm.org/views/documents/ERMgmtOppts_Challngs4N_PS.pdf>.

Return service requested

CAPE notes

★ U.S. Secretary of Education Margaret Spellings announced October 2 the names of 287 schools identified by the U.S. Department of Education as the No Child Left Behind Blue Ribbon Schools for 2007. Schools were selected either because they dramatically improved student performance on standardized tests in reading and math or because their test scores placed them in the top 10 percent of schools in the nation or state. Fifty private schools were among the awardees this year.

“It takes a lot of hard work by teachers and students to become a Blue Ribbon School, and it’s a privilege to celebrate their great efforts.” Spellings said.

A state’s chief state school officer nominates public schools, and CAPE nominates a maximum of 50 private schools. One hundred percent of the schools nominated by CAPE received the award this year.

CAPE, the proud coordinator of the private school component of the NCLB-BRS program, joins Secretary Spellings and the nation’s education community in congratulating all winning schools, including the 50 private schools listed below.

More information about the program, including the application for 2008, is available at www.capenet.org/brs.html.

Private School Awardees

(By State)

California - Mariners Christian School, Costa Mesa, CA • Pinecrest Schools, Northridge, Northridge, CA • St. Law-

rence Martyr School, Redondo Beach, CA • **District of Columbia** - Our Lady of Victory, Washington, DC • **Florida** - Cathedral Parish School, St. Augustine, FL • Naples Christian Academy, Naples, FL • St. Charles Borromeo Catholic School, Orlando, FL • **Georgia** - Christ the King School, Atlanta, GA • Queen of Angels Catholic School, Roswell, GA • **Illinois** - Ascension Catholic School, Oak Park, IL • Carmel Catholic High School, Mundelein, IL • Immaculate Conception, Chicago, IL • St. Colette School, Rolling Meadows, IL • St. Francis de Sales School, Lake Zurich, IL • St. Germaine School, Oak Lawn, IL • St. Mary of the Annunciation, Mundelein, IL • **Indiana** - St. Pius X Catholic School, Indianapolis, IN • **Kentucky** - Blessed Sacrament School, Ft. Mitchell, KY • Covington Catholic High School, Park Hills, KY • Holy Spirit School, Louisville, KY • Holy Trinity Parish School, Louisville, KY • Lexington Catholic High School, Lexington, KY • Villa Madonna Academy Elementary and Junior High School, Villa Hills, KY • **Louisiana** - St. Pius X Elementary School, New Orleans, LA • St. Rita School, Harahan, LA • **Maryland** - St. Andrew Apostle School, Silver Spring, MD

• **North Carolina** - Our Lady of Lourdes

School, Raleigh, NC • Sacred Heart Cathedral School, Raleigh, NC • The Raleigh School, Raleigh, NC • **Nebraska** - St. Cecilia Cathedral Elementary, Omaha, NE • **New Jersey** - Immaculate Heart of Mary School, Wayne, NJ • **New Mexico** - Immanuel Lutheran School, Albuquerque, NM • Sunset Mesa Schools, Albuquerque, NM • **Ohio** - Guardian Angels Elementary School, Cincinnati, OH • Our Lady of the Visitation, Cincinnati, OH • St.

James School, Cincinnati, OH • St. Michael School, Independence, OH • Oklahoma - All Saints Catholic School, Norman, OK • **Pennsylvania** - Gwynedd-Mercy Academy Elementary, Spring House, PA • St.

Anastasia School, Newtown Square, PA • St. Ignatius of Antioch Catholic School, Yardley, PA • St. Patrick School, Carlisle, PA • **South Carolina** • Southside Christian School, Simpsonville, SC • **Texas** - Salem Lutheran School, Tomball, TX • St. Mark the Evangelist Catholic School, Plano, TX • St. Pius X Catholic School, Corpus Christi, TX • **Virginia** - St. Bridget’s School, Richmond, VA • St. Gregory the Great School, Virginia Beach, VA • St. Joseph School, Herndon, VA • **West Virginia** - Sacred Heart Grade School, Charleston, WV.

