

Federal Student Handbook

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FSA HB 2015-2016

Perkins Cancellation

GENERAL CANCELLATION PROVISIONS

Application for cancellation

The following cancellation application procedures apply to any loan under this program.

The borrower applies for cancellation of his or her loan by obtaining the appropriate cancellation form from the business or student loan office of the school that made the loan (or from the school's billing service if it uses one). The borrower submits the form to the school, along with any supporting documentation the school requests, by the deadline the school establishes.

A school must determine, based on the borrower's documentation, whether the borrower is entitled to have any portion of his or her loans cancelled. **This responsibility cannot be delegate.** For information on documentation, see the appropriate cancellation category in this section.

Concurrent deferment

Schools must automatically defer loans during periods of service for which schools also grant loan cancellation. Borrowers do not need to apply for these automatic deferments.

ED reimbursement to schools

If funds are appropriated, the Department will reimburse each school every award year for the principal and interest cancelled from its Perkins Loan Fund for all of the cancellation provisions except for death, total and permanent disability, bankruptcy, and closed school discharge.

If it receives reimbursement, a school must deposit the amount reimbursed in its Perkins Loan Fund.

For more information and a full Q&A on reimbursing amounts cancelled, see Dear Colleague Letter CB-05-08.

Note that interest does not accrue on any loan during the period that a borrower is performing service to qualify for cancellation benefits.

Cancellation Rates for Military, Teachers/Public Servants

With the exception of the early childhood education and volunteer service cancellations, the cancellation rate per completed year of qualifying full-time service is

- First and second years: 15% of the original principal loan amount, plus the interest that accrued during the year.
- Third and fourth years: 20% of the original principal loan amount, plus the interest that accrued during the year.

- Fifth year: 30% of the original principal loan amount, plus any interest that accrued during the year.

A “year of service” consists of 12 consecutive months of service, except for teaching service, where the borrower must teach full-time for a full academic year or its equivalent. For cancellation rates for early childhood education and volunteer service, please see the corresponding sections in this chapter.

Cancellation for teaching in special education

A school must cancel up to 100% of the outstanding balance on a borrower’s Perkins loan for a full-time special education teacher of infants, toddlers, children, or youth with disabilities. The teaching service must be performed in a public or other nonprofit elementary or secondary school system.

A person performing one of the following services is considered a teacher if the service is 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

To qualify for cancellation, the borrower must be licensed, certified, or registered by the appropriate state education agency for that area in which he or she is providing related special educational services.

PUBLIC 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.

For purposes of this cancellation-

- a nurse is a licensed practical nurse, a registered nurse, or other individual who is licensed by the appropriate state agency to provide nursing services.
- a medical technician is an allied health professional (working in fields such as therapy, dental hygiene, medical technology, or nutrition) who is certified, registered, or licensed by the appropriate state agency in the state in which he or she provides health care services; an allied health professional is someone who assists, facilitates, or complements the work of physicians and other specialists in the health care system. (See Dear Colleague Letter CB-08-14 for a more detailed discussion of the eligibility requirements for the medical technician cancellation.)

AT END OF THIS FLYER

A school may refuse a request for cancellation based on a claim of simultaneous employment as a nurse or medical technician in two or more facilities if it cannot determine easily from the documentation supplied by the borrower that the combined employment is full-time. However, it shall grant the cancellation if one facility official certifies that a nurse or medical technician worked full-time for a full year.

Early intervention (for disabled infants/toddlers) cancellation

Schools must cancel up to 100% of the outstanding balance on 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 non-profit program. "Early intervention services" are provided to infants and toddlers with disabilities.

This cancellation applies to Perkins loans made on or after July 23, 1992. Perkins loans made prior to that date are eligible for cancellation for early intervention service that is performed on or after October 7, 1998.

Early Intervention Definitions

Infants and toddlers with disabilities

An individual under three years of age who needs early intervention services because the individual

(1) is experiencing developmental delays, as measured by appropriate diagnostic instruments and procedures, in one or more of the areas of cognitive development, physical development, communication development, social or emotional development, and adaptive development; or (2) has a diagnosed physical or mental condition which has a high probability of resulting in developmental delay.

The term may also include, at a state's discretion, individuals under age three, who are at risk of having substantial developmental delays if early intervention services are not provided. (Section 632(5)(A) of the Individuals with Disabilities Education Act.)

Qualified professional provider of early intervention services

A provider of services, as defined in Section 632 of the Individuals with Disabilities Education Act Section 632 of that act defines early intervention services as developmental services that

- are provided under public supervision;
- are provided at no cost except where federal or state law provides for a system of payments by families, including a schedule of sliding fees;
- are designed to meet the developmental needs of an infant or toddler with a disability in one or more of the following areas: physical development, cognitive development, communication development, social or emotional development, or adaptive development;
- meet the standards of the state in which they are provided;

- are provided by qualified personnel, including special educators; speech and language pathologists and audiologists; occupational therapists; physical therapists; psychologists; social workers; nurses; nutritionists; family therapists; orientation and mobility specialists; and pediatricians and other physicians;
- to the maximum extent appropriate, are provided in natural environments, including the home, and community settings in which children without disabilities participate; and
- are provided in conformity with an individualized family service plan adopted in accordance with Section 636 of the Individuals with Disabilities Education Act.

Under the Individuals with Disabilities Education Act, early intervention services include family training, counseling, and home visits; special instruction; speech-language pathology and audiology services; occupational therapy; physical therapy; psychological services; service coordination services; medical services only for diagnostic or evaluation purposes; early identification, screening, and assessment services; health services necessary to enable the infant or toddler to benefit from the other early intervention services; social work services; vision services; assistive technology devices and services; and transportation and related costs necessary to enable infants, toddlers, and their families to receive other services identified in Section 632(4).

Child or family services cancellation

A school must cancel up to 100% of the outstanding balance on a Perkins Loan made on or after July 23, 1992, for service as a full-time employee in a public or private nonprofit child or family service agency. To qualify for cancellation, the borrower must be providing services directly and exclusively to high-risk children from low-income communities and to the families of these children, or supervising the provision of such services. Any services provided to the children's families must be secondary to the services provided to the children.

For purposes of this cancellation-

- high-risk children are defined as individuals under the age of 21 who are low-income or at risk of abuse or neglect; have been abused or neglected; have serious emotional, mental, or behavioral disturbances; reside in placements outside their homes; or are involved in the juvenile justice system.
- low-income communities are communities in which there is a high concentration of children eligible to be counted under Title I rules (see sidebar on next page).

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; and social services. The Department has determined that an elementary or secondary school system, a hospital, or an institution of higher education is not an eligible employing agency. When reviewing child or family service cancellation requests, Perkins schools and their servicers should refer to Dear Colleague Letter GEN-5-15, which provides a more detailed discussion of the eligibility requirements for child or family service cancellations.

DEFINITIONS

Children and youth with disabilities. For children and youth from ages 3 through 21 who require special education and related services because they have disabilities as defined in Section 602(3) of the Individuals with Disabilities Education Act (the Act).

The Act defines a "child with a disability" as one (1) with mental retardation, hearing impairments (including deafness), speech or language impairments, visual impairments (including blindness), serious emotional disturbance, orthopedic impairments, autism, traumatic brain injury, other health impairments, or specific learning disabilities; and (2) who, by reason thereof, needs special education and related services.

For a child age 3 through 9, the term a "child with a disability" may include, at the discretion of a state and local education agency, individuals (1) experiencing developmental delays, as defined by the state and as measured by appropriate instruments and procedures, in one or more of the following areas: physical development, cognitive development, communication development, social or emotional development, or adaptive development; and (2) who, by reason thereof, require special education and related services.

Early Intervention Services. Those services defined in section 632(4) of the Individuals with Disabilities Education Act that are provided to infants and toddlers with disabilities.

High-Risk Children. Individuals under the age of 21 who are low-income or at risk of abuse or neglect, have been abused or neglected, have serious emotional, mental, or behavioral disturbances, reside in placements outside their homes, or are involved in the juvenile justice system.

Infants and toddlers with disabilities. An individual under three years of age who needs early intervention services because the individual (1) is experiencing developmental delays, as measured by appropriate diagnostic instruments and procedures, in one or more of the areas of cognitive development, physical development, communication development, social or emotional development, and adaptive development; or (2) has a diagnosed physical or mental condition which has a high probability of resulting in developmental delay.

The term may also include, at a state's discretion, individuals under age three, who are at risk of having substantial developmental delays if early intervention services are not provided. (Section 632(5)(A) of the Individuals with Disabilities Education Act.)

low-income communities. Communities in which there is a high concentration of children eligible to be counted under Title I rules.

Medical Technician. An allied health professional (working in fields such as therapy, dental hygiene, medical technology, or nutrition) who is certified, registered, or licensed by the appropriate state agency in the state in which he or she provides health care services. An allied health professional is someone who assists, facilitates, or complements the work of physicians and other specialists in the health care system.



UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF POSTSECONDARY EDUCATION

December 8, 2008

THE ASSISTANT SECRETARY

CB-08-14

Subject: Medical Technician Loan Cancellation Benefit in the Federal Perkins Loan Program

Summary: This letter clarifies the eligibility criteria for the medical technician cancellation benefit provided in the Federal Perkins Loan Program.

Dear Colleague:

Under section 465(a)(2)(H) of the Higher Education Act of 1965, as amended, (HEA) a Perkins Loan borrower may qualify for a medical technician cancellation for full-time employment as a medical technician providing health care services. The term "medical technician" is defined in Perkins Loan program regulations as: "An allied health professional (working in fields such as therapy, dental hygiene, medical technology, or nutrition) who is certified, registered, or licensed by the appropriate State agency in the State in which he or she provides health care services. An allied health professional is someone who assists, facilitates, or complements the work of physicians, and other specialists in the health care system." See 34 C.F.R. §674.51(l). Note that not all allied health professionals, even those certified, registered, or licensed by a State agency, meet the Perkins Loan definition of "medical technician."

To help schools determine whether a borrower's profession qualifies for the medical technician cancellation, we previously advised schools to consult a list of allied health professions available on the Web site of the American Medical Association (AMA). Recently, it has come to our attention that the AMA has expanded its list of allied health professions into a broader list of "health professions," which includes occupations beyond the scope of the statutory provision providing cancellation benefits to medical technicians. This change in the scope of the AMA's listing has confused some institutions in their administration of the medical technician cancellation and requires that we clarify and reaffirm the limited scope of the term "medical technician."

When the AMA expanded the scope of its list from "allied health professions" to the more general "health professions," it added occupations such as dentist, physician (Doctor of Medicine and Doctor of Osteopathic Medicine), podiatrist, psychologist, and veterinarian. The health professionals in these areas are not generally considered medical technicians and do not fit the definition or examples in 34 C.F.R. §674.51(l). Furthermore, authoritative sources such as the Association of Schools of the Allied Health Professions (ASAHP) and the Commission on Accreditation of Allied Health Education Programs (CAAHEP) do not classify these professions as allied health professions. Accordingly, this Dear Colleague Letter notifies schools that Perkins

borrowers in these health professions are not eligible for the cancellation for medical technicians.

We will remove the reference to the AMA's list from the definition of "medical technician" in the next edition of the Federal Student Aid Handbook. In place of the AMA's list of "health professions," we now recommend that schools and servicers consult the allied health page of the ExploreHealthCareers.org Web site, which is available at the following link:

<http://www.explorehealthcareers.org/en/Field.1.aspx>

This Web site provides valuable information on the allied health field, and features an overview of careers in allied health that has been reviewed and approved by ASAHP. Another useful resource is the Web site for CAAHEP which is available at the following link:

<http://www.caahep.org/>

While there is no one authoritative list of allied health professions, we believe that the information on the allied health field and the examples of allied health professions provided on these two Web sites will help schools to determine whether a Perkins borrower meets the eligibility criteria for a medical technician cancellation.

Should you have any questions concerning the guidance provided in this letter, please contact Pamela Moran at (202) 502-7732 or Brian Smith at (202) 502-7551.

Sincerely,



Cheryl A. Oldham
Acting Assistant Secretary
Office of Postsecondary Education