

Facing Heavy Debt? Look for Forgiveness

Repayment help is available to students in fields from law to medicine to math

BY BRIAN BURSED

Afam Onyema initially thought he would parlay his Stanford law degree into a career as a corporate lawyer. But he couldn't shake the urge to help the less fortunate in his parents' home country of Nigeria. So in 2005 he established a nonprofit foundation with his father to help build schools, recreational facilities, and hospitals there. Onyema hoped to work for the foundation full time after graduation in 2007—though more than \$100,000 in law school debt wouldn't make it easy.

Or so he feared. In fact, Stanford is paying back 85 percent of Onyema's loans. "I never really thought I'd work for a nonprofit full time. It didn't seem like it was feasible," Onyema says. Stanford's loan repayment assistance program "has been a lifesaver." The foundation hopes to break ground on its first hospital in Nigeria in late 2012.

With student debt levels rising, and openings for jobs that can support repayment relatively scarce, students whose hearts lie in public service or the nonprofit arena are more in need than ever of loan forgiveness and loan repayment assistance programs (LRAPs). The median debt load of those receiving professional degrees in 2008 reached \$79,836, according to *FinAid.org*; American Bar Association data show that the average student at a public law school borrows more than \$71,000, and students at private schools borrow more than \$91,000. While the median salary for 2009 law graduates who work at corporate firms is \$130,000, the median for grads who took public interest jobs is only \$42,800, according to NALP—the Association for Legal Career Professionals. The debt burden is even higher for medical students who graduated in 2010: \$157,944 on average, the American Medical Association says.

Not surprisingly, LRAPs and loan forgiveness programs offered by schools, states, and the federal government are popping up at an unparalleled rate. "It's critical when people are graduating with mortgage-sized \$100,000-plus debts that they have some assistance if they're going to go into public service," says David Stern, executive director of Equal Justice Works, which provides public interest opportunities and funding for lawyers who want to represent vulnerable populations.

In all, Stern estimates that about 100 law schools offer some form of repayment assistance to grads who go into public service or work for a nonprofit; some with flush cof-

fers, like Harvard University, offer assistance to any student who lands a job with a low income, even if it's with a private firm. The programs typically award students an annual check covering a fixed percentage of their loan payments for that year. Onyema, for example, will receive a check for 85 percent of the roughly \$13,500 he owes every year for the 10-year duration of his repayment plan, assuming he sticks with public service. (Stanford offers 100 percent loan repayment help for people making less than \$50,000 annually.) A 2010 Equal Justice Works study found that the average annual LRAP award is \$3,900; about 5 percent of programs offer more than \$10,000 annually.

Research required. While the law programs may be the most visible, grad students in many fields will find themselves eligible for similar help, assuming they look. Legislators worried about the country's need for more workers in technical areas included a provision in the Higher Education Reauthorization and College Opportunity Act of 2008 that offers up to \$10,000 in repayment assistance for mathematics, technology, and engineering students who work in a relevant field for five years. Unlike other government assistance programs, students needn't take a low-income or public service job to qualify.

Given that medical students who go on to specialized practices make far more than general practitioners—according to the American Medical Group Association, the median salary for internists in 2010 was \$214,307, compared to \$375,176 for dermatologists and \$402,000 for cardiologists—a shortage of general and family physicians is developing nationwide (story, Page 46). To help attract more professionals into primary care, some states and the federal government's National Health Ser-

vice Corps are offering generous loan forgiveness programs for physicians and nurse practitioners who are willing to practice internal or family medicine. In many cases, there is also help for people who choose to work in a rural or high-need area. The Rhode Island Primary Care Loan Forgiveness Program, for instance, offers up to \$80,000 in relief over four years to full-time primary care physicians who work anywhere in the state. In Minnesota, those practicing in a pediatric, internal medicine, family medicine, psychiatric, or OB/GYN program in designated rural or urban areas can earn up to \$100,000 in forgiveness for four years.

Teachers get a break from Uncle Sam, too. Federal Perkins and Stafford loans can be discharged over time if teachers choose to work in a school that serves low-income families, to teach special education, or to teach English as a second language. For Perkins loan recipients to attain full forgiveness, for instance, teachers must remain in a qualifying job for five years, though they can get partial forgiveness if they change their career track; Stafford loan assistance is capped at \$17,500. Lan Ngo, who graduated from Teachers College at Columbia University in 2009 and began teaching ESL students in Cornwall-on-Hudson, N.Y., soon after, plans on teaching for two years before pursuing a Ph.D. So she'll have 30 percent of her Perkins loans forgiven under the program. Ngo says she lucked into the financial relief "by accident," having learned about it from a friend only after she'd started teaching.

Ngo is not alone in that regard, says Pam Madden, head of borrower advocacy at American Student Assistance, a nonprofit

THE SYLVANIA, GA., MEDICAL COMMUNITY IS HELPING COVER SIDNEY MORGAN'S MED SCHOOL COSTS.

that offers advice on dealing with loan debt. Madden laments the lack of a centralized information hub for grad students on the loan forgiveness programs available to them if they dream of—but fear the financial consequences of—taking

a job in the public sector. For now, students must take it upon themselves to find relief that suits their needs. "Google is your best friend," says Betsy Mayotte, director of compliance and privacy at ASA. "There are a lot of individual, quirky programs out there." In a few moments of scouring the Internet, students can learn, for instance, that 19 states offer LRAP programs for veterinarians (source: the American Veterinary Medical Association) and that a federal program covers up to 85 percent of student loans for nurses who work at a nonprofit or university medical facility (source: U.S. Department of Health and Human Services).

The College Cost Reduction and Access Act, which went into full effect in 2009, established a national loan forgiveness program that applies to all college graduates, but stands to be most beneficial to graduate and professional students carrying heavy debt burdens who earn relatively meager salaries. The program has two primary benefits. The first allows people whose loan payments would exceed 15 percent of their annual discretionary income (the difference between their gross income and 150 percent of the federal poverty line, which is currently \$16,335 for an individual and \$33,525 for a family of four) to make monthly payments based on their income rather than the size of the loan. Second, and perhaps most beneficial, all remaining debt is forgiven after a borrower has worked for 10 years (not necessarily consecutive) in the public service sector. "You win the lottery," says Stern.

The entrepreneurial approach can work well also. Sometimes, local officials in small towns with a dearth of skilled professionals are willing to help fund a graduate student's education in return for the promise of future services. That kind of partnership is supporting Sidney Morgan, who grew up in Sylvania, Ga., population about 2,700. Before setting foot in his first medical school class at Mercer University's Macon campus in 2008, Morgan had a job all sewn up and an agreement in hand that would cover a good portion of the debt he would incur over the four years. When the local hospital and medical community learned that one of their own was planning on pursuing a career in medicine, they offered him \$1,000 a month for every month of his schooling and residency.

In return, Morgan promised to come back home and practice medicine for at least four years. Given that he was already considering doing just that, the choice was easy. Now, finishing his third year of medical school, Morgan is glad he isn't in the predicament of many of his peers, one of whom recently confided her concerns to him. "She asked, 'How am I going to pay for this?'" Morgan says. "People really are worried about it." His friend will leave medical school owing about \$250,000. ●



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