Public Service Loan Forgiveness

Financial help for young professionals struggling with student loans

By Kara Kish, MPA, CPRP, CPSI

Do you have a significant amount of student loans? Are you paying more in monthly student-loan payments than you can truly afford? Is your debt-to-income ratio unsustainable? Do you want earn a graduate degree but have concerns that taking on debt would be an unmanageable burden?

Obtaining higher education can create a significant financial strain on young professionals as they enter the field of public parks and recreation. In our profession, degrees from accredited universities are highly valued and often a requirement for employment. Higher education provides an outlet for students to gain a basic understanding of the functionalities of our profession and offers an environment where they can gain direct access to current practices, research and exposure to experienced professionals.

The life of a young professional employed in public parks and recreation comes with some undeniable truths. The first truth is that your efforts to provide this essential service will enhance the quality of life for individuals in your community. The second is that you will serve among a vast network of outstanding and committed professionals, locally and nationally, bound by a love and passion for play, recreation, leisure, sport and health. And finally, although you are making a difference in people’s lives, you will not necessarily be compensated with the same financial support as your for-profit counterparts.

After earning your degree, the choice to become a public park and recreation professional can be strained by economic reality. To add to your housing, vehicle, insurance, phone, utilities, Internet and cable payments, you will now have the additional expense of paying back your student loan. Students often leave school with tens of thousands of dollars of debt with monthly payments scheduled for a decade or more that can equal or exceed a mortgage payment. Question: How in the world can you possibly afford to pay back your student-loan debt if you choose to enter the field of public service?

Answer: The federal government has identified YOU, the public park and recreation professional, as an individual whose service is not over-
looked. The U.S. Department of Education administers the Public Service Loan Forgiveness (PSLF) Program, created by the College Cost Reduction and Access Act of 2007. This program allows a graduate to pay back his or her student loans at a manageable rate, and after 120 qualified payments, the remainder of the student’s loan debt is forgiven. As incredible as it may seem, many young professionals employed in public parks and recreation do not know about this opportunity.

To help make more individuals aware of the program, here are some things you need to know:

1. As a full-time public park and recreation professional, you qualify for the PSLF program. The PSLF requires that you remain employed full time in a public-service profession. “Government” is listed as an example of one qualifying employer.

2. Your student loans must be held by the U.S. Department of Education’s Direct Loan Program. To have loans transferred from an independent debt-recovery agency, you must apply to the U.S. Department of Education for loan consolidation.

3. Once your student loans are in the Direct Loan Program, you need to select a repayment method. The two most advantageous options for a public employee are the income-based repayment method or the income-contingent repayment method. Both determine an individual’s discretionary income annually and cap monthly repayments at a low percentage of that total.

4. Repayment time! 120 qualified payments.

5. And the best part: The amount of student-loan debt forgiven after you complete 120 payments is not considered taxable income!

An important note is that you do not “enroll” in the Public Service Loan Forgiveness Program. After 120 qualified payments, you apply for the loan forgiveness; however, the borrower can complete an Employment Certification Form each year. This form will allow for timely tracking of your employment status.

So why is the Public Service Loan Forgiveness Program the best option for young professionals? The alternative is a standard repayment plan, which is primarily paid back over 10 years. The accruing interest is added to your principal balance, and your payment is divided into 10 years’ worth of monthly payments. These can be steep and often unsustainable for the income of a young public-service professional. Even if an independent debt-recovery agency allows you to pay back your student loans on an income-based schedule, they are permitted under law to collect for up to 25 years.

Service to your community and the field of public parks and recreation can be one with great intrinsic rewards. The burden and fear of looming student-loan debt should not be a reason to shy away from education and should certainly not be the reason for hindering the service ethic within each of us.

For more information, visit www.studentaid.ed.gov/publicservice or www.finaid.org/loans/publicservice.shtml.*

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