



Student Loan Repayment Assistance For Public Service

Amending the Income Contingent Repayment Option

Each year, public service agencies that provide critically-needed services to the public have difficulty in recruiting and retaining talented staff. Civil legal aid, prosecutor and public defender offices, among others, experience vacancies and high turnover rates that materially affect the administration of justice. The primary reason cited by lawyers for not pursuing or remaining in low-paying public interest jobs is high student debt.

In 2003, the American Bar Association issued a report making a series of recommendations to address this issue, including one to amend the Income Contingent Repayment Option (ICR Option) of the William D. Ford Direct Lending Program. The current ICR Option allows graduates to repay their qualifying loans as an affordable percentage of their income for up to 25 years, at which time any remaining balance is repaid by the government. However, many who qualify do not use the program, citing the lengthy repayment period. Accordingly, the ABA proposes to amend the ICR Option so that for those willing to make a long-term commitment to public service their qualifying balances would be repaid no later than 15 years. On January 22, 2007, Senator Edward Kennedy (D-MA) introduced S.359, which would amend the ICR Option to allow many in public service who make timely payments on the loans, to have the balance repaid after just 10 years.

The ABA supports amending the ICR Option to help those in public service because:

- **Law student debt is often an insurmountable obstacle to public service careers.** More than 80% of law students borrow to finance their education, and for 2006 the average accumulated debt load was \$54,509 for public law school and \$83,181 for private. In addition, many of these students carry an average of \$20,000 from undergraduate studies. By contrast, starting salaries for public interest law jobs are \$36,000 to \$43,000.
- **It is right that government would assist those seeking laudable and necessary public service jobs.** The ABA's proposed amendments and S.359 would benefit a range of public service occupations that support our communities, nationwide.
- **The federal government's loan forgiveness programs are limited in scope and impact.** Despite the need for legal service providers, lawyers are not eligible to participate in most federal forgiveness programs.
- **Amending the ICR Option will improve an existing program to benefit those who are truly committed.** The 10 year service and repayment requirement under S.359 would encourage long term service, lessen government liability, and benefit most those with the lowest income.