

Q&A

backgrounder guide

Finding the right vocational, technical or trade school

This Consumer Action “question and answer” manual is designed to provide background information about evaluating job training schools and choosing and managing student loans for these programs. It is designed to be used in conjunction with the “Guide to finding the right job training school” (http://www.consumer-action.org/english/articles/job_training_schools). There is also a lesson plan and Power-Point presentation for use by consumer education trainers (http://www.consumer-action.org/modules/job_training_schools).

Table of Contents

Vocational schools	1	Servicemembers and student loans	10
Accreditation	2	Discharges and forgiveness	11
Choosing a school	4	Getting help	13
Student loans	5	Helpful resources	14
Predatory student loans	8		

Vocational schools

What is a vocational school?

Vocational schools (also known as “technical” or “trade” schools) are an option for students who are interested in practical postsecondary education and technical job training. Vocational school curricula take a more streamlined approach to education than four-year university liberal arts programs—they focus specifically on developing a particular skill set rather than general education. Most vocational schools offer their students associate’s degrees, diplomas or certification in a trade. While many schools teach the skills necessary to get a good job, others may not help students succeed in their chosen careers because their programs promise more than they deliver. Disreputable schools may be more focused on increasing enrollment and profits from tuition, especially via student loan and veteran education funding, than on giving

students the proper credentials they need to get a job in their chosen line of work.

What kinds of jobs can I get with vocational training?

Vocational programs train students for a variety of skilled jobs, including:

- Automotive technician
- Construction laborer and inspector
- Hair stylist and cosmetologist
- Medical and dental assistant
- Paralegal
- Plumbing and landscaping trade
- Truck driving
- Web design, internet network security and computer programming

What type of training or credentials will I need?

Requirements for training and credentials will vary depending on the job you hope to become qualified for. The U.S. Department of Labor's CareerOneStop (<http://www.careeronestop.org/>) allows you to explore careers, research salaries, access links to training resources and learn which jobs are most in demand.

To learn the required training, skills and certification needed for different positions, check out job sites like USAjobs.gov (<https://www.usajobs.gov/>), America's Job Exchange (<http://www.americasjobexchange.com/>), Indeed (<http://www.indeed.com/>) and

CareerBuilder (<http://www.careerbuilder.com/advice/best-job-categories-for-a-new-career-in-2017>).

Reviewing job announcements can help you find the kinds of opportunities currently on offer by real employers. Carefully review the qualifications and/or credentials called for in the job posts. Try to call the employers to learn which skills are most important for employment at their companies. If you get through to companies offering the kind of job you'd like to have, ask if they can recommend a training program or if they have advice about programs or certificates to avoid because they wouldn't help you get a job in your targeted industry.

Accreditation

What is accreditation and why is it important?

Accreditation is the process that evaluates colleges, universities and other higher learning institutions. Typically, schools are evaluated and accredited by designated organizations. Reviewers usually include faculty from other accredited colleges and universities. The first step you should take before enrolling in a college or university is to verify whether or not the school is accredited by a recognized accrediting agency. Accredited programs undergo review before accreditation is granted and are evaluated regularly. Having a degree from a program that is accredited ensures the quality of education and that future employers will recognize your degree or certification.

Ask the program or school for the name of its accrediting agency. If it doesn't have one, this is a red flag and you should not enroll. If they do have an accrediting agency, check that it is recognized by either:

- The Council for Higher Education Accreditation (CHEA): <http://www.chea.org/>
- The Department of Education: <http://ope.ed.gov/accreditation/>

Only schools and training programs that are accredited by an approved Department of Education accrediting organization are eligible to receive federal financial assistance for their students. If you intend to use federal financial aid to attend school, make sure the program is accredited by an ED-approved agency.

What is the difference between regional accreditation and national and programmatic accreditation?

Institutional accreditation agencies operate on the national and regional levels. For example, a regionally accredited school in Nevada must meet the academic standards set by the Northwest Commission on Colleges and Universities (NWCCU). A nationally accredited school must meet the standards of a national organization like the Distance Education Accrediting Com-

mission (DEAC). Many schools are accredited by both regional and national organizations. There are pros and cons to regional and national accreditation and depending on your field of study, programmatic accreditation may be important too:

- **Regional accreditation** is the highest standard of college accreditation and the most widely recognized. The credits and degrees you earn at a regionally accredited school will be more widely accepted for transfer to other colleges and universities. However, there may be stricter admission standards at regionally accredited schools and such institutions may have limited vocational or trade programs.
- **National accreditation** agencies have historically focused on approving career, vocational and trade schools. ***Regionally accredited schools might not accept credits earned at nationally accredited programs. Before you enroll in a nationally accredited school, verify that the school(s) you hope to transfer to will accept your credits.***

After you've found a program that is institutionally accredited (either regionally or nationally), it's important to know whether any **programmatic accreditation** is necessary to ensure the degree or certificate you're obtaining qualifies you for any post-graduation licensure or certification necessary to work in the occupation and in the state you want to work in (and that, generally, completion of the program will qualify you for any such necessary licensure or certification). While programmatic accreditation is not required in every vocational field, it is for many. For example, applying for a cosmetology license after graduation means you'll want to

make sure the training program you enroll in provides a degree that will be accepted by the state cosmetology licensing agency and adequately prepares you for the state board cosmetology examination. Those hoping to become dental hygienists must take the National Board Dental Hygiene Examination, a written exam administered by the American Dental Association, and then complete a regional or state clinical board examination. In this case, it's important to check that your dental training program is approved by the American Dental Association before you enroll. If your program is not accepted by the appropriate state or national agency, you will have wasted the time and money it took you to complete your training. If you are not sure which agency to check with, a good place to start is your state board of education (<https://www2.ed.gov/about/contacts/state/index.html>). Tell them the area of study you are interested in and inquire about any tests or licensure you may be required to take after graduation. The office may put you in touch with the state commission or national agency that oversees the licensing in that particular field.

Is accreditation the sign of a good school?

Unfortunately, the process of accreditation is only as good as its government regulators. In June 2016, Senator Elizabeth Warren in a report (http://www.warren.senate.gov/files/documents/2016-6-10_ACICS_Report.pdf) questioned the Department of Education's oversight of the Accrediting Council for Independent Colleges and Schools (ACICS), a college accreditor also recognized by CHEA, that she charged "has a long track record of failing to hold schools [it accredits] accountable for wrongdoing." The report came in advance of a June meeting of the National Advisory Committee on Institutional Quality and Integrity (NACIQI), the entity responsible

for renewing ACICS's federal recognition. In her report, Senator Warren noted that "ACICS has a history of accrediting schools that have faced investigations, penalties, and settlements for violations of federal and state law" and that "ACICS-accredited schools consistently produce astronomical debt levels and terrible outcomes for students." As of December 2016, ACICS lost its recognition by the U.S. Department of Education on charges of lax oversight and conflicts of interest.

Do not rely solely on accreditation. Do your own research to ensure that training from the school in question will qualify you for a job in your chosen field, be consistent with state and

local licensing laws and that the credits it offers will transfer to particular schools where you hope to continue your education.

What does it mean if a school is not accredited?

If a school is not accredited, it may mean:

- The program receives numerous student complaints about educational quality.
- Credits are awarded for very little work.
- The "accrediting agency" for the institution is not listed as a recognized agency by the U.S. Department of Education.
- Its students are not eligible for federal financial aid.

Choosing a school

How do I pick a vocational or career school?

It's always a good idea to start with your local community college. Community colleges have open admissions and offer an array of training programs. Night and weekend classes at these schools are designed to help working adults be able to attend, and the cost is often much cheaper than private (for-profit) schools. In 2015, the average cost for community college tuition and fees was roughly \$3,500.

During the 2013-2014 school year, 34 percent of full-time undergraduate students enrolled in community college received federal Pell Grants to help them cover the cost of tuition and fees (an average of \$3,673 each). (The government provides Pell Grants to undergraduate students to help pay for college. Federal Pell Grants are based on your financial situation and the cost of your tuition. Unlike loans, Pell Grants do not have to be repaid.)

If you are interested in a liberal arts education but not sure whether a four-year college is right for you, consider obtaining an associate's degree from your local community college first and transferring your earned credits to a four-year college upon graduation from community college (check with the four-year college first to make sure it will accept your community college credits).

Other things to consider when picking a school:

Facilities: Are the buildings, classrooms and labs up-to-date? Vocational and trade schools should have the latest technology and equipment used in the industry. Take a tour of the school and avoid any with outdated labs and training equipment. When you enter the work force, you'll often be required to jump right in and work on state-of-the-art equipment, and the vocational school you choose should be

able to prepare you to use the equipment and technology employers use.

Job placement services: Does the school offer job placement services? Is there a career guidance office? Will it assist you in finding employment once you've graduated? Can they help you find internships or trainee positions? While it's not the school's responsibility to find you a job, some programs may make the job-search process much easier.

What is the program's success rate?

Instead of relying on a school's own graduation and employment reports (which may inflate numbers by using inadequate samples), ask the school's admissions office specific questions to help you better understand whether enrolling is worth your time and money.

Graduation rate: What percentage of students complete the program? (A high dropout rate could mean students don't like the program.)

Student loans

Can I borrow money to pay for school?

Yes, in most cases you will be able to borrow money for school. (You also might be able to qualify for small grants from the government and private organizations, which may not need to be repaid.) If financial aid is available through your school, ask if you can apply for a federal loan rather than a private loan. The government funds federal loans, which often have better terms than private loans, such as lower, fixed interest rates and flexible repayment options. However the amount of federal loans is limited. (Not all schools can accept

Job placement: What percentage of graduates find full-time, paid jobs in their chosen field? What is the average starting salary?

Delinquent debt: Of the recent graduates who borrowed money to attend the school, what percentage are delinquent in paying back those loans?

Alumni: Can the school provide you with a list of recent graduates to contact so you can interview them about their experience with the school and with working in the industry?

How much will it cost to attend a vocational school?

Cost can vary widely, and just because a school costs a lot to attend doesn't make it the best program. When looking at schools, consider the total cost for the program, including tuition, enrollment fees, a computer, books and other class materials. Also consider the additional costs associated with attending school, which might include transportation, housing, childcare and meals.

federal student aid loans, particularly those that have lost accreditation or who have run afoul of the U.S. Department of Education. It's a bad sign if the school can't accept federal student aid.)

Throughout school, keep detailed records and all documents pertaining to any loans you take out. You will need them to check for any discrepancies in the terms when you begin repayment.

What do I need to know about private student loans?

Banks, non-bank lenders and schools make private loans—not the federal government—and interest rates can be higher than on federal loans.

Private student loans typically do not feature the same forbearance or deferment options as federal student loans and may have fewer repayment options. Similarly, there aren't many options for private student loan forgiveness.

Because most federal student loans are limited in the amount you can borrow, students (and their parents) often turn to private student loans to cover the total cost of attending school. While some private student loans may have reasonable interest rates, they may be "variable" rates, which means they are tied to an "index" and could increase over time as prevailing interest rates change. (Although the interest rates on variable loans also can decrease, the loan contract may specify a minimum interest rate that the loan will never fall below even if the formula used to determine rates results in a lower interest rate.)

If you are interested in a private student loan, be sure to read the agreement carefully and understand all the terms of repayment before you sign. You might be required to start paying back private student loans before you are done with school.

Find out more about the differences between federal and private student loans by visiting the Department of Education's Federal Student Aid website: <https://studentaid.ed.gov/sa/types/loans/federal-vs-private>.

How are student loans repaid?

Typically, your student loan servicer will contact you in advance to notify you that your student loans will enter repayment soon (in other words, that you'll have to start making monthly payments). Some loans require you to start repayment while you are still attending school. Your repayment options vary greatly depending on the type of loan you have (federal or private).

What are my repayment options for federal student loans?

You may be assigned a student loan repayment plan automatically, but there are several to choose from. After you are first assigned a repayment plan, you can change your repayment plan for free at any time. Contact your student loan servicer (the company that sends you your student loan bill every month) to discuss your options. You can also log in to StudentAid.gov (<https://studentaid.ed.gov/npas/index.htm>) with your Federal Student Aid identification username and password (FSA ID) to view your servicer's contact information.

Your payments will depend on the repayment plan you choose. Depending on the type of federal loans you have and when you took them out, monthly payments could be fixed, graduated (lower at first with regular increases, usually every two years) or based on a percentage of your income (recalculated annually). Depending on your choice, repayment could take between 10 and 30 years. If you need lower monthly payments, consider an income-driven repayment plan (IDR) that will base your monthly payment, refigured annually, on your salary and family obligations (usually based on proof of income from your last tax filing). Your monthly payments under the IDR plans Income-

Based Repayment (IBR), Pay As You Earn (PAYE), and Revised Pay As You Earn (REPAYE) are calculated as 10 or 15 percent of your “discretionary income,” which is your income minus 150% of the poverty level for your family size and state. If you earn below 150% of the poverty level, your monthly loan payment will be \$0. If you earn more, your loan payment will be 10% or 15% of whatever you earn above that amount.

Enrolling in any of these repayment plans can be done through your servicer for free. Visit Federal Student Aid to find the repayment plan that works best for you (<https://studentaid.ed.gov/sa/repay-loans/understand/plans>).

If you want to switch from one repayment plan to another, you can do so once per year so long as the maximum loan term for the new plan is longer than the amount of time your loans have already been in repayment. While switching may lower your monthly payments, a new plan may extend the length and total amount of your loan. Also, switching your repayment plan may restart the 20-25 year forgiveness clock included in some income-driven repayment plans. It's important to carefully weigh the financial implications of changing plans before you switch. If you are seeking professional help, the National Association of Consumer Advocates can help you find a lawyer in your area that specializes in student loans (http://www.consumeradvocates.org/find-an-attorney?field_areas_of_practice_list_value=Student+Loans&field_practice_states_value=All) or visit the National Consumer Law Center for a list of legal resources in your area (<http://www.studentloan-borrowerassistance.org/resources/referral-resource/legal-resources/>).

What are my repayment options for *private* student loans?

Repayment plans for private loans are less flexible than those for federal student loans. Be sure to read the agreement carefully and understand all the terms of repayment before you sign. Make sure you know:

- The exact amount you borrow and the interest rate
- When repayment begins
- How much each monthly payment will be
- How long you have to repay the loan

Private lenders may offer alternative payment programs for borrowers who have trouble adhering to ordinary repayment terms. To show you qualify, it's likely you will have to show proof of income. While not available from every private lender, these alternative plans may include:

- **Graduated repayment:** Your payments start out lower and gradually increase over time.
- **Extended repayment:** You pay less each month over a longer period of time.

I can't afford my private student loan payments—what can I do?

Asking for help when you run into trouble might keep you from falling further behind. If you are struggling to pay down your private loans, speak with your lender. Every private student loan lender is different and yours may offer temporary repayment options to help you better manage your monthly payments for a short period of time. (Keep in mind that, unfortunately, not all private student loan companies offer assistance when consumers are struggling to repay their loans.)

You may be able to refinance private student loans with a bank. Compare loan consolidation offers at several financial institutions with an eye to combining your loans and paying a lower interest rate. Be sure to ask about loan, application or balance transfer fees that might inflate the cost.

If you have several outstanding private loans, prioritize the repayment of the loans by their variable interest rates or lack of flexible repayment terms. For example, pay as much as you can toward each private loan, starting with the highest interest loan. Once that is paid off, make additional payments to your next highest-rate private loan, etc. Meanwhile, make sure you pay the minimum on all remaining student loans to ensure you don't become delinquent.

If you have a complaint about your private student loan lender or servicer, submit your concerns to the Consumer Financial Protection Bureau (<http://www.consumerfinance.gov/complaint/#student-loan>) the government agency that regulates private student loan lenders.

Predatory student loans

What are predatory student loan practices?

Predatory lending is any practice that imposes unfair or abusive loan terms on a borrower. Some lenders, schools and debt collectors are responsible for unfair and abusive practices, including:

- Charging higher-than-average interest rates on private student loans
- Misleading students to take out tuition loans by saying that credits earned in the program can be transferred to other colleges when the

Remember: You're responsible for paying off the loan whether or not you graduate from the training program. Failing to repay your loan can lead to serious credit problems in the future, making it difficult for you to get a car, a home or a credit card. Your employer may be required to automatically deduct payments from your paychecks and the Internal Revenue Service (IRS) could confiscate your federal tax refund.

Should I pay a private company to help me manage my federal student loan payments?

Many student loan debt relief companies charge a fee to provide services that you can take care of yourself for free by contacting your loan servicer. These are scams. You can do any of the following for free:

- Lower or cap your monthly loan payment through an income-driven plan
- Consolidate multiple federal student loans
- Postpone monthly payments while you're furthering your education or are unemployed
- Change your repayment plan
- See if you qualify for loan forgiveness

school knows its credits won't be accepted by many other colleges

- Misleading students with false post-graduation job placement rates, leaving them with worthless degrees and saddled with debt they cannot repay
- Using aggressive debt collection tactics against students who are delinquent on student loans, like harassing them at unreasonable hours or at work, or contacting family members, friends and co-workers about the debt

Are private student loans always “predatory” in nature?

No, but it is very important to understand the terms of every loan you accept. While the need to take out a loan may seem pressing at the time, consider the impact of any borrowing on your future. Would you be able to live with the terms of a loan? Consider how much money you have borrowed already, and the terms on those loans. Consider your future earning potential. Consider other ways you could pursue the degree program you are borrowing for. Always apply to a variety of lenders, as there can be quite a difference in interest rates and terms among lenders—especially on loans with variable rates. Some lenders, for example, offer interest rate discounts for good grades. (Applying for several of the same type of loan in a short period of time, such as 30 days, will result in queries to credit bureaus but should be considered as one query by the major credit scoring models, thus avoiding any negative effect on your credit score.)

Private student loans may require a parental co-signer. A co-signer might not expect to have to help you repay the loan, yet his or her credit could be damaged (along with your own) if you fail to make timely payments. When you are out of school and repaying your loans, explore the lender’s requirements for releasing the co-signer from the obligation. This usually occurs after you (the student) make a number of on-time payments and submit a request to remove the co-signer.

Remember: Borrow only what you really need and ensure that you have taken all the federal student loans you are eligible for before you apply for private student loans.

I completed a program, but think my school engaged in fraudulent practices. Do I have a defense?

If you graduated from a program but believe your school behaved illegally, you may be able to discharge your federal or private student loans under the “Borrower Defense to Repayment” rule. This rule is rarely implemented, but allows borrowers to have their loans discharged if they can prove that the school did or claimed something that violates state law. This method to discharge requires that the student gather evidence against the school and file paperwork with the Department of Education.

Since there have been many allegations against for-profit career schools, it’s important to keep records of your time in the program, including documents you signed during enrollment and while you attended classes, emails with administrative staff and professors, your assignments and class exercises and financial records. Examples of documents that you should retain include:

- Emails from administrators or staff at the school
- Any documents you received prior to enrollment (graduation data, job placement rates and the course catalogs, for example)
- Enrollment agreements
- Financial aid documents or financial aid forecast documents
- Master promissory notes
- Grade transcripts

Schools may dispose of important documents once students graduate. If you’re still attending the school, make sure you keep everything, and if you’ve already graduated, make sure you gather all records that are available to you. It can be very difficult to get documents when

requesting them from the college. If you meet with resistance in your request for older documents, tell the school you will bring its refusal to the attention of the U.S. Department of Education. Visit the Federal Student Aid website to complete an online application form (<https://studentaid.ed.gov/sa/repay-loans/forgiveness-cancellation/borrower-defense>).

Where can I complain about suspected fraudulent loan practices?

Contact the Inspector General at the Department of Education (<http://www2.ed.gov/about/offices/list/oig/misused/index.html>) if you suspect your school of

fraud, waste or abuse involving federal student aid (federal Pell Grants, Direct Loans, etc.), or you believe that someone at the school has misrepresented any aspect of the educational program, its cost or its outcome. You may also file a complaint with the Department of Education about the school or your student loan servicer online (<https://feedback.studentaid.ed.gov/>).

To report fraud related to a private student loan or the servicer of your federal student loan, contact the Consumer Financial Protection Bureau (CFPB) (<http://www.consumerfinance.gov/complaint/>) or email the CFPB at students@cfpb.gov.

Servicemembers and student loans

Are vocational schools eligible for the GI Bill and Tuition Assistance?

Yes, the GI Bill is available for training at non-college-degree institutions. The payment amount, monthly housing allowance and school supplies benefit will vary based on which program you are interested in and the school you are attending. Use the Veterans Administration (VA) school locator tool to help find training programs that are eligible for veteran education benefits (http://bit.ly/VA_locator).

The Tuition Assistance program is offered by the individual service branches and available to active duty, National Guard and Reserve Component servicemembers. The program pays up to 100 percent of tuition expenses for semester hours costing \$250 or less (or \$166 per quarter credit hour) and may not exceed \$4,500 per fiscal year (October 1 through September 30). Courses and degree programs may be academic or technical and can be taken from two- or four-year institutions and from vocational and technical schools. The program's accredi-

ting organization must be recognized by the Department of Education in order for the training to qualify for Tuition Assistance. For more information on Tuition Assistance, including how to enroll, visit Military.com (<http://www.military.com/education/money-for-school/tuition-assistance-ta-program-overview.html>).

Do the changes to the Military Lending Act impact students?

Yes. Starting October 2016, if you're an active duty member of the armed forces or are on active Guard or Reserve duty, the Military Lending Act (MLA) prevents lenders from charging you an interest rate higher than 36% on private student loans, cannot require that you waive your consumer protection rights and cannot force you to settle disputes in arbitration instead of court. The MLA also protects your spouse (the terms "spouse" or "marriage" include lawfully married same-sex couples). For more information on your rights under the MLA, visit the Consumer Financial Protection Bureau's website (<http://bit.ly/1oCjQiY>).

Discharges and forgiveness

Am I eligible for a closed school discharge of my student loans?

You may be eligible for a 100 percent closed school discharge of your federal student loans (Direct Loans, Federal Family Education Loans or Federal Perkins Loans) if you meet all of these requirements:

- You were enrolled in the school within 120 days of the school closing.
- You did **not** complete the coursework required to receive a diploma or credential.
- You did **not** complete a comparable “teach-out” or transfer program at another school.

You are **not** eligible for a discharge of your **federal** student loans if any of the following are true:

- You withdrew from the program more than 120 days before the school closed.
- You are completing a comparable educational program at another school:
 - Through a teach-out agreement with the school, or
 - By transferring academic credits or hours earned at the closed school to another school.
- You have completed all the coursework for the program, even if you have not received a diploma or certificate.
- You have private student loans. There are generally no discharge options available for private student loans (loans that are funded by banks, non-bank lenders, your school or any institution or entity other than the federal government), even in closed school situations.

Regulators determined that my school treated students illegally—does this qualify me for a Borrowers Defense to Repayment discharge of federal or private loans I took to attend the school?

As we mentioned earlier, getting your student loans discharged under the Borrowers Defense to Repayment rule is rare, but possible in cases of proven fraud. The widely publicized Corinthian Colleges case is unique because the Consumer Financial Protection Bureau reached a settlement (<http://www.consumerfinance.gov/about-us/newsroom/cfpb-secures-480-million-in-debt-relief-for-current-and-former-corinthian-students/>) in an enforcement action that will provide at least a 40 percent reduction in debt for Corinthian’s private student loan borrowers. It was alleged by the regulator that the loans Corinthian was offering its students were unfair and deceptive. In this case, borrowers should contact their loan servicer directly (the company that sends you your monthly student loan bill) to inquire about Corinthian-related debt relief.

If you attended an ITT Tech or a Corinthian school (Everest, WyoTech or Heald) that closed while you were attending or shortly after you withdrew, you may be eligible for discharge of your federal student loans (see the previous question on closed school discharge to see if you qualify). For more information on debt relief for closed schools, visit the Federal Student Aid website (<https://studentaid.ed.gov/sa/about/announcements/closed-school>). Those who believe their school defrauded them should visit Federal Student Aid’s page on Borrower’s Defense to Repayment (<https://studentaid.ed.gov/sa/repay-loans/forgiveness-cancellation/borrower-defense>).

Do I qualify for a disability discharge?

A “total and permanent disability” (TPD) discharge relieves you from repaying your Federal Direct Loans, Federal Family Education Loans, Federal Perkins Loans and/or a TEACH grant if you can prove that you are unable to work and earn an income because of an injury or illness from which you are not expected to improve or recover.

The Department of Education is working with the Social Security Administration (SSA) to identify borrowers who receive Social Security disability payments and have the “Medical Improvement Not Expected” designation. An application is automatically sent to the identified borrowers and the documentation that is typically required is bypassed. Borrowers who are approved for a disability discharge of their student loans will be monitored for three years and may be required to submit supplemental health and income documentation during that time to show they are still eligible for the discharge.

If you are not contacted by the Department of Education, you can visit the Department’s TPD discharge information page (<https://www.disabilitydischarge.com/>) to learn how to submit a disability discharge application. You will need to show you are permanently disabled in one of three ways:

1. Veterans can submit documentation from the Department of Veterans Affairs (VA) showing that the VA has determined that you are unemployable due to a service-connected disability.
2. Social Security Disability Insurance (SSDI) or Supplemental Security Income (SSI) benefit recipients can submit a Social Security Administration notice of award for SSDI or

SSI benefits stating that your next scheduled disability review will be within five to seven years from the date of your most recent SSA disability determination.

3. You may submit a doctor’s letter explaining that you are totally and permanently disabled. Your doctor must certify that you are unable to engage in any substantial gainful activity due to a physical or mental impairment that prevents you from working and has lasted, or is expected to last, longer than 60 months.

Do I qualify for the Public Service Loan Forgiveness program?

The Public Service Loan Forgiveness Program is a federal program designed to forgive federal student loan debt for employees of certain public and nonprofit jobs. To qualify, you need to meet two basic criteria: First, you need to be enrolled in a qualifying repayment plan, and second, you must have made 120 monthly payments. Qualifying repayment plans include Revised Pay As You Earn; Pay As You Earn; Income-based Repayment; Income-Contingent Repayment; Standard repayment; Any other payment plan with monthly payments that equal or exceed Standard repayment monthly payments. Regardless of the plan you are enrolled in, you will have to make 120 payments on time to qualify. Additionally, only payments made after October 1, 2007 count as qualifying payments. You do not have to work for the same employer during the 120-month period.

The Public Service Loan Forgiveness Program is available only to employees of: Federal, state, local, or tribal government organizations; A 501(c)(3) nonprofit; A not-for-profit that’s not 501(c)(3) designated but meets other

requirements related to public service; AmeriCorps, in a full-time capacity, or the Peace Corps. For more information on public service forgiveness, visit Federal Student Aid (<https://studentaid.ed.gov/sa/repay-loans/forgiveness-cancellation/public-service>).

Do I qualify for teacher loan forgiveness?

If you are a teacher and also a new borrower (i.e., you did not have an outstanding balance on a Direct Loan or FFEL Program loan on Oct. 1, 1998, or on the date you obtained a Direct Loan or FFEL Program loan after Oct. 1, 1998) and have been teaching full-time in a low-income elementary or secondary school or educational service agency for five consecutive years, you may be able to have as much as \$17,500 of your subsidized or unsubsidized loans forgiven.

Visit Federal Student Aid for more information (<https://studentaid.ed.gov/sa/repay-loans/forgiveness-cancellation/teacher>).

Is there a downside to student loan debt forgiveness?

Yes. While debt cancellation may provide great relief for many borrowers, it may not make sense for every borrower. When a loan is discharged, cancelled or forgiven through your repayment plan, the Department of Education

reports any balance of more than \$600 to you and the Internal Revenue Service (IRS) on a Form 1099-C (cancellation of debt). The amount discharged is considered taxable income and you may have to pay taxes on it the year your debt is cancelled. If you are insolvent when the debt is cancelled, some or all of the cancelled debt may not be taxable. Since insolvency can be fairly complex to determine, you should speak with a certified tax preparer to see if you qualify. Currently, loans forgiven through Closed School discharge, False Certification discharge, Public Service Loan Forgiveness and student loan forgiveness for teachers are exempt from being taxed.

For more information on the tax implications of debt cancellation, visit the Federal Student Aid website (<https://studentaid.ed.gov/sa/repay-loans/forgiveness-cancellation>). Also see the IRS article "Home Foreclosure and Debt Cancellation" (<https://www.irs.gov/uac/home-foreclosure-and-debt-cancellation>).

Where can I learn if my loans are eligible for discharge or debt forgiveness?

Contact your loan servicer (the company that sends you your monthly student loan bill) to find out if you qualify and/or to start the process of discharging your loan.

Getting help

Where do I turn when I need help?

If you're not satisfied with the quality of the instruction or training you receive from a vocational school or community college, talk to faculty members or the school's student affairs contact. If you're not happy with the resolution of your complaint by a single representative, escalate your dispute to school administrators.

If that doesn't work, you can file a complaint with the following agencies:

- The school's accrediting organization (you can look it up by state or accrediting organization in the Database of Accredited Postsecondary Institutions and Programs) <http://ope.ed.gov/accreditation/Search.aspx>

- The state licensing agency, state board of education and the state's education department

<http://www2.ed.gov/about/contacts/state/index.html>

- U.S. Department of Education if you are receiving federal financial aid to pay for your education: File a complaint online (<https://feedback.studentaid.ed.gov/>) or call 800-MIS-USED/647-8733

- Your state's attorney general (<http://www.naag.org>) and the FTC (<http://www.ftc.gov/complaint>)

Borrowers who are having issues with their student loan lender or servicer should file a complaint with the Consumer Financial Protection Bureau online (<http://www.consumerfinance.gov/complaint/#student-loan>) or by emailing students@cfpb.gov.

Helpful resources

- **American Association of Community Colleges.** The community college finder tool helps you locate community colleges in your area.

<http://www.aacc.nche.edu/pages/ccfinder.aspx>

- **National Consumer Law Center.** A leader in student lending regulation and reform, NCLC provides a list of legal resources by region to assist student loan borrowers with limited financial resources.

<http://www.studentloanborrowerassistance.org/resources/referral-resource/legal-resources/>

- **O*Net OnLine.** A free database containing information on hundreds of occupations. Search for jobs in industries that are expected to grow rapidly in the coming years, by keyword or by skill.

<http://www.onetonline.org/find/>

- **U.S. Department of Labor apprenticeships database.** Search for apprenticeships available by state.

<https://www.dol.gov/featured/apprenticeship/find-opportunities>

- **U.S. Department of Labor's CareerOneStop.** Explore careers and apprenticeships, research salaries and find links to job training programs near you.

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

- **U.S. Federal Trade Commission (FTC).** Get tips for choosing the right vocational school.

<https://www.consumer.ftc.gov/articles/0241-choosing-vocational-school>

- **Vocational Information Center.** Explore links to information about vocational careers, the job market, schools and training programs.

<http://www.khake.com/index.html>

About Consumer Action

www.consumer-action.org

Through multilingual consumer education materials, community outreach and issue-focused advocacy, Consumer Action empowers underrepresented consumers nationwide to assert their rights and financially prosper.

Submit consumer complaints to our advice and referral hotline: www.consumer-action.org/hotline/complaint_form/ or 415-777-9635. Chinese, English and Spanish are spoken.

Consumer Action's Managing Money Project created this guide. Visit the project website at www.managing-money.org.