

1 or more of those loans in any of the categories, may consolidate all of the loans of the borrower that are described in paragraph (2) into a Federal Direct Consolidation Loan during the period described in paragraph (3).

(2) Categories of loans that may be consolidated

The categories of loans that may be consolidated under paragraph (1) are—

- (A) loans made under this part;
- (B) loans purchased by the Secretary pursuant to section 1087i-1 of this title; and
- (C) loans made under part B that are held by an eligible lender, as such term is defined in section 1085(d) of this title.

(3) Time period in which loans may be consolidated

The Secretary may make a Federal Direct Consolidation Loan under this section to a borrower whose application for such Federal Direct Consolidation Loan is received on or after July 1, 2010, and before July 1, 2011.

(b) Terms of loans

A Federal Direct Consolidation Loan made under this section shall have the same terms and conditions as a Federal Direct Consolidation Loan made under section 1087e(g) of this title, except that—

- (1) in determining the applicable rate of interest on the Federal Direct Consolidation Loan made under this section (other than on a Federal Direct Consolidation Loan described in paragraph (2)), section 1077a(l)(3) of this title shall be applied without rounding the weighted average of the interest rate on the loans consolidated to the nearest higher one-eighth of 1 percent as described in subparagraph (A) of section 1077a(l)(3) of this title; and
- (2) if a Federal Direct Consolidation Loan made under this section that repays a loan which is subject to an interest rate determined under section 1077a(g)(2), (j)(2), or (k)(2) of this title, then the interest rate for such Federal Direct Consolidation Loan shall be calculated—

- (A) by using the applicable rate of interest described in section 1077a(g)(2), (j)(2), or (k)(2) of this title, respectively; and
- (B) in accordance with section 1077a(l)(3) of this title.

(Pub. L. 89-329, title IV, § 459B, as added Pub. L. 111-152, title II, § 2206(b), Mar. 30, 2010, 124 Stat. 1075.)

§ 1087j. Loan cancellation for teachers

(a) Statement of purpose

It is the purpose of this section to encourage individuals to enter and continue in the teaching profession.

(b) Program authorized

The Secretary shall carry out a program of canceling the obligation to repay a qualified loan amount in accordance with subsection (c) for Federal Direct Stafford Loans and Federal Direct Unsubsidized Stafford Loans made under this part for any new borrower on or after October 1, 1998, who—

(1) has been employed as a full-time teacher for 5 consecutive complete school years—

- (A) in a school or location that qualifies under section 1087ee(a)(2)(A) of this title for loan cancellation for Perkins loan recipients who teach in such schools or locations; and
- (B) if employed as an elementary school or secondary school teacher, is highly qualified as defined in section 7801 of this title, or meets the requirements of subsection (g)(3); and

(2) is not in default on a loan for which the borrower seeks forgiveness.

(c) Qualified loan amounts

(1) In general

The Secretary shall cancel not more than \$5,000 in the aggregate of the loan obligation on a Federal Direct Stafford Loan or a Federal Direct Unsubsidized Stafford Loan that is outstanding after the completion of the fifth complete school year of teaching described in subsection (b)(1). No borrower may receive a reduction of loan obligations under both this section and section 1078-10 of this title.

(2) Treatment of consolidation loans

A loan amount for a Federal Direct Consolidation Loan may be a qualified loan amount for the purposes of this subsection only to the extent that such loan amount was used to repay a Federal Direct Stafford Loan, a Federal Direct Unsubsidized Stafford Loan, or a loan made under section 1078 or 1078-8 of this title, for a borrower who meets the requirements of subsection (b), as determined in accordance with regulations prescribed by the Secretary.

(3) Additional amounts for teachers in mathematics, science, or special education

Notwithstanding the amount specified in paragraph (1), the aggregate amount that the Secretary shall cancel under this section shall be not more than \$17,500 in the case of—

- (A) a secondary school teacher—
 - (i) who meets the requirements of subsection (b); and
 - (ii) whose qualifying employment for purposes of such subsection is teaching mathematics or science on a full-time basis; and

(B) an elementary school or secondary school teacher—

- (i) who meets the requirements of subsection (b);
- (ii) whose qualifying employment for purposes of such subsection is as a special education teacher whose primary responsibility is to provide special education to children with disabilities (as those terms are defined in section 1401 of this title); and
- (iii) who, as certified by the chief administrative officer of the public or non-profit private elementary school or secondary school in which the borrower is employed, or, in the case of a teacher who is employed by an educational service agency, as certified by the chief administrative officer of such agency, is teaching children

with disabilities that correspond with the borrower's special education training and has demonstrated knowledge and teaching skills in the content areas of the elementary school or secondary school curriculum that the borrower is teaching.

(d) Regulations

The Secretary is authorized to issue such regulations as may be necessary to carry out the provisions of this section.

(e) Construction

Nothing in this section shall be construed to authorize any refunding of any canceled loan.

(f) List

If the list of schools in which a teacher may perform service pursuant to subsection (b) is not available before May 1 of any year, the Secretary may use the list for the year preceding the year for which the determination is made to make such service determination.

(g) Additional eligibility provisions

(1) Continued eligibility

Any teacher who performs service in a school that—

- (A) meets the requirements of subsection (b)(1)(A) in any year during such service; and
- (B) in a subsequent year fails to meet the requirements of such subsection, may continue to teach in such school and shall be eligible for loan cancellation pursuant to subsection (b).

(2) Prevention of double benefits

No borrower may, for the same voluntary service, receive a benefit under both this section and—

- (A) section 1078–11 of this title;
- (B) section 1087e(m) of this title; or
- (C) subtitle D of title I of the National and Community Service Act of 1990 (42 U.S.C. 12601 et seq.).

(3) Private school teachers

An individual who is employed as a teacher in a private school and is exempt from State certification requirements (unless otherwise applicable under State law), may, in lieu of the requirement of subsection (b)(1)(B), have such employment treated as qualifying employment under this section if such individual is permitted to and does satisfy rigorous subject knowledge and skills tests by taking competency tests in the applicable grade levels and subject areas. For such purposes, the competency tests taken by such a private school teacher shall be recognized by 5 or more States for the purpose of fulfilling the highly qualified teacher requirements under section 7801 of this title, and the score achieved by such teacher on each test shall equal or exceed the average passing score of those 5 States.

(h) “Year” defined

For the purpose of this section, the term “year” where applied to service as a teacher means an academic year as defined by the Secretary.

(Pub. L. 89–329, title IV, § 460, as added Pub. L. 105–244, title IV, § 456, Oct. 7, 1998, 112 Stat. 1719;

amended Pub. L. 108–409, § 3(a)(1)(B), (b)(2), Oct. 30, 2004, 118 Stat. 2300, 2301; Pub. L. 109–171, title VIII, § 8013(e)(2), Feb. 8, 2006, 120 Stat. 167; Pub. L. 110–315, title IV, § 454, Aug. 14, 2008, 122 Stat. 3265; Pub. L. 111–39, title IV, § 404(b)(4), July 1, 2009, 123 Stat. 1946.)

REFERENCES IN TEXT

The National and Community Service Act of 1990, referred to in subsec. (g)(2)(D), is Pub. L. 101–610, Nov. 16, 1990, 104 Stat. 3127. Subtitle D of title I of the Act is classified generally to division D of subchapter I (§ 12601 et seq.) of chapter 129 of Title 42, The Public Health and Welfare. For complete classification of this Act to the Code, see Short Title note set out under section 12501 of Title 42 and Tables.

PRIOR PROVISIONS

A prior section 1087j, Pub. L. 89–329, title IV, § 459A, as added Pub. L. 102–325, title IV, § 451, July 23, 1992, 106 Stat. 575, which related to funds for administrative expenses under Federal direct loan demonstration program, was omitted in the general amendment of this part by Pub. L. 103–66.

AMENDMENTS

2009—Subsec. (c)(1). Pub. L. 111–39, § 404(b)(4)(A), inserted at end “No borrower may receive a reduction of loan obligations under both this section and section 1078–10 of this title.”

Subsec. (g)(2). Pub. L. 111–39, § 404(b)(4)(B), redesignated subpars. (B) to (D) as (A) to (C), respectively, substituted “12601” for “12571” in subpar. (C), and struck out former subpar. (A) which read as follows: “section 1078–10 of this title.”

2008—Subsec. (b). Pub. L. 110–315, § 454(c), struck out “(1) In general” before “The Secretary shall”, redesignated subpars. (A) and (B) of former par. (1) as pars. (1) and (2), respectively, and cls. (i) and (ii) of former subpar. (A) as subpars. (A) and (B), respectively, of par. (1), realigned margins, and struck out par. (2). Prior to amendment, text of par. (2) read as follows: “No borrower may obtain a reduction of loan obligations under both this section and section 1078–10 of this title.”

Subsec. (b)(1)(A)(i). Pub. L. 110–315, § 454(a)(1), inserted “or location” after “a school” and “or locations” after “such schools”.

Subsec. (c)(1). Pub. L. 110–315, § 454(d)(1), substituted “subsection (b)(1)” for “subsection (b)(1)(A)”.

Subsec. (c)(3)(A)(i), (B)(i). Pub. L. 110–315, § 454(d)(2), substituted “subsection (b)” for “subsection (b)(1)”.

Subsec. (c)(3)(B)(iii). Pub. L. 110–315, § 454(a)(2), inserted “or, in the case of a teacher who is employed by an educational service agency, as certified by the chief administrative officer of such agency,” after “borrower is employed.”

Subsec. (g)(2). Pub. L. 110–315, § 454(b), amended par. (2) generally. Prior to amendment, text read as follows: “No borrower may, for the same volunteer service, receive a benefit under both this section and subtitle D of title I of the National and Community Service Act of 1990 (42 U.S.C. 12571 et seq.)”.

Subsec. (g)(3). Pub. L. 110–315, § 454(d)(3), substituted “subsection (b)(1)(B)” for “subsection (b)(1)(A)(ii)”.

2006—Subsec. (b)(1)(A)(ii). Pub. L. 109–171, § 8013(e)(2)(A), inserted “, or meets the requirements of subsection (g)(3)” after “section 7801 of this title”.

Subsec. (g)(3). Pub. L. 109–171, § 8013(e)(2)(B), added par. (3).

2004—Subsec. (b)(1)(A). Pub. L. 108–409, § 3(a)(1)(B), added cl. (ii) and struck out former cls. (ii) and (iii) which read as follows:

- “(ii) if employed as a secondary school teacher, is teaching a subject area that is relevant to the borrower's academic major as certified by the chief administrative officer of the public or non-profit private secondary school in which the borrower is employed; and
- “(iii) if employed as an elementary school teacher, has demonstrated, as certified by the chief administra-

tive officer of the public or nonprofit private elementary school in which the borrower is employed, knowledge and teaching skills in reading, writing, mathematics and other areas of the elementary school curriculum; and”.

Subsec. (c)(3). Pub. L. 108-409, §3(b)(2), added par. (3).

EFFECTIVE DATE OF 2009 AMENDMENT

Amendment by Pub. L. 111-39 effective as if enacted on the date of enactment of Pub. L. 110-315 (Aug. 14, 2008), see section 3 of Pub. L. 111-39, set out as a note under section 1001 of this title.

EFFECTIVE DATE OF 2006 AMENDMENT

Amendment by Pub. L. 109-171 effective July 1, 2006, except as otherwise provided, see section 8001(c) of Pub. L. 109-171, set out as a note under section 1002 of this title.

EFFECTIVE DATE OF 2004 AMENDMENT; TRANSITION RULE

Amendment by section 3(b)(2) of Pub. L. 108-409 applicable only with respect to eligible individuals who are new borrowers (as defined in section 1003 of this title) on or after Oct. 1, 1998, see section 3(b)(3) of Pub. L. 108-409, as amended, set out as a note under section 1078-10 of this title.

For transition rules relating to amendments made by section 3(a)(1)(B) of Pub. L. 108-409, see section 3(a)(2) of Pub. L. 108-409, set out as a note under section 1078-10 of this title.

EFFECTIVE DATE

Section effective Oct. 1, 1998, except as otherwise provided in Pub. L. 105-244, see section 3 of Pub. L. 105-244, set out as an Effective Date of 1998 Amendment note under section 1001 of this title.

PART D—FEDERAL PERKINS LOANS

CODIFICATION

This part was added as part E of title IV of Pub. L. 89-329 by Pub. L. 92-318, title I, §137(b), June 23, 1972, 86 Stat. 273, and amended by Pub. L. 94-482, Oct. 12, 1976, 90 Stat. 2081; Pub. L. 95-43, June 15, 1977, 91 Stat. 213; Pub. L. 95-561, Nov. 1, 1978, 92 Stat. 2143; Pub. L. 96-49, Aug. 13, 1979, 93 Stat. 351; Pub. L. 96-374, Oct. 3, 1980, 94 Stat. 1367; Pub. L. 97-35, Aug. 13, 1981, 95 Stat. 357; Pub. L. 97-301, Oct. 13, 1982, 96 Stat. 1400; Pub. L. 98-79, Aug. 15, 1983, 97 Stat. 476; Pub. L. 99-272, Apr. 7, 1986, 100 Stat. 82. Such part is shown herein, however, as having been added by Pub. L. 99-498, title IV, §405(a), Oct. 17, 1986, 100 Stat. 1439, without reference to such intervening amendments because of the extensive revision of this part by Pub. L. 99-498. The letter designation of this part was changed from “E” to “D” for codification purposes. See Codification note preceding section 1087a of this title.

§ 1087aa. Appropriations authorized

(a) Program authority

The Secretary shall carry out a program of stimulating and assisting in the establishment and maintenance of funds at institutions of higher education for the making of low-interest loans to students in need thereof to pursue their courses of study in such institutions or while engaged in programs of study abroad approved for credit by such institutions. Loans made under this part shall be known as “Federal Perkins Loans”.

(b) Authorization of appropriations

(1) For the purpose of enabling the Secretary to make contributions to student loan funds established under this part, there are authorized

to be appropriated \$300,000,000 for fiscal year 2009 and for each of the five succeeding fiscal years.

(2) In addition to the funds authorized under paragraph (1), there are hereby authorized to be appropriated such sums for fiscal year 2015 and each of the 5 succeeding fiscal years as may be necessary to enable students who have received loans for academic years ending prior to October 1, 2015, to continue or complete courses of study.

(c) Use of appropriations

Any sums appropriated pursuant to subsection (b) of this section for any fiscal year shall be available for apportionment pursuant to section 1087bb of this title and for payments of Federal capital contributions therefrom to institutions of higher education which have agreements with the Secretary under section 1087cc of this title. Such Federal capital contributions and all contributions from such institutions shall be used for the establishment, expansion, and maintenance of student loan funds.

(Pub. L. 89-329, title IV, §461, as added Pub. L. 99-498, title IV, §405(a), Oct. 17, 1986, 100 Stat. 1439; amended Pub. L. 102-325, title IV, §461(a)(2)-(c), July 23, 1992, 106 Stat. 576; Pub. L. 105-244, title IV, §461, Oct. 7, 1998, 112 Stat. 1720; Pub. L. 110-315, title IV, §461, Aug. 14, 2008, 122 Stat. 3265.)

PRIOR PROVISIONS

A prior section 1087aa, Pub. L. 89-329, title IV, §461, as added Pub. L. 92-318, title I, §137(b), June 23, 1972, 86 Stat. 273; amended Pub. L. 94-482, title I, §130(a), (b), Oct. 12, 1976, 90 Stat. 2146; Pub. L. 96-49, §5(d)(1), (2), Aug. 13, 1979, 93 Stat. 352; Pub. L. 96-374, title IV, §441, title XIII, §1391(a)(1), Oct. 3, 1980, 94 Stat. 1436, 1503, authorized a program to establish and maintain funds at institutions of higher education for making low-interest loans to students, prior to the general revision of this part by Pub. L. 99-498.

Another prior section 461 of Pub. L. 89-329 amended former section 403 of this title.

AMENDMENTS

2008—Subsec. (b)(1). Pub. L. 110-315, §461(1), substituted “\$300,000,000 for fiscal year 2009 and for each of the five succeeding fiscal years” for “\$250,000,000 for fiscal year 1999 and such sums as may be necessary for each of the 4 succeeding fiscal years”.

Subsec. (b)(2). Pub. L. 110-315, §461(2), substituted “2015” for “2003” in two places.

1998—Subsec. (b)(1). Pub. L. 105-244, §461(1), substituted “1999” for “1993”.

Subsec. (b)(2). Pub. L. 105-244, §461(2), substituted “2003” for “1997” in two places.

1992—Subsec. (a). Pub. L. 102-325, §461(a)(2), (b), inserted “or while engaged in programs of study abroad approved for credit by such institutions” after “in such institutions” and substituted “Federal Perkins Loans” for “Perkins Loans”.

Subsec. (b). Pub. L. 102-325, §461(c), amended subsec. (b) generally. Prior to amendment, subsec. (b) read as follows:

“(1) For the purpose of enabling the Secretary to make contributions to student loan funds established under this part, there are authorized to be appropriated \$268,000,000 for fiscal year 1987 and such sums as may be necessary for each of the 4 succeeding fiscal years.

“(2) In addition there are hereby authorized to be appropriated such sums for fiscal year 1991 and each of the five succeeding fiscal years as may be necessary to enable students who have received loans for academic years ending prior to October 1, 1991, to continue or complete courses of study.”