Every state in this region funds a loan forgiveness program to assist certain individuals with their college debts. These programs most commonly target help for graduates entering a specific profession such as education or health care.

At least six Midwestern states — Illinois, Indiana, Iowa, Minnesota, Nebraska and North Dakota — provide assistance to some teachers. In most of these states, in order to get assistance with their loans, individuals must teach in “shortage areas” — for example, at a low-income or rural school, or in a high-need field such as special education. The amount of the loan repayments varies from state to state — a maximum of $5,000 per teacher in Minnesota and Illinois, for example, vs. a maximum of $20,000 in Iowa.

Two years ago, North Dakota legislators modified their program (SB 2037). For individuals who teach in a rural area of the state and in a position of “critical need,” up to $26,000 in state assistance is now available. Under the new law, too, school districts, rather than individual teachers, apply to the state. This change aims to help districts use loan forgiveness as a teacher recruitment and retention tool.

Most Midwestern states also have loan repayment programs for nurses, doctors and/or other health professionals. Five years ago, Indiana legislators expanded the reach of a program that had targeted assistance for psychiatrists, psychologists and psychiatric nurses. Mental health and addiction professionals were added to that list of eligible professions (HB 1360 of 2014). Indiana provides loan repayments equal to 25 percent of the student’s loan debt for no more than four years. The annual amount cannot exceed $25,000 per person.

In the Midwest, other professions targeted for loan assistance include public defenders and prosecutors (Illinois); airline pilots and technicians (Minnesota); dentists (Ohio); veterinarians (Minnesota and North Dakota); and workers in the science, technology, engineering and math fields (North Dakota).

Some state programs, however, do not target specific professions. In 2011, Kansas legislators established Rural Opportunity Zones. The goal: Encourage college graduates to locate to one of the state’s 77 rural counties. In addition to being eligible for income tax waivers for up to five years, these college graduates get up to $15,000 in student loan repayments over a five-year period.

Outside the Midwest, New York is now providing up to 24 months of federal student loan debt relief for qualifying students, and Maine has begun offering student loan reimbursements via state income tax credits.

Refinancing programs are another policy option for states. The Minnesota Office of Higher Education’s SELF Refi, for example, helps individuals refinance student loans at lower rates. Legislators authorized this program in 2014 (HF 3172).
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