

COLLEGE COST REDUCATION & ACCESS ACT (CCRAA)



FREQUENTLY ASKED QUESTIONS

LEGISLATIVE

When was the College Cost Reduction and Access Act (CCRAA) signed by the President?

The CCRAA/H.R. 2669 was signed by President Bush on Sept. 27, 2007. The CCRAA is Public Law 110-084.

Are provisions from this legislation effective immediately?

There are varying effective dates associated with these provisions. The majority of the provisions are effective Oct. 1, 2007. Specific triggering effective dates can be found in [OGSLP's CCRAA Impact Summary](#) and in the [National Council of Higher Education Loan Programs' \(NCHELP\) side-by-side analysis](#).

PUBLIC SERVICE EMPLOYEE LOAN FORGIVENESS

Are there specific public service jobs eligible for loan forgiveness?

We expect to receive more specific guidance from the U.S. Department of Education in the future. The CCRAA currently defines public service jobs as a full-time job in the following:

- emergency management
- government
- military service
- public safety
- law enforcement
- public health
- public education (including early childhood education)
- social work in a public child or family service agency
- public child care
- public services for individuals with disabilities
- public services for the elderly
- public library sciences
- public interest law services (including prosecution or public defense or legal advocacy in low-income communities at a nonprofit organization)
- school-based library sciences and other school-based services
- an organization that is described in section 501(c)(3) of the Internal Revenue Code (IRS) of 1986 and exempt from taxation under 501(a) of the same Code
- teaching as a full-time faculty member at a Tribal College or University as defined in section 316(b) and other faculty teaching in high-needs areas, as determined by the Secretary

Do the 120 payments have to be on-time payments?

The U.S. Department of Education (ED) hasn't specified if the 120 payments must be on-time. The payments must be made in the Direct Loan Program. However, Jeff Baker from ED stated payments don't have to be consecutive.

Is a borrower with a repayment plan of less than 10 years eligible for loan forgiveness?

No. The law clearly requires 120 payments as one of the borrower eligibility requirements.

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INCOME-BASED REPAYMENT PLAN

What is income-based repayment?

Income-based repayment (IBR) is a new repayment plan available to borrowers in both the FFELP and Direct Loan Programs. Borrowers with Stafford and graduate PLUS loans are eligible regardless of their loan disbursement dates. Borrowers with a "partial financial hardship" may elect to have the aggregate monthly payment for all such loans not exceed 15% of the result obtained by calculating on at least an annual basis the AGI minus 150% of the poverty line for the family size. Parent PLUS loans and consolidations containing parent PLUS loans aren't eligible for IBR.

Can a borrower with a consolidated loan get an income-based repayment plan?

Yes, as long as the borrower meets all other eligibility requirements.

Who is eligible for IBR?

Since eligibility for the plan is determined by an income-based formula, borrowers must qualify on an annual basis to begin and continue repayment under the plan.

ECONOMIC HARDSHIP DEFERMENT

What is the effective date of the change to the economic hardship deferment definition?

The effective date for the definition change pertaining to the economic hardship deferment is Oct. 1, 2007.

How did the definition of economic hardship deferment change?

The definition of economic hardship has been changed from 100% of the poverty line for a family of two to 150% of the poverty line applicable to the borrower's family size.

MILITARY DEFERMENT

Can a borrower receive the military deferment multiple times?

Yes. The three-year limit for the deferment has been eliminated.

COMPETITIVE PARENT PLUS LOAN AUCTION PILOT PROGRAM

Since there will be two types of PLUS loan lenders (auction and non-auction based), could there be more than one special allowance rate paid for PLUS loans?

There will be a special allowance rate for PLUS loan auction lenders, which may differ from the special allowance rate for non-auction PLUS lenders.

Does the parent borrower have a choice of lenders?

Each state has the potential for two lenders. The parent PLUS loan borrower will be able to choose from one of the two lenders that win the bids. For states that don't have two lenders that bid, the U.S. Department of Education will choose a lender of last resort. In these states, parent PLUS borrowers would be limited to the lender of last resort.

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COMPETITIVE PARENT PLUS LOAN AUCTION PILOT PROGRAM (CONT.)

Does the reference to "new borrower" apply to the parent or the student?

According to Section 701 of the CCRAA, the definition of "new borrower" applies to the parent. The parent PLUS auction program applies only to new parent PLUS borrowers on or after July 1, 2009.

Does the parent PLUS loan pilot auction affect Direct Lending schools?

There is no impact to Direct Loan Program schools. The auction pilot is only for FFELP parent PLUS loans.

TEACH GRANTS

Is it true that a TEACH Grant will be converted to an unsubsidized Stafford loan if the student fails to fulfill the grant requirements after leaving school?

Yes. If the TEACH Grant recipient doesn't fulfill the requirements after leaving school, the grant converts to a Federal Direct Unsubsidized Stafford loan. The applicant must agree to serve as a full-time teacher in a high-need field in a public or other qualified non profit elementary or secondary school for at least four academic years within eight years after completing education for which the applicant received the TEACH Grant(s). The applicant must submit evidence of such employment annually and comply with requirements for being a "highly qualified teacher" under the Elementary and Secondary Education Act of 1965 (ESEA).

COLLEGE ACCESS CHALLENGE GRANT

Who is eligible for this new grant program?

The new grant program was designed to support access programs at the state level. In states where there is a designated State Higher Education Executive Officer (SHEEO), those entities will have first right of refusal for the grant. The Oklahoma State Regents for Higher Education is the designated SHEEO agency for Oklahoma.

HAVE QUESTIONS?

If you have additional questions about CCRAA, contact Policy, Compliance and Training at 405.234.4432 or pct@ogsip.org.