

# Public Interest Work and Federal Loan Forgiveness

## Information on the College Cost Reduction and Access Act

By Jocelyn Stilwell

In today's economy, everyone is looking for ways to economize and to do less with more. For those of us with student loans from law school or library school (or both), there's some good news—in September 2007, the *College Cost Reduction and Access Act (CCRAA)* was signed into law. The *CCRAA* helps those who have student loan debt and are working in public interest jobs to repay their debts at lower rates. In some instances, it will even forgive the remainder of their debts after 10 years of public interest work.

When the *CCRAA* was designed and enacted, its goal was to help educated professionals stay in lower-paid public interest positions. Since 2007, due in part to the economy and in part to an increased interest in public service, there has been a flood of applicants for public interest positions, especially in the legal arena.

### How the *CCRAA* Can Help You

The *CCRAA* can help repay student loan debt—if you meet certain conditions. There are two ways the *CCRAA* helps with student loan payments. The first is an income-based repayment (IBR) plan, which caps your monthly student loan payment at 15 percent of your discretionary income. For people working a low-paying public interest job, this will generally reduce the amount of their monthly loan payments. This may sound familiar, and in fact the government has had an income-contingent repayment plan available for some time now. However, the IBR option lowers payments even further for public interest workers.

The *CCRAA* also contains a loan forgiveness provision: if a borrower works full-time in a public interest position for 10 years, and makes at least 120 qualifying loan payments, the remainder of his or her loan balance may be forgiven.

### The Fine Print

First, to take advantage of this program you must have federal rather than private bank loans. Although some private loan companies have programs that are comparable to the income-based repayment plan, the IBR from the *CCRAA* is only available for federal loans. The loan requirements for the loan forgiveness provisions are even more restrictive—they are only available on two specific types of federal loans: Federal Direct and Federal Direct Consolidated.

Second, to take advantage of the loan forgiveness program, you must be employed in a public service job. The *CCRAA* defines a public service job as a position with the federal, state, or local government, or a 501(c)(3) organization. Most public-interest positions fall into these categories.

### Answers to Common Questions

If you need to find out if your loans are part of the Federal Direct program and qualify for the *CCRAA*, you can sign on to the National Student Loan Data System at [www.nslds.ed.gov/nslds\\_SA](http://www.nslds.ed.gov/nslds_SA). You will need your Federal Student Aid PIN to sign in (this is the same PIN you used to fill out your online Free Application for Federal Student Aid while in school). This website gives you information on all the loans and federal grants you received while in school and will clearly list if your current loan program is a Federal Direct loan. You can also call your lender to find out more.

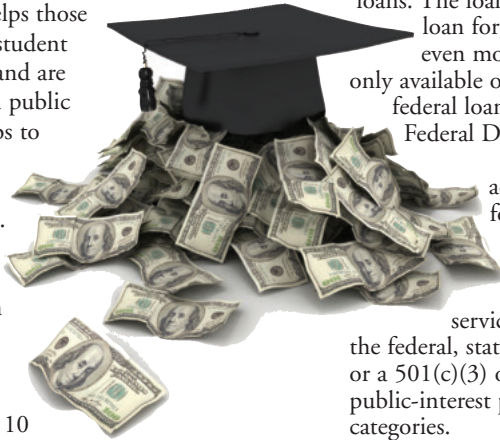
Married people will be glad to know that they can use the IBR without counting their spouses' incomes in their calculations, provided that they and their spouses file separate income tax returns. Both the IBR and the loan forgiveness programs are available to anyone with any major and any number of degrees—excellent news for those of us with both a library degree and a JD. Though the program was created in 2007, the Income-Based Repayment Plan just became available in July 2009. Those who graduated earlier than the class of 2009 may have to wait longer to take advantage of the IBR.

### Where to Learn More

If you have more questions on how the *CCRAA* works, Equal Justice Works has

compiled a wonderful set of resources at [www.equaljusticeworks.org/resources/student-debt-relief/public-service-loan-forgiveness](http://www.equaljusticeworks.org/resources/student-debt-relief/public-service-loan-forgiveness). The Equal Justice Works website is geared towards attorneys, but is helpful to anyone. ■

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### Where Can I Go to Learn More?

Equal Justice Works has compiled a number of resources on the *CCRAA*: [www.equaljusticeworks.org/resources/student-debt-relief/public-service-loan-forgiveness](http://www.equaljusticeworks.org/resources/student-debt-relief/public-service-loan-forgiveness).

The National Association of Student Financial Aid Administrators has a summary of the loan forgiveness program: [www.nasfaa.org/publications/2007/Inpublic101507.html](http://www.nasfaa.org/publications/2007/Inpublic101507.html).

An in-depth analysis of the legislation is available from Philip Schrag of Georgetown University: [www.law.georgetown.edu/news/releases/documents/Forgiveness\\_000.pdf](http://www.law.georgetown.edu/news/releases/documents/Forgiveness_000.pdf).

Though these websites are geared towards attorneys, keep in mind that the *CCRAA* can be applied to any student loans, regardless of the degree program (including undergraduate loans and secondary graduate degrees).

To determine if your current student loans are eligible for the loan forgiveness program, visit: [www.nslds.ed.gov/nslds\\_SA](http://www.nslds.ed.gov/nslds_SA). You will need your Federal Student Aid PIN to sign in.

If you'd like to read the text of the *CCRAA* as it was passed, it is available online at the Library of Congress' Thomas website: <http://thomas.loc.gov/cgi-bin/bdquery/z?d110:h.r.02669>.