

INFORMATION PAPER

AHRC-PDP-E
13 September 2023

SUBJECT: Regular Army (RA) Loan Repayment Program (LRP) Comprehensive View

1. Purpose. To provide a comprehensive view of the background, law and policy that govern the RA LRP.

2. Facts.

a. Background. RA LRP was suspended on 31 March 2014, but reactivated on 21 August 2015 with one Military Occupational Specialty (MOS) eligible (68N). On 21 April 2017, the RA LRP was expanded to two eligible MOS identifiers (68N and one Additional Skill Identifiers within 42R (9H)). On 15 June 2017, the Barring Act (31 U.S.C. 3702) was implemented, which imposed a six-year limit from the Soldier's one year anniversary of their Basic Active Service Date (BASD) to file an initial RA LRP claim. On 25 August 2023, the RA LRP was reduced to only one ASI within the 42R MOS (ASI: 9H). On April 11, 2023, Army G-1 (Army's policy proponent) authorized the rapid expansion of the RA LRP from one to thirty-five Critical Skill Enlisted MOS identifiers to assist the Army's RA recruiting goals in support of end-strength requirements and critical skills acquisition. Additionally, the RA LRP also began supporting the RA Cyber Command Direct Commissioning Pilot Program with processing of up to five RA LRP recipients per year.

b. Law and Policy.

1) The RA LRP is a Department of Defense (DoD) education incentive authorized by Public Law (PL) 99-145, Section 671(a)(1). The program is administered under Title 10 United States Code (U.S.C.) § 2171.

2) The DoD RA LRP policy is listed in the Department of Defense Instruction (DoDI) 1304-36 (effective 12 September 2018). The Army RA LRP policy is located in Army Regulation (AR) 621-202 (effective 26 September 2017).

3) The Army's RA LRP Policy Proponent is the DMPM, Army G-1. The Army's RA LRP Functional Proponent is the Education Incentives Branch (EIB), Soldier Programs and Services Division, The Adjutant General Directorate, Army Human Resources Command (AHRC), who administers the day-to-day functions of the program.

c. Program Policies.

1) The RA LRP is only available to initial entry RA recruits (Non-Prior Service only) as an incentive to join the Army. PL 99-145, Sec 671 requires a three-year minimum initial service obligation; however, allows each Service to increase this duration. The Army has increased its service requirement to a minimum of five years. Additionally, under ideal circumstances, the program will reimburse a maximum of \$65,000 (less tax) of the Soldier's

qualified loans, split over a three-year period of honorable Regular Army service. The recent addition of the RA Cyber Command Direct Commissioning Pilot Program follows this same service requirement.

2) The RA LRP will not pay applicable tax, loan interest, balances in default or any other charges. Payments are subject to federal and state income taxes as taxable income in the year payment is disbursed. The Defense Finance and Accounting Services (DFAS) will provide the new recruit a W-2 Form separate from the W-2 Form received for military pay. A percentage of the LRP payment will be withheld; therefore, it is important that the new recruit file income taxes with this W-2. Since payments are considered income, this withholding prevents a large tax bill at the end of the year. A refund may be possible from the IRS. EXAMPLE: \$2,500 would be withheld from a \$10,000 payment.

3) Loan status is the borrower's (new recruit) responsibility. The Army does not assume a new recruit's student loan. The new recruit remains responsible for the payments and status of the loan. New recruits whose loan holders are requesting repayment must contact their loan holder to request a deferment or forbearance or set up a payment plan if the loan does not qualify for a deferment or forbearance. In some cases, the deferment will stop interest (which the Army will not repay) from accruing, and the forbearance prevents payments from coming due on a student loan. A deferment or forbearance will also prevent a loan from delinquency or default. Conditions under which deferments or forbearance are obtained are handled solely between the borrower (new recruit) and the loan holder. Responsibility rests with the borrower (new recruit) to request the deferment or forbearance through their Unit to the loan holder, and ensure the loan remains in good standing throughout the repayment process.

NOTE: Many loans do not qualify for a deferment or forbearance, so payments are the responsibility of the borrower.

4) In accordance with the loan holder's promissory note and the laws governing federally guaranteed student loans, the Army does not assume the borrower's (new recruit) loan. Therefore, the new recruit must keep EIB, AHRC informed of any changes in the loan status and/or personal data (e.g., changes in mailing address, MOS, military service, loan holder, loan holder's mailing address), particularly if the loan is sold to another agency. The loan holder does not supply information to the Army.

5) If a Soldier separates from the RA prior to completing the initial term of service, a copy of the Department of Defense (DD) Form 214, Member 4 (Certificate of Release or Discharge from Active Duty) must be submitted to the mailing address indicated in the below paragraph "f" of this memorandum. Submission of DD Form 214 will affect possible future payments towards the Soldier's contracted RA LRP qualified loans.

6) Barring Act Delimiting Date. Soldiers have seven years from their BASD to provide student loan verification documentation to EIB, AHRC. If the student loan verification documentation is not received within seven years from their BASD, the Soldier must first obtain relief approval from the Army Board for Correction of Military Records

before their RA LRP repayment claim can be processed in accordance with the Barring Act (31 U.S.C. 3702).

d. Eligibility Criteria.

1) Must be Non-Prior Service.

2) Must contract for the RA LRP for minimum of three years (set by Public Law 99-145, Sec 671) or greater service term (duration set by Army G-1) for RA Enlisted Soldiers or the RA Cyber Command Direct Commissioning Pilot Program. In no case may the term of service be less than 3 years.

3) Must dis-enroll from the Montgomery GI Bill (MGIB) education benefit by completing Sections one and five; and signing Section five of DD Form 2366.

4) Must contract in a qualifying MOS (set by Army G-1 and the Army Recruiting Command based on the needs of the Army) or accepted into the RA Cyber Command Direct Commissioning Pilot Program. Eligible RA LRP MOSs are subject to change by the Army G-1, based on the Army's recruiting requirements.

5) For RA Enlisted Soldiers only (does not apply to the RA Cyber Command Direct Commissioning Pilot Program):

a) Must possess at least a high school diploma.

b) Must obtain an Armed Forces Qualification Test score (referred to as the "AFQT score") of 50 or higher at time of entry into the RA LRP.

6) Receive loans that qualify for repayment. Loans must be made, insured, or guaranteed under Title IV, Part B, D of such title (the William D. Ford Federal Direct Loan Program, 20 U.S.C. 1087a et seq.), or E of such title (20 U.S.C. 1087aa et seq.) of the Higher Education Act of 1965 (20 U.S.C. 1071 et seq.) prior to entry into the RA. The loan balance must not be in default and must remain in good standing while in the RA. Loans qualifying for repayment are as follows:

a) Guaranteed Student Loans and/or Stafford Loans.

b) National Direct Student Loans / Perkins Loans.

c) Supplemental Loans for students.

d) Federal Insured Student Loans.

e) Parent Loan for Undergraduate Students – only loans incurred for the use of the new recruit contracting for the RA LRP.

f) Auxiliary Loan Assistance for Students.

g) Consolidated Loans – only loans incurred for the use of the new recruit contracting for the RA LRP.

h) As of 1 January 2006, 10 U.S.C. 2171 was amended to include any loan incurred for educational purposes made by a loan holder that is –

(1) An agency or instrumentality of a State.

(2) A financial or credit institution (including an insurance company) that is subject to examination and supervision by an agency of the United States or any State.

(3) From a pension fund or a nonprofit private entity (subject to case-by-case review and/or approval by the EIB, AHRC (AHRC–PDP–E) (Department 480), 1600 Spearhead Division Avenue, Fort Knox, KY 40122–5408 or DCS, G–1 (DAPE–MPE–PD)).

e. Claims Processing.

1) RA LRP eligible recruits earn their first loan repayment after completion of a full year of active duty and additional payments for each full year thereafter, up to 3 years. Each payment consists of 33-1/3% or \$1,500, whichever is greater, on the total remaining original unpaid principal.

2) The recruit's RA LRP eligibility process begins with the Army Recruiter and the Military Entrance Processing Stations for enlisted personnel or the RA Cyber Command Direct Commissioning Pilot Program. The recruit must provide the Army with a qualifying loan promissory note or statement from each of the loan servicing agencies that verifies the loan type before being eligible for the RA LRP.

3) For enlisted personnel, the Basic Training Reception Battalion completes the RA LRP request paperwork and confirms the recruit's program eligibility.

4) Eight months prior to their one-year BASD anniversary, the RA LRP eligible recruit contacts the EIB, AHRC office to begin the claims process. The EIB, AHRC office sends the recruit an instruction packet that contains complete instructions on the claim filing process. If the EIB, AHRC is not contacted by the recruit within the eighth month, they will email a RA LRP claim filing packet to the Soldier.

5) If all is in order, the EIB, AHRC will authorize DFAS to disburse appropriate payment to each of the recruit's loan holders (less tax) up to the maximum of \$65,000 total (combined loans).

6) The EIB, AHRC Office will authorize DFAS to disburse payments (less tax) for the next three years after validating that the recruit has remained in the RA LRP eligible MOS or is still in the RA Cyber Command Direct Commissioning Pilot Program.

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f. If the new recruit participating in the RA LRP has been in the RA for at least 10 months, and has not heard from EIB, AHRC, they should contact the office via email or in writing as follows:

Email Group Box	Mailing Address
usarmy.knox.hrc.mbx.tagd-pdeei@army.mil	Army Human Resources Command ATTN: AHRC-PDP-E (RM# 2-1-021), DEPT# 480 1600 Spearhead Division Avenue Fort Knox, KY 40122-5408
NOTE: AHRC website is at: https://www.hrc.army.mil/content/Loan%20Repayment%20Program	

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