

# UCI Law

## Loan Repayment Assistance Program Overview

### (Classes of 2013-2019)

A primary mission of UC Irvine School of Law is to encourage and support J.D. students and J.D. graduates who are dedicated to a career in public service law. To help achieve this goal, the Law School has created a Loan Repayment Assistance Program (LRAP), which is intended to expand the career options of UCI Law J.D. graduates by removing the financial burden created by federal education loans, including undergraduate and law school loans. The UCI Law Loan Repayment Assistance Program provides loan repayment assistance for J.D. graduates, beginning with the Classes of 2013 through 2019<sup>1</sup>, who secure a position doing legal work in the public sector, earning up to \$80,000<sup>2</sup> per year.

#### How It Works

Through LRAP, the Law School loans J.D. graduates the funding to cover their federal student loan payments as long as the graduate remains employed in an eligible public service position. The forgivable loan is provided in twelve-month increments and is renewable every twelve months as long as the recipient remains eligible. The forgivable loan is calculated to cover the cost of the recipient's monthly federal loan payment under the Income-Driven Repayment (IDR) options; Income-Based Repayment (IBR), Pay As You Earn (PAYE), or Saving on a Valuable Education (SAVE). The applicant must determine which IDR plan works best for their specific circumstances and goals. Every twelve months, recipients will be required to submit an application to prove ongoing eligibility and submit a forgiveness application, which provides proof of payment of federal Loans. Upon proof of payment, the participant's loan for the prior twelve months will be forgiven. Once continued eligibility is established and the prior loan is forgiven, a new loan payment is issued to cover the subsequent twelve months of federal loan payments. For an example, see *Program Administration—An Example*, below.

#### **QUALIFYING EMPLOYMENT**

To be eligible for LRAP, an applicant must provide proof of continuous qualifying employment every twelve months. Qualifying employment is defined as full-time paid work for a nonprofit organization, a government agency in law-related employment in which means a J.D. degree, must be required, or the position must rely heavily on law school training.

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<sup>1</sup> The Class of 2013 shall be defined as those J.D. students that matriculated on or after August 2010.

<sup>2</sup> Program participants earning \$60,000 or less shall be eligible for LRAP payments for the full amount of their eligible loan payments. Those earning more than \$60,000 will receive a prorated loan. For detailed information, please see the *Imputed Contribution* section. Those earning more than \$80,000 are not eligible for LRAP assistance.

The following guidelines will help determine qualifying employment:

- a) A nonprofit 501(c)(3) organization or an agency of government, including fellowship positions whereby the graduate is funded by a third party.
- b) A non-tenure track law school clinical instructor position requiring substantial case supervision.
- c) A position with an international Non-Government Organization.
- d) A career clerkship in a judicial chamber with the intention to secure public interest employment post-clerkship. Applicant must submit a signed pledge that he/she intend to secure public interest employment post-clerkship.
- e) A position with an agency of a foreign government will be considered on a case-by-case basis.
- f) A fellowship with a private public interest law firm will be considered on a case-by-case basis.

#### Non-Qualifying Employment

Positions in private firms other than a fellowship as described in (f) above do not qualify for LRAP assistance.

#### Part-Time Employment

J.D. graduates who are permanently employed less than full-time (but greater than half-time) in positions that otherwise meet the above definition may still qualify for assistance by demonstrating that they are actively seeking full-time work.

### **ELIGIBLE LOANS AND LOAN REPAYMENT TERMS**

LRAP at UCI Law will provide loan repayment assistance of the principal and capitalized interest (up to an 8.25% interest rate) of all federal student loans incurred during law school as well as those incurred during undergraduate or through other graduate programs prior to attending law school. LRAP will not provide loan repayment assistance for additional educational loans incurred after graduation from UCI Law. Federal Direct Student Loans include: Subsidized, Unsubsidized, and Graduate PLUS loans. At this time, LRAP does not provide repayment assistance for private loans, including Bar loans.

LRAP will only provide repayment for federal loans at the loan repayment rate calculated under the Income-Based Repayment (IBR), Pay As You Earn (PAYE), or Saving on a Valuable Education (SAVE) options<sup>3</sup>. While traditional student loan repayment is on a 10-year schedule, IDR repayment is on a much longer schedule, thereby reducing payments<sup>4</sup>. For applicants who do not utilize the IDR option, their monthly loan debt for purposes of LRAP will be determined based on the lesser of: a) the imputed IDR repayment, or b) the applicant's actual repayment plan. The applicant will be responsible for at least the difference in his/her actual loan payments and the IDR calculation determined by the UCI Law Office of Student Financial Services.

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<sup>3</sup> An IDR calculator is available at <https://studentaid.gov/loan-simulator/>.

<sup>4</sup> Although the IDR schedule extends beyond 10 years, students qualifying for Public Service Loan Forgiveness from the federal government will have their federal loans forgiven after 10 years, regardless of the amount of time remaining on the repayment schedule. For additional information on the Public Service Loan Forgiveness Program (PSLF), visit this site: <https://studentaid.gov/manage-loans/forgiveness-cancellation/public-service>.

## **INCOME LIMITS AND COMPUTING ANNUALIZED INCOME**

Eligibility for LRAP loans, as well as the amount of the LRAP loans, depends on an applicant's annualized full-time income. Annualized full-time income is the equivalent of the gross income reported in the Financial Statement of the LRAP application and the LRAP Employment Certification Form. Applicants must provide gross income before taxes, deductions, or adjustments. Applicants with an annualized full-time income of \$60,000 or less, after adjustments set forth below, are eligible for full repayment assistance. Applicants earning between \$60,000 and \$80,000 are eligible for prorated assistance, discussed below under *Imputed Contribution*.

### Spouse's Income

A married participant's annualized full-time income will not be adjusted unless his or her spouse has a higher income, in which case the participant's eligible income will be calculated based on half of the joint income of the couple. In determining joint income, educational loan payments by the spouse will be subtracted in determining the spouse's annual income.

In the case in which the applicant and his/her spouse are both eligible for LRAP, the income for each will be calculated as half of the couple's combined income. UCI Law educational loan repayments will not be deducted from the spouse's income. Each may deduct half of the dependent allowance.

### Dependent Children

For purposes of entrance into and participation in LRAP, those with dependent children, as determined under federal income tax guidelines, shall receive a credit in the form of a downward adjustment of their annualized full-time income by \$6,000 for one dependent child, and by \$4,000 for each additional dependent child.

### Assets

Each single applicant is allowed to accumulate \$10,000 per year of assets (exclusive of retirement funds and home equity) without those assets affecting eligibility for LRAP loans, as well as the amount of the loans. A married participant is allowed to accumulate \$20,000 per year of assets (exclusive of retirement funds and home equity). For example, if an applicant graduated in 2013, by the 2015 LRAP application, the applicant may accumulate \$20,000 in assets if single or \$40,000 if married. Any funds over these amounts will constitute income for the purposes of determining LRAP eligibility and a participant's required contribution. Assets will be determined by reviewing the applicant's Federal and State Tax Returns, and additional information may be requested. Examples of possible assets may include, but are not limited to, savings, business income, inheritance, stock dividends, and gifts.

## **IMPUTED CONTRIBUTION**

For LRAP participants with an annualized full-time income of \$60,000 or less, the LRAP loan shall equal the amount necessary to cover all scheduled payments for eligible loans during the eligibility period. For participants with full-time annualized incomes greater than \$60,000, the amount of program assistance will be prorated, with participants expected to make an imputed contribution equal to 35% of their income above \$60,000.

Beginning with a participant's third year of participation in LRAP, the contribution point of \$60,000 will be increased by \$1,000 per year. For example, a person who has participated for four years is in their fourth year of participating will have a contribution point of \$62,000, meaning they will receive loans for the full amount of their federal loans if they earn \$62,000 or less, and if they earn more than \$62,000, they will have an imputed contribution equal to 35% of their income above \$62,000.

#### **PERIOD OF ELIGIBILITY AND LENGTH OF PROGRAM PARTICIPATION**

J.D. graduates seeking to participate must apply for LRAP assistance within 3 ½ years (42 months) of their graduation date. For example, May 2013 graduates must apply for LRAP by November 30, 2016.

The maximum length of LRAP participation is 10 years. A participant in LRAP may request in writing, with appropriate documentation, a leave of absence of up to two years (non-consecutive 24 months) for maternity and parental leave, relocation, further education, and other appropriate reasons approved by the LRAP Appeals Committee. During any leave of absence, the participants will not be eligible for LRAP assistance. If the participants do not return to the program within two years, they will not be eligible for future LRAP assistance. Participants are responsible for their student loan payments during any leave from the program. Those leaving public interest work for private-sector employment do not qualify for leave and will be required to begin repayment of their LRAP loans.

Participants that are no longer eligible for LRAP due to acceptance of a higher paying job must repay the LRAP loan provided for any months for which the graduate was not in eligible employment. For example, if a participant receives an LRAP loan in January, but on March 1 begins a position not eligible for LRAP participation, the graduate must notify the UCI Law Office of Student Financial Services, and repay the loan for the months March through December.

#### **APPLICATION PROCEDURE**

Applications must include all pertinent information regarding loans, employment and income. If the applicant secures a qualifying job after the application deadline date, he or she can apply for assistance after that date, up to **one month** after the beginning of his/her employment. A participant accepted after the deadline date shall receive a prorated loan from the date of acceptance through the next deadline date.

Approved applicants will be notified and sent a Promissory Note and Statement of Rights and Responsibilities. Loan disbursements will not occur until the Promissory Note and Statement of Rights and Responsibilities are completed and returned to the UCI School of Law Office of Student Financial Services. Loan forgiveness will not occur until a forgiveness application has been reviewed and approved, which provides proof that the LRAP loan was used to repay federal student loans.

Participants will be notified if they qualify for LRAP. Please refer to the LRAP home page for published forgiveness application dates, which shall occur every twelve months. Applicants who fail to submit the LRAP forgiveness application by the required deadlines will be ineligible for an LRAP loan for the subsequent twelve-month period and must re-apply by the deadline for the following eligibility period.

## **PROGRAM ADMINISTRATION—AN EXAMPLE**

Once a J.D. graduate is approved for LRAP assistance, the UCI Law Office of Student Financial Services will determine the amount of the participant's loan repayments, less any imputed contribution, during the following twelve-month period. If a J.D. graduate of the Class of 2013 is earning \$50,000 and is eligible for funding beginning in January through December, the participant would receive a loan for that amount. In December, the participant would need to submit a forgiveness application that shows proof of payments made on their federal loans equal to or greater than the LRAP loan received. Upon approval of the forgiveness application, the prior twelve-month loan would be forgiven. The participant must show proof of continued eligibility for LRAP assistance, which would enable him/her to receive a new loan for the upcoming twelve months of federal student loan payments.

## **LIMITED FUNDS CONTINGENCY AND RIGHT TO MODIFY**

In the event that funding is not sufficient to fully fund all qualified applicants in the manner anticipated above, UCI School of Law will select LRAP recipients and determine award levels. Available funds may be disbursed pro-rata, or awards may be adjusted on an individual basis considering salary and total loan indebtedness.

## **COORDINATION WITH OTHER LOAN REPAYMENT PROGRAMS**

Applicants and LRAP participants are expected to take advantage of all other loan repayment assistance or forgiveness programs for which they qualify. LRAP assistance will be awarded only if there is remaining eligibility after assistance from other such programs has been exhausted. Applicants must notify UCI School of Law of other programs for which they are eligible to receive benefits. UCI School of Law reserves the right to review and revise LRAP, as it deems appropriate.

## **QUESTIONS AND ADDITIONAL INFORMATION**

Please contact the Office of Student Financial Services by email at [lrp@law.uci.edu](mailto:lrp@law.uci.edu) with any questions regarding LRAP at UCI Law.

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