



Lewis & Clark Law School

OVERVIEW OF THE LOAN REPAYMENT ASSISTANCE PROGRAM

Making public interest work affordable.

2021 Funding Year



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Introduction

The Loan Repayment Assistance Program (LRAP) seeks to ease the law school debt burdens of graduates who choose to work in public interest jobs soon after graduation. The low salaries of these jobs often make this option impossible for those who must service a large debt. By lessening the debt burden of our neediest graduates in the years immediately following law school, the LRAP makes public interest law work a viable option for new lawyers.

The LRAP makes legal services available to public interest organizations by helping graduates make ends meet, allowing public interest employers to hire and retain more attorneys within their current budgets, providing graduates greater flexibility in establishing public interest organizations, helping graduates from disadvantaged communities provide service to those communities, and encouraging public-spirited citizens to become lawyers.

The LRAP is administered by the Public Interest Loan Committee (PILC), composed of the Director of Public Interest Law, a student appointed by the Public Interest Law Project, and law professors, lawyers, and citizens appointed by the Dean of Lewis & Clark Law School.

LRAP awards are structured as forgivable loans, with an eye toward fitting the requirements for non-taxability set out in Internal Revenue Code § 108(f) and Rev. Rul. 2008-34. Individual situations vary, and recipients should consult a tax professional to determine whether forgiveness of their loans, if any, is a taxable event. Because awards are structured as loans, they must be repaid to Lewis & Clark Law School if a recipient does not qualify for forgiveness. A recipient projects expected income and loan payments for their LRAP Year in the initial application and then verifies their actual financial situation in a forgiveness application they submit in April following each LRAP Year. Changes in circumstances may disqualify recipients from loan forgiveness in part or in full. For example, underestimating income, exceeding the income cap, making loan payments less than the LRAP loan amount, and changing employment may disqualify recipients from forgiveness (see Section 12 - Change of Circumstances During the LRAP Year).

Recipients must project income and loan payments in an initial application and confirm those figures in a forgiveness application. Loans are funded in reliance on the estimated information and are paid as a single disbursement.

Income driven repayment programs are the federal student loan repayment plans that allow many graduates to significantly reduce their monthly loan payments and begin building 120 months toward Public Service Loan Forgiveness. See:

- <https://studentaid.ed.gov/sa/repay-loans/understand/plans/income-driven>
- <http://studentaid.ed.gov/repay-loans/forgiveness-cancellation/charts/public-service>

To avoid complications, recipients switching their repayment plan should notify the PILC as soon as possible.

Program Eligibility & Definitions

Section 1 - Basic Eligibility Criteria

Applicants must:

- A. be J.D. graduates of Lewis & Clark Law School,
- B. be within the qualifying period following graduation (Section 2 - Timing of Application(s)),
- C. work in a qualifying law related, public interest career (Section 3 - Qualifying Employment), and
- D. not receive annual income that exceeds the income cap (Section 4 – Tiered Income Caps)

Completed applications and requested attachments must be received by Tuesday, June 1, 2021 to be eligible for the 2021 funding year. Applications received after this deadline will be considered at the PILC's discretion.

In determining which applicants receive awards and how to distribute funds, the PILC will consider outstanding student loans, the payment that would be required were the graduate to use federal, income-driven repayment programs, financial need, demonstrated commitment to public service work, and other factors that the PILC finds relevant in its sole and unfettered discretion. No political, religious, or ideological bias will be employed.

The program is committed to abiding by the letter and spirit of the Rehabilitation Act of 1973 and the Americans with Disabilities Act of 1990; graduates who believe they will require special accommodation may petition the PILC.

Section 2 - Timing of Application(s)

- A. First-time recipients. Graduates may apply to enter the program as first-time recipients within the first three years after the February following their graduation from Lewis & Clark Law School. Members of the class of 2018 or later may apply by Tuesday, June 1, 2021 to be first-time LRAP recipients of loans disbursed in 2021. Graduates who have been out of law school for longer than three years may not apply to be first-time recipients of the LRAP, regardless of the reason they delayed application.
- B. Possible extension of LRAP participation. Graduates who received LRAP loans during the first three years following their graduation may apply for LRAP loans for a maximum of five years after the February following their graduation from Lewis & Clark Law School. The five-year limit is not extended for any reason. Graduates of the class of 2016 or later may apply for continued assistance if they have previously received LRAP assistance.
- C. Priority will be given to graduates within the first three years after graduation.
- D. Students who graduated in January 2021 are eligible to apply for the 2021 funding year if they have accepted a specific public interest job with an employer who can submit the required documentation. Alternatively, they may apply for a loan disbursed in the 2022 funding year and designate their first LRAP Year retrospectively (see Section 9 - LRAP Year).

Section 3 - Qualifying Employment

- A. LRAP is premised upon assisting graduates who choose public interest legal careers. Thus, employment must be (a) law related and (b) public interest in spirit and content.
1. Law related means that the position must substantially utilize the legal training and skills of the graduate.
 2. Public interest work means:
 - i. Work for an organization qualifying for tax exemption under Internal Revenue Code section 501(c)(3), (4), or (5), e.g., legal aid or legal services organizations, public defender offices, organizations that have a primary purpose of rendering legal services to or on behalf of persons or organizations which could not otherwise obtain like services, and international human rights organizations, or
 - ii. Work for federal, state, or local government units, as long as the work is focused on providing legal aid, legal services, or criminal justice services to or on behalf of persons or organizations which could not otherwise obtain like services. This category includes governmental units made up of groups of Indian tribes as defined by Internal Revenue Code Section 7873(b).
 - iii. On a case by case basis, work performed for a private employer when it otherwise meets the requirements in Section 3.A.2.i or ii above, e.g., work for a private firm performing public defense services may qualify. Applicants must explain the work they perform and why it should be considered qualifying employment.
- B. Judicial law clerks are not eligible for LRAP funding.
- C. Full-time teaching is not considered public interest employment; however, graduates employed by legal clinics attached to a law school may be eligible for LRAP benefits if they meet the other criteria.
- D. IRS rules prohibit an organization from canceling loans if the graduate is employed at the lending institution; thus, employees of Lewis & Clark Law School are not qualified to apply to the LRAP.
- E. Applicants may be employed in jobs in addition to their qualifying employment so long as their total income meets the income eligibility requirements.

Section 4 – Tiered Income Caps

- A. Graduates applying for the 2021 funding year project their total gross (before taxes and other benefits are deducted) income for the year 2021. Although the LRAP's primary criterion is public interest legal employment, limited resources mandate income caps.
- B. Tier I Income Cap. In the 2021 funding year, LRAP loans can be awarded to qualified applicants who work in a Tier 1 city/metro area and whose adjusted income (as defined in Section 5 – Adjusted Income) is less than \$70,000. Tier I city/metro areas are:

Anchorage, AK
Boston, MA
Chicago, IL

New York City (5 boroughs)
San Francisco/Oakland/San Jose CA
Seattle, WA

- C. Tier II Income Cap. If the city/metro area in which you work is not identified as a Tier 1 city/metro area in Section 4.B. \$65,000 is the applicable income cap.
- D. Cost of living adjustments for income caps. The PILC also has discretion to consider a Request for Cost of Living Adjustment in factoring the Adjusted Income (as defined in Section 5) for a locale not identified as a Tier I city/metro area. See Section 5.E.
- E. For LRAP income eligibility, a domestic partner's income will be treated exactly the same as that of a married spouse. The term "partner" means spouse or domestic partner. A domestic partnership is defined as a partnership with all the following characteristics:
 - 1. Two persons living together in an exclusive and committed relationship;
 - 2. Who are financially interdependent;
 - 3. Who are not related by blood or adoption;
 - 4. Who are both at least 18 years of age and mentally competent, and;
 - 5. Who are not legally married to anyone.
- F. Basic income eligibility is established as follows:
 - 1. A letter from your employer that includes the following:
 - i. Confirmation of your employment, including your starting date;
 - ii. Confirmation of your projected 2021 annual income;
 - iii. A copy of your employer's tax exempt certificate from the IRS;
 - 2. If you are married or in a domestic partnership, a letter from your Partner's employer confirming your Partner's projected 2021 annual income.

Section 5 - Adjusted Income

In calculating LRAP loan eligibility, adjustments to the applicant's gross (before tax) income may be made in specific situations. PILC may request additional documentation to help in these calculations. Adjustments form the basis for the final determination of eligibility and are as follows:

- A. Spouse/Domestic Partner income. In determining adjusted income for the LRAP, a graduate who is married or in a domestic partnership will be treated as having the higher of (a) his or her individual income; or (b) half the joint income. Any student loan payments of the partner will be subtracted from the partner's annual income. In the event both partners are applicants under the Program, each partner will be treated as having half of the joint income for purposes of calculating the adjusted income of each.

- B. Dependents' allowance. In determining adjusted income, an exemption of \$5,000 for each minor dependent child will be allowed. If the child will not be claimed as a dependent on the applicant's tax return, the applicant must supply a verification of expenses paid on behalf of the child. In the case of two participants in the LRAP with joint dependent children, the total number of children will be divided between the participants. For example, imagine a married couple both of whom participate in the LRAP. If the couple has 1 child, each participant will have \$2,500 deducted from total income.
- C. Income sources. All of an applicant's income from whatever source derived will be included in the LRAP's calculation of adjusted income. When applicable, all of an applicant's partner's income from whatever source derived will also be included in the calculation. Applicants are responsible for fully reporting both their own income and that of their Partner including:
1. Total anticipated gross wages, salaries, and tips;
 2. Total anticipated investment income (capital gains; checking, savings, and other interest; and dividends) other than IRA's and other tax-deferred retirement accounts;
 3. Anticipated rental, business, and self-employment income net of expenses;
 4. Anticipated child and spousal support;
 5. Anticipated pension, social security, and annuity distributions;
 6. Anticipated trust fund income;
 7. Other anticipated taxable income (royalties, etc.);
 8. Anticipated non-taxable income (forgiven loans, gifts, inheritances, other);
 9. Anticipated in kind remuneration;
 10. Awards from other LRAP programs; and
 11. Any other income not listed above.
- D. Student loan interest deduction. The LRAP does not consider any deductions allowed by the IRS including the student loan interest deduction when calculating adjusted income. This policy means LRAP adjusted income will typically be higher than the adjusted gross income appearing on an applicant's tax return.
- E. Cost of living adjustments. In addition to the Tiered Income Caps set forth in Section 4 related to cost of living differences, the LRAP will consider a Request for Cost of Living Adjustment submitted in conjunction with the LRAP application. A Request for Cost of Living Adjustment must (i) be attached as an addendum to the applicant's LRAP application, and (ii) provide documentation that would support an adjustment, including, but not limited to, Locality Pay Tables (such as used by US Office of Personnel Management) and average rental/housing costs in the locale.

- F. Employer provided Partner benefits. Employer provided Partner health insurance benefits, while taxable for IRS purposes, will not be considered income for the LRAP.
- G. How and when applicants provide this information:
 - 1. Loan application. An applicant provides information as projected for the coming year. The application form asks the pertinent questions and outlines the required supporting documents.
 - 2. Loan forgiveness application. A recipient provides information reflecting the actual income and loan payments for the LRAP Year. Because the PILC must confirm the projections made in loan applications, a recipient must submit tax returns for the relevant year(s). If a recipient has a Partner, the partner must provide the same information. If a recipient's projections were lower than the actual loan payments, as reported in the forgiveness application, repayment of the LRAP loan may be required in part or in full.

Section 6 - Assets

- A. All of an applicant's substantial physical and financial assets, as well as the physical and financial assets of an applicant's Partner, will be included in considering need. Applicants are responsible for reporting fully both their own assets and those of their Partner, including:
 - 1. Real estate;
 - 2. Automobiles;
 - 3. Checking, savings, and investment accounts (including stocks, bonds, deposits, and other investments whether held in an account or individually);
 - 4. Tax-deferred retirements accounts (including 401k accounts, IRAs, pensions, and annuities);
 - 5. Interests in trust funds; and
 - 6. Any other significant asset.

Section 7 - Educational Loans

- A. The LRAP provides financial assistance toward the monthly payments of a participant's law-school educational loans; more specifically, loans from which proceeds were used for educational and living expenses while attending law school and studying for a bar exam.
- B. All student loans, including those at the undergraduate level and those taken for pre-law school graduate studies, will be considered in calculating the applicant's needs. In giving awards, PILC may consider the ratio of law-school debt to other educational debt.
- C. Graduates may elect to "consolidate" their various student loans into a single loan.
- D. Graduates may elect to use one of the federal, income-driven repayment programs to repay their loans. Use of such programs usually results in a lower monthly payment than the original monthly payment. In assessing unmet need, PILC may take into consideration whether the applicant has selected one of the federal, income-

driven repayment programs and calculate need based on estimates of what the graduate would pay using such a program. (<https://studentaid.ed.gov/sa/repay-loans/understand/plans/income-driven>)

- E. Loan totals reported by an applicant will be verified against school records.
- F. A graduate is not eligible to receive LRAP funds if delinquent on any student loan payments.

Section 8 - LRAP Loans

- A. LRAP awards are structured as forgivable loans. An LRAP recipient must sign a Promissory Note prior to the disbursement of the LRAP award.
- B. LRAP awards will be made at the discretion of the PILC in accordance with the standards outlined above.
- C. Interest will not accrue during the LRAP Year in which a recipient is receiving an LRAP loan. Interest will begin to accrue in the year subsequent to the LRAP Year if the loan is not forgiven. There is no penalty for prepayment of LRAP loans.
- D. Interest on any loan will accrue during periods when the loan is in repayment status. Interest on LRAP loans shall be the average prime rate of interest during the quarter prior to the LRAP disbursement. The interest rate will be stated in the Promissory Note signed by the recipient.

Section 9 - LRAP Year

- A. A program participant can choose any twelve-month period to be the year (the “LRAP Year”) for which the participant’s income, employment, and loan repayment will be considered (for example September 1 - August 31). If not indicated otherwise by the applicant, the default LRAP Year will be January 1 through December 31.
- B. An applicant may designate a date prior to the application date as the start of the LRAP Year.
- C. All LRAP applications have the same deadline to apply for loans, regardless of what months an applicant chooses to use as the LRAP Year.
- D. An LRAP recipient must apply for loan forgiveness no later than the April following the end of the LRAP Year. For example, a recipient whose LRAP Year ends in December 2021 must apply for loan forgiveness by April 2022; a recipient whose LRAP Year ends in May 2021 also must apply for loan forgiveness by April 2022.

Section 10 - LRAP Disbursement

- A. LRAP disbursements are subject to a recipient continuing to meet the eligibility criteria. These criteria will be subject to verification upon application and again in consideration of loan forgiveness.
- B. LRAP loans will be disbursed in one lump payment after receipt of the signed Promissory Note for 2021 LRAP Year.

Section 11 - LRAP Loan Forgiveness

- A. After meeting the income and employment qualifications for a minimum of one year, a participant becomes eligible to apply for forgiveness of the LRAP loan. Loan forgiveness is not automatic. The PILC will send each recipient an application for loan forgiveness at the end of one year from the time the loan originated.
- B. An application for forgiveness must be accompanied by information allowing the PILC to confirm whether the projections made at application time reflect actual income for the LRAP Year. Documentation may include income tax returns and W-2 forms in addition to any other documents PILC finds necessary for verification.
- C. If a recipient applies for an LRAP loan for another year, a subsequent loan, if approved, will not be disbursed until an application for forgiveness of the previous LRAP loan is received.
- D. Failure to submit a forgiveness application will result in the LRAP loan going into repayment, including the accrual of interest.

Section 12 - Change of Circumstances During the LRAP Year

- A. In some cases, a loan recipient may change employment during the course of the LRAP Year.
 - 1. If the new employment qualifies under program guidelines, the recipient may still be eligible for forgiveness upon submission of appropriate documentation.
 - 2. If the new employment does not qualify under these guidelines, a repayment review committee will review the surrounding circumstances and determine how to proceed. For more information on this process read Section 13 - LRAP Loan Repayment.
- B. In some cases, a loan recipient may earn more or less income than the application projected.
 - 1. If the recipient earned less income than projected, the PILC may consider this in determining the amount of loan to be given in a subsequent year.
 - 2. If the recipient earned income greater than the applicable income cap, a repayment review committee will review the surrounding circumstances and determine how to proceed.
- C. In some cases, a recipient may have experienced a reduction in the monthly payment required on one or more educational loans. If the recipient's actual law-school loan repayments during the LRAP Year are less than the amount projected at application time, a repayment review committee will review the surrounding circumstances and determine how to proceed.
- D. It is each recipient's responsibility to inform the PILC of any changes in employment, income, or loan obligation over the course of the year.

Section 13 - LRAP Loan Repayment

- A. If upon application for loan forgiveness the recipient has an adjusted income over the LRAP salary cap for the LRAP Year, or if the recipient's payments on law-school loans was less than the LRAP award for the LRAP Year, the recipient may be ineligible for loan forgiveness.

- B. A special review committee will evaluate the circumstances surrounding LRAP recipients who appear to be ineligible for loan forgiveness. The committee is composed of the Dean of the Law School, the Associate Dean of Student Affairs, the Director of Public Interest Law, and a faculty member appointed by the Dean. The committee has complete discretion to forgive a loan either partially or completely, or to deny the request for forgiveness and put the loan into repayment.
- C. LRAP recipients who appear to be ineligible for forgiveness can choose whether they want to submit to committee review. Recipients who decline committee review immediately enter repayment.
- D. LRAP recipients who choose to participate in the committee review process must submit written materials to the committee. The written statement should include (i) why the recipient was unable to foresee becoming ineligible for loan forgiveness when initially applying for the LRAP, and (ii) any extenuating circumstances the recipient wants the committee to consider in deciding whether to forgive the loan. Applicants for loan forgiveness may submit other documents they think the committee will find relevant along with the written statement.
- E. After the review committee receives and evaluates written materials, it may, at its discretion, request a conference with the applicant. The conference can be in person or via conference call. Decisions made by the review committee are final.
- F. Upon determination that an LRAP loan (or portion of an LRAP loan) will go into repayment, balances due on the loan, including any accrued interest, will be repayable on the terms set out in the note(s) executed by the recipient. The term of repayment under any note will not exceed five years, and the repayment period begins on the first of the month following the month the review committee makes a determination on repayment, unless other arrangements are made in writing.
- G. The PILC expects LRAP recipients to comply with the terms of the Promissory Note evidencing the LRAP loan. By signing an LRAP Promissory Note and agreeing to its terms, LRAP recipients enter into a legal obligation to repay borrowed funds upon the terms of the Note. Failure to comply with the terms of any Promissory Note may result in the commencement of an action to collect unpaid principal and interest.

Section 14 - LRAP Administration

- A. PILC or its designee reviews applications to the LRAP program and determines eligibility for participation. These decisions are final.
- B. PILC regularly reviews and evaluates the LRAP, the income eligibility cap, loan forgiveness terms, and other features of the Program. Goals are measured against the LRAP's policy objectives and the resources available to support the Program.

Inquiries

All inquiries about LRAP and applications for participation should be addressed to:

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