



## Overview

### Purpose

The University of Illinois College of Law (College) is committed to encouraging its graduates to pursue public interest careers. The burden of law school debt can hinder students from choosing meaningful, low paying careers in public service, government, and nonprofit organizations, and the Loan Repayment Assistance Program gives graduates more flexibility in career selection by offering partial loan forgiveness to qualifying applicants.

LRAP recipients receive partial loan forgiveness, and all graduates who choose qualifying work are eligible to apply through the annual application process.

### Fundamentals of the Loan Repayment Assistance Program

Each year a portion of the participant's qualifying loans will become due. LRAP provides loan repayment assistance not to exceed the qualifying loan payment less the participant's contribution. LRAP provides qualifying applicants with loans that should be used to help repay their law school loans; according to a set schedule, a portion of these loans may be forgivable. This LRAP loan will come in the form of a check or direct deposit. If sufficient funds are not available, the committee will disburse funds in a manner so that each eligible participant receives some benefit from the program. Specifically, each qualifying participant will receive an equal percentage of the amount of loan repayment assistance for which they are eligible.

### Program Administration

The Program will be administered by the University of Illinois College of Law Office of Admissions and Financial Aid. The Assistant Dean of Admissions and Financial Aid and the Associate Director of Financial Aid will review all applications and make preliminary loan decisions. Those decisions will then be reviewed by the Faculty Admissions Committee.

## Program Eligibility Requirements

### Eligible Alumni

All College of Law alumni who graduate in 2005 or later are eligible to apply. Applicants may submit their initial LRAP applications anytime between graduation to three years after graduation.

**\*\*Due to the COVID-19 Pandemic and the resulting federal loan relief, 2017-2020 graduates who had not filed an initial LRAP application prior to 2020 may do so in 2023.\*\***

The College has the discretion to extend the three-year deadline for joint degree students.

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## Qualifying Employment

An applicant must prove his or her employment is, and has been since graduation from law school, in a full-time law-related job at either a non-for-profit or a governmental organization. Non-for-profit organization is defined by IRS §501(c)(3)-(5) and includes legal service organizations and public defender programs. A governmental organization includes all employees of the city, county, state, or federal government, except for judicial clerkships. Recipients of a College of Law post-graduate fellowship are eligible for LRAP assistance. A judicial clerkship shall count towards a maximum of one year of service in the program if, subsequent to the clerkship, the applicant takes employment with a qualifying organization and applies to LRAP. Once an applicant leaves qualifying employment, except for an approved leave of absence (see below), the applicant is no longer eligible for LRAP.

## Qualifying Loans

Only institutionally approved law school loans qualify for repayment assistance. Personal, family, undergraduate, bar study, or other loans do not qualify. Graduates whose loans have gone into repayment and receive an LRAP award will be required to show proof that their loans are in good standing.

## Qualifying Income

For purposes of determining LRAP eligibility and awards, the College will calculate a “Qualifying Income” for each applicant. Qualifying Income will either be the applicant’s adjusted gross income (AGI) or salary, as described herein. All applicants are required to submit their most recent federal IRS tax return.

- A. Situations in which salary may be used to calculate Qualifying Income:
  - (i). If the applicant applies for LRAP within a year of graduation from law school, and therefore no post-employment tax return is available, the College may calculate the “Qualifying Income” based on the annual salary.
  - (ii). If the applicant has changed jobs since the end of the tax year, Qualifying Income may be calculated using annual salary.
- B. For single applicants falling into either situation described in Section A immediately above, Qualifying Income will be the annual salary listed in the verification of employment letter, plus any additional income.
- C. For married applicants falling into either situation described in Section A above, Qualifying Income will be the greater of either (i) the applicant’s annual salary listed in the verification of employment letter; or (ii) half of the sum of the applicant’s annual salary and spouse’s salary/AGI, as appropriate, plus any additional income.

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- D. Situations in which AGI will be used to calculate Qualifying Income: For all applicants who do not fall into the categories described in Section A above:
- a. For single applicants, Qualifying Income is the AGI on the applicant's most recent federal IRS tax return.
  - b. For married applicants, Qualifying Income is the greater of (i) the applicant's AGI, or (ii) half of the joint AGI listed on the applicant's most recent federal IRS tax return.

The College reserves the right to ask applicants for more information regarding the applicant's individual or household income and to calculate Qualifying Income in a manner that is equitable to all LRAP applicants and consistent with the goals of LRAP.

## Maximum Initial Qualifying Income Allowed

A maximum Qualifying Income of \$70,000 will be the initial Qualifying Income allowed. The maximum Qualifying Income may grow to a maximum of \$80,000, as per the College's discretion.

## Calculating Loan Amount

### Data used to calculate eligible loan amount

- Qualifying Income
- Deductions to Qualifying Income
- Standard Maintenance Allowance
- Participant's Contribution
- Annual Loan Payments Due

### Deductions to Qualifying Income

Applicants may deduct the following expenses from the Qualifying Income:

- Dependent Allowances – A dependent allowance of \$4700 is allowed for each non-spousal dependent listed on the applicant's federal income tax return.
- Non-qualifying educational loans - The applicant may deduct from his or her Qualifying Income any payments to educational loans not covered by this program, i.e., private or undergraduate loans. Personal and family loans are not allowed.

### Standard Maintenance Allowance

The College recognizes cost of living variances by using a base income level that is equal to the national median public interest salary in the most recent class' National Association for Legal Career

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Professionals (NALP) Starting Salary survey<sup>1</sup>, adjusted for the participant's particular geographic location using the U.S. Office of Personnel Management General Schedule (GS) Locality Pay Tables<sup>2</sup>. This total will be referred to as the applicant's Standard Maintenance Allowance.

## Applicant's Contribution

Each qualified applicant is expected to contribute each year toward paying back the original law school debt. The amount of contribution depends upon the applicant's Qualifying Income and geographic location.

The formula for determining the applicant's contribution is as follows: (1) determine Qualifying Income less any allowable deductions (listed above under "Deductions to Qualifying Income"); (2) subtract the Standard Maintenance Allowance for the applicant's geographic location; and (3) divide the resulting number in half to determine the applicant's contribution level.

Example 1: Single graduate who graduated less than a year ago; \$48,000 salary in New York City; eligible law school loans equal \$800/month, or \$9,600/year; undergraduate loan payments equal \$250/month, or \$3,000/year.

\$48,000	Qualifying Income (using salary)
- \$3,000	annual non-law school educational debt payments
= \$45,000	Qualifying Income less deductions
- \$41,483	New York City Standard Maintenance Allowance (\$36,000 + \$5,483 (15.23%))
= \$3,517	
/ 2	
\$1,758	Applicant's contribution

Example 2: Married graduate who graduated three years ago and has had the same job since graduating; \$32,000 AGI in Pittsburgh, PA; spouse's AGI is \$65,000; eligible law school loans equal \$8,400; undergraduate loan payments equal \$1,200 annually.

Because the joint AGI of participant and spouse divided by two is \$48,500, which is greater than \$32,000, \$48,500 is used for Qualifying Income.

\$48,500	Qualifying Income
- \$1,200	Participant's annual non-law school educational debt payments
= \$47,300	
- \$39,427	Pittsburgh, PA Standard Maintenance Allowance (\$36,000 + \$3,427 (9.52%))

<sup>1</sup> See <http://www.nalp.org/recentgraduates>, select the most recent class year and Starting Salaries then Full-Time Reported Salaries by Employer or Job Type.

<sup>2</sup> See <https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/2023/general-schedule/>

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$$\begin{array}{r} = \frac{\$7,873}{2} \\ = \$3,937 \end{array} \quad \text{Applicant's contribution}$$

## Annual Loan Payments Due

The applicant's annual loan payments due is calculated under the SAVE<sup>3</sup> plan, as this is frequently the most affordable payment plan for applicants working in public interest. If you are not eligible for the SAVE plan, your loan payments due is calculated based on income-driven repayment plan with the lowest monthly payment. This is regardless of what repayment plan you are actually using. Please note that the College of Law does not consider a spouse's federal loan debt in calculating loan payments under IBR. Additionally, under the Public Service Loan Forgiveness program, Federal Direct Loan borrowers paying under an income-driven repayment plan are eligible for federal loan forgiveness after 120 monthly loan payments made while working in public service.<sup>4</sup>

## Calculating Maximum Eligible Loan Amount

After the participant's contribution is determined, the potential loan amount is calculated starting with the student's annual qualifying law school debt payment and subtracting the participant's contribution. The remaining amount is the total loan amount that the participant is eligible to receive.

Example 1 (see details above)

$$\begin{array}{r} \$9,600 \quad \text{Annual law school debt payment} \\ - \quad \$1,758 \quad \text{Applicant's contribution} \\ \hline \$7,842 \quad \text{Eligible for in loan repayment assistance} \end{array}$$

Example 2 (see details above)

$$\begin{array}{r} \$8,400 \quad \text{Annual law school debt payment} \\ - \quad \$3,937 \quad \text{Applicant's contribution} \\ \hline \$4,463 \quad \text{Eligible for in loan repayment assistance} \end{array}$$

## Loan Amount Dependent on Funds Available

The amount that a participant is eligible to receive in a given year may be reduced, depending on the funding available. If the funding allocated for the LRAP cycle is not sufficient to fulfill all participants' total eligible amounts, the loan amounts will be reduced to a set percentage to adhere to the budget.

<sup>3</sup> See loan simulator at <https://studentaid.gov/loan-simulator/>.

<sup>4</sup> See <https://studentaid.gov/pslf/>.

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## Application, Cure and Notification of Award Timeline

Applications will be due by January 2, 2024. Applicants will be notified of any deficiencies in their applications by January 17, 2024. Notified applicants will have until January 24, 2024 to cure any deficiencies in their applications. Applicants that have not cured any notified deficiencies by January 24, 2024 will be ineligible to receive LRAP funds for this application cycle. Applicants will receive a notification of award no later than February 17, 2024.

## Repayment and Forgiveness of Loans

Funds paid to participants through LRAP are loans. After three years in qualifying employment, the loans provided to a participant will begin to be forgiven according to the forgiveness schedule below. After completion of six years in qualifying employment one-hundred percent (100%) of a participant's LRAP loans are forgiven. Any loans that do not qualify for forgiveness must be repaid.

### Forgiveness Schedule

This schedule explains how much of a participant's LRAP loans are forgiven after a minimum of 3 years of qualifying employment. The maximum AGI is not a consideration in the loan forgiveness schedule.

Years in qualifying position	Percentage of loans forgiven
3	25%
4	50%
5	75%
6	100%

### Loan Repayment

Unforgiven LRAP loans will be due after the following dates: (1) date the participant leaves qualifying employment or (2) date the participant fails to confirm information for the prior year's employment. Upon either of these repayment triggers, the participant must notify the College of Law Office of Admissions within 30 days to set up a repayment plan. The repayment plan will not exceed five (5) years. LRAP loans that become due are subject to a nominal rate of interest to be determined annually by the administrator. The participant is no longer eligible for future LRAP loans.

### Leave of Absence from the Program

A program participant is permitted to apply for up to one-year leave of absence from qualifying employment. Leaves are handled by the Committee on a case-by-case basis for such purposes as

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childcare, personal illness, or caring for an ill family member or significant other. Employment in a non-public interest law position is not a valid purpose for taking a leave from the program. The participant is not eligible for assistance while on leave.

## Application Procedures

The application deadline will be January 2, 2024. The application will contain:

- Verification of employment letter from current employer and, if applying for first time more than a year after graduation, previous post-law school employment
- Income information on a calendar year schedule.
- List of qualifying debts, including lenders' names, date of origination, interest rate(s), current status of debt, and date debt repayment begins.
- Signed copy of federal tax return for the previous year, and spouse's return where applicable.
- Agreement to report changes in employment status or salary.
- Proof of residence in a designated cost-of-living locale where applicable.
- If loans are in repayment, proof that law school educational debt is in good standing.
- Any other information deemed necessary by the administrator.

All supporting documents must be emailed to [law-lrap@illinois.edu](mailto:law-lrap@illinois.edu).

See the current application [here](#).

## Miscellaneous Provisions

### Program Changes

The College of Law reserves the right to change the program at any time.

### Disclaimer

The LRAP agreement is not a delegation or other transfer of the participant's primary obligation to repay his or her student loan debt.