TEXAS Law

Loan Repayment Assistance Program Guidelines

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The University of Texas at Austin
School of Law

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Loan Repayment Assistance Program (LRAP) Guidelines

Introduction

Since 2009, The University of Texas School of Law ("Texas Law") Loan Repayment Assistance Program (LRAP) has provided loan repayment assistance in the form of forgivable loans to J.D. graduates who enter qualifying public service. Texas Law places a high value on working for the good of society and recognizes the burden that educational debt may have on those who wish to pursue a career in public service. The LRAP was created to assist our graduates who choose to go into public service by helping them address potential barriers created by law school debt.

These LRAP Guidelines are a product of extensive collaboration and conversations with many institutional stakeholders including the Dean, the Career Services Office, the William Wayne Justice Center for Public Service Law, and the Office of Admissions & Financial Aid. These Guidelines went into effect September 1, 2020.

Overview

The LRAP is available to graduates who earned their J.D. degree from Texas Law and who have an income of $80,000 a year or less for full-time, law-related work with qualified public service employers. Successful applicants are required to participate in a federal Income-Driven Repayment (IDR) plan and are strongly encouraged to participate in the federal government's Public Service Loan Forgiveness (PSLF) program. The LRAP provides semi-annual forgivable loans to help cover income-driven loan payments, up to a period not to exceed ten years (120 months), related to law school educational debt.

An applicant may apply at any time during the calendar year. Most qualifying loans offer a six-month grace period following graduation, so recent graduates going directly into qualifying employment will usually apply for their first LRAP loan approximately six months after graduation. Applicants must be able to provide documentation that they have enrolled in a federal Income-Driven Repayment (IDR) plan, that their loans have entered repayment status, and that they meet all other LRAP eligibility requirements.

While participants receive LRAP loan payments on a six-month rolling basis, a participant may re-certify their eligibility after six months if no substantive changes have occurred to their previous information. If substantive changes have occurred (e.g., income changes, employment changes, changes in marital status, increase in family size, etc.) an applicant will be required to complete a new application with updated information. At the end of each six-month period, participants must apply (or re-certify) for a new LRAP loan and/or request forgiveness of their prior LRAP loan. LRAP loans are forgiven (cancelled) at the end of each six-month period provided all LRAP requirements are met.

Applicant Eligibility

The Texas Law LRAP is available only to graduates of The University of Texas School of Law's J.D. program who are employed full-time, in law-related work with qualified public service employers. Graduates must enter the program before the end of the year two years after graduation, or three years after graduation if working in a judicial clerkship. Participants of the program must have eligible loans and enroll in a qualified federal Income-Driven Repayment plan.

Examples: A 2019 graduate would have until December 31, 2021 to apply for a loan through the Texas Law LRAP. A 2020 graduate would have until December 31, 2022 to apply for LRAP assistance.

Qualifying Employment

LRAP defines "qualifying employment" as full-time, law-related employment with a qualifying public service employer at a salary at least equivalent to the federal minimum wage. A qualifying public servicer employer is a 501(c)(3) organization, a government agency, a public defender, the U.S. military, or an organization located outside the U.S. that is equivalent to a 501(c)(3) organization. Non-tenure and tenure track academic positions at non-profit educational institutions can qualify, so long as the positions are law-related and meet LRAP salary requirements.

Judicial clerkships do not qualify for LRAP assistance, but graduates who enter a one- or two-year clerkship after graduation are eligible to participate in the LRAP provided they enter qualifying public service employment after completion of their clerkship and are within three years of graduation.

"Law-related employment" makes substantial use of legal skills by requiring passage of the bar or otherwise drawing heavily on law school training. A position is clearly law-related if the job title includes "attorney" or "lawyer," the job description states that a J.D. is required, and/or the job description states that Bar passage is required. In general, J.D. "advantaged" or J.D. "preferred" positions will qualify under the program but will depend on the provided job description. If there are questions as to whether a position is law-related, the LRAP Administrator may request a letter from the employer detailing how the position makes use of legal skills. The Assistant Dean of Admissions and Financial Aid or his designee retains the discretion to make a determination as to which positions qualify as "law-related."

Qualifying employment is required to continue for the six months covered by the LRAP loan contract.

"Full-time" means working at least 35 hours per week.

Eligible Loans

Eligible loans are those that were borrowed while the participant was in law school and qualify for repayment under a federal Income-Driven Repayment (IDR) plan. For graduates who consolidated existing educational debt with their law school loans, only the law school portion of qualifying federal direct consolidated loans will be eligible for assistance through LRAP. Qualifying loans under federal IDR plans include: (1) federal Direct loans (e.g., as Direct Subsidized and Unsubsidized loans); (2) Grad PLUS loans; and (3) Direct Consolidation loans.

In addition, LRAP support may assist with bar loans for some participants (please see the section on Bar Loan Assistance below).

Income-Based Repayment Plans

LRAP participants must enroll in one of the following federal Income-Driven Repayment (IDR) plans to be eligible:

1. Income-Based Repayment for New Borrowers (IBR),
2. Pay as You Earn (PAYE), and
3. Revised Pay As You Earn (REPAYE).

Those enrolled in the Income-Contingent Repayment (ICR) plan are ineligible under LRAP.

Married participants who choose REPAYE should note that the amount of their LRAP support will be the lesser of: (1) the participant's monthly repayment amount calculated under REPAYE, or (2) the imputed amount, which is calculated as if the participant were enrolled in IBR or PAYE as single or married filing separately. This may result in a difference between the repayment amount calculated under REPAYE (which is based on joint income) and the imputed amount calculated under IBR/PAYE, which is based on a single or married filing separately income. In such situations, the participant will be responsible for the difference in their actual loan payments and the imputed amount as calculated by LRAP.

If an applicant is ineligible for a federal IDR plan for not having a "partial financial hardship," while meeting all other LRAP eligibility criteria, LRAP will provide support up to the Standard Plan repayment amount or the amount a participant would have paid in an IBR or PAYE plan, whichever is less.

It is the participant's responsibility to determine which federal IDR plan works best for their specific situation. More information on the federal IDR plans can be found at: https://studentaid.gov/manage-loans/repayment/plans/income-driven.

PSLF

LRAP participants should keep in mind that the Texas Law LRAP and the federal government's Public Service Loan Forgiveness (PSLF) program are two separate and distinct programs. A determination made by Texas Law that you are eligible for an LRAP loan or that your LRAP loan will be forgiven, is not a finding that your employment or loan payments qualify for PSLF. It is each participant's responsibility to review and follow carefully all the requirements of PSLF and to monitor PSLF guidelines on a regular, ongoing basis for latest news and updates to the program. Only the Department of Education and its Loan Servicers can make a determination if a participant's payments and employment qualify for PSLF.

Eligibility Period

Graduates must apply for the LRAP before the end of the year two years after graduation, or before the end of the year three years after graduation if working in a judicial clerkship.

Leaving and Re-entering the Program

The maximum length of LRAP assistance is ten years (120 months). Graduates must complete their participation in the LRAP within 13 years of graduation. LRAP participants may exit the program for up to two years for purposes of childcare, other nurturing responsibilities, relocation, further education, or other similar purpose approved by the LRAP Administrator. A participant must notify the LRAP Administrator of their intent to temporarily exit or re-enter the program at least thirty (30) days before exiting or before renewing participation. Participants who have exited the LRAP will not receive assistance during the time they are not in the program, but upon returning, may re-enter the program and receive assistance, provided they continue to meet LRAP eligibility.

Income

Eligibility and Assistance

LRAP eligibility and the amount of a participant's LRAP support depends on an applicant's current annualized gross income ("LRAP Income"). Applicants shall report gross income (income before taxes, deductions, or adjustments) for themselves and, if married, for their spouse. Gross income is from all sources, including salaries, bonuses, interest income, dividend income, other investment income, and rental income.

For participants with LRAP Incomes of $60,000 or less, LRAP will provide assistance equal to 100 percent of the participant's monthly payments under the IBR or PAYE plans. Participants with LRAP Incomes between $60,001 and $80,000 will receive assistance according to a pro-rated contribution formula. Participants will be expected to contribute a proportion (35%) of their LRAP Income over $60,000 to their repayments. This is a participant's "imputed contribution." LRAP support will cover the remainder of the monthly IDR repayment. (See section below on "Imputed Contribution.")

Marriage Status

If a married participant's gross income is higher than their spouse's gross income, then LRAP Income will be based only on the participant's gross income.

On the other hand, if the married participant's gross income is less than their spouse's gross income, then the participant's LRAP Income will be calculated as one-half of the couple's joint income (i.e., the couple's average income).

An applicant's marital status at the time of the application will determine what income information is considered for the upcoming six-month LRAP contract period. No adjustments will be made mid-contract due to a change in marital status.

Possible Impact of Filing Status

Married participants should be made aware of the tax and LRAP implications of filing taxes jointly. The federal IBR or PAYE repayment calculation uses only the participant's Adjusted Gross Income (AGI) if a married couple files taxes separately but will use a couple's combined AGI if a couple files jointly.

LRAP assumes that participants enrolled in IBR or PAYE are filing federal taxes separately from their spouse. (For those in REPAYE, see the discussion in "Income Based Repayment Plans.") Participants who file jointly with their spouse should understand that the combined AGI could generate higher repayment obligations and result in a significant difference between the required federal loan repayment and the level of LRAP assistance.

In situations where a participant files taxes Married Filing Jointly and the LRAP support does not cover the full monthly payment, the applicant will be responsible for the difference in their actual loan payments and LRAP support.

We recommend speaking with a tax professional to discuss the consequences of filing taxes jointly or separately.

Married LRAP Participants

When two LRAP participants are married to one another, LRAP will treat their incomes independently as if they were single. Please make a special note to the LRAP Administrator to inform them that you are married to another LRAP participant. If either spouse exits the program, LRAP will calculate the remaining participant's LRAP income as described above ("Marriage Status") at the start of the continuing participant's next LRAP contract.

Dependents

For LRAP calculations, participants with dependents (as defined by federal income tax guidelines) shall receive a reduction of their LRAP Income by $4,500 per dependent.

Example:

1 Dependent	LRAP Income = Gross Income - $4,500
2 Dependents	LRAP Income = Gross Income - $9,000
3 Dependents	LRAP Income = Gross Income - $13,500

Married LRAP participants with dependents will receive half the dependent allowance, i.e., $2,250 per dependent.

Imputed Contribution

For participants with LRAP incomes of $60,000 a year or less, LRAP will cover 100 percent of the participant's calculated monthly payments under their IBR or PAYE repayment plans. For LRAP participants with LRAP incomes between $60,001 and $80,000, LRAP support is pro-rated – participants are expected to contribute 35 percent of their income over $60,000 to their own federal student loan payments ("imputed contribution"). The imputed contribution will be deducted from the IBR/PAYE amount and LRAP will cover the remainder of the calculated monthly IBR/PAYE loan repayment.

Graduates with LRAP incomes of more than $80,000 (after any dependent deductions are applied) are not eligible for LRAP support unless and until their income falls below $80,000.

Formula for Imputed Contribution Calculation:

Participant's Annual Imputed Contribution = (LRAP Income - $60,000) x .35

Examples:

Participant's LRAP Income	Annual Imputed Contribution	Monthly Imputed Contribution (amount Participant is expected to contribute to their debt repayment)
$55,000	$0	$0
$60,000	$0	$0
$62,000	$700	$58.33
$65,000	$1,750	$145.83
$70,000	$3,500	$291.67
$75,000	$5,250	$437.50

Imputed Contribution and Limits of LRAP Assistance

As long as a participant's monthly income-driven loan payment is larger than their monthly imputed contribution and they meet all other LRAP qualifying criteria, the participant will remain eligible for LRAP support. If the imputed contribution is higher than the monthly loan payment, the participant will not be eligible for LRAP support unless the imputed contribution declines or the monthly loan payment increases after annual income re-certification.

Asset Limitations

Each participant may accumulate assets of $10,000 in the first year of employment and $5,000 per year thereafter without those assets affecting LRAP eligibility or the amount of LRAP loans. A married participant is presumed to own one-half of their spouse's assets (excluding qualified retirement accounts) accumulated after marriage. A married participant may, therefore, accumulate $20,000 in the first year of employment and $10,000 per year thereafter before accumulated assets affect eligibility and LRAP loan amounts. Home equity and qualified retirement or tax-advantaged retirement funds (e.g., 401k, 403b, 457b, IRA, Roth IRA, etc.) are excluded from these amounts. Any assets over these amounts will be regarded as income for the purposes of determining LRAP eligibility and a participant's imputed contribution.

Bar Loan Assistance

LRAP participants may receive additional assistance for bar loan repayment in some instances. For participants with LRAP Incomes of $60,000 or less, LRAP will provide bar loan assistance up to $75 per month. For those with incomes between $60,001 and $80,000, LRAP will provide bar loan assistance up to $50 per month.

Applying for LRAP Loans and Forgiveness

Graduates are eligible to receive their first LRAP loan once they have entered loan repayment with their lender and meet program requirements for eligibility. Because most qualifying educational loans offer a six-month grace period following graduation, graduates do usually not apply for their first LRAP loan until approximately six months after graduation (e.g., November or December when they enter repayment).

Forgivable Loans

LRAP participants will receive assistance directly from The University of Texas School of Law in the form of a forgivable loan. During the length of the LRAP contract (six months), the participant must make the required student loan payments directly to their loan servicer on a monthly basis. At the end of the LRAP contract period, the participant must apply for LRAP loan forgiveness and provide documentation/proof of loan payments, income, and employment. If all LRAP requirements are met, the LRAP loan will be forgiven.

All LRAP loan repayments are set forth under terms in the LRAP Promissory Note, which must be signed by the applicant before any LRAP loans are issued.

Notification of Changes in Status

A participant who remains in qualifying employment but whose LRAP income changes during the contract period shall notify the LRAP Administrator within 30 days of such changes.

A participant whose loans go into deferment, forbearance (other than administrative forbearance), or default during the contract period shall notify the LRAP Administrator within 30 days of such changes and may be required to repay a pro-rated portion of the LRAP loan, with interest.

Participants who leave qualifying employment before the end of the loan period shall notify the LRAP Administrator within 30 days of the end of qualifying employment. Participants shall be required to repay a pro-rated portion of the LRAP loan, with interest. Exceptions to this may be granted by the LRAP Administrator due to unusual circumstances including, but not limited to, a layoff.

Death or Disability

If a program participant dies or becomes totally and permanently disabled, the entire amount of the LRAP loan and any accrued interest on the loan, along with any related charges and fees, will be cancelled. To request cancellation of the loan due to the death of the borrower, a certified copy of the death certificate should be provided to the LRAP Administrator. In the event of a disability affecting employment, contact the LRAP Administrator.

When to Apply

An applicant may apply at any time during the calendar year but must be able to provide confirmation that they have enrolled in a eligible federal Income-Driven Repayment plan and their loans have entered into repayment status. Ideally the initial LRAP application would be timed so that payments would coincide with the beginning of the applicant's IDR plan repayments, but this is not required.

Once an initial LRAP application has been made, the participant can re-certify their eligibility for a subsequent loan after six months provided no substantive changes have occurred to their previous information. If substantive changes have occurred (e.g., income changes, significant changes in accumulated assets, employment changes, changes in marital status, increase in family size, etc.) a participant must complete and submit a new application with the updated information.

At the end of each six-month LRAP contract period, participants must request forgiveness of any prior LRAP loan and submit required documentation. LRAP loans are forgiven (cancelled) at the end of each six-month period provided all LRAP requirements are met.

During the LRAP loan contract period, LRAP participants must remain in good standing with their lender to maintain eligibility, i.e., loans must remain in repayment status. Those whose loans are in the grace period, in deferment or forbearance (other than administrative forbearance), or in default are ineligible for LRAP assistance.

Applications for a new LRAP loan and for forgiveness of a prior LRAP loan should be made no sooner than 30 days and no later than 14 days prior to the end of the participant's current loan period. Required documentation must be submitted with the application. Current participants can use the same form to apply for a new or subsequent LRAP loan and forgiveness of a current loan but should make sure to indicate they are doing so by checking **both**: (1) the box to apply for a new loan, and (2) the box to apply for loan forgiveness.

Applicants must sign a Participation Agreement and a Promissory Note before receiving each LRAP disbursement. Please see the LRAP Application Instructions for detailed information about applying to receive and/or forgive LRAP loans.

Tax Considerations

LRAP participants are strongly encouraged to consult with a tax professional regarding the tax consequences of any loan forgiveness.

Limited Funds Contingency and Right to Modify

Texas Law and the University of Texas reserve the right to change the terms of the LRAP at any time. Regardless of the policies in effect at the time participation in the LRAP begins, any revisions will apply to all current LRAP participants prospectively. Any changes to the LRAP will be announced to students and graduates by the Office of Admissions and Financial Aid.

In the event that applicant needs exceed available program funding and funding is not sufficient to fund fully all qualified applicants in the manner anticipated and described above, available funds may be disbursed pro rata or awards may be adjusted on an individual basis considering salary and total loan indebtedness.

Program Contact Information

The LRAP program is administered by:

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