TEXAS Law

# Loan Repayment Assistance Program Guidelines

Updated: August 2023

The University of Texas at Austin
School of Law

## Table of Contents


INTRODUCTION ........................................ 3
OVERVIEW ........................................ 3
APPLICANT ELIGIBILITY ........................................ 3
- Eligibility Period ........................................ 3
- Period of Support ........................................ 4
- Leaving and Re-entering the Program ........................................ 4

QUALIFYING EMPLOYMENT ........................................ 4
- Judicial Clerkships ........................................ 4

ELIGIBLE LOANS ........................................ 4
- Federal Student Loans ........................................ 4
- Bar Loan ........................................ 5

INCOME-DRIVEN REPAYMENT PLANS ........................................ 5
LRAP INCOME ........................................ 5
- Marital Status ........................................ 6
- Impact of Tax Filing Status ........................................ 6
- Married LRAP Participants ........................................ 6
- Dependents ........................................ 6
- Asset Limitations ........................................ 6

IMPUTED CONTRIBUTION ........................................ 7
- Imputed Contribution and Limits of LRAP Support ........................................ 7

APPLICATION AND FORGIVENESS PROCESS ........................................ 7
- When to Apply ........................................ 7
- Forgivable Loans ........................................ 7
- Forgiveness Requests ........................................ 8
- Re-certification ........................................ 8
- Notification of Changes in Status ........................................ 8
- Death or Disability ........................................ 9
- Delinquent Status ........................................ 9

PUBLIC SERVICE LOAN FORGIVENESS ........................................ 9
LIMITED FUNDS CONTINGENCY AND RIGHT TO MODIFY ........................................ 9
CONTACT INFORMATION ........................................ 9

# Loan Repayment Assistance Program 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 public service careers. The LRAP was created to assist those graduates by lessening the financial impact 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 Interest Law, and the Office of Admissions & Financial Aid. These Guidelines were substantially updated in September 2020 and in August 2023.

## Overview

The LRAP is available to graduates who earned their J.D. degree from Texas Law and who have an LRAP Income of $80,000 a year or less for full-time, law-related work with qualified public service employers. Applicants are required to enroll in a qualified federal Income-Driven Repayment (IDR) plan and are strongly encouraged to enroll in the federal government’s Public Service Loan Forgiveness (PSLF) program to maximize the benefits of the LRAP. The program provides forgivable loans on a six-month basis to help cover monthly loan payments related to law school educational debt for up to 120 months.

Participants who have a calculated LRAP Income of $60,000 or less will receive LRAP support that will cover the full monthly payment. For participants who have a calculated LRAP Income of $60,001 to $80,000, LRAP support will be based on a contribution formula. In addition, participants may receive LRAP support for the repayment of bar loans, either $50/month or $75/month depending on the calculated LRAP Income.

At the end of each six-month period, participants request forgiveness of their prior LRAP loan and re-certify for a new LRAP loan as needed. LRAP loans will be forgiven at the end of each six-month period provided all other LRAP requirements are satisfied.

## 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. Participants of the program must have eligible law school loans and enroll in a qualified federal Income-Driven Repayment (IDR) plan.

### Eligibility Period

Graduates must enter the LRAP Program by December 31 two years after graduation (or three years if working in a judicial clerkship immediately after graduation). For example, graduates in 2023 would have until December 31, 2025 to enter the program or December 31, 2026 if they pursued a judicial clerkship.

**Exception**: As a result of the federal mandate pausing federal student loan repayments between March 13, 2020 and September 1, 2023, which halted the LRAP Program, an exception has been created for the following graduating classes to enter the program **by December 31, 2023**.

- Class of 2017: only for those graduates who started a judicial clerkship immediately after graduation and who then entered into a qualifying public service position; or
- Classes of 2018, 2019, and 2020.

### Period of Support

The maximum length of LRAP support is 120 months or within 13 years of graduation, whichever is earlier.

### Leaving and Re-entering the Program

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 exit 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 all other LRAP eligibility requirements.

## Qualifying Employment

"Qualifying employment" is defined 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 service 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 may qualify provided the positions are law-related.

a) "Full-time" means working at least 35 hours per week.
b) "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 LRAP Administrator or their 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.

### Judicial Clerkships

Judicial clerkships do not qualify for LRAP assistance. However, graduates who enter a one- or two-year clerkship after graduation may enter the LRAP Program within three years of graduation instead of two years.

## Eligible Loans

### Federal Student Loans

Eligible loans are those that were borrowed while the participant was enrolled in law school and qualify for repayment under a qualified 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 LRAP assistance. Qualifying loans include: (1) federal Direct loans (e.g., as Direct Subsidized and Unsubsidized loans); (2) Grad PLUS loans; and (3) Direct Consolidation loans.

### Bar Loan

LRAP participants may receive assistance for bar loan repayment. LRAP will provide bar loan repayment assistance up to $75 per month for participants with LRAP Incomes of $60,000 or less, or up to $50 per month for those with LRAP Incomes between $60,001 and $80,000. The maximum amount of assistance is for 120 months or whenever the bar loan has been paid off, whichever comes first.

### Income-Driven Repayment Plans

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

1. Income-Based Repayment(IBR),
2. Pay as You Earn (PAYE)[1], or
3. Saving on a Valuable Education (SAVE)[2].

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 their IDR 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.

### LRAP Income

LRAP eligibility and the amount of LRAP support depends on an applicant's annual 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, rental income, and other forms of 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, PAYE, and SAVE plans. Participants with LRAP Incomes between $60,001 and $80,000 will receive assistance according to a contribution formula, calculated as 20% of their LRAP Income over $60,000 and up to $80,000. This is a participant's "imputed contribution." LRAP support will cover the remainder of the monthly payment. (See "Imputed Contribution" below.) Graduates with LRAP Incomes above $80,000 are ineligible for LRAP support unless and until their income falls below

---

[1] Borrowers should be aware PAYE will sunset July 1, 2024 and if you leave PAYE you will not be able to reenter PAYE.

[2] In 2023, REPAYE sunsets and graduates who were in the REPAYE plan prior to the payment pause will automatically be enrolled in the SAVE plan by their loan servicer.

$80,000.

## Marital Status

For participants who are married, LRAP Income (and thus eligibility for the LRAP Program) will be determined by whether the participant's gross income is higher or less than their spouse's income. 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. If, on the other hand, 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 six-month LRAP contract period. No adjustments will be made mid-contract due to a change in marital status.

## Impact of Tax Filing Status

Married participants should understand the tax and LRAP implications of filing taxes jointly or separately. Under the IBR and PAYE plans, married participants who file taxes jointly will have their monthly payment and adjusted gross income calculated using the couple's combined incomes. However, LRAP assumes that participants enrolled in either plan are filing taxes separately and will calculate LRAP's support using the married filing separately status. This may result in a difference in the amount the participant owes to their lender each month and the amount received from LRAP. Therefore, the participant will be responsible for the difference in their actual loan payments.

We recommend speaking with a tax professional to discuss the consequences of filing taxes jointly or separately separate from its impact on the LRAP Program.

## 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 at the start of the continuing participant's next LRAP contract.

## Dependents

LRAP Income will be reduced by $4,700 for each dependent (as defined by federal income tax guidelines). For example,

| | |
|---|---|
| 1 Dependent | LRAP Income = Gross Income - $4,700 |
| 2 Dependents | LRAP Income = Gross Income - $9,400 |
| 3 Dependents | LRAP Income = Gross Income - $14,100 |

Married LRAP participants with dependents will receive half the dependent allowance, i.e., $2,350 per dependent.

## 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 LRAP Income calculation. 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 their LRAP Income calculation. 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, LRAP Income, and a participant's imputed contribution.

## Imputed Contribution

Participants with LRAP Incomes between $60,001 and $80,000 will receive assistance according to a contribution formula, calculated as 20% of their LRAP Income over $60,000 and up to $80,000. This is a participant's "imputed contribution." The imputed contribution will be deducted from the monthly payment under the eligible IDR plans and LRAP will cover the remaining amount of the calculated monthly repayment.

Formula for Imputed Contribution Calculation:
Participant's Annual Imputed Contribution = (LRAP Income - $60,000) x .20
Examples:

| Participant's LRAP Income | Annual Imputed Contribution | Monthly Imputed Contribution (amount Participant is expected to contribute to their repayment) |
|---|---|---|
| x=<$60,000 | $0 | $0 |
| $62,000 | $400 | $33.33 |
| $65,000 | $1,000 | $83.83 |
| $70,000 | $2,000 | $166.67 |
| $75,000 | $3,000 | $250.00 |

### Imputed Contribution and Limits of LRAP Support

As long as a participant's monthly repayment is more 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 repayment, the participant will not be eligible for LRAP support unless the imputed contribution declines or the monthly repayment increases after the annual income re-certification.

## Application and Forgiveness Process

### When to Apply

In general, graduates will have a six-month grace period after graduation before they enter into repayment status with their federal loans. As such, applicants should wait to submit an application until after the grace period has ended and they 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 monthly repayment schedule, but this is not required. Please note that it takes 2-3 weeks from the time an application is submitted for it to be reviewed and for payment to be remitted.

### Forgivable Loans

LRAP participants will receive assistance directly from The University of Texas School of Law in the form of a forgivable loan. All LRAP loan repayments are set forth under terms in the LRAP Promissory Note and Participation Agreement, which must be signed by the applicant before any LRAP loans are issued.

During the six-month LRAP contract period, 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.

If at any time during the contract period an LRAP participant loses eligibility for the LRAP Program, forgiveness may be calculated on a prorated basis depending on when the participant lost their eligibility.

## Forgiveness Requests

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

During the LRAP contract period, 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, deferment, forbearance (other than administrative forbearance), or 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.

## Re-certification

Once an initial LRAP application has been submitted and approved, the participant may 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.

## 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.

### Delinquent Status

Failure to request forgiveness by the contract period will result in a delinquent status from the University and will require immediate repayment of the forgivable loan in full. In addition, delinquent status will disqualify the participant from future participation in the LRAP Program.

### Public Service Loan Forgiveness

The LRAP Program is intended to complement the federal PSLF program. However, 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 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 determine whether a participant's payments and employment qualify for PSLF.

### 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.

### Contact Information

The University of Texas School of Law
Office of Admissions and Financial Aid – LRAP
727 East Dean Keeton Street
Austin, TX 78705
(512) 232-1203
lrap@law.utexas.edu