UNIVERSITY OF SOUTHERN CALIFORNIA
Gould School of Law
Loan Repayment Assistance Program (LRAP)
for JD Graduates

2023-24
Program Description
&
Guidelines

First Priority Application Deadline: Friday, September 8, 2023

Questions regarding the LRAP should be directed to:
USC Gould School of Law
Admissions & Financial Aid Office
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1. INTRODUCTION

Increasing numbers of USC Law School students graduate with large debt burdens due to loans taken to finance their education. This debt accumulation sometimes results in career choices dictated by financial necessity. In an attempt to help those JD graduates who want to obtain employment in public interest or public service jobs, the Law School implemented the Loan Repayment Assistance Program (LRAP). Under the LRAP, qualifying graduates may be expected to apply a specified percentage of their earnings to their annual obligations for educational loan repayments, and the Law School makes a loan (the "LRAP loan") for the remainder of those obligations. If a graduate works in qualifying employment for a specified period, his or her LRAP loan will be forgiven in whole or in part depending upon the length of time in qualifying employment.

LRAP has two goals. The first goal is to enable JD graduates to select their employment without having options precluded due solely to financial difficulty. The second goal of the Program is to encourage Law School JD graduates to choose public interest or public service employment. The Law School recognizes that the legal community has a responsibility to provide services to people who cannot otherwise afford representation. We hope that LRAP may help to remove an obstacle to providing such assistance.

2. ELIGIBILITY

The rules listed for LRAP eligibility are guidelines for use by the Dean or his or her designee. At the discretion of the Dean, exceptions to these rules may be made based upon a showing of extenuating circumstances or that the exception would promote the overall goals of the program. The availability of funds will also be a significant factor in making such decisions.

To be eligible for LRAP assistance, the applicant must have graduated with a Juris Doctor degree from USC Gould within five years of initial application submission, must work in qualified employment, and must have a debt burden which exceeds the graduate's expected contribution. These restrictions are more fully explained below. In addition, the graduate's outstanding educational loans must be in good standing at the time of application to the LRAP, and must remain so in order to continue participation and/or deferment.

Graduates are expected to take advantage of any other loan repayment assistance or forgiveness programs for which they might qualify, such as the LRAP available to Equal Justice Works Fellows, or programs offered through individual employers. **USC LRAP assistance will be awarded only if there is remaining eligibility after assistance from other programs has been exhausted**. Graduates are required to notify the Law School of any other programs from which they are potentially eligible to receive benefits. All LRAP participants should become familiar with the Federal Loan Forgiveness provisions of the College Cost Reduction and Access Act of 2008, as there may be significant loan forgiveness benefits to be derived from that program if the graduate remains in qualifying employment for a period of ten years.

A. *Qualifying Employment*

Only JD graduates who work in specified jobs will qualify for the LRAP. Qualifying positions include full-time, paid positions as attorneys with: (a) a nonprofit organization qualifying for tax exemption under Section 501(c)(3); or (b) a local, state or federal government.

Bar Passage Requirement: Only recent graduates (those with graduation dates in December or May immediately prior to the year in which they are applying for LRAP assistance) will be eligible to receive LRAP assistance before having been admitted to the relevant state bar. By the following year, if the participant cannot submit verification of bar admission, eligibility for continuing LRAP assistance will be denied.

- Judicial Clerkships. Judicial clerkship positions qualify for participation in the LRAP; however, the repayment terms of the LRAP loan differ significantly (see Section 3B). Additionally, the forgiveness component of LRAP is not applicable.

A graduate working in a position not listed above may apply for admission into the Program. The Dean or his or her designee will determine the eligibility of these applications. In making this determination, the Dean or his or her designee will evaluate whether the employment in question is consistent with the overall goals of the Program. In addition, this decision will necessarily be based upon the funding available at that time.

B. *Qualifying Income Level*

There is no maximum income cut-off for LRAP eligibility. Annual income is used, however, to determine the graduate's expected annual contribution towards his or her loan payments. Annual income refers to salary plus all other expected sources of income minus any allowable LRAP income adjustments as described in point (2) below.

- Spouse's Income: Married graduates will be treated as having an income equal to the higher of: (a) the graduate's income; or (b) the average of their respective incomes. (For example, if the graduate's income is $75,000 and the graduate's spouse earns $60,000, the graduate's income of $75,000 will be used in the formula. If the graduate's income is $75,000 and the spouse earns $90,000, LRAP will attribute an income of $82,500 (the average) to the graduate.

- Dependents' Allowance: In determining annual income, an exemption of $5,000 will be allowed for the first minor dependent child. Each subsequent minor dependent will be allowed a $2,500 exemption per child, although the maximum dependent exemption allowed will be $10,000.

- Assets: As a general rule, assets do not affect an applicant's eligibility for LRAP assistance. However, the Dean or his or her designee reserves the right to reduce or deny LRAP eligibility on a case-by-case basis due to significant assets.

C. *Calculation of LRAP Assistance*

For graduates admitted to LRAP, the Law School will make a loan for the difference between the total annual amount owed by the graduate (assuming an Income-Based PAYE Repayment schedule for all federal loans) and what he or she is expected to repay pursuant to the following determination.

LRAP participants with annual income of $70,000 or less:
There will be no contribution expected from the graduate. LRAP will advance funds sufficient to cover the full monthly loan payments of the graduate.

LRAP participants with annual income above $70,000:
Graduate's annual contribution is equal to forty percent (40%) of their annual income above $70,000.

EXAMPLE: a qualifying graduate with required annual loan payments of $4,200 (monthly payments of $350), and income of $75,000 would receive a loan of $2,200 for that year ($4,200 - $2,000 [40% of $5,000]). The same graduate earning $85,000 would not be eligible for LRAP assistance as the graduate's expected contribution would be $6,000 (40% of $15,000) which covers the entire amount of the graduate's loan payments.

Participants and potential participants should realize that the amount of funds available to support the program is determined on a year-to-year basis, and that, should the total financial need of all applicants exceed the funds committed for any given year, participants' loan amounts may be decreased proportionally. (See Section 5 below.)

D. *Qualifying Loans*

Undergraduate, other graduate and law school federal student loans will be included in determining a graduate's annual educational loan repayment obligation. Educational loans include institutionally approved and certified federal loans including Direct Unsubsidized (Stafford), Perkins, and Graduate PLUS loans. Private loans (other than a private Bar Study Loan) will not be considered for LRAP eligibility. LRAP assistance for a Bar Study Loan will not exceed $100 per month.

E. *Qualifying Loan Repayment Plan*

While participating in the USC Gould LRAP, it is expected that all participants seeking assistance enroll in an income-based repayment plan. This is also required for participation in the Federal Public Service Loan Forgiveness (PSLF) program. USC Gould LRAP assistance will only be provided for monthly loan repayment amounts calculated according to the most favorable income driven repayment plan.

**The USC Gould LRAP committee reserves the right to consider applications from participants who may have federal student loans that are not eligible for the PAYE repayment option.*

Although an income driven repayment amount can reduce the amount paid each month, and can potentially extend the amount of time participants remain in repayment, it offers

the most benefit if public service loan forgiveness is desired. Participants can make larger payments if desired, as there are no payment penalties for additional payments, but LRAP assistance will not be provided for larger payments.

3. LOAN FORGIVENESS AND LOAN REPAYMENT

A. *Loan Forgiveness Schedule* – **Not applicable to judicial clerk participants.**
If a graduate remains in qualifying employment for four full years, regardless of whether the graduate qualifies for LRAP assistance each of those years, the entire LRAP loan will be forgiven (including principal and interest). If the graduate remains employed in qualifying employment for fewer than four full years, the LRAP loan may be partially forgiven according to the following schedule:

Amount of Time in Qualifying Employment	Percentage of LRAP Loan to be Repaid	Percentage of LRAP Loan Forgiven
One Year or More But Fewer than Two	80%	20%
Two Years or More But Fewer than Three	50%	50%
Three Years or More But Fewer than Four	20%	80%
Four Years or More	0%	100%

Participants should understand that it is the Law School's Loan Repayment Assistance Program (LRAP) loans which are being forgiven and not the graduate's original educational loans. Therefore, at the end of four years when the graduate reaches the 100% level of LRAP forgiveness, the graduate will continue to be responsible for payments on educational loans which were set up with ten-year, or longer, repayment schedules. However, if that graduate continues to qualify for the LRAP after four full years, the graduate can continue to receive LRAP advances.

B. *LRAP Loan Repayment*
Upon leaving qualifying employment, the graduate is obligated to contact the Law School Director of Financial Aid to establish the graduate's repayment schedule. For all LRAP participants other than judicial clerk participants, this schedule (amount of monthly payments and length of time to repay) will be determined based on a minimum monthly payment of $50 plus interest, and a maximum repayment period of ten years.
The repayment period for balances owing on LRAP loans begins on the occasion of the earliest of the following:

- the date the graduate ceases to be employed in qualifying public interest or judicial clerkship employment; or

- the date the graduate fails to provide confirmation and verification information for the prior year's LRAP participation and/or current employment and salary verification for both the graduate and the graduate's spouse, if any; or

A graduate who continues to be employed at a qualifying job, but whose income has risen to a level which disqualifies the graduate for additional LRAP advances will not be required to begin repayment of the LRAP loans. Rather, that graduate may continue to accumulate additional forgiveness benefits based upon the length of time the graduate remains at the qualifying employer. The graduate will be required to provide documentation of continuing employment for purposes of forgiveness benefits.

Judicial Clerks: Judicial clerks leaving the LRAP program will have no grace period or deferment eligibility following their participation. Repayment will begin when the graduate ceases to be employed as a judicial clerk. The graduate will have up to three years to repay the LRAP loan, and a minimum monthly payment of $100 plus interest will be required.

C. *Interest*

There will be a 7% annual interest charge on LRAP loans once repayment begins. Interest will not be charged while the LRAP participant:

- is receiving LRAP loans;
- continues to be employed in public interest.

In cases of unemployment, or other significant hardship, a forbearance can be requested. If a forbearance is approved, however, interest may continue to accrue.

D. *Federal Public Service Loan Forgiveness (PSLF)*

As a USC Gould LRAP participant, annual confirmation of participation in the Federal Public Service Loan Forgiveness (PSLF) program is expected. Per PSLF terms, participants should submit an annual PSLF employment certification in order to ensure qualifying employment is maintained, while also making qualifying PSLF payments. With the existence of the Federal PSLF program, USC Gould reserves the right to refrain from providing LRAP assistance after maximum ten years participation in the program or graduation from law school; whichever comes first.

4. LRAP APPLICATION AND LOAN DISBURSEMENT PROCEDURES

A. *LRAP Application Requirements & Procedures*

Graduates applying for assistance from the Loan Repayment Assistance Program will not be admitted until they have provided:

- □ A completed Loan Repayment Assistance Program Application. All items must be completed fully and accurately.
- □ A completed Employer Certification Form. It is the graduate's responsibility to make sure the employer completes and returns the Employer Certification Form to the Law School Financial Aid Office.
- □ A current listing of the applicant's educational debts (feel free to use the attached chart but a listing in another format is acceptable also.)
- □ Documentation from the loan servicer of each educational debt listed by the applicant. This may be a copy of a recent billing statement, printout from the lender's website, or a letter from the lender, but it should include (at a minimum) the total amount owed, current payment plan, monthly payment amount and month/year repayment is to begin or next payment due date.
- □ A copy of the graduate's and spouse's (if applicable) signed federal income tax return(s) for the most recent calendar year, **including copies of all W-2s and/or 1099 documents**.
- □ A current resume which briefly describes the employment which is qualifying you for LRAP. If you have provided this in a prior year and your position has not changed, it is not needed again.
- □ Documentation (as soon as available) of bar passage and admission to the relevant state bar. If submitted in a prior year this is not needed again.
- □ Any additional clarification or follow-up documents as requested by the Dean, or the Dean's designee.

All of the above information should be submitted by the September 8th deadline for optimal consideration. However, it is recommended that applicants submit the application and any available supporting documentation by the September 8th deadline, even if some required items are not yet available. Applicants should follow-up with additional materials as quickly as possible. If eligible employment has not yet been secured, do not submit your LRAP application until you have accepted a job, although it would be helpful if you would send an email indicating your intention to apply for LRAP assistance. We will continue accepting LRAP applications after the September 8th priority deadline on a funds-available basis.

Participation in the Program is on a year-to-year basis only; once a graduate has been admitted to LRAP, it is that participant's responsibility to reapply each year for continued assistance. Admittance to the Program one year is not a guarantee of continued eligibility, particularly if any exception to the eligibility rules was granted. Each year the LRAP participant must provide the information requested in the application procedures. This information will also be used to verify the income and asset projections reported for participation during the previous year. Appropriate adjustments will be made if the actual information provided differs substantially from the initial projections. If it is discovered that information was misreported or that the participant failed to notify the Law School of any changes which might have altered his or her eligibility, that participant will be suspended from participation in the LRAP Program and repayment will begin immediately.

B. *Loan Disbursement Procedures*

The Law School's Financial Aid Office will distribute LRAP funds. LRAP operates on a fiscal-year basis (October 1 - September 30) and disbursements are made quarterly. Disbursement of the applicant's LRAP loan is made as follows: the participant's entire annual LRAP loan eligibility is divided into four equal payments and disbursed on or about October 1, January 1, April 1, and July 1. LRAP advances are disbursed directly to the participant and it remains the graduate's responsibility to make all loan payments to his or her loan servicer(s). LRAP loans are provided for the sole purpose of assisting graduates in making payments on approved educational loans. If a graduate uses LRAP funds for any other purpose, he or she will be suspended from the Program and repayment will begin immediately. If, at the end of the Program year, the graduate has remaining LRAP funds which were not used for loan repayment, those funds must be returned to the Law School immediately.

5. USC LAW SCHOOL'S MAXIMUM ANNUAL FINANCIAL OBLIGATION

Funds to support the LRAP are taken annually from the financial aid budget of the Law School. As a result, the total amount of dollars committed to LRAP will be reviewed annually along with all financial aid budget allocations. Each year the Dean may increase or decrease the amount of dollars available to support LRAP. In the event the financial need of the applicants exceeds the available funds for the program, graduates may receive a reduced pro rata share of the amount they would otherwise qualify for. Participants should also realize that the receipt of funds in any year is not assurance of continued funding of a particular amount.

Certain elements of the Program will change over time to reflect the impact of inflation as well as our experience with the Program. Regardless of the policies in effect at the time participation in the Program begins, all subsequent revisions will apply to all current LRAP participants.

6. MISCELLANEOUS PROVISIONS

A. Leaves from the Program

A Program participant may take a leave from LRAP of up to two years for purposes of childcare, other nurturing responsibilities, relocation, further education, or other similar purpose approved by the Dean or the Dean's designee. During this period, the participant will not be eligible for assistance, but repayment of the LRAP loan will not be necessary if the graduate declares in writing an intention to return to qualifying employment within two years. If, however, the participant does not return to the Program within two years of taking leave from the Program, the LRAP loan will become payable to the extent not forgiven. Upon recommencement of work covered by the LRAP Program, the graduate will become eligible again for LRAP assistance and/or additional forgiveness benefits.

B. Time Limits/Deadlines

No graduate may enter the Program later than five years from the date of graduation without requesting approval of an exception. Graduates not entering the Program within 30 days of beginning qualifying employment may not receive benefits retroactively. The first-priority deadline for receipt of LRAP assistance is September 8th of the year the graduate wishes to begin participation. Applications received or completed after that date will be considered on a funds-available basis only.

C. Questions

Questions or comments about LRAP should be directed to USC Gould School of Law Financial Aid Office at lawfao@law.usc.edu or 213-740-2523.