

# **Penn State's Dickinson Law Loan Repayment Assistance Program**

## **Operating Guidelines\***

Law students often graduate with significant educational debt. The median salary for entry-level public interest jobs may preclude heavily indebted law graduates from pursuing public interest legal positions. Due to this concern, Dickinson Law implemented its Loan Repayment Assistance Program (LRAP) in the spring of 2003. The goal of the LRAP is to encourage careers in public interest law by assisting Dickinson Law graduates with their educational loan repayment obligations. Graduates are entitled to apply for LRAP in the three-year period following graduation.

### **PROGRAM ADMINISTRATION**

Dickinson Law's LRAP is overseen by the Program Administrator through the Financial Aid Office. A seven-person standing committee comprised of two faculty members, two students, two law school alumni, and one staff member selects the recipients. The committee may also change the program guidelines when necessary to further the mission of the program by an affirmative vote of five of the seven committee members.

Committee members each serve staggered, two-year terms. The dean may authorize term extensions of committee members. The committee's chair, named by the dean, is responsible for preparing and distributing an agenda to the members. Each academic year, the committee will review and determine the financial eligibility requirements of the program. The Program Administrator reviews all applications and determines whether the applicant's job or offer of employment meets the basic application requirements. The Program Administrator will share applications with committee and the Committee members will decide which applicants receive assistance.

The Program Administrator in the Financial Aid Office is responsible for the day-to-day administration of the program, including responding to routine inquiries, verifying information provided by applicants, distributing funds, determining repayment obligations, etc.

Appointed by the chair, a subcommittee of the standing committee shall hear appeals of decisions. Decisions of this subcommittee shall be final and non-reviewable.

## **ELIGIBILITY CRITERIA**

The applicant must secure an offer of full-time “public interest” employment or be presently employed full-time with a “public interest” organization in a position that substantially utilizes the legal training and skills of the graduate. “Public interest” employment is defined as: work for a not-for-profit organization that qualifies for tax exemption under IRS Code §§ 501(c)(3); and is work that provides legal assistance to under-served people or interests. Applicants who seek to meet the public interest employment definition by other employment bear the burden of persuading the committee that their work is designed to serve the public interest and that the employment is consistent with the purposes of the program.

The committee annually determines an income guideline amount to provide applicants with an income figure, to be considered when applying for LRAP. The applicant’s adjusted gross income for the year for which assistance is initially sought should not exceed an amount established annually by the committee. However, the income figure is to be used as a guideline, not a bar. For 2022, the guideline figure of \$55,000 was selected.<sup>1</sup>

The Program Administrator shall determine eligibility by considering three factors: 1) qualifying employment; 2) the amount of adjusted gross income; and 3) monthly loan repayment obligations. In determining eligibility, the Program Administrator will also consider spousal income.

## **SELECTION CRITERIA:**

The committee will consider the following factors in selecting award recipients:

- adjusted gross income and if applicable, spouse’s adjusted gross income cost of living in geographic area of employment;
- benefits provided to the applicant by his/her employer or through spouse’s employer;
- amount of applicant’s educational debt and if applicable, spouse’s educational debt;
- other factors raised to the committee by the applicant.

In selecting the recipients, the committee will consider the applicant’s demonstrated commitment to pursue a public interest law career and the applicant’s financial need for assistance.

Selected applicants will receive funding for an initial twelve months, after which they must submit continued eligibility verification forms to the Financial Aid Office annually by May 1. Failure to submit this information by the deadline dates could result in ineligibility and termination from the program. The LRAP recipient bears

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<sup>1</sup> The figure of \$55,000 is based on the combined median income for lawyers in their second year of employment, as described by The National Association for Law Placement’s 2018 Public Interest Salary Report.

the responsibility of submitting recertification paperwork in a timely manner.

LRAP recipients are required to notify the Program Administrator within 60 days upon any change of employment, income or spousal income, change of address, marital status, or upon receipt of other loan repayment assistance. Failure to report changes within this time frame could have several negative consequences potentially including termination of LRAP support.

Assuming adequate program funding and no changes in a recipient's continued eligibility status, recipients of loan repayment assistance may continue to receive award assistance at the same level.

For an LRAP recipient who initially entered the program beginning in January 2014 or thereafter, the LRAP program will award no more than \$5,000 per year per recipient and no more than \$50,000 total over the course of their participation in the program.

For LRAP recipients who entered the program prior to January 2014, the committee will review eligibility when they reach 10 years of program participation. Approval for support beyond 10 years will be at the discretion of the committee, whose decision will be based on the participant's cumulative program funding and the availability of additional funds.

## **APPLICATIONS**

Applications for loan repayment assistance awards will be considered once each academic year. The applications must be submitted by May 1. Committee decisions will be finalized by June 30. Applications are available on the Law School's website or by contacting the Program Administrator.

Applications must include: completed signed application form; resume; personal statement which includes information on applicant's commitment to pursue a public interest law career; list of references; a copy of loan repayment schedules and/or documentation of loan consolidation for federal and private loans; employer certification form (proof of an offer of full-time or present full-time employment in a public interest setting that substantially utilizes the legal training and skills of the applicant); and copy of federal income tax return of prior year with all schedules attached and W-2 forms. If the applicant is married, the application must also include the spouse's employer certification form and the spouse's educational debt information. The committee, in its discretion, may request additional information.

Late or incomplete applications will not be considered until after consideration of all on-time, complete applications. Due to the financial limitations of the program, late applicants will only be considered on an as-funds-permit basis. Incomplete applications will only be reviewed when all necessary information has been provided.

## **ASSISTANCE**

The goal of the program is to support graduates to remain in public interest law employment by helping them meet their loan obligations. The payments will be distributed annually by July 31. The Financial Aid Office is responsible for coordinating distribution of the payments with the Penn State Office of Loans and Scholarships. The committee will determine the exact amount that the successful applicant is permitted to borrow. Some individuals may receive only partial loan assistance. However, it is the LRAP policy goal to fully fund as many students as possible.

Beginning with the June 2010 application cycle and thereafter, the amount of LRAP assistance provided to qualifying recipients will be adjusted considering new federal loan repayment options. LRAP reimbursement payments will not exceed the LRAP recipient's estimated monthly income-driven repayment amount, whether or not the recipient elects to repay their loans through federal repayment plans such as Revised Pay as You Earn Repayment Plan (REPAYE Plan), the Pay as Your Earn Repayment Plan (PAYE Plan), the Income-Based Repayment Plan (IBR Plan) or the Income-Contingent Repayment Plan (ICR Plan). LRAP payments will be a maximum of \$5,000 per year per recipient.

The LRAP committee seeks primarily to assist those alumni who wish to pursue a long-term career in public interest law. With that goal in mind, the committee encourages LRAP recipients to select a federal income-driven repayment plan with the ultimate goal of pursuing Public Service Loan Forgiveness after 120 qualifying loan payments while working full time in public interest. Additional details about these programs can be found at <https://studentaid.ed.gov/sa/repay-loans/forgiveness-cancellation/public-service>. The LRAP assistance is a loan until forgiven, as indicated in the schedule below.

If a successful applicant works in qualifying employment for five consecutive years, all his/her LRAP loans will be forgiven (principal and interest). If a successful applicant works in qualifying employment for less than five years, LRAP loans will be forgiven in accordance with the following schedule:

Loan Repayment  
Schedule

<u>Amount of Time in Qualifying Employment</u>	<u>Percent of LRAP Loan (to be repaid)</u>	<u>Percent LRAP Loan Forgiven</u>
One year	100%	0%
Two years	75%	25%
Three years or more but less than four	50%	50%
Four years or more but less than five	25%	75%
Five years or more	0%	100%

The time in qualifying employment shall generally be considered to begin at the time of the first LRAP disbursement.

When the recipient leaves qualifying employment before serving five consecutive years in eligible employment, the recipient must contact the program administrator to determine the monthly amount of the repayment obligation. The standard repayment term will be ten years. The repayment amount is determined based on the amount of debt outstanding at the time the loan enters repayment status and the required rate of interest.

The repayment period for balances owed on program loans, including any accrued interest, will begin 90 days following:

- a. the date the recipient fails to meet eligibility criteria; or
- b. the date the recipient failed to provide any information requested by the committee or made any material misrepresentation.

The interest rate charged on program loans in repayment status will be consistent with standard University loan guidelines. Interest will be not charged for the period when the recipient:

- a. was receiving program loans; or
- b. continued employment in qualifying employment.

Continued eligibility of LRAP recipients who receive salary increases in their public interest employment which places them in an income range that is over the program eligibility guideline amount, will be evaluated and determined by the committee under the program eligibility criteria set forth above.

LRAP recipients who remain in qualifying public interest employment but who have been determined to be ineligible for continued assistance by the committee

due to salary increases of either the recipient or their spouse may still qualify to have their LRAP loans forgiven if the recipient continues in qualifying public interest employment for at least five years. LRAP recipients are encouraged to contact their financial advisor or an accounting professional to determine whether there are any tax implications for LRAP loan forgiveness. Recipients can continue to receive additional LRAP payments if they continue to work in qualifying employment, do not exceed income requirements, and owe an outstanding balance on their qualifying law school student debt.

### **LEAVES OF ABSENCE**

Program participants may take a leave of absence from the program for up to a maximum of two years. The standing committee will consider leave requests on a case-by-case basis.

### **RESERVATION OF RIGHTS**

Dickinson Law reserves the right to modify or terminate LRAP and make changes applicable to all participants. The law school continues to reserve the right to make changes at any time without notice, even if such changes affect current participants. Eligibility and the amount of financial assistance are determined in accordance with the rules and regulations in effect at the time of the LRAP entry, not school entry.

In implementing this program, the law school guarantees neither funding of every eligible applicant nor the duration of the program. Benefits will be paid only to the extent that funds are available, and the program continues to exist.

*\*Guidelines amended effective October 1, 2021.*

*\*\*Income guideline approved by committee, effective March 8, 2022.*