

## **The Rutgers Law School-Newark Loan Repayment Assistance Program (LRAP)**

In order to build on its pioneering tradition of encouraging students to pursue public interest careers, Rutgers School of Law-Newark has established a Loan Repayment Assistance Program (LRAP) for graduates who make a long term commitment to public interest employment. This program was developed to provide financial assistance to help defray law school debt obligations for graduates who have chosen to pursue lower paid Public Interest/Public Service careers. It is intended to support and increase the number of Rutgers Law School-Newark graduates serving the public sector and the people and causes traditionally under-represented by the bar. The continuing commitment of our students, support of our faculty and administration, and generosity of our alumni has helped to build and strengthen our program over the years. In fact, since its inception in 1999, LRAP has provided more than **\$1,783,000** in assistance to 261 alumni working in a wide range of legal services, non-profit and governmental organizations.

The LRAP is available to all Rutgers Law School-Newark graduates from the class of 1997 and forward who are employed in law-related public interest/public service positions, and whose income does not exceed maximum levels established by the LRAP Board. Graduates are eligible to receive Program assistance for a maximum of five years. Beginning with the Class of 2014, graduates must apply for their 5 years of LRAP assistance within 10 years of their graduation date. The LRAP Board's current policy is to ensure that each applicant who qualifies receives a proportionate share of the LRAP funds available for disbursement.

**LRAP assistance will be made in the form of a loan**, and as such should not be considered as taxable income to the recipient. **This LRAP loan will be forgiven upon fulfillment of the qualifying public interest employment service requirement**, usually without adverse federal income tax consequences to the recipient as provided in the provisions of the Internal Revenue Code section 108(f). In order to qualify to receive Program funds, graduates must submit an LRAP application and all required documents each year; sign a Promissory Note in the amount of the annual LRAP loan; apply the loan proceeds toward the repayment of law school educational debt; and promptly advise the LRAP Office of any change in employment and/or financial condition. LRAP loan amounts awarded each year are subject to the availability of funds and the number of eligible applicants; qualifying income and annual debt service of eligible applicants are additional determinative factors.

**ELIGIBILITY:** LRAP eligibility and participation is based on three factors; employment in a qualifying public interest position, income/financial eligibility, and qualifying educational debt.

- **Qualifying Public Interest Employment.** The applicant's primary employment must be in a law-related public interest position. Law-related means that the position must substantially utilize the legal training and skills of the graduate. Public interest is defined as work with:
  - 1) a not-for-profit organization whose primary purpose is to serve or advocate on behalf of individuals or organizations whose interests are not adequately represented by the private sector or the government and that qualifies for tax exemption under IRS Code (501)(c)(3);
  - 2) any local, municipal, county, state, or federal government agency or entity.

A graduate who is employed as a **Public Interest Fellow**, whose employer is paying his/her loans under the terms of the fellowship, will receive credit toward his/her public interest commitment while serving as a fellow. Public Interest Fellows who do not receive complete loan repayment from their fellowship would be eligible for LRAP funds if they meet Program eligibility requirements. However, Fellowship benefits must be the primary provider; LRAP funds would be a secondary provider. A graduate who is employed as a **Judicial Clerk** is eligible for LRAP assistance and forgiveness, but only if the clerkship is followed by a second year of full-time,

law-related, public interest/public service employment. If the clerkship salary exceeds allowable maximums, only time credits will be earned for the duration of the clerkship.

- **Income/Financial Eligibility.** In order to qualify for LRAP assistance, an applicant's qualifying income may not exceed **\$55,500** for single filers, or **\$86,000** for joint filers. This salary cap will be increased for each additional year of "LRAP eligible" employment (five year maximum) demonstrated by returning LRAP applicants. The cap for single filers will be increased by \$3,500/year; joint filers will receive a \$5,000/year increase. Qualifying income is determined by adjusting an applicant's reported income by the factors described below. If the applicant's circumstances show a special need not accounted for in the following adjustments, the LRAP Administrator may adjust the qualifying income as appropriate to reflect a more accurate income projection for the year. Qualifying factors are:
  1. Child Deduction: A deduction equal to the IRS dependent allowance in any given year will be allowed for each dependent child.
  2. Undergraduate/Postgraduate Educational Debt: Although the LRAP cannot help repay prior educational debt, qualifying income will be reduced by the annual amount paid in this debt service provided the required documentation is submitted. With documentation, qualifying income will also be reduced by the annual amount of educational debt service of a spouse/partner.
  3. Child Care Expenses: Documented child care expenses will be subtracted from qualifying income. The maximum amount allowed is \$10,000, plus \$5000 for each additional child.
  4. Medical Expenses: Medical deductions allowable for tax purposes are recognized as essential expenditures and may reduce qualifying income if appropriate documentation is provided.
  5. Adjustments to qualifying income may also be made in cases where an applicant demonstrates sizable net worth. (Net worth is defined as total assets minus total debt.)

The LRAP Board reserves the right to adjust the income cap to take into account reasonable cost of living increases and/or other extenuating circumstances.

- **Qualifying Educational Debt.** Only indebtedness incurred for and applied toward an applicant's law school education, such as Stafford, Graduate PLUS, Perkins and other private educational loans, qualifies for repayment assistance. LRAP does not assist in repaying undergraduate or post-graduate loans, bar loans or other indebtedness. For purposes of determining maximum qualifying indebtedness, an applicant's "cost of attendance" as calculated by the Rutgers University Financial Aid Office will apply.

**LEAVES OF ABSENCE.** Upon Board approval, a participant may be eligible to take up to two years leave of absence from the Program for family care, relocation, debilitating injury or illness, etc. During the period of approved leave, he/she is not eligible for repayment assistance; however, upon resuming qualifying employment, the graduate will again be considered eligible for Program assistance. Requests for a leave of absence must be made in writing and submitted to the LRAP Administrator.

**ADDITIONAL PROVISIONS.** Applicants must submit an application and all required documentation to the LRAP Office by the applicable deadline each year. Recipients have a continuing responsibility to provide updated personal, financial and/or employment information to remain eligible for assistance and/or LRAP loan forgiveness. If a recipient voluntarily leaves public interest employment before fulfilling his/her commitment, the LRAP Board reserves the right to request repayment of the LRAP loan(s.) If a recipient involuntarily leaves public interest employment before fulfilling this commitment (e.g., lay-off), he/she is not eligible to receive Program funds during the lay-off period; however, if he/she returns to qualifying employment within a reasonable time, he/she will be entitled to reconsideration for assistance without penalty. If a prior recipient becomes ineligible due to a salary increase that exceeds maximum income limitations, the recipient will not be eligible for further LRAP funds, but will continue to receive credit toward his/her public service commitment if employment in the public interest continues.

*For further information, please call  
the Rutgers Law School-Newark LRAP Office at 973/353-1702  
or email the LRAP Administrator at [nfornarotto@kinov.rutgers.edu](mailto:nfornarotto@kinov.rutgers.edu)*