

Duquesne University School of Law
The William B. Billock Loan Repayment Assistance Program (LRAP)
Program Policies and Practices

A. Purpose and Philosophy

The purpose of The William B. Billock Loan Repayment Assistance Program (LRAP) is to facilitate Duquesne University School of Law's contribution of talented candidates to legal institutions that increase access to justice. Consistent with the Law School's motto that the welfare of the people is the highest law, the LRAP seeks to ease the law school debt burdens incurred by graduates who choose to work at qualifying public interest law entities. Duquesne University School of Law recognizes that entering public interest law service is often impossible for graduates repaying large educational debts under standard loan repayment schedules. Support for the LRAP will make public interest law work a more viable career option for law graduates trained with a high degree of professional skill and a special, Catholic sensitivity to ethical and moral concerns, thereby supporting legal entities that serve economically disadvantaged and otherwise underserved populations.

B. Program Administration

The Law School's Scholarship-LRAP Award Committee (Committee) grant LRAP awards based on a point system that assesses applicant need. The Committee will decide between applicants with similar point totals by considering any exigent circumstances or extraordinary factors of the applicants, and, at its discretion, may appoint an advisory committee. Law School and Financial Aid personnel will perform the administrative duties associated with the program. LRAP loans will be distributed once each year in the fall. In the event a program participant leaves qualifying work, it is the participant's responsibility to notify a designated LRAP representative immediately, and/or return any improperly issued LRAP funds. The Committee will be given wide discretion in all aspects of its duties and will periodically review the provisions of the LRAP.

C. Program Eligibility

The Loan Repayment Assistance Program is open to J.D. graduates of Duquesne University School of Law who have graduated within ten (10) years of the current calendar year.

Eligibility criteria for program participation are:

1. employment in a qualified public interest law position, with a
2. total projected adjusted gross income of \$50,000 or below, and
3. outstanding law school graduate educational loan debt.

A graduate's income and loan debt are the primary financial criteria in determining an applicant's eligibility for an LRAP award and the amount of assistance that may be received. In addition, the Committee will look at other factors such as: undergraduate debt, other graduate debt,

debt/income of spouse, number of dependents, tax status (head of household, married, single), medical bills, assets, whether the applicant is employed full-time or part-time, and any unusual exigent financial circumstances. Consideration of these criteria constitutes recognition that income and loan debt do not create an applicant's complete financial picture.

To be eligible for the William B. Billock Loan Repayment Assistance Program, an applicant must pursue and disclose his or her status under all other sources of loan repayment assistance, forgiveness, and cancellation that are available, including, but not limited to: federal government programs such as Perkins Loan Forgiveness, Income-Based Repayment, Income-Contingent Repayment; state government programs; Equal Justice Works Fellowships; bar association LRAPs; and public interest employer programs, if available and/or applicable.

D. Maximum Benefits Under the LRAP Program

The benefit caps in the LRAP are designed to ensure that the program serves as many individuals as possible while still providing LRAP participants with a substantial loan repayment during public interest law service.

To achieve this goal, the program places two caps on the maximum amount of loan benefits an individual may receive under the program. The first cap is the maximum annual loan amount that a graduate may receive under the LRAP. This annual cap is based on adjusted gross income with \$10,000 per year being the maximum amount awarded. The second cap is the maximum total amount of time any graduate may receive funds from the LRAP and is set at ten years. These caps provide applicants with potential sizeable annual and total LRAP payments while allowing the administrators of the program to determine the amount of money available in any given year as well as the total amount any one individual may receive in the program.

E. Definitions

The following definitions have been created for the LRAP:

1. Public Interest Law- The policy behind this definition is to ensure that graduates are engaged in law employment that confers some direct benefit to the public and requires graduates, as a result of their employment decisions, to forego more lucrative employment in private practice. For the purposes of the LRAP, qualifying public interest law employment includes employment in either of the following two categories:
 - a. Employment in an organization providing legal services that qualifies for tax exemption under Internal Revenue Code section 501(c)(3), (4), or (5), for example, but not limited to, legal aid or legal services organizations, public defender offices, private non-profit organizations that have as a primary purpose the rendering of legal services to or on behalf of persons or organizations which could not otherwise obtain like services, and human rights organizations, or
 - b. Employment in a federal, state, or local government unit. (Work which focuses on providing legal aid, legal services, or criminal justice services to or on behalf of persons

or organizations which could not otherwise obtain like services will be considered more favorably by the Committee.)

2. Assets- The policy behind the definition of assets is to capture all possible investments, property and income-bearing instruments that the applicant could utilize to reduce his or her loan debt. While wishing to capture all possible available sources of an applicant's resources for loan repayment, the Committee does not want to penalize first-time homebuyers, or individuals purchasing vehicles necessary for commuting or basic transportation; neither does it wish to delve into the details of an applicant's furniture and personal belongings. At the same time, the Committee does not want to reward individuals who put extensive liquid assets into home and automobile purchases. Finally, the Committee does not want to penalize applicants making ordinary contributions to individual retirement accounts or college investment plans. In order to achieve these objectives, the definition of assets will include:
 - a. All financial accounts, stocks, bonds, mutual funds and any other instrument, aside from individual retirement accounts and college investment plans, that an applicant could liquidate for an amount of cash;
 - b. Any beneficial interest in a trust;
 - c. Any interest in an annuity or life insurance policy; however, a life insurance policy is not an asset if the applicant is named as a beneficiary;
 - d. Capital assets, including any real property other than a primary residence;
 - e. Any cash placed into an individual retirement account recognized for preferential tax treatment under the Federal Internal Revenue Code that exceeds the amount allowed by the Federal Code.¹ Income placed into the individual retirement account prior to graduation from law school will not be considered in the calculation of assets.

Assets will not include:

- a. Any equity in a primary residence or automobile (equity is defined as the current fair market value of the primary residence or automobile minus any outstanding balance of an automobile loan or mortgage). These factors, however, will be weighed by the Committee.
- b. The value of personal tangible property (furniture, electronic equipment, jewelry, antiques, etc.)

Dependent- The policy behind the definition of dependent is to include any individual for whom the applicant provides substantial financial support. The definition of the term for the purposes of the LRAP is identical to the term dependent as defined by section 152 of the Internal Revenue Code (I.R.C. § 152 (2008)).

¹ The current Internal Revenue Code sets the maximum amount that may be placed by an individual in an individual retirement account. See I.R.C. § 408 (2010). This number will be adjusted to reflect any changes in the Internal Revenue Code.

F. Loan Forgiveness Policy

The loan forgiveness policy serves two objectives: first, it establishes the period of time during which a participant must remain in a public interest law position before achieving complete LRAP loan forgiveness; and second, it assesses the proportion of LRAP loans a participant must repay if he or she leaves the program before achieving full loan forgiveness.

G. LRAP Payment Calculation Policy

In establishing the payment calculation policy for the LRAP program, there are several policy issues to be considered:

1. The program should ensure that the loans provided to LRAP participants are large enough to significantly reduce their student loan burdens.
2. The LRAP loan structure should allow as many graduates as possible to participate in the program without defeating the purpose of (1) above.
3. The repayment schedule should recognize that graduates in relatively low-paying public interest law positions will, all other factors remaining constant, have to devote a larger percentage of their income to loan debt than graduates in higher-paying public interest law positions.
4. The LRAP program should function as a subsidy provided to students who forgo more lucrative legal positions to serve in public interest law positions and is not intended to completely absolve students of educational loan debt.

The payment calculation structure attempts to balance these policy considerations. The payment calculation takes into consideration an applicant's total assets, total liabilities, and level of income from a qualifying employer(s).

Graduates can receive funds totaling \$10,000 per year in loan forgiveness, an amount that will significantly reduce their loan burdens. Requiring graduates to repay a portion of their loans if they leave qualifying employment will create a financial burden, but this is commensurate with the policies of aiding as many graduates as possible and defining the LRAP program as a forgivable loan program.

H. LRAP Loan Forgiveness Calculation

The participant will receive a loan up to the amount for which he or she is eligible under LRAP policies set forth in section I. below. The program ensures that all graduates will receive total forgiveness of LRAP loans upon the completion of one year in a public interest law position. At the end of the year for which a loan is granted, the participant is required to complete and submit to the Committee a Certificate of Compliance, certifying that the loan amount has been applied to student loan payments, that the applicant has remained in qualifying employment for the entire year, and that, in the event the applicant has left qualifying employment, he or she agrees to repay the LRAP loan on a pro-rated basis. If the participant leaves public service, the participant will be obligated to repay a pro-rated amount of the loan based on length of employment.

I. LRAP Loan Eligibility Chart

Annual Adjusted Gross Income (income minus allowable deductions)	Maximum Annual LRAP Loan
up to \$32,999	\$10,000
\$33,000 to \$36,499	\$9,000
\$36,500 to \$39,999	\$8,000
\$39,000 to \$42,499	\$7,000
\$42,500 to \$45,499	\$6,000
\$45,500 to \$50,000	\$5,000

J. Leaves of Absence

A. Short-Term Leaves (up to a total of six months)

1. Leaves for Parental/Family Care Responsibilities. Program participants may take up to six months of leave per calendar year to care for a newborn child, for placement for adoption or foster care of a child, or to care for a close family member (spouse, child, parent) with a disability. The participant will receive full LRAP Program assistance during this leave.
2. Disability Leaves. Program participants can take up to six months of leave per year for their own disabilities. The participant will receive full LRAP Program assistance during this leave.

Participants seeking a short-term leave from the program must submit written documentation of eligibility for their leave to the Committee. The total of short-term leave taken by any participant shall not in the aggregate exceed six months in any fiscal year.

B. Long-Term Leaves (up to two years)

1. Parental/Family Care, Educational, Disability, Military Leaves, and any other leaves deemed acceptable by the Committee. LRAP Program participants may take up to two years of parental/family care, educational, disability or military leave. Participants will receive no program assistance during this leave. Participants who submit written notice to the Committee of intent to return to eligible employment need not repay any portion of their LRAP loan for the year in which their leave began. If a participant does not return to eligible employment within two years, all LRAP non-forgiven loans must be repaid as indicated above.