

Designing LRAPs to Complement Public Service Loan Forgiveness

Eliminate any requirement to place loans in extended repayment plans.

Some LRAPs require the borrower to place their loans into extended repayment plans, typically as a way of managing cost. However, borrowers will only earn PSLF if they choose the Income-Based Repayment (IBR) plan. Payments made under an extended repayment term will not count towards forgiveness. If your LRAP requires an extended repayment term, be aware that this will serve to discourage participation in PSLF. Most (but not all) borrowers will make lower monthly payments under IBR.

Review whether to base assistance amount on loan payment amount.

Many LRAPs base a participant's assistance level on his or her monthly loan payment amount. An LRAP that bases its assistance amounts on the actual monthly payment a recipient pays may inadvertently encourage participants to stay in extended repayment (a repayment plan that does not qualify for PSLF) because many borrowers will pay lower monthly payments under IBR, thus receiving less LRAP assistance. Review your assistance factors or formulas and see whether basing the assistance amounts on a combination of debt level and salary level (if needed for budgetary reasons) makes more sense for your program.

Eliminate time limits for starting assistance.

Some LRAPs' eligibility requirements include applying for the LRAP within three (or some other number) of years after graduating from law school. These requirements should be reviewed and eliminated, if possible. Because recent graduates benefit the most from PSLF (due to their access to Grad PLUS loans) and experienced public interest alumni still struggle with student loans that cannot be forgiven, allowing benefits for those who graduated less recently would help those who need help most.

Increase or eliminate maximum years of assistance.

Some LRAPs have caps on the maximum years of assistance—often three to ten years. Because recent graduates benefit the most from PSLF (due to their access to Grad PLUS loans) and experienced public interest alumni still struggle with student loans that cannot be forgiven, increasing the number of years graduates can participate will help those who have already demonstrated a commitment to a public service career and who do not have equal access to the federal benefits.

Increase income caps.

Many LRAPs have income caps that should be reviewed to make sure that experienced attorneys earning higher incomes continue to be eligible for LRAP assistance.

Make any other changes that allow experienced attorneys to participate.

Recent graduates benefit the most from PSLF (due to their access to Grad PLUS loans) and experienced public interest alumni benefit the least. If an LRAP's purposes are two-fold—allowing your alumni to choose *and* remain in public service, consider whether your program can assist less recent graduates.

Include all educational loans.

Some LRAPs cover only law school loans. However, law graduates have more private student loan debt that is not eligible for forgiveness from their undergraduate education than their law school education, due to limits on Stafford loan borrowing amounts and the absence of an equivalent to the Grad PLUS program at the undergraduate level. An undergraduate degree is required in order to attend law school. As undergraduate tuition continues to rise, law students will face rising levels of ineligible private student loan debt from undergraduate studies.

Allow part-time attorneys to receive pro-rated assistance.

PSLF can only be earned by borrowers who are working full-time. Attorneys who work part-time are not eligible for PSLF. The full-time requirement is likely to have a disproportionate impact on women, and law school LRAPs can mitigate this by allowing part-time public service attorneys to receive pro-rated LRAP assistance.

Make educating your LRAP participants about PSLF a priority.

Income Based Repayment and Public Service Loan Forgiveness are complicated. Borrowers must take specific, often confusing, steps in order to benefit. Many attorneys may need group and one-on-one tutorials to understand and embrace these new opportunities. The more your students and alumni know about IBR and PSLF, the more likely they are to benefit. The more federal benefits your graduates receive, the less pressure remains on your LRAP to meet your graduate's needs.