

**UNIVERSITY OF PENNSYLVANIA SCHOOL OF LAW  
PUBLIC INTEREST LOAN REPAYMENT ASSISTANCE PROGRAM**

Office of Career Planning and Placement  
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**REVISED GUIDELINES**

**Effective November 2009**

The University of Pennsylvania Law School is committed to promoting the pursuit of public interest careers by its graduates. There is substantial concern that the pressures created by high student debt and the availability of high-paying private firm employment discourage graduates from pursuing careers in public service. The average law school indebtedness for the Class of 2008 is approximately \$100,000. In 2008, the median salary of graduates taking public sector jobs was \$45,500 while the median salary for graduates accepting employment in private firms was \$160,000.

To address this situation, the Law School has committed funds to be used for a public interest loan repayment assistance program for graduates who pursue public interest career options. It is the goal of this Program to enable students to pursue public interest careers without regard to indebtedness by providing interest-free loans to help defray the costs of educational loans. The Program provides forgiveness of the loans after each year the graduate is in public interest employment. Effective November 2009, the following guidelines apply to the Program:

**I. ELIGIBILITY**

A. Eligible Graduates. The proposed Program is available to University of Pennsylvania J.D. Law School graduates who meet the income and eligibility requirements of the program. Eligible graduates may enter the Program at any time within ten (10) years after the January following their graduation from law school and may remain in the Program for up to ten (10) years following graduation from law school.<sup>1</sup>

B. Eligible Employment. The job must be "law-related, that is, it must substantially utilize the legal training and skills that the graduate obtained in law school." The job must also be "public interest" work which is defined as: (1) employment by any nonprofit organization or institution whose primary purpose is to serve or advocate on behalf of individuals or organizations whose interests, for various economic, political or social reasons, are not adequately represented by the private sector or the government; (2) employment by federal, state or local government; (3) clinical law teaching jobs if the position substantially involves advocacy on behalf of individuals or organizations not adequately represented by the private

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<sup>1</sup> The ten year period may be extended at the discretion of the Program Administrator for up to two years if a graduate defers his or her loans while attending an educational program or while on disability or family care leave at any time during the ten year period and then returns to eligible public interest employment.

sector or the government; or (4) employment by private employers (including self-employment) if the applicant demonstrates that at least 50% of the firm's work involves provision of legal services at no fee, a reduced fee or court-awarded fee to individuals or organizations who are not adequately represented by the private sector or the government.

C. Judicial Clerkships. Employment as a judicial law clerk is not eligible employment as, for many graduates, the clerkship period is a short-term commitment leading directly to a high paying position. However, any graduate who accepts a clerkship before entering qualifying employment may have his or her TollRAP eligibility extended for up to two additional years, depending on the length of the clerkship.

D. Income Eligibility. Qualifying graduates will be eligible to receive loans under the schedule outlined below. The graduate's annual Adjusted Gross Income (income less any deductions), is put into the formula to determine how much the graduate is expected to contribute toward his or her annual loan repayment.

Annual Adjusted Gross Income	Expected Annual Contribution to Loan Repayment from Graduate
up to \$45,000	\$0
\$45,001 to \$50,000	20% of amount over \$45,000
\$50,001 to \$55,000	\$1,000 + 40% of amount over \$50,000
\$55,001 and over	\$3,000 + 60% of amount over \$55,000

E. Spouse's Income. In determining adjusted gross income for purposes of a graduate's participation in the Program, the married graduate will be treated as having the higher of: (1) his or her individual income; or (2) half of the joint income.

F. Dependents' Allowance. In determining adjusted gross income, an exemption of \$5,000 for the first minor dependent child and \$3,500 for each subsequent minor dependent child will be allowed.

G. Eligible Educational Loans Defined. Only loans incurred to finance law school education, including tuition, costs, room and board will be considered. Undergraduate and other graduate school loans will not be considered. Family, personal, or loans for all other purposes will not be counted in determining required annual loan payments from educational loans.

H. Fellowships/Grants from Foundations. Those graduates who are receiving a fellowship/grant to work in public interest must include the amount of the fellowship/grant in the loan forgiveness application. If the fellowship/grant includes loan repayment assistance, this assistance will be calculated as income and

added to the graduate's salary in order to determine eligibility of the loan forgiveness Program.

Graduates who are not eligible for funding at the time of graduation because they are receiving a fellowship or grant may re-apply at the close of their fellowship.

## II. LEAVES FROM THE PROGRAM AND PART-TIME WORK

### 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 new born 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 Program assistance during this leave. Written documentation of eligibility for Parental/Family Care leave must be submitted to the Program Administrator

2. Disability Leaves. Program participants can take up to six months of leave per year for their own disability. The participant will receive full Program assistance during this leave. Written documentation of eligibility for disability leave must be submitted to the Program Administrator.

The total of Short-Term Leave taken by any Program participant shall not in the aggregate exceed six months in any calendar year.

### B. Long-Term Leaves: Up to Two Years.

1. Parental/Family Care, Educational and Disability Leaves. Program participants may take up to two years of parental/family care, educational or disability leave. Participants will receive no Program assistance during this leave. If the participant submits written notice to the Program Administrator of intent to return to eligible employment, the participant need not begin immediately repaying his or her Program loan during the two-year period. If the participant does not return to eligible employment within two years, all non-forgiven loans must be repaid over the ensuing five year period. Participants must immediately notify the Program Administrator if he or she no longer intends to return to eligible employment.

### C. Part-time Work.

A graduate working at least 20 hours per week in a qualifying position is eligible for the Program, his or her contribution will not be prorated and his or her income contribution will be based on an imputed full-time salary for the job.

### D. Unemployment.

Program participants who are unemployed for any reason, either due to resignation, firing, downsizing or other circumstances, are not eligible to receive funding through the loan forgiveness Program. Participants must notify the Program Administrator in writing within two weeks of losing employment. The participant should notify the lenders of the student loans immediately so that the loans can be put into forbearance.

Upon securing eligible employment, the participant may reapply to the Program for loan assistance. There is no guarantee that funds will be available at the time of the re-application.

#### E. Volunteer Work

A graduate engaged in law related public interest work that is done on a volunteer basis is not eligible for the Program. Program funds are specifically intended for graduates who are dependent upon law related public interest work for their income. Graduates who are engaged in provisional, unpaid employment with assurance from their employer that they will receive full compensation when it is available may be eligible for the Program. Graduates must submit written confirmation from their employer and have the Program Administrator review the employment before applying for Program funds.

### III. LOAN FORGIVENESS AND LOAN REPAYMENT

A. Loan Forgiveness Schedule. Graduates who participate in TollRAP will receive interest-free loans that are forgiven at the end of each year when the graduate verifies eligible employment. Participants should check with their tax advisors regarding taxability of the forgiveness of these loans. Section 108(f) of the Internal Revenue Code (IRC) details the requirements for tax-free forgiveness. If a participant should leave eligible employment before completing a full year, he or she will be responsible for repayment of that year's Program loan.

*Although there is no legal obligation to repay the amounts forgiven under this program, we hope and expect that recipients recognize that continuation of this program and other financial aid programs at the University of Pennsylvania Law School are dependent on the generosity of our alumni.*

B. Repayment of Program Loans. The term of repayment of a Program loan will be one year. The repayment period begins upon the first of January following (1) the date the borrower ceases to be employed in qualifying public interest employment, or (2) the date the borrower fails to provide confirmation and verification information for the prior year's Program participation.

C. Interest. Interest will not accrue for any period that the graduate is in public interest employment. Interest on Program loans shall be at the rate of University of Pennsylvania endowed loans to new borrowers at the time the Program loan is made. That rate is currently 6%. Interest will accrue from the time the loan repayment period begins pursuant to Section III (B).

There will be no penalty for prepayment of Program loans.

### IV. ESTABLISHMENT OF RESERVE REQUIREMENT

At least 50% of the funds available for the Program shall be reserved for employment described in Section I (B) (1), that is, employment by non-profit organizations or institutions that serve the interests of those whose interests are not adequately represented by the private sector or the government.

### V. PRINCIPLES GOVERNING LOAN DISTRIBUTION

The Committee will award loans in the amounts established by the income eligibility formula set forth in section I (D) above, on a first-come, first-served basis, within the requirements for a reserve fund set forth in section IV. The Committee retains the discretion to limit the loan amount to \$14,000 for graduates whose salary and indebtedness would otherwise entitle them to a loan in excess of \$14,000. This discretion is to be exercised in the event that the total amount of loans applied for in a particular year threatens to exhaust available funds.

## VI. APPLICATION, LOAN DISBURSEMENT AND CANCELLATION PROCEDURES

### A. Application Procedures.

Applications are available from the Office of Career Planning and Placement or on the Career Planning web site at [www.law.upenn.edu/cpp/alumni/publicinterest/pilrap/tollrapguidelines.pdf](http://www.law.upenn.edu/cpp/alumni/publicinterest/pilrap/tollrapguidelines.pdf). Applications by third year students will be considered beginning November 1 of each year. Graduate applicants may apply as soon as they are offered eligible employment; Program benefits will be prorated for that portion of the year they are in eligible employment. Applicants must also provide the Program Administrator with the following information with each application or re-application: (1) an Employment Verification signed by the employer; (2) a description of the type of employment that establishes its eligibility; (3) an itemized statement of all anticipated sources of income from January 1 to December 31 for the year in which assistance is sought; (4) a list of educational debts, including the lender's name, the date of origination and when debt repayment begins, as well as copies of payment statements for each loan certifying monthly payment amounts; (5) a signed copy of the applicant's and spouse's federal tax return; (6) any additional documents deemed necessary by the Program Administrator.

B. Loan Disbursement. The Program operates on a calendar year and loans are made prospectively, in January and June for the upcoming year.

## VII. PROGRAM CHANGES

The Law School reserves the right to modify the Program prospectively at any time without altering the current terms of the Program.

## VIII. PROGRAM ADMINISTRATION

A Committee appointed annually by the Dean will provide review and oversight of the Program, and will report to the Dean and the faculty on the progress of the Program and on any proposed policy or eligibility changes that raise important and controversial policy questions, or would be flatly inconsistent with the clear intention of these guidelines. The Committee is authorized to resolve all other questions that arise under these guidelines. It will report any such decisions annually to the faculty, which may decide prospectively to reverse or modify the position taken.

The Committee will regularly review and evaluate the Program, the income eligibility, interest rate, cost of living adjustments, loan forgiveness, reserve and other features of the Program, measuring them against the policy objectives of the Program and the resources available to support the Program. Adjustments will be made annually to reflect cost-of-living and prevailing wage changes.

The Law School's Associate Director for Public Interest and Government Careers receives and

reviews applications for participation in the Program. Questions concerning eligibility will be referred to the Committee. The Loan Office of University of Pennsylvania is responsible for administering loan collection under this Program and maintains uniform policies and procedures governing loan administration.

The Program participant must notify the Program Administrator in writing of any changes in circumstances (within two weeks of the change) including, but not limited to, change in address, change of job, change in salary, eligibility for Program assistance during disability leave, eligibility for dependent allowance, unemployment, reduction from full-time to part-time employment. In addition, once the participant has entered the forgiveness phase of the Program, he/she must submit an Employment Verification by November 1 each year to confirm that the participant is in eligible public interest employment.

Failure to notify the Program Administrator of any changes in circumstance could result in the termination of assistance and/or the participant may be required to repay amounts previously awarded. A promissory note will be issued if the participant is awarded a loan through the Program. This note must be signed and returned to the Program Administrator before funds will be disbursed.

Questions about the Program and completed applications should be addressed to:

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