

JEFFERSON B. and RITA E. FORDHAM PUBLIC SERVICE LOAN REPAYMENT ASSISTANCE PROGRAM

GUIDELINES

Introduction

Many S. J. Quinney College of Law students graduate with high educational debt burdens. To encourage and to assist those law students who want a career in the public-interest sector, the college established a public interest loan repayment assistance program (the “Program”).

I. The Program

The Program assists those graduates selected to participate by advancing up to \$3,000 per year of the amount owed annually to educational loan creditors, according to a formula based on the participants’ “gross income.” The money advanced is treated as a loan from the Program. After two years in the Program, participants are eligible to have a portion of their loan from the Program forgiven. Total forgiveness will be reached at the end of the tenth year of Program participation. Allowances are made for participants who do not remain in the Program the entire 10 years.

A generous gift from Jefferson B. and Rita E. Fordham established the Program. A powerful defender of individual and civil rights, Jefferson Fordham was one of the 20th century’s most outstanding leaders in legal education. He joined the University of Utah College of Law as a professor in 1972 after serving as dean at the University of Pennsylvania Law School. He was the primary force behind the 1966 creation of a division on individual rights and responsibilities within the American Bar Association, the first such group in ABA history. He combined the highest intellectual capacity with integrity, kindness, generosity of spirit, and elegance of manner. Chief Justice Earl Warren once described him as “one of the more courageous, forward-looking, and effective forces for justice in our day.” His wife, Rita, is a longtime friend of the S. J. Quinney College of Law and an active supporter of our programs.

Graduates and/or alumni are selected to participate in the Program each year when sufficient funds are available. The selection committee may choose to give first preference to an applicant from the most recent graduating class, if it so desires. Applications will be due by September 30 and March 31 each year. If you are interested in applying, you should first:

- Determine your eligibility by referring to all four eligibility standards outlined below,
- Understand the terms “eligible employment,” “eligible loans,” and “gross income,”
- Familiarize yourself with the contribution and loan forgiveness schedule section, and
- Most importantly, read the sections regarding program termination, loan repayment responsibilities, and the annual requirements for continued eligibility to determine if you are willing to comply with these requirements.

You do not need to have a specific job secured at the time you apply; the selection committee will also consider applicants who are looking for a public interest job.

Participants should check with their tax advisers regarding taxability of the forgiveness of these loans. Section 108(f) of the Internal Revenue Code (26 USCA section 108[f]) details the requirements for tax-free forgiveness.

II. Eligibility Standards

1. **Eligible Participant** Third-year students who will graduate from the S. J. Quinney College of Law or alumni of the college since 1994 are eligible participants.
2. **Eligible Employment** “Eligible employment” must be law-related.
 - a. “Eligible employment” includes employment with an organization that qualifies for a tax exemption under IRS Code Sections 501(c)(3), 501(c)(4), or 501 (c)(5); an organization that is an agency of local, state or federal government; judicial clerkships, if the participant then takes a job that qualifies as “eligible employment”; or as the selection committee accepts on a case-by-case basis.
 - b. Both full- and part-time “eligible employment” will be considered. “Eligible employment” must be maintained on a full-time basis, based on a minimum of 2,080 hours per year with a minimum of 800 hours every six months. Part-time employment will be based on a minimum of 1,040 hours per year with a minimum of 400 hours every six months. Participants who elect to work part-time will receive from the Program one-half of what they would have received if they worked full-time.
3. **Eligible Loans** The dollar amount of loans allowed from Stafford (GSL), Perkins, other supplemental and educational loans (including undergraduate loans), except loans from family and friends, up to a maximum of \$30,000 will be considered “eligible loans.” If a participant’s loans exceed \$30,000, the Program will pay those loans at the lowest interest rates. Annual loan payments should be computed on a 10-year repayment plan.

Loan repayments made by an alum prior to becoming a participant in the Program are not eligible for loan repayment by the Program.

4. **Income Eligibility** Any applicant engaged in “eligible employment” with a “gross income” of less than the maximum qualifying income may be eligible for the Program. The maximum qualifying income will be adjusted annually for inflation as determined by the Consumer Price Index. The maximum qualifying incomes since the Program’s inception are:

1992	\$33,000	2000	\$41,593
1993	\$34,320	2001	\$43,090
1994	\$35,250	2002	\$43,779
1995	\$36,200	2003	\$44,830
1996	\$37,100	2004	\$45,861
1997	\$38,330	2005	\$47,283
1998	\$38,980	2006	\$49,269
1999	\$39,799	2007	\$51,141

“Gross Income” is determined as follows:

- a. The higher of (1) your income as determined from your W-2 form or other supporting statement, or (2) one-half of the combined total of your income plus your spouse’s income minus any annual student loan payments of your spouse that are reasonable. (For example, if you make \$25,000 per year and your spouse, who has a current annual loan debt of \$5,000 per year, makes \$27,000 per year, one-half of your combined income is one-half [$\$25,000 + \$27,000 - \$5,000 = \$23,500$]. Thus, your \$25,000 income is used.),

- b. Plus income generated from assets, as determined from annual income tax returns,
- c. Minus \$4,500 for the first dependent and \$2,650 for each dependent thereafter. A dependent is defined as a person for whom the applicant provides at least one-half support. Examples include children living at home, other children whom the applicant supports, and non-working spouses.

III. Contributions and Loan Forgiveness Schedule

1. **Law School's Contribution** The law school will loan up to \$3,000 per year for up to 10 years. The actual amount is computed as the difference between annual "eligible loan" payments (as defined earlier) and the participant's contribution (not to exceed \$3,000).
2. **Participant's Contribution** If you are selected for participation in the Program you will enter into a loan agreement with the S. J. Quinney College of Law. Under the agreement, you may be required to pay a portion of your "gross income" (as defined earlier) toward repayment of your annual "eligible loan" payments. The balance of the "eligible loan" payment will be provided by the Program. You will be responsible for the following:

"Gross Income"	Participant's Annual Contribution
\$0-\$22,000	\$0
\$22,001-maximum qualifying income	10% of "gross income" (in excess of \$22,000)

3. **Loan Forgiveness Schedule** Loans received from the Program will be interest-free. Each year, up to 10 years if you remain eligible, the Program will provide the difference between your annual "eligible loan" payments and your contribution. The loans the S. J. Quinney College of Law makes will be forgiven at the end of each year, based on the following schedule:

Full Year in Program	% of Loan Forgiven	Cumulative % of Loan Forgiven	% Participant Required to Repay if Terminated from Program
1	0%	0%	100%
2	10%	10%	90%
3	10%	20%	80%
4	10%	30%	70% (cont.)
5	15%	45%	55%
6	15%	60%	40%
7	10%	70%	30%
8	10%	80%	20%
9	10%	90%	10%
10	10%	100%	0%

Thus, participants remaining in the Program 10 years will have 100 percent of their Program loans forgiven.

IV. Leaves of Absence, Program Termination and Loan Repayment

1. **Leaves of absence from the Program** Leaves of absence will be allowed for up to two years total, in monthly blocks only. Absences will be allowed for the following reasons:

- Child care
- Relocation
- Further education
- Disability/health
- Unemployment
- Another job at which you earn less than the maximum qualifying income
- On a case-by-case basis.

Leaves of absence require you to pay your own loans during the period of absence. Upon reentry into the Program, you will resume the participation forgiveness schedule at the point at which you left. Because you will make loan payments during any leave of absence, the loan may be paid off before you have actively participated in the Program for 10 years. Even though the loan will be paid off early, the Program will continue to pay you the equivalent of the loan payments for a full 10-year period of active participation. In effect, the Program will reimburse you for loan payments during a leave of absence at the end of the forgiveness schedule.

2. **Program Termination and Loan Repayment** You can be terminated from the Program if:

- You leave qualifying employment
- Your income exceeds the “income eligibility” cap
- You complete payment of original debt (except under a leave of absence)
- You fail to comply with the requirements and procedures of the Program.

All amounts paid by the Program can still be forgiven if you remain in “eligible employment.” However, if you do not remain in “eligible employment,” you will be expected to repay appropriate amounts dependent upon which year you leave the Program.

For example, if you are terminated from the Program at the end of year four and do not remain in “eligible employment,” you will be required to repay the Program 70 percent of the amounts received from the Program up to the point of termination. **However**, if you remain in “eligible employment,” loan amounts given up to the point of termination will be forgiven depending on when you leave “eligible employment.” For example, if you are terminated at the end of year four from the Program but elect to remain in “eligible employment” for three more years, you will be required to repay the Program 30 percent of the amounts received from the Program up to the point of termination. If you stay in “eligible employment” for six years after termination, 100 percent of the amount you received from the Program would be forgiven.

V. Program Procedures

1. **Program Selection and Review Committee** The Program selection and review committee will be comprised of six members. The committee will be chaired by the dean of the law school or another administrator designated by the dean. The dean will select one member of the law school faculty and one member of the community. The remaining three positions will be filled by one representative from each law school class to be selected by the Student Bar Association from names submitted or recommended by the dean. The dean will ensure that the composition of the selection committee is maintained with an awareness of gender, race, and ethnic diversity.

The committee should be established at the beginning of each school year. Student members will be rotated on an annual basis and at least one non-student member is encouraged to serve for at least a second year to provide continuity. The duties of the committee shall include selection of participants and review of features and guidelines of the Program.

2. **Annual Requirements for Continued Eligibility** Each year the participant will be required to submit the following on a timely basis (*and failure to do so could result in termination from the Program*):
 - a. A letter from your employer verifying employment,
 - b. Individual or joint tax return and a net worth statement,
 - c. Any other relevant information you or the committee decides is applicable or necessary to remain in the Program.
3. **Administration of the Program** All application procedures, loan disbursement, program termination decisions and other administrative tasks will be decided and administered by the dean of the S. J. Quinney College of Law or his or her designee.

APPLICATION INSTRUCTIONS

Applications should be submitted to Barbara Dickey, Associate Dean for Student Affairs at:

S. J. Quinney College of Law, University of Utah
332 South 1400 East, Room 101
Salt Lake City, Utah 84112-0730

or faxed to 801-581-6897 by **September 30 or March 31** of each year. Please direct questions to Dean Dickey at 801-581-4032, or e-mail her at dickeyb@law.utah.edu.

Your application should include:

1. Your name, address, telephone number, and résumé.
2. A personal statement of no more than five double-spaced typed pages which should demonstrate a strong commitment to public interest work. Factors may include past service or achievements in law- or nonlaw-related public service careers or volunteer public service; course work or extracurricular activities that evidence a commitment to public service; evidence that you have carefully considered a public service law career as demonstrated by your explanation of your career plans and goals.
3. An employment statement of no more than two double-spaced typed pages describing the nature and type of employment either secured or planned to be secured. Applicants who have not yet secured employment should discuss the likelihood of securing employment.
4. For those who have secured employment, a letter from your employer verifying employment and income level.
5. Individual or joint tax returns for the previous two tax years.
6. All outstanding loan information, including lenders' names and addresses, amounts, interest rates and repayment schedules.