



## MAINE JOHN R. JUSTICE GRANT PROGRAM

### FREQUENTLY ASKED QUESTIONS

**Question:** What is the John R. Justice Grant?

**Answer:** The John R. Justice Grant (JRJ Grant) Program was enacted by Congress and signed into law by President Obama to provide loan repayment assistance for state and federal public defenders and state prosecutors who agree to remain so employed for at least three years. In Maine, eligible recipients may receive up to \$5,000 the first year to help repay their student loans. Nationwide, the program is administered by the U.S. Department of Justice's Bureau of Justice Assistance. In Maine, the Finance Authority of Maine (FAME) has been designated by Governor Baldacci as the state agency responsible for administering the program.

**Question:** Who is eligible for the program?

**Answer:** Eligible recipients include:

- State and federal public defenders and state prosecutors who agree to remain so employed for at least three years
- Must be "continually licensed to practice law"
- Must be "full-time employees" (at least 30 hrs/wk)
- Eligible prosecutors are full-time employees of a state or unit of local government (including tribal government) who "prosecute criminal or juvenile delinquency cases at the state or unit of local government level"
- Public defenders are either full-time employees of a state or unit of local government (including tribal government) or full-time employees of a nonprofit organization operating under a contract with a state or unit of local government who "provide legal representation to indigent persons in criminal or juvenile delinquency cases"
- Full-time federal defender attorneys in a defender organization providing legal representation to indigent persons in criminal or juvenile delinquency cases pursuant to Subsection(g) of section 3006A of Title 18, United States Code
- Attorneys providing supervision, education, or training of other persons providing prosecutor or public defender representation
- Attorney must not be in default on repayment of any federal student loans

Prosecutors who are employees of the federal government are not eligible.

Attorneys who are in private practice (and not a full-time employee of a non-profit organization) are not eligible, even if providing public defense services under contract to the state. This includes the vast majority of Maine's criminal defense bar.

**Question:** How much grant money will be awarded?

**Answer:** In Maine, for the first year of the grant, the amount for each recipient shall be at least \$5,000, up to an aggregate total of \$60,000 lifetime, should federal funding be received in the second and third years of what is expected to be a three-year program. The annual amount may be reduced if the selected recipient does not have \$5,000 in annual loan repayment obligations.

**Question:** Which student loans are eligible?

**Answer:** Federal student loans, including undergraduate and graduate school loans, are eligible for assistance. Loans in default, Parent PLUS loans, consolidation loans that repaid a parent PLUS loan, and commercial or alternative student loans are not eligible.

Eligible educational loans include:

- Federal Family Education Loan Program (FFELP) Stafford Loans;
- Federal Direct Stafford Loans;
- Federal Perkins Loans;
- Federal Graduate PLUS Loans;
- Federal Consolidation Loans; and
- Federal Direct Consolidation Loans.

Non-eligible loans include:

- Federal Parent PLUS Loans;
- Federal Consolidation Loans used to repay Federal Parent PLUS Loans;
- Loans that have been paid in full; and
- Non-federal student loans.

**Question:** What if I do not know what type of loans I have?

**Answer:** Visit the National Student Loan Data System online: <http://www.nslds.ed.gov/> or contact FAME customer service for help at (800) 228-3734.

**Question:** How do I apply?

**Answer:** Apply directly to FAME (visit FAME's Web site, [www.famemaine.com](http://www.famemaine.com) for downloadable materials or contact FAME at (800) 228-3734). Completed application and required attachments must be submitted to **FAME by 5:00 p.m. on December 1, 2011** or postmarked that same date.

**Question:** How will applications be evaluated?

**Answer:** FAME has designed a scoring system that places greatest weight on an applicant's ability to repay their loans. FAME will calculate an applicant's debt-to-income ratio, awarding points based on the percentage the loan payments represent as part of the applicant's gross monthly income; the applicant's cost of living (with an extra point awarded to those living in Cumberland County); years of service (one extra point for applicants possessing at least one year of prior service as a prosecutor or defender); and years remaining for the borrower to repay their loans. To achieve geographical balance, FAME will strive, when possible, to select at least one recipient from each of Maine's eight prosecutorial districts, as well as eligible recipients from the Maine Attorney General's office, Maine's Federal Defender office, and any eligible representatives of the state's criminal defense bar, such as employees of the Commission on Indigent Legal Services. Renewal applications will receive priority consideration for awards as long as the renewal applicant continues to meet all other eligibility requirements.

**Question:** Will private education loan debt be considered in a student loan debt-to-income ratio calculation?

**Answer:** Yes, FAME will consider the applicant's private educational loan debt when calculating a student loan debt-to-income ratio. However, please remember that private educational loans cannot receive payment from JRJ Grant proceeds.

**Question:** Will my spouse's income be considered in the student loan debt-to-income ratio?

**Answer:** No, only the applicant's income and the applicant's student loan debt will be used to calculate student loan debt-to-income ratios. Please note, a spouse's student loan debt cannot be included as part of the student's educational loan debt. If you have consolidated your private and/or federal student loan debt with your spouse's (an option available in the federal programs prior to July 1, 2006) you can still only list on the JRJ Grant application the remaining balance of the federal consolidation loan attributable to your education.

**Question:** What is the Service Agreement I am required to sign?

**Answer:** By signing the Service Agreement, the applicant acknowledges that the program requires a three-year service commitment (beginning on the date one signs the agreement), the benefit is in the form of a loan that must be repaid if the service commitment is not fulfilled, and all other stipulations as described in the Service Agreement. Renewal applicants will be required to sign a new service agreement as a continuation and not an extension of their original three-year commitment.

**Question:** What if I do not receive another grant next year, am I still responsible for three years?

**Answer:** Yes, even if a recipient's grant is not renewed next year, he/she is still committed to complete a three-year term.

**Question:** Can I receive credit for years of prior service as a public servant?

**Answer:** There is no credit for previous service, no matter how long served.

**Question:** If I receive a grant next year, as well, am I obligated to six years of service (three years plus another three years)?

**Answer:** No, the three-year commitment period does not recommence (i.e. become six years) if one also receives an award the second year.

**Question:** What other documents are required in the application process?

**Answer:** In addition to the completed application and Service Agreement, applicants must provide documentation about their eligible educational loan debt obligations, as well as proof of their employment under the statutory definition of “prosecutor” or “public defender.” A form signed by both the applicant and their supervisor will be required to confirm this employment. FAME’s standard privacy policy notice is part of the application materials and must be read and signed, as well.

**Question:** What if I am in a grant funded position?

**Answer:** Generally speaking, FAME understands the JRJ Grant to allow for a grant funded employment position if the attorney is treated as a full-time employee in a qualifying setting and is eligible for the same benefits as other employees. In this case, FAME believes grant funding is not a factor that would prohibit eligibility for the JRJ Grant. If the attorney is treated as a consultant and receives a 1099, then this would imply that the person is not considered a full-time employee in a qualifying setting and therefore would not qualify for the JRJ Grant.

**Question:** If I have a term employment contract that will end in less than three years would the end of that contract be considered involuntary termination for purposes of fulfilling the three year service agreement?

**Answer:** An attorney with less than three years remaining on a contract is eligible to apply and qualify for the JRJ Grant if the attorney believes he/she stands a reasonably good chance of having that contract renewed or obtaining other qualifying employment subsequent to the termination of the contract. However, if the attorney is unable to renew or obtain another qualifying position then it is FAME’s belief that the termination would not be considered involuntary as defined by the JRJ Grant and the attorney would be responsible for repaying the proceeds according to the terms of the Service Agreement. *FAME has asked the Department of Justice to confirm our interpretation of **involuntary termination** and we are awaiting an answer from Bureau of Justice Assistance, Department of Justice.*

**Question:** Can I request that the \$5,000 grant be split between two or more loans?

**Answer:** FAME encourages applicants to list their top priority loan for repayment first on the application. FAME intends to make one disbursement on behalf of eligible recipients. As a courtesy, FAME will consider splitting an award into more than one disbursement on a case-by-case basis, e.g. the applicant has one loan with a balance under \$5,000 which he/she would like the grant proceeds to pay-off in full. In that example, FAME would split the payment between two servicers on behalf of the recipient to accomplish this goal.

**Question:** Will I receive the loan repayment money directly?

**Answer:** No. FAME is required by the terms of the grant to send payments directly to the holder or servicer of your student loans. You will not handle any money. A recipient must

continue to make regular student loan payments. It will be your responsibility to contact the holder of your loan to ensure that the money was credited as you wish, e.g. prepayment of principal or applied to future payments.

**Question:** Are grant monies taxable as income?

**Answer:** Yes, benefits are taxable as income to recipient. FAME will issue Form 1099s (Misc. Income) to recipients. FAME will not engage in any tax withholding.

**Question:** What are the beginning and ending dates for the grant?

**Answer:** **Applications are due by 5 p.m. on December 1, 2011. FAME expects to notify applicants regarding their selection status on or before December 15, 2011.**

**Question:** What if I change jobs or do not complete the three-year commitment?

**Answer:** If an individual becomes ineligible or does not complete the requisite three-year commitment due to voluntary separation or involuntary separation for misconduct or unacceptable performance, the recipient can no longer receive benefits and must repay any amounts received under the program. Arrangements for repayment will be made with the U.S. Department of Justice. Lateral moves to another, similar office will not affect eligibility.

**Question:** How does the JRJ Grant affect my participation in other loan repayment programs?

**Answer:** The JRJ Grant may be added to a recipient's taxable income, which can affect eligibility for other loan repayment programs. Nothing about participating in the JRJ Grant itself, however, disqualifies one from participating in other programs.

**Question:** Will receipt of the JRJ Grant and the three year service agreement impact Public Service Loan Forgiveness, i.e. will I need to add three years to my Public Service Loan Forgiveness employment obligation if I receive the JRJ Grant?

**Answer:** Public Service Loan Forgiveness and the JRJ Grant are mutually exclusive programs. FAME does not believe that service requirements are impacted by participation in either or both programs. *FAME has asked the Department of Justice to confirm our interpretation of the grant guidelines and we are awaiting an answer from Bureau of Justice Assistance, Department of Justice.*

**Question:** Are there other similar loan programs available for public servants?

**Answer:** Yes, other loan repayment programs do exist for public servants, including the Public Service Loan Forgiveness Program. This federal program, administered by the U.S. Department of Education, offers loan forgiveness after ten years of public service employment. To qualify, a borrower must make monthly loan payments for ten years (120 payments) while working full-time in qualifying public service employment. To learn more about this and other loan repayment opportunities, please visit:

[www.dl.ed.gov](http://www.dl.ed.gov)

[www.equaljusticeworks.org](http://www.equaljusticeworks.org)

[www.finaid.org](http://www.finaid.org)

**Question:** What other important information should I know?

**Answer:** A recipient must respond to any notifications from FAME and must notify FAME of changes to his or her address, employment status or loan status (default) within ten days of the change.

**Question:** Please confirm how the grant payment will impact my loan repayment schedule.

**Answer:** Each loan servicer is different in the protocol used to apply payments received that exceed the standard monthly payment amount, therefore it is incumbent upon you to contact your loan servicer to understand their protocol for applying a payment that exceeds the standard monthly payment amount absent direction from the borrower. To be helpful, FAME contacted two national loan servicers to ask how they would process an excess payment received. Here are the answers they provided:

**Servicer A:** Typically, payments are allocated first to any outstanding late fees, then to any accrued interest, and lastly to principal. They will automatically advance the borrower's next due date by the number of whole months satisfied. For example, if the borrower's monthly payment amount is \$100.00 and **Servicer A** receives a \$500.00 payment, they will advance the next due date 5 months. This means you would not have to again pay on your loan for another five months. If they received \$250.00, they would only advance the next due date two months.

**Servicer B:** Payments are allocated to late or insufficient funds fees first, then to outstanding interest, and finally principal. Unless the borrower specifically asks to have the next due date advanced differently, their system default advances the next due date a single installment/due date.

**Question:** What if I have further questions?

**Answer:** Contact FAME at (800) 228-3734 or visit [www.famemaine.com](http://www.famemaine.com)