

John R. Justice Loan Redemption Program (JRJSLRP)

Grant Award 15PBJA-22-GG-01221-JRJX

Frequently Asked Questions

What is the amount of the repayment award?

The FY2022 service contract award amount for prosecutors will be \$5,671.
The FY2022 service contract award amount for public defenders will be \$5,671.

The award amount will be made as one lump sum payment and paid directly to your lender. Payments made on behalf of approved beneficiaries cannot exceed the total qualifying loan balance. Program participants are responsible for any remaining payments or balances. Neither the Department of Justice nor the State will be held responsible for any late fees assessed by the lending institution.

What type of student loans can be redeemed?

Only federal student loans where you are the borrower are eligible. Loans that someone else borrowed on your behalf (such as PLUS loans) are not eligible for redemption. Additionally, you must not be in default on any of your student loans.

How do I apply?

If you meet the qualifications above, then download and print the application. Once you have completed your section, have your employer complete the Human Resources Certification section; attach all required documentation, including the correct JRJ Service Agreement and submit it to our office as a single package. The address is on the application form.

Do I have to reapply each year?

Yes, you must provide a new application for each Grant Award. If you are currently enrolled in a previous JRJ award, your service agreement contract would not need to be extended. If you are not currently enrolled in a JRJ award, a new service agreement contract would need to be completed. The service agreement is for three years.

Can I send the application now and send the other documents later?

Please do not send your documents separately. Only complete application packages will be considered for funding. It is in your best interest to send all of your documents as a single application package via a traceable mail service.

What happens after I apply?

Once the application deadline has passed, we will evaluate each application and determine a rank order of eligible candidates for each of the three geographic areas of the state. In accordance with the federal grant requirements, those candidates identified as the least able to repay their student loan debt will be selected and awarded. We will also notify applicants who do not meet the eligibility criteria and those who were not selected.

How long is the service agreement/commitment?

The service commitment is three years, with the option to renew for an additional one year of service, if qualified.

I was selected to participate, when will my loans be redeemed?

One lump sum payment will be sent to your lender soon after the approval of your application. We will notify you once the payment is sent. Each year, prior to the service commitment anniversary date, you will receive an Employment Certification form to complete and return to our office. You must remain an eligible participant or will be required to repay any funds paid on your behalf during the contracted services period.

How does the money get to my lender? Do I have to send the money myself?

Payments are sent directly to your lender from our office. You will receive a letter confirming that the payment was sent. Please allow some time for the lender to post the payment to your account. You should check your student loan account to verify that the payment was received.

How will the JRJSLRP affect funding through the Public Service Loan Forgiveness (PSLF) Program?

While the publicity of the availability of other federal student loan repayment plans (e.g., the Income-Based Repayment (IBR), Public Service Loan Forgiveness (PSLF), and other available loan repayment assistance programs (LRAPs)) is obviously encouraged, BJA also endorses coordination by JRJ administering agencies (to the greatest extent possible) of such programs to promote the optimum benefit to the recipient. The following provides an example of how lump sum payments and monthly payments of JRJ benefits may interplay with the PSLF program and may provide an opportunity to improve coordination:

It is BJA's understanding that in order to be eligible for the PSLF program, a borrower must make 120 "separate, monthly" payments. When a loan servicer receives a lump sum payment

– which is to say, a payment in excess of what the borrower is obligated to pay for the month

– the loan servicer assumes that the excess, while immediately applied to reduce outstanding interest and principal on the loan, is intended to cover future installments. When future installments are satisfied, the borrower is no longer obligated to make monthly payments for the number of months for which the installment has been fully satisfied. BJA understands that this may present two problems for individuals who receive both JRJ and PSLF benefits:

- The first is that the lump sum payment, while satisfying more than one month's payment obligation, is not a "separate payment". Therefore, it can only count as "one" PSLF payment.
- The second problem is that, by removing the borrower's obligation to make future monthly payments, the borrower cannot, for those months, make a "monthly payment" in some cases – even if the borrower voluntarily remits money.

The second problem can be remedied by providing application of payment instructions with the payment. Specifically, the payer/borrower could state that s/he does not intend to apply the excess toward future installments, which will ensure that the borrower continues to be obligated to make future payments over subsequent months. Each loan servicer should provide, on the billing statement, information regarding how the borrower/payer is to provide payment instructions. Therefore, JRJ recipients may be advised (in order to maximize the amount of credit they may receive from PSLF program while working in employment that also entitles them to JRJ program benefits) to provide special payment instructions associated with their JRJ Program award. Borrowers should also be able to provide these instructions for a payment that has already been applied, provided that it is done promptly after the payment is applied.

This example is provided solely for illustrative purposes and should not be construed as financial advice. All grantees and beneficiaries should independently consult with the U.S. Department of Education (and/or other sources) to learn how receipt of JRJ benefits may affect awards through the Public Service Student Loan Forgiveness Program.

Can I remain in the program if I change jobs?

YES, as long as your new (full-time) position and employer meet the definitions above, and there was no break in qualified employment.

What happens if I leave the program?

Only complete years of service receive redemption payments. If you withdraw, or are employed for less than one full year, you will not receive a payment. There is no proration for part-time or part-year service. Your service contract will be cancelled as well as all future scheduled disbursements. You will also be required to repay any funds paid on your behalf during the contracted service period.

Are there tax implications to participating in this program?

The American Rescue Plan Act temporarily excluded from federal income taxes any student loan payments that a third party makes on your behalf between 2021 and 2025. However, loan redemption payments made on your behalf are not considered taxable income for New Jersey State gross income taxes, and unlike the federal income tax law, the New Jersey State law is not scheduled to expire. Click [here](#) for NJ income tax information.

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Interested candidates may contact HESAA at 800-792-8670, Ext 5535 or njclass@hesaa.org for more information regarding this program.