

## Stanford Law School Introduces Innovative Student Loan Alternative



In a groundbreaking move, Stanford Law School has unveiled a pioneering student loan alternative, pledging financial support for a unique income share agreement (ISA) program. This initiative sets a fixed repayment rate of 10% of graduates' income, irrespective of their career path, whether in private practice, public interest, or elsewhere.

### The Flywheel Fund for Career Choice

In collaboration with the Flywheel Fund for Career Choice, Stanford Law School is injecting \$1.7 million into this innovative loan alternative. Recognized as the first ISA program in a U.S. law school, the Flywheel Fund was launched last year through generous donations. Participants, known as Flywheel fellows, receive upfront tuition funding of up to \$170,000 and commit to repaying 10% of their income for 12 years post-graduation.

### Expanding Horizons: Flywheel's Growth

The nonprofit Flywheel program, which commenced in 2022 with 20 participants, has grown substantially this year. Bolstered by Stanford Law School's financial backing, it has expanded to include ten first-year law students. The program, administered by Flywheel administrators who prioritize applicants likely to pursue lower-paying public interest positions, is unique because it doesn't penalize graduates who transition from general interest work.

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### Addressing the Cost of Legal Education

The soaring costs of legal education have long been a concern within the legal profession. According to Law School Transparency, the average debt for 2022 law graduates at private schools was \$135,000, while their counterparts at public law schools borrowed nearly \$94,000. The Flywheel Fund aims to alleviate this burden, providing a novel approach to student loan repayment.

### Diverse Career Trajectories

While many law schools, including Stanford, offer programs to assist graduates in repaying loans for lower-paying public interest jobs, the Flywheel Fund sets itself apart by allowing all students to apply, regardless of their career aspirations. This inclusive approach distinguishes it from traditional loan forgiveness and repayment assistance programs.

### Potential Expansion and Challenges

Currently, Stanford stands as the sole law school offering income share agreements. However, Elliot Schrage, founder of the Flywheel Fund, is in discussions with other "elite" law schools on both coasts about potential expansion. Despite the program's potential benefits, experts like Chris Chapman, president of AccessLex Institute, note the challenges, citing the substantial upfront investment required from donors or law schools.

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### Bridging the Pay Gap

The income disparity between public interest and law firm jobs underscores the appeal of the Flywheel Fund, particularly for the approximately 30% of Stanford students interested in public interest careers. To accommodate the diverse financial circumstances of graduates, Stanford Law will cover full repayment for Flywheel pilot participants earning less than \$100,000 post-graduation and subsidize payments for those earning between \$100,000 and \$115,000. The program includes an income cap of \$225,000, ensuring manageable monthly payments even for the highest earners.

### Transforming Legal Education Finance

Frank Brucato, Chief Financial Officer at Stanford Law, expressed optimism about the potential impact of the Flywheel Fund, stating, "If it works, it really will change the way we finance legal education." He envisions a future where income share agreements become available to the entire Stanford Law class, with graduate repayments covering most or all new agreements for students. The Flywheel Fund emerges as a groundbreaking initiative poised to reshape the landscape of legal education financing.

**Don't be a silent ninja! Let us know your thoughts in the comment section below.**

