

**Jane Fox**

**Association of Legal Aid Attorneys UAW Local 2325**

**Written Testimony Presented to**

**The New York State Senate Finance Committee and Assembly Ways and Means Committee**

**Joint Legislative Public Hearing on 2023 Executive Budget Proposal: Topic Higher Education**

**February 27, 2023**

**REQUEST TO INCLUDE EXPANDED AWARD AND ELIGIBILITY FOR HESC DALF AS CONSIDERED IN S.4155/A.1568A (RAMOS/SIMON) IN LEGISLATIVE ONE-HOUSE BUDGET UNDER FUNDING FOR H.E.S.C IN STATE OPERATIONS BUDGET**

My name is Jane Fox, I am a staff attorney at The Legal Aid Society and a member of the Association of Legal Aid Attorneys (UAW local 2325), submitting testimony on behalf of ALAA, a union of over 2800 attorneys, social workers, paralegals, parent advocates, and other legal workers that fight tirelessly for the civil rights and dignity of low-income New Yorkers.

Our union strongly supports the expansion of eligibility and increase of award money as contemplated in S.4155/A.1568A (Ramos/Simon) in regards to the District Attorney and Indigent Legal Services Loan Forgiveness Program administered by the Higher Education Services Corporation. **We request that this joint committee consider its inclusion in the One-House budget with a budget allocation to State Operations for a total of \$6 million dollars, or \$4 million more than traditionally doled out by the program.**

Student loans are now the largest form of consumer credit in the nation outside of the mortgage market, with Americans owing more in student loan debt than they do on auto loans (\$1.3 trillion), credit cards (\$800 billion), or home equity lines of credit (\$320 billion).<sup>1</sup> The average monthly student loan bill is nearly \$400/month.<sup>2</sup> According to a 2021 American Bar Association survey on the impact of student debt on young lawyers, average student debt was approximately \$108,000 for their J.D. and \$130,000 for all student debt at graduation.<sup>3</sup>

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<sup>1</sup> <https://www.federalreserve.gov/releases/g19/current/>;

<sup>2</sup> <https://www.federalreserve.gov/publications/2017-economic-well-being-of-us-households-in-2016-education-debt-loans.htm>

<sup>3</sup> [https://www.americanbar.org/content/dam/aba/administrative/young\\_lawyers/2021-student-loan-survey.pdf](https://www.americanbar.org/content/dam/aba/administrative/young_lawyers/2021-student-loan-survey.pdf)

*Written testimony of Jane Fox, Member, Association of Legal Aid Attorneys February 27, 2023 Joint hearing before the NYS Senate Finance Committee and the Assembly Ways and Means Committee. 1*

Student debt impacts all our union members, whether they are currently paying their loans or have forgone accumulating savings in order to finish paying their loans. **Approximately two thirds of our members have active student loans. Approximately 75% of those members owe over \$50,000 and almost 30% of those members owe over \$200,000.** Many of our members are the first generation in their families to hold undergraduate or graduate degrees and many were Pell Grant recipients, a federal grant awarded only to undergraduate students who display exceptional financial need. For these members, taking on student debt was necessary to gain the educational credentials required to do this work. At the same time, student debt is a barrier that too-often prohibits our members from staying in this work with its relatively modest pay.

As a result, our members have a great need for loan assistance programs that provide financial assistance to reduce their monthly student loan bills. The District Attorney and Indigent Legal Services Attorney Loan Forgiveness (DALF) Program administered by the state Higher Education Services Corporation (HESC) provides critical funding that allows our union members to stay in their jobs and make a career of public service, however the award amount is the lowest amount as compared to similar loan forgiveness programs administered by HESC and its eligibility requirements are the most stringent.

The DALF Program is aimed at mid-career attorneys carrying student loan debt and provides annual awards to off-set monthly loan payments. Currently, the DALF program aids attorneys who have shown a 4-year commitment to working in public service when they first apply and is often the sole support members have to pay their loans when they reach the middle of their careers and are simultaneously growing their families or caring for elders. Notably, the DALF program is one of the very few assistance programs that provides support for borrowers with private as well as federal student loans. Unfortunately, there has not been an adjustment to either the annual award or the years of eligibility since the program began in 2009. Simply put, the DALF Program has not kept pace with the rising cost of student loans or the rising cost of living in NY state, particularly since the pandemic began.

An increase in DALF funding would help reduce staff attrition at our member organizations immeasurably. Adjusting the annual award amount to up to \$8,000 per year, to match the award eligible for the Nursing Faculty Loan Forgiveness Incentive Program, would mean that if an attorney's monthly student loan payment was \$666 or less, their loan payments would be fully covered for the entire year. For those attorneys with monthly student loan payments above \$666, an \$8,000 annual award would significantly reduce the amount they must pay towards their loans each month. Likewise, expanding the number of years of eligibility to begin after the second year of service and carry an applicant through their tenth year of service would help ensure attorneys can stay in public service long enough to access debt cancellation through federal programs like the Public Service Loan Forgiveness (PSLF).

It is important to note that these small increases would not only apply to indigent legal service providers like the members of ALAA but would also expand eligibility and award amounts to our counterparts in district attorney offices and, importantly, to our colleagues working across

the state under the Assigned Counsel Plans as “18b” attorneys. Most people who are indigent and accused of a crime outside of NYC are represented by our colleagues working under Assigned Counsel Plans. However, due to current employment certification restrictions, these indigent legal services providers have never been eligible for the DALF program. The updated parameters of S4511/ A1568A (Ramos/Simon) will address that shortcoming and ensure that upstate communities hire and retain experienced attorneys working on their behalf who can afford to remain working under the Assigned Counsel Plan and make monthly loan payments.

With more DALF funding our members would have increased financial security in uncertain economic times. Decreasing the financial worries and increasing the career longevity of our members can only benefit the communities they serve. When our members thrive, their work on behalf of low-income New Yorkers thrives. Furthermore, DALF funding would help us recruit and maintain talented staff for our member organizations to replace those who have left.

We are at a crucial moment. While the CARES Act student loan pause benefited many of our members, a share of our members hold student loans that were ineligible for the pause, meaning they continued making payments during the national crisis of the Covid-19 pandemic. Likewise, many of our members are eligible for some cancellation of their student debt through the relief program proposed by the Biden Administration in August 2022. However due to current litigation freezing the program, no borrowers have realized any debt cancellation under the program to date.

As we head into the proposed end of the CARES Act student loan pause this summer, most of our members will once again have the burden of monthly loan payments while facing historic levels of inflation and cost of living increases alongside stagnant wages. It is not lost on us that the NYC public defender organizations are experiencing both an attrition crisis and a fiscal crisis including stagnant wages, concerns about increased organizational needs like suitable office space amidst rising rental prices, and dire technological upgrades and staffing needed to process the digital discovery data we receive from the District Attorneys’ offices. The fiscal pressures are felt within our organization from the top down.

This fiscal crisis has been unfolding as we are experiencing record levels of attrition, particularly among our mid-career members. Almost half of all ALAA members leave the work they love before 10 years for better paying jobs in firms, other non-profits, or government. Attrition is highest amongst attorneys of color, who often have more student debt, and less support to pay off their loans. When talented legal service workers leave their jobs because their student debt makes working in legal services unaffordable, low-income New Yorkers are deprived of talented and experienced representation.

One of the most important paths for our members to relieve this financial pressure is to pursue debt cancellation through PSLF. While PSLF offers a chance for public sector workers to fully discharge their loans after 10 or more years, it does not relieve the financial stressor of monthly student loan payments while working in a low salaried public sector position in an expensive city. Programs like the DALF Fund provide critical relief for the burden of making costly student

loan payments each month but the program is in dire need of an update to ensure that indigent legal service providers and their district attorney counterparts are afforded a measure of student loan relief that will stem the flow of attrition while decreasing court-backlogs and keeping experienced attorneys on staff.

We ask that the State Legislature include S4511/ A1568A (Ramos/Simon) in your One-House Budget and include an additional \$4 million allocated to HESC under the State Operations budget line. This allocation and inclusion will ensure that more of our members and colleagues across the state can access these expanded funds to ease the burden of their student loans and thereby remain in vital public sector jobs that provide New Yorkers with critical constitutionally and legally mandated services.