



The State Bar of California

LOAN REPAYMENT ASSISTANCE PROGRAM: A PROPOSAL TO IMPROVE ACCESS TO LEGAL SERVICES FOR THE MOST VULNERABLE

BACKGROUND

In 2020 the State Bar of California published the first-ever comprehensive study of the California Justice Gap. (<http://www.calbar.ca.gov/Access-to-Justice/Initiatives/California-Justice-Gap-Study>). The study brought into stark reality the struggle low-income Californians face in securing help to address their legal needs. The study found that low-income Californians received no or inadequate legal help for 86 percent of their civil legal problems, and that legal aid organizations, the primary source of legal help for low-income Californians, could fully resolve only 30 percent of the problems presented to them. Among the reasons for that startling statistic: staffing challenges limit legal aid organizations' capacity to serve clients.

Today, law school graduates enter the legal profession carrying an average of almost \$165,000 in student loan debt.¹ And the situation is worse for attorneys of color who typically carry higher median student loan balances at graduation.² Entering law school, almost one quarter of law students indicate a desire to work in public interest. But student loan debt stands in the way for many. By the end of law school, almost half of students in California who were drawn to public interest drift away from their desire to work in that environment, most often citing student loan debt and lack of faith in the federal government's Public Service Loan Forgiveness program as key reasons for their decision.³

But the problem doesn't stop with bringing new lawyers in to legal aid organizations. Among civil legal aid employers, high student loan balances coupled with low salaries present a major barrier to long-term employment and contribute to a worsening retention crisis in addition to a recruitment crisis. Legal aid organizations now lose almost one third of their attorney employees every two years due to turnover.⁴ Attorneys who leave legal aid positions repeatedly cite financial stress as the primary factor prompting their departures.⁵

This turnover is not simply an inconvenience for legal aid employers. It represents lost capacity to provide services to already vulnerable and underserved populations (low-income individuals and families, persons with disabilities, older adults) as time and resources are devoted to filling vacant positions and training new, often less experienced, staff. There is a way to stem this tide.

¹ Including undergraduate loans, though this amount is mostly comprised of law school loans. American Bar Association Young Lawyers Division, [2020 Law School Student Loan Debt Survey Report](#), p. 7.

² Id. at p. 17.

³ State Bar of California, *Public Interest Drift: Findings from the 2019 California Law Student Survey*, pp. 1, 4-5.

⁴ Legal Aid Association of California (LAAC), [Justice at Risk](#) (2020), p. 2.

⁵ Id. at p. 21.

Loan Repayment Assistance Programs (LRAPs) can alleviate some of the financial burden by encouraging attorneys in legal aid to remain in those positions by paying all or part of their monthly loan payments while they continue in their legal aid jobs. This expands access to justice for low-income Californians, allows legal aid to recruit and retain the most qualified and not just those who are more financially stable, and allows attorneys to engage in meaningful work while addressing their loan debt burden.

NEED FOR A STATE LRAP

Though other LRAPs exist, most often through law schools, they typically have stringent eligibility requirements, and many attorneys—if they even have this option—often find themselves ineligible once they receive a pay raise, get married, or exhaust the limited available benefits.

LRAP must be made more broadly available to legal aid attorneys in California. The State Bar of California (on behalf of the Legal Services Trust Fund Commission and Council on Access and Fairness), the California Access to Justice Commission, and the Legal Aid Association of California have partnered together to develop a proposal and advocate for \$10 million annually to fund an LRAP which would provide a forgivable loan of up to \$10,000 per year (or annual loan payments, whichever is less) to attorneys in IOLTA-funded legal aid organizations or nonprofit legal services organizations under contract with the Department of Social Services to provide immigration related legal services. If the applicant remains working as a lawyer in a qualifying agency for 12 months following the loan award, the loan will be forgiven.

Authorizing the administering agency to cover attorneys' loan payments can result in a benefit that is not itself taxable to the attorney, enhancing the financial benefit by 40 percent or more. To ensure the best use of state funds, the proposal would require applicants to exhaust all other sources of LRAP funding, reducing the amount of state funding that would be required to help cover their loan repayments costs.

Assemblymember Mark Stone has advanced a request to the Assembly Budget Subcommittee to fund this proposal. To ensure that as much as of the State General Fund as possible goes directly for support of the borrowers, the State Bar is pledging \$5 million toward the costs of administering the program.

KEY DATA ELEMENTS:

Estimated number of eligible participants: 1700 (approx.)

Average annual loan payments of legal aid attorneys: \$7,375

Support for this Loan Repayment Assistance Program is critical to recruit sufficient numbers of attorneys to legal aid, and to stem the tide of attorneys departing legal aid after just two years because of financial concerns.