

LSC Staff Reports on Results of Survey of Recipients' Loan Repayment and Assistance Programs (LRAP) and Retirement Plans

At the September 2003 Legal Services Corporation (LSC) Board meeting, several witnesses testified before the Finance Committee that high student loan debt and poorly funded retirement plans were having a dire impact on recipients' ability to recruit and retain highly quality staff attorneys. LSC staff was asked to collect relevant information from recipients and to report at the January 2004 board meeting on the impact of student debt and pension plans. LSC staff sent a survey on December 8, 2003 to all of its recipients (142) and received responses from 105.

Student Debt

The survey inquired if recipients had LRAP and if so, if they considered them to be effective recruitment and retention tools. More than 75% of the reporting recipients with LRAP found them to be effective for recruitment and retention of staff attorneys.

All recipients were asked if they believed that high student debt was a serious impediment to recruitment and retention of staff attorneys. Fifty-seven percent believed that high student debt was a serious impediment to recruitment and 33% believed it was a serious impediment to retention.

Recipients were asked if staff leaving legal services left for higher salaries and how many of them left because of high student debt. Of those responding 24% of those leaving leave for higher salaries and of those 12% leave because of high student debt.

Retirement

Recipients were asked if they provided retirement programs for staff. Of the recipients responding 96% have retirement programs and 52% have 403 (b) plans.

The materials presented to the LSC Board on January 31, 2004 follow.

Report

**Employer Loan Repayment Assistance Program (LRAP) and
Retirement Benefit Plan Survey**

Finance Committee

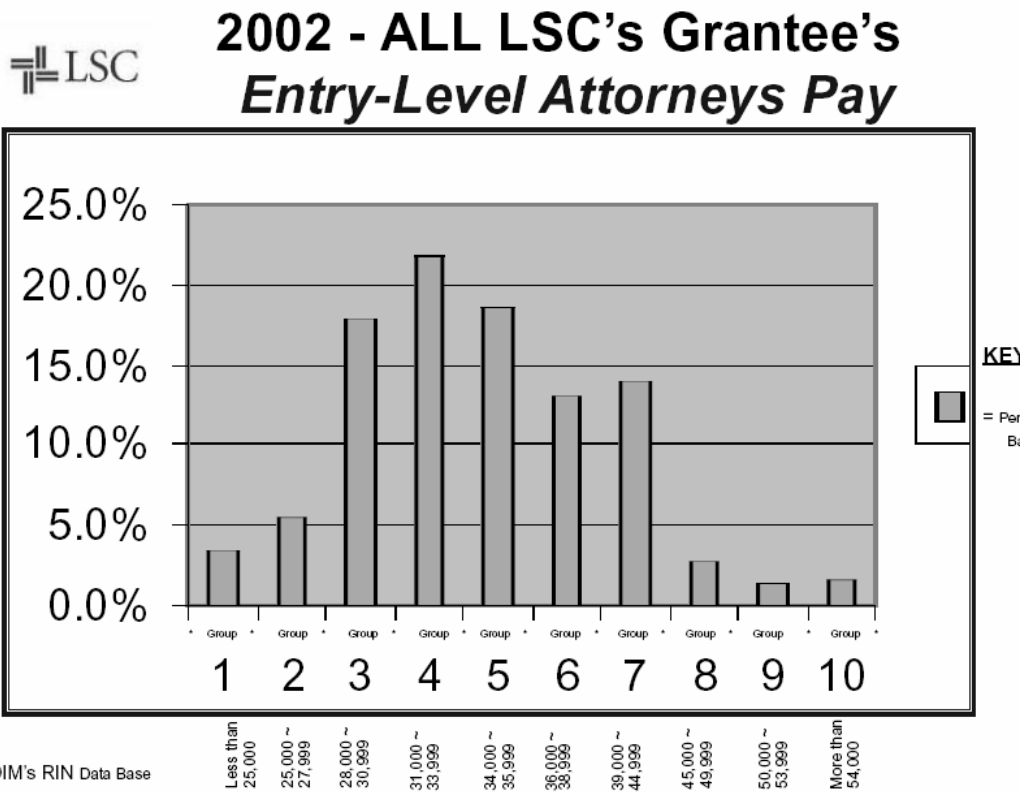
January 30, 2004

FACT SHEET

LOAN REPAYMENT AND ASSISTANCE PROGRAMS

- In a 2001 survey of third year law students 66% of the respondents reported that law school debt prevented them from considering a public interest or government job. (“From Paper chase to Money Chase: Law School Debt Diverts Road to Public Service,” Equal Justice Works, November 2002.)
- Most law school graduates have a cumulative debt from undergraduate and law school that exceeds \$80,000. (“Lifting the Burden: Law School Debt as a Barrier to Public Service,” ABA Commission on Loan Repayment and Forgiveness, 2003.)
- Post-graduate debt relief programs for legal services lawyers are limited:
 - Some law schools, along with other entities, including the Equal Justice Works Fellowship Program and the Skadden Fellowship Program, have established post-graduate fellowship programs designed to fund public interest law related positions for a limited period of time.
 - Approximately 56 law schools offer LRAPS to their graduates. These programs vary in scope. A national report published in 2000 found that of the approximately 50 schools offering LRAPs in 2000, 70% of the total LRAP monies went to graduates of only six schools.
 - State LRAPs currently exist in Arizona, Florida, Maine, Maryland, Minnesota, New Hampshire, North Carolina, and Texas. Some of these programs are funded by IOLTA funds.
 - The Massachusetts Legal Assistance Corporation, a non-profit corporation established by state statute to fund civil legal services in Massachusetts, established a loan forgiveness fund to lend money to attorneys and paralegals employed by MLAC’s grantees. MLAC grantees may choose to nominate employees to receive loans from the fund, which MLAC will forgive upon completion of required service. MLAC will then reduce each grantee’s overall grant by the total amount of approved loans to its employees. A few other state IOLTA programs have adopted this approach. Monies from these IOLTA loan forgiveness funds are not taxable to the employee.
 - Some LSC grantees have created their own LRAPs with grant funds. Monies from these programs generate taxable income to employees.
- Despite these programs, student debt is a factor in the ability of our grantees to recruit and retain attorney staff.

- While law students' educational debts have skyrocketed over the years, our grantees' salaries for new law graduates remain modest.



- Federal agencies are allowed to establish programs under which they may repay federally insured student loans of federal employees in order to recruit and retain highly qualified professional, technical, or administrative personnel. There is no general budgetary authority for these programs, so an agency must fund its loan repayment program by reallocating funds from its own existing budget.

Executive Summary

At the September 2003 board meeting staff was asked to survey all LSC recipients on the subjects of student debt of staff attorneys and retirement benefits offered to staff.

Survey methodology

- The survey and cover letter were sent on December 8, 2003 to all programs (142) that are LSC recipients as of January 2004.
- We received 105 responses to the survey. The excellent response clearly indicates that the issues of loan repayment and retirement are important to our recipients.

Loan Repayment Assistance Program (LRAP)

LRAP Recipients with LRAP for staff

- Thirty-five LSC recipients responding to the survey have LRAP. Seventy do not.
- Only seven of the thirty-five respondents to the survey have had LRAP for more than eleven years. Nine of the programs had started in the last two years. Nine are between three and five years old and nine are between six and ten years old.

LRAP as a Recruitment and Retention Tool

- More than three quarters of the thirty-five respondents with an LRAP believe that it is an effective tool for recruitment (77 %) and retention (80%) of attorney staff.
- Low salaries are the most significant impediment to hiring and retaining qualified staff.
- Respondents with an LRAP program believe that an LRAP makes a recipient more competitive with other government employers.
- Respondents with an LRAP program believe that an LRAP is perceived by staff attorneys as ameliorating one of the significant barriers which attorneys face when working in legal services.
- Respondents with an LRAP program believe that an LRAP allows some experienced staff attorneys to stay in legal services for a longer period of time.

Respondents with LRAP and Respondents without LRAP

- Most of the respondents (65%), both those with and those without an LRAP program stated they have problems recruiting new attorneys.

LRAP as a Recruitment and Retention Tool

- Most of the respondents (57%) both those with and those without an LRAP who commented on the degree to which law school debt impeded its ability to recruit qualified staff attorneys believe that law school debt has a *serious* impact on their ability to recruit qualified staff attorneys.
- Of those recipients responding, both those with and those without an LRAP, 26% believe that debt has only a *moderate* impact on recruitment. Only 14% of the respondents found that debt is *not* an issue in recruitment.
- Most of the respondents (63%), both those with and those without an LRAP have problems retaining experienced attorneys.
- The respondents were more evenly balanced in their perception of the impact of law school debt on retention of qualified staff attorneys. A third (33%) believe that law school debt is a serious impediment to retaining qualified staff attorneys. A bit more than one quarter (27%) thought that law school debt did not have a serious impact on retention. Only a few of the respondents (3%) thought that school debt is a moderate impediment to retaining qualified staff attorneys.

Salary Issues

- About 21% of staff attorneys who leave legal services do so because of the low salary.
- Of the staff attorneys leaving because of low salary about 12% leave because of outstanding student loans.

Minority Recruitment

- Almost three quarters (72%) of the respondents stated they have difficulties attracting minority candidates.
- It is unclear if law school debt impedes a recipient's ability to recruit minority candidates. Less than half (43%) of the respondents who commented to our question asking if law school debt seriously impeded its ability to recruit minority candidates stated that law school debt was a significant impediment. More than one third, (37%) stated that law school

debt was not a serious impediment to recruiting minority candidates. Only 18% of the respondents stated that law school debt has a moderate impact on recruitment of minority attorneys.

Retirement

LSC Recipients with retirement programs for staff

- Almost all (96%) of the recipient programs responding have a retirement benefit plan for its attorneys.

Types of retirement programs

- A little more than half (52%) of the recipients responding have 403 (b) plans.
- Almost one quarter (20.8%) of the recipients responding have 401 (k) plans.
- Most plans are funded by both employee (89%) and employer (85%) contributions.

Employer Loan Repayment Assistance Program (LRAP) and Retirement Benefit Plan Survey

Program Name: _____

LSC Funded: _____ Yes _____ No

Name of Person Filling Out Survey: _____

Title of Person Filling Out Survey: _____

Email address: _____

Telephone number: _____

LRAP

1. How many attorneys work for your program?
2. How many of those attorneys have outstanding loans from undergraduate or law school?

Based on the information provided by all of the programs responding to this question it appears that nationally more than 1/3 of all attorney staff have outstanding loans.

We divided all programs responding to the survey into five categories by number of staff attorneys.

Number of attorneys in Program	Number of LSC Programs	Number of Programs Responding	Percent with outstanding loans
0-9 attorneys	25	20	40.08%
10-19 attorneys	39	26	37.84%
20-39 attorneys	45	27	33.79%
40-79 attorneys	24	21	38.99%
80-170 attorneys	10	8	Insufficient data

3. Does your organization provide loan repayment assistance to its attorneys [i.e., do you offer an employer funded loan repayment assistance program (LRAP)] *If you answered No, proceed to question 9.*

YES: 35

NO: 70

One recipient indicated that it had to abandon its LRAP program.

“CVLAS provided assistance for LRAP from 2001 thru October 2002. Reimbursements were made up to \$3,000.00 per year and pro-rated for part-time staff. Management staff was exempt from this program in 2003 and it will be discontinued all together in 2004 due to loss of funding.”

4. If you answered YES above, when was this program started?

Responses were divided into four categories showing years the LRAP was in place.

Number of years since LRAP began	Number of programs
0-2 years	9
3-5 years	9
6-10 years	9
11 or more	7

5. Has your organization's LRAP been an effective tool for RECRUITMENT?

YES: 24

NO: 7

6. If yes, please describe how your organization's LRAP has aided your RECRUITMENT efforts.

We received 9 comments to this question. Below are a few of those remarks. All of the comments are attached for your review.

“As a non-profit organization we cannot afford to pay what a firm would pay a new attorney. We are competitive. What we can offer is a good benefit package, which includes a loan repayment program. This program increases our ability to negotiate with incoming attorneys since the loan income increases their income.”

“It has helped us compete for and hire young attorneys we otherwise would have lost.”

7. Has your organization's LRAP been an effective RETENTION tool?

YES: 24

NO: 6

8. If yes, please describe how your organization's LRAP has helped with RETENTION.

We received 21 comments to this question.

One recipient stated that LRAP was not helpful in retention because the amount is not significant enough to make a difference in retention.

Others believed that LRAP was helpful but that the significantly higher salaries paid by other organizations continues to adversely affect retention.

Two respondents indicated that LRAP was helpful only in the first 5 years.

Six respondents had very positive statements about the benefit of an LRAP program to retention.

Below are a few of those remarks. All of the comments are attached for your review.

“Two attorneys in the last year who would have been exploring other possibilities have remained”.

“Our LRAP has been an important factor in enabling about half of its participants to stay with us long-term. Most of the remaining participants left us after two or three years, even though that meant they would need to repay their loans to us.”

9. Does your program experience problems recruiting new attorneys?

YES: 68

NO: 33

Two respondents gave general reasons for recruitment difficulties.

“Sometimes, especially recruitment of minority attorneys.”

“Yes. It is very difficult to attract people to work in a rural area for a low salary.”

10. If yes, how seriously does the issue of law school debt impede your ability to recruit qualified staff attorneys?

We received 49 comments on how law school debt impedes a recipient’s ability to recruit qualified staff attorneys. Some of the comments are listed below and all of them are attached for your review.

Twenty-eight indicated that it has a serious impact on recruitment using terms like significantly, very seriously, quite seriously, and greatly.

A few of their comments include:

“Law school debt is probably a major factor especially coupled with our low salaries. Entry-level attorneys start at \$26,727/year. Legal Action had a new attorney who has had to move in with her parents because she could not make her student loan payments and also pay rent.”

“MLSA has now had at least 12 applicants mention that, without an LRAP, MLSA salaries are insufficient to meet the student debt burden.”

“Law school debt is a major impediment. I have had several job offers turned down this year (prior to LRAP) because of high law school debt.”

Thirteen of the respondents stated that law school debt had a moderate affect on recruitment. Their comments included:

“It is not too serious, but law school debt and low salaries do affect recruitment.”

“It affects our ability to recruit to some degree.”

Seven respondents believe that student debt was not an issue in recruitment. Their comments included:

“It is not too serious, but law school debt and low salaries do affect recruitment.”

“Not that much of an issue.”

Two stated that it was hard to determine.

“It is hard to tell. One of our attorneys rescheduled his law school debt to go to work for us. He now has a very lengthy repayment schedule, almost as if he were buying a home. I have interviewed several outstanding candidates that would not even consider a job offer because they could not repay school loans on the salary we could offer.”

“The answer to this question is not really known. However, my educated guess, with over 35 years in Legal Services, is that student debt discourages many people from applying for positions. On the other hand, if salaries were 50% higher, student debt would not be as big a deterrent to Legal Services employment as it is now.”

11. Does your organization experience problems with attorney retention?

YES: 63

NO: 36

12. How seriously does the issue of law school debt impede your organization's ability to retain qualified staff attorneys?

Eighteen respondents stated that law school debt was a serious problem in retaining qualified staff attorneys.

Some of their comments included:

“Yes and it is getting worse.”

“It would be extremely serious without LRAP.”

“In the past three years, MidPenn has lost many qualified young attorneys due to the law school debt. It is particularly disheartening to lose young people who are excited about working in legal services and who are doing great work because they are saddled with high debt. I do believe it is also an issue of salary equalization. Together both of these issues affect the caliber of staff that we are able to recruit and retain.”

“We have had several attorneys in the last four years mention that a lack of an LRAP, combined with low salaries, has forced the attorneys to go elsewhere for a new position.”

“Quite seriously. We have over the past several years experienced a pattern of new attorneys leaving us after 12-24 months as a result of their inability to pay their student loans. In their exit interviews these attorneys express their reluctance to leave, stress that they are having a positive experience with us, but say they must leave as a result of their loans coming due.”

Fifteen respondents answered that law school debt was not a serious factor in retaining qualified staff attorneys. They used descriptions like-- minimally, some small amount, not a real issue, it was a fact in only one instance, and it is not a serious factor.

Other comments were:

“I think we have been able to retain the most committed staff. Staff persons who are less committed to legal services work have left.”

“So far, it has not, although it is becoming more of an issue, particularly for lawyers of color.”

Three responded that it had a moderate effect on the ability to retain qualified staff attorneys.

Two respondents stated they were not sure of the impact on recruitment:

“This is hard to evaluate; I’d say the issue is more on the recruiting end although we did lose an attorney recently to a private law firm for financial reasons largely, in my view, tied to her loan commitments.”

“That is difficult to say. It appears that a fraction of those attorneys who have left have done so with the purpose of taking an attorney job at a higher salary. Law school debt may have been a factor in a few cases, but overall program funding, and therefore, overall salary rates and benefit packages, in comparison with both private and public sector law firms, likely played a more prominent role.”

13. Within the last three years, how many attorneys resigned from your program to take a job at a higher salary?

We received 103 responses to this question and we divided all programs into five categories by number of staff attorneys.

Number of attorneys in program	Number of LSC Programs	Number of Programs Responding	Percent that left for higher salary
0-9 attorneys	25	20	23.93%
10-19 attorneys	39	26	17.72%
20-39 attorneys	45	27	21.34%
40-79 attorneys	24	21	13.53%
80-170 attorneys	10	8	28.68%

14. Of those attorneys who resigned to take a job with a higher salary, how many needed the higher salary to pay their student loans?

We received 103 responses to this question and we divided all programs into five categories by number of staff attorneys.

Number of attorneys in program	Number of LSC Programs	Number of Programs Responding	Percent that left for higher salary to pay student loan
0-9 attorneys	25	20	14.75%
10-19 attorneys	39	26	10.36%
20-39 attorneys	45	27	12.88%
40-79 attorneys	24	21	Insufficient data
80-170 attorneys	10	8	Insufficient data

15. Does your organization experience particular difficulties attracting minority candidates?

YES: 72

NO: 30

Undecided: 2

16. How seriously does the issue of law school debt impede your organization's ability to recruit minority candidates?

We received 58 comments. Twenty-five said that law school debt significantly impeded the recipient's ability to recruit, minority candidates. They used descriptions such as seriously, significantly, greatly, and very seriously.

Their comments included:

“The recruitment problem is increased where minority staff attorneys are concerned because there are fewer of them who leave law school debt free.”

“Very, many minority students in our area have a high amount of law school debt.”

“This is the area where law school debt has the greatest impact on hiring.”

Eleven recipients responded that student debt had only a moderate impact on recruitment of minority attorneys.

Their comments included:

“Law school debt is a factor, but not the only factor: the job market for minority lawyers in California is very good and the opportunities to do litigation or to establish a successful law practice are excellent.”

Twenty-two respondents stated that student debt was not a serious impediment to recruitment of minority attorneys or that they didn't know if it was a problem. Some stated it was no different than recruitment of non-minorities.

Some of the statements included:

“It has not appeared to impede our ability; however, to the extent we could offer higher salaries or offer a higher level of assistance with outstanding loans, we are certain that we would be able to expand our pool of minority candidates.”

“I do not believe that it has been nearly as significant as low wages and lack of positions. Our last two vacancies were filled with African Americans. LAET/KLAS has had more minority attorneys than any firm in the greater Knoxville area. They move onto much higher paying jobs or to different states.”

“It might be a factor, but low salaries generally are the main reason. A Native or Hispanic lawyer especially (which are the major minority groups in our service area) would be targeted immediately upon graduation for a corporate or large firm job partly because of their minority status. We can't compete with those entities in salary.”

17. Would your program participate in a program similar to those IOLTA programs in Massachusetts and Florida in which your grant is reduced to fund loan repayment of your staff participating in a loan repayment program?

YES: 40

NO: 53

We received only three comments to this question. All three were opposed to such a program. However, under the last question (18) asking for other useful comments and information two respondents stated that they favored the Massachusetts IOLTA model. The major concern expressed was that it would be a further reduction in the recipient's grant.

One of the comments was:

“Given that in our state these funds are limited and already designated for other purposes this would not be our first choice. We would be more interested in funding such efforts ourselves, or as part of a national effort through LSC.”

18. Please add any other useful comments and information you may want to share.

We received 38 additional comments. Many repeated information given in answering prior questions. A few commented on their particular situation. A number expressed suggestions as to what they believed would help the overall problem of hiring and retaining quality staff. Some of those comments follow and all comments can be found as an attachment.

“We are grateful that the Legal Services Corporation is exploring this important issue. We hope that LSC will provide leadership on this matter nationally, and work with other key players, including the American Bar Association, law schools, and state justice communities, in helping to find a resolution.”

“The inability of the program to raise attorney salaries because of stagnant LSC funding and declining IOLTA funding has had a major impact on recruitment and retention. Also, skyrocketing health insurance premiums are killing us. We need more funds for these purposes.”

“We need earmarked LSC or other funding for LRAP.”

“The recruitment and retention of young attorneys is not solely affected by student loans but also by low salary scales.”

“I do not favor a LRAP program at the LSC level. We need to find new sources of income for LRAPs.”

“I would like to see Congress appropriate a line item in our national grant, much like the technology line item, for LRAP.”

“Of course the best solution would be to convince Congress to appropriate more funding so programs could hire an adequate number of attorneys and provide comparable salaries to at least state attorney salaries.”

“Raising attorney salaries seems to have a larger impact on attracting and retaining qualified candidates than our LRAP program. We have experienced significantly less turnover since raising our starting salary to \$34,000, the highest starting salary among Virginia legal aid programs.”

RETIREMENT

1. Does your organization provide a retirement benefits plan to its attorneys?

YES: 97 NO: 6

“Our retirement plan currently is funded by employees only. At the end of 2002, CVLAS discontinued the employer’s contribution due to loss in funding.”

2. If you answer no proceed to 15.

3. Is the retirement benefits plan offered to all employees?

YES: 92 NO: 1

4. Is the plan a Defined Benefit Plan? _____ (A defined benefit plan is a retirement plan that pays the employee a fixed periodic benefit or a specified amount, all at once, when she retires. Employees may, or may not be required to contribute to the plan, depending on the plan's design)

YES: 12 NO: 70

5. Is it a Defined Contribution Plan? _____ (A defined contribution plan is a company retirement plan, such as a 401(k) or 403(b), in which the employee elects to defer some amount of his/her salary into the plan and bears the investment risk.)

YES: 81 NO: 8

6. Is it a:

- | | |
|--|-----------|
| <input type="checkbox"/> 403 (b) Plan | 60 |
| <input type="checkbox"/> Tax sheltered annuity | 18 |
| <input type="checkbox"/> 401 (k) Plan | 24 |
| <input type="checkbox"/> 401 (a) Plan | 2 |
| <input type="checkbox"/> Other | 11 |

7. Is the plan funded by employee contributions?

YES: 84 NO: 10

8. Is the plan funded by employer contributions?

YES: 78 NO: 13

9. Is there an employer matching contribution?

YES: 36

NO: 51

10. If so what percentage is the matching contribution?

1%	2
2%	9
3%	7
4%	7
5%	5
6%	1
7%	2
8%	2
9%	2

Note: Four programs contribute a flat contribution rate.

11. If the plan is funded or partially funded by employer contributions, what is the vesting schedule?

Immediate	23
1 year	7
2 years	5
3 years	9
4 years	3
5 years	20
6 years	6

Note: Figures reflect year when employee receives 100% (if specified on survey).

12. What is the date of inception for the plan?

0-2 years	16
3-5 years	8
6-10 years	20
11 or more	39

13. Have there been years since the inception of the plan when the program has not been able to make a contribution at all or to make less than the maximum employer contribution due to the lack of funding?

YES: 30

NO: 54

14. If yes, how many?

0-2 years	12
3-5 years	6
6 or more	6

15. If your organization does not provide a retirement plan to staff are you considering starting one?

YES: 2 NO: 7

16. Please add any other useful comments and information you may want to share.

We had 30 comments to this question. Some of the comments are below. All of the comments are attached for your review.

“We have continued our long-standing commitment to providing some pension benefits for all staff. Due to increases in salaries and the poor performance of the stock market over the past few years, our annual contribution requirement has more than doubled. This year it is nearly \$800,000. The benefit itself is much lower than we would like it to be and the formula is more complicated: “2% of your Final Average Compensation less 2 2/3% of the Primary Social Security Benefits multiplied by your Years of Service for benefit accrual purposes up to 25 years plus ½ % of Final Average Compensation multiplied by your Years of Service in excess of 25.” To date, the cost of simplifying it without reducing actual benefits has been too great to make changes.”

“After 27 years of service the employee may retire at 60% of his/her highest three-year average. The plan is not offset by Social Security. Legal Services programs should see if there is a way to get into the federal pension system of their state system. For most of them, the 403 B route is not going to provide enough income to permit them to retire with dignity.”

“It limits employment opportunities. We had one attorney just retire at age 83 and only to keep retrenchment from costing other people jobs. She has taken other work. Senior staff cannot afford to retire. Additionally, as shown in Kentucky, a true pension program can allow talented senior staff to leave a program, make room for others and to continue critical advocacy unfettered by LSC/Congressional regulations.”

“We would like to see LSC take a leadership role on this issue.”

“We do not have as high as participation in the 403 (b) as I would like. It is difficult to get young employees to focus on retirement. Also, I have been advised that several of our attorneys cannot afford to participate due to their student loan debt.”

“We believe that there is somewhat more support for an employer funded pension program (among staff and managers here) than LRAP, partly because a pension program would apply equally to all employees and partly because such a program rewards a long-term commitment to the program.”

“Employer contribution has been discussed during collective bargaining but as yet to have been included as part of any labor contract settlement.”

“Our pension plan is very inadequate. The contributions start in the second year of employment and are funded at 1.5% of salary. It takes twenty years to reach contributions of 6% of salary.”

“Issues relative to retirement are identified as regularly by staff as loan assistance and appear to be an equal motivation for staff to look (or consider looking) for new work, as they are concerned about sufficient savings in future years. Salaries will never be large enough to allow for substantial savings so that any retirement assistance will be especially meaningful for all staff.”

“Looking to cut back to 5%. Plan is too expensive.”

“Even with a 403(b) plan, we are not able to provide adequate retirement benefits. After September 11th, the bottom fell out of the economy, and everyone lost most of the value of his or her retirement accounts. We have 3 employees over the age of 65 who cannot afford to retire. For those employees who started before 1982, there was no requirement for non-profits to pay Social Security tax. So for long time employees with more than 20 years of service with the program, they don’t even have Social Security contributions. Lack of retirement benefits is another reason it makes it difficult to recruit and retain young attorneys.”

“A Defined Contribution Plan only provides a very limited amount of money for retirement. For example, most TRLA employees with more than 20 to 25 years employment service have less than one year’s worth of salary accumulated in their Pension Fund. If most programs have Defined Contribution Plans such as TRLA then it is most likely that these plans are severely under funded and cannot be seriously considered a retirement plan. LSC should consider a plan to assist grantees in converting to a Defined Benefit Plan, which provides a percentage of an employee’s salary per month upon retirement for life.”

“Retirement plans are particularly valuable in retaining long-term skilled employees who could obtain employment elsewhere.”



December 8, 2003

Recipient Name
Company Name
Executive Director
Address

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John N. Erlenborn

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Ernestine P. Watlington
Harrisburg, PA

RE:

Dear Executive Director:

The impact of a law school graduate's debt on her ability to engage in a public service career has recently been widely reported in the press especially with the release of the ABA Commission on Loan Repayment and Forgiveness report. The LSC Board of Directors is also concerned about this issue as it affects the ability of legal services programs to recruit and retain qualified staff attorneys. Further, the LSC Board is also interested in the issue of whether programs provide retirement benefits to its staff.

The LSC Board is seeking information about programs' current practices in the area of loan repayment assistance programs and retirement benefit plans. The information will be used to assist the LSC Board develop policy in these two areas.

Please take the time to complete this short survey and return to us at xxxx@lsc.gov by December 23, 2003.

If you have any questions about this survey, please contact John C. Eidleman at (202) 295-1640 or eidlemaj@lsc.gov or Cynthia Schneider at (202) 295-1544 or schneidc@lsc.gov.

Thank you.

Sincerely yours,

John N. Erlenborn
President
LSC

Employer Loan Repayment Assistance Program (LRAP) and Retirement Benefit Plan Survey

Program Name: _____

LSC Funded: _____ Yes _____ No

Name of Person Filling Out Survey: _____

Title of Person Filling Out Survey: _____

Email address: _____

Telephone number: _____

LRAP

1. How many attorneys work for your program?
2. How many of those attorneys have outstanding loans from undergraduate or law school?
3. Does your organization provide loan repayment assistance to its attorneys [i.e., do you offer an employer funded loan repayment assistance program (LRAP)] *If you answered No, proceed to question 9.*
4. If you answered YES above, when was this program started?
5. Has your organization's LRAP been an effective tool for RECRUITMENT?
6. If yes, please describe how your organization's LRAP has aided your RECRUITMENT efforts.
7. Has your organization's LRAP been an effective RETENTION tool?
8. If yes, please describe how your organization's LRAP has helped with RETENTION.
9. Does your program experience problems recruiting new attorneys?

10. If yes, how seriously does the issue of law school debt impede your ability to recruit qualified staff attorneys?
11. Does your organization experience problems with attorney retention?
12. How seriously does the issue of law school debt impede your organization's ability to retain qualified staff attorneys?
13. Within the last three years, how many attorneys resigned from your program to take a job at a higher salary?
14. Of those attorneys who resigned to take a job with a higher salary, how many needed the higher salary to pay their student loans?
15. Does your organization experience particular difficulties attracting minority candidates?
16. How seriously does the issue of law school debt impede your organization's ability to recruit minority candidates?
17. Would your program participate in a program similar to those IOLTA programs in Massachusetts and Florida in which your grant is reduced to fund loan repayment of your staff participating in a loan repayment program?
18. Please add any other useful comments and information you may want to share.

RETIREMENT

1. Does your organization provide a retirement benefits plan to its attorneys?
2. If you answer no proceed to 15.
3. Is the retirement benefits plan offered to all employees?
4. Is the plan a Defined Benefit Plan? _____ (A defined benefit plan is a retirement plan that pays the employee a fixed periodic benefit or a specified amount, all at once, when she retires. Employees may, or may not be required to contribute to the plan, depending on the plan's design)
5. Is it a Defined Contribution Plan? _____ (A defined contribution plan is a company retirement plan, such as a 401(k) or 403(b), in which the employee elects to defer some amount of his/her salary into the plan and bears the investment risk.)

6. Is it a:

- 403 (b) Plan
- Tax sheltered annuity
- 401 (k) Plan
- Other Please describe _____

7. Is the plan funded by employee contributions?

8. Is the plan funded by employer contributions?

9. Is there an employer matching contribution?

10. If so what percentage is the matching contribution?

11. If the plan is funded or partially funded by employer contributions, what is the vesting schedule?

12. What is the date of inception for the plan?

13. Have there been years since the inception of the plan when the program has not been able to make a contribution at all or to make less than the maximum employer contribution due to the lack of funding?

14. If yes, how many?

15. If you organization does not provide a retirement plan to staff are you considering starting one?

16. Please add any other useful comments and information you may want to share.

LRAP
All comments to question 6

6. Please describe how your organization's LRAP has aided your RECRUITMENT efforts.

“As a non-profit organization we cannot afford to pay what a firm would pay a new attorney. We are competitive. What we can offer is a good benefit package, which includes loan repayment program. This program increases our ability to negotiate with incoming attorneys since the loan income increases their income.”

“It allows us to advertise positions with an LRAP amount that can be added on to our low attorney starting salary (starting attorney salary is \$27,714 so \$3,600 in an LRAP gets it above \$30,000).”

“It is highlighted as a benefit when recruiting lawyers.”

“Qualified attorneys are willing to accept less salary than they would receive at private firms without LRAP.”

“Our program reimburses up to \$2,000 per year for student loan repayment. In recruiting recent law school graduates, the salaries offered by legal services programs are not very competitive with private firms or state and federal attorney jobs. With the LRAP, we tell them that this benefit is worth an additional \$2,000 in salary.”

“It added to the salary even though it was such a small amount and was very much appreciated by the new attorneys.”

“It is an issue that many prospective hires have inquired about. It is listed on our website as a benefit for staff. After we lost a prospective hire to New Hampshire because of their superior LRAP program, we began working with our IOLTA foundation to create a program that would be tax-free to recipients.”

“It has helped us compete for and hire young attorneys we otherwise would have lost.”

“It helps offset the low entry-level salaries we provide new hires.”

“Since the implementation of the program, we now received more applications from law graduates of major law schools who are interested in a public interest law career.”

LRAP
All comments to question 8

8. Please describe how your organization's LRAP has helped with RETENTION.

“It effectively raises the salary one step.”

“The one attorney who participates is able to concentrate on his work not his finances, and this has kept his stress more manageable.”

“The institution of the program was well received; our retention rate is high, though it cannot be determined how much the LRAP program has influenced that.”

“Our present salary schedule, especially at the lower end for new attorneys, is not competitive with other “public sector” employers. It is rare that new graduates do not have serious student loan debt. Having an LRAP program is perceived as salary enhancement for a necessary expense.”

“Attorneys can stay who would otherwise not be able to afford staying.”

“Though it’s not a large amount, the program signals to staff that we care about their financial situation.”

“Upon institution, one attorney who was leaving due to large loan burden, stayed.”

“Staff attorneys have more available income to meet high cost of living in area.”

“Two attorneys in the last year who would have been exploring other possibilities have remained.”

“Staff considers it an offset/benefit when assessing their salaries.”

“Because legal services programs like ours are not able to compensate our advocates at a level that they may be able to achieve in the private sector our benefits and our other programs become an important tool in hiring and retention.”

“Attorneys can generally defer the law school debt payments for two years and then must start paying ...that is when our LRAP program, and the Florida Bar Foundation (IOTA) LRAP program become essential. For example, we have one superb attorney on staff that would have been forced to leave but for that LRAP help at the two-year mark.”

“(1) CRLA’s LRAP makes it possible for some of those employees to meet their debt burden, without the constant pressure of the employee not being able to make ends meet, (2) For those whose debt burden is not covered by the LRAP, Law School and other loan forgiveness programs are sought out for assistance.”

“With the \$2,000 additional benefit the salaries are a more little competitive until the student loans are paid off or at least paid down.”

“Staff support for the program has remained strong even in times when the program was looking at funding cuts/possible layoffs -- which suggests that existing staff feel we need the program to make work at Pine Tree affordable for them.”

“People stay longer because we pay their law school loans (100%) by their third year of employment with TRLA.”

“Our LRAP has been an important factor in enabling about half of its participants to stay with us long-term. Most of the remaining participants left us after two or three years, even though that meant they would need to repay their loans to us.”

“LRAP is not available with the AG’s office or other public interest firms, and it provides our attorneys with more money for personal use.”

LRAP
All comments to question 10

10. How seriously does the issue of law school debt impede on your ability to recruit qualified staff attorneys?

“Seriously, if rate of pay doesn’t cover their living expenses & their loan payment they have to give up their dream of doing this type of law.”

“We believe it is a serious impediment. There are budgetary issues that cannot be overlooked with respect to hiring and fully staffing with very experienced attorneys. Also, experience alone does not necessarily mean passion for the mission and excellent client service. Few applicants fresh out of law school are without significant loan debt. Those new attorneys, even if they were inclined to public service work, need the extra incentive.”

“Significantly.”

“Very seriously. Most new attorneys with debt as high as \$100,000.00 cannot afford to pay back debt on Legal Services for Cape Cod and Islands, Inc. salary.”

“Greatly, due to the amount of debt owed by law graduates whom then must search for higher paying jobs.”

“Law school debt is probably a major factor especially coupled with our low salaries. Entry-level attorneys start at \$26,727/year. Legal Action had a new attorney who has had to move in with her parents because she could not make her student loan payments and also pay rent.”

“Many candidates at interview for attorney positions have declined to be considered for employment when told the starting salary and indicated that the reason was student loan debt.”

“Very Much.”

“It severely limits the pool as our wages are insufficient to service large law school debt.”

“Serious problem.”

“Very seriously. Loan repayment combined with a starting salary that generally is less than that offered by private law firms, makes it difficult for new attorneys to accept legal Services positions. We have had several well-qualified applicants turn down job offers over the past three years because the salary we could offer was too low.”

“Serious.”

“Before LRAP, exacerbated low salaries.”

“Greatly.”

“Law school debt is a major factor & we need to do a better job of addressing it through increased loan payments, salary, and pushing more law schools to participate in a significant manner.”

“Anecdotally, we understand this to be a major obstacle to graduates who rely solely on LSNY salary.”

“MLSA has now had at least 12 applicants mention that, without an LRAP, MLSA salaries are insufficient to meet the student debt burden.”

“I believe it is a factor. We have had student interns who have indicated that they could not contemplate taking a position with us because they faced large student debt upon graduation. The attorneys who we interview are applying to advertised positions at a known salary rate. We cannot know about potential applicants who did not apply because of law school debt. Loan repayment generally does not come up during the interview process. “

“It is a major obstacle.”

“Quite seriously.”

“Somewhat seriously.”

“It is a factor even when we have an outstanding pool of applicants.”

“Our lack of adequate funding impedes our ability to hire in general.”

“Law school debt is a major impediment. I have had several job offers turned down this year (prior to LRAP) because of high law school debt.”

“It is very significant. Every applicant that we have interviewed has other alternatives, most with higher salaries and better benefits.”

“Many times minority law school graduates are saddled with huge law school loan debts, which make it unwise to accept a job, which pays an entry-level salary of approximately \$28,000.”

“It significantly reduces the number of graduates able to afford a legal aid salary.”

“Law school debt for our staff averages \$60,000 per attorney. That debt adds to the expenses required to maintain a quality consistent with a modest life-style.”

“Significantly.”

“Seriously impedes, if no LRAP.”

“It is a very serious problem. Many law students cannot even consider coming to work for us at our salary levels due to the size of their student loans.”

“Greatly. With low salaries, unstable funding sources, and the fact that attorney job at legal aid programs aren’t held in high esteem in the legal community, only a fraction of law students are truly interested in working at a legal aid program. Many of the applicants who apply for attorney openings are law students who haven’t been hired by anybody else, or they are solo practice lawyers who aren’t making any money. Also, most of the attorney vacancies are in very rural communities where nobody wants to live.”

“Moderately”

“N/A. However, this response does not imply that the burden of law school loan debt is not a formidable problem; it clearly is.”

“When we added this fringe benefit our recruitment problems in the rural areas decreased.”

“It is not too serious, but law school debt and low salaries do affect recruitment.”

“Affects ability to some degree.”

“Moderately.”

“Because our program is so limited, it only begins to address the problems of people with large debt.”

“Not that much of an issue.”

“We have been able to recruit highly qualified attorneys but the high debt load is an obstacle.”

“Moderate effect.”

“It is hard to tell. One of our attorneys rescheduled his law school debt to go to work for us. He now has a very lengthy repayment schedule, almost as if he were buying a home. I have interviewed several outstanding candidates that would not even consider a job offer because they could not repay school loans on the salary we could offer.”

“The issue of law school debt is often a large problem in recruiting attorneys and if we are able to recruit attorneys it becomes a problem in retaining those attorneys who have large law school debt. This usually becomes a problem after two years.”

“The answer to this question is not really known. However, my educated guess, with over 35 years in Legal Services, is that student debt discourages many people from applying for positions. On the other hand, if salaries were 50% higher, student debt would not be as big a deterrent to Legal Services employment as it is now.”

“This presents a substantial recruitment issue. The law school debt is too high given our salary scale. Attorneys’ salaries range from \$26,500 to \$55,000. A newly hired attorney’s salary starts at \$26,500 and increases about 3% a year plus the cost of living.”

“This is hard to quantify, but we do know that most new advocates come to the organization with significant law school related debt.”

“Somewhat with the new straight out of law school attorneys. For the most part, our attorneys have been with our program over 10 years.”

“It is a large factor considering the low salaries of legal aid attorneys compared to the private sector.”

“Some, but it is more a problem of non-competitive salaries.”

“Don’t know.”

LRAP
All comments to question 12

12. How seriously the issue of law school debt impedes on your organization's ability to retain qualified staff attorneys?

“One of several major causes.”

“Very Seriously.”

“Quite seriously. We have over the past several years experienced a pattern of new attorneys leaving us after 12-24 months as a result of their inability to pay their student loans. In their exit interviews these attorneys express their reluctance to leave, stress that they are having a positive experience with us, but say they must leave as a result of their loans coming due.”

“Seriously.”

“Greatly, simply because our current attorneys are constantly complaining about the high college debt. “

“Significantly.”

“Serious.”

“Used to impede before LRAP.”

“It is a serious issue. If a way could be found to help attorneys with their law school debt outside of Legal Aid's budget, the extra bargaining tool would be very helpful in hiring and retaining staff attorneys.”

“Very Seriously at the end of the 3-year period.”

“Law school debt is a serious issue. Even with LRAP, many cannot afford to fully pay their debt service; at least 1 attorney chose bankruptcy, while continuing to work at a job she loved.”

“In the past three years, MidPenn has lost many qualified young attorneys due to the law school debt. It is particularly disheartening to lose young people who are excited about working in legal services and who are doing great work because they are saddled with high debt. I do believe it is also an issue of salary equalization. Together both of these issues affect the caliber of staff that we are able to recruit and retain.”

“Very seriously.”

“It has been a significant problem for us. We have lost one attorney in the last couple of years that specifically attributed her resignation to her student loans. While she would have preferred to stay with our program, she simply could not afford to do so. She went into private practice so that she could earn enough to pay her student loans and support her family.”

“It is a very serious issue for recent law school graduates, especially if they don’t have a spouse to help support them. Borrowing money to attend college and law school is the norm, not the exception it was 20 or more years ago. Also the costs of a legal education keep soaring every year. Most law school graduates cannot afford to take a low paying job in a legal aid program.”

“During the last several years, attorneys have left ICLS to take much higher paying jobs locally, e.g. 3 to the public defender, 1 to the district attorneys’ offices.”

“We have had several attorneys in the last four years mention that a lack of an LRAP, combined with low salaries, has forced the attorneys to go elsewhere for a new position.”

“The burden of law school debt is directly related to salary and benefits. We are unable to compete with many other public interest/public sector employers in New York City.”

“After two years with us, one of our most talented young attorneys found that she was unable to afford her loans and living expenses on our salary.”

“Somewhat seriously.”

“Some small amount.”

“Moderately.”

“It is more of a problem with recruitment. Once they take our job offer, most stay unless a substantially higher offer is made.”

“It would if we had younger attorneys.”

“Minimally.”

“Although we don’t have specific data as to the impact of loans, we know that it does have an impact, particularly on attorneys who live in high –cost areas, such as around Washington, D.C., where there also tend to be more higher-paying jobs to which attorneys can move.”

“That is difficult to say. It appears that a fraction of those attorneys who have left have done so with the purpose of taking an attorney job at a higher salary. Law school debt may have been a factor in a few cases, but overall program funding, and therefore, overall salary rates and benefit packages, in comparison with both private and public sector law firms, likely played a more prominent role.”

“Because LAA’s starting salary for new attorneys is only \$32,000, many law school graduates with student loan repayments can’t afford to work for us. It has been our experience that, if an attorney with outstanding student loans does come on staff, his or her tenure is limited to one or two years, due to the need to earn more money to repay those debts.”

“I believe that it has been a factor in only one instance.”

“Mildly serious.”

“Not a real issue.”

“It does not.”

“Moderately serious.”

“I think we have been able to retain the most committed staff. Staff persons who are less committed to legal services work have left.”

“Several attorneys have informed me that they will need to find a higher paying job in order to meet their student debt payments.”

“Moderate effect.”

“Not a serious factor.”

“It would be extremely serious without LRAP.”

“Moderately seriously. Law school debt in general tends to affect recruitment more than retention.”

“Not a significant issue.”

“Not serious.”

“This is hard to evaluate; I’d say the issue is more on the recruiting end although we did lose an attorney recently to a private law firm for financial reasons largely, in my view, tied to her loan commitments.”

“Moderately.”

“I believe it is a factor, but we cannot quantify it.”

“The last 3 years NLS has experienced 20% turnover rate.”

“Has not been a factor in retention.”

“Not heavily at present.”

“The issue is quite serious and getting worse.”

“Our organization competes for lawyers with other local legal service organizations and government agencies and our ability to provide reasonable and comparable overall benefits including a law loan reimbursement program is very important.”

“Not a big issue. I find that if they are not committed from day one, they will move on after a few years. If they are truly committed, then they will stay.”

“It is not a significant factor.”

“So far, it has not, although it is becoming more of an issue, particularly for lawyers of color. “

“Law school debt isn’t specifically mentioned as an issue during the Exit Interview. However, several employees list their reason for leaving is higher pay.”

“Young attorneys seem willing to shoulder the financial burden for a while, but not for too long. “

LRAP
All comments to question 16

16. How seriously does the issue of law school debt impede your organization's ability to recruit minority candidates?

“Somewhat seriously.”

“A little.”

“No different than other recruitment.”

“Probably as serious a problem as for non-minority candidates. It seems like almost all new hires are carrying huge student loan debt.”

“It is the least of our barriers.”

“Severely in areas indicated.”

“Although we have no specific data, we believe it is a factor.”

“It has not appeared to impede our ability; however, to the extent we could offer higher salaries or offer a higher level of assistance with outstanding loans, we are certain that we would be able to expand our pool of minority candidates.”

“The recruitment problem is increased where minority staff attorneys are concerned because there are fewer of them who leave law school debt free.”

“I do not believe that it has been nearly as significant as low wages and lack of positions. Our last two vacancies were filled with African Americans. LAET/KLAS has had more minority attorneys than any firm in the greater Knoxville area. They move onto much higher paying jobs or to different states.”

“It is a major factor, but not a greater factor than salary right now.”

“Mildly serious.”

“Moderately.”

“At least as seriously and probably more seriously than with non-minority candidates.”

“Uncertain. There are insufficient numbers of applicants to venture an opinion. We are confident that the same issue of student debt burden affects minority candidates.”

“Our LRAP is in the Union CBA and offered to managers as well, it adds to payroll up to \$300/month for loan repayment. Each participant is re-certified annually.”

“Somewhat seriously.”

“Moderately.”

“Not sure.”

“Same as for all the others.”

“Seriously.”

“Significantly.”

“Very Seriously.”

“Very, many minority students in our area have a high amount of law school debt. “

“Very seriously – for the same reason as listed earlier.”

“We believe it is a substantial issue.”

“I do not know the answer to this. We have had minorities apply, but I do not know the percentage and do not know how it compares with minority law school graduates in our area. We usually do not know if a person is a minority, other than female, from the résumés we receive. Many job applicants are rejected on the basis of a résumé.”

“Moderate effect.”

“Very Seriously.”

“No longer an issue.”

“Probably not a major factor. Geography is the major bar to minority employment at LSNM. “

“Unknown. I imagine it is a problem for new attorneys. LSNWJ traditionally hires attorneys with some experience, so law school repayment is less of an issue than if we hired new attorneys as a rule.”

“It might be a factor, but low salaries generally are the main reason. A Native or Hispanic lawyer especially (which are the major minority groups in our service area) would be targeted immediately upon graduation for a corporate or large firm job

partly because of their minority status. We can't compete with those entities in salary."

"Moderately seriously."

"Our impression is that this is a factor for candidates who graduate from law schools without LRAP programs. We don't experience this very directly; candidates see the posted salary and simply don't apply. (In other words, we've never had a candidate drop out of the hiring process due to the lack of an LRAP program)."

"Greatly."

"I think it impedes recruitment of all new attorneys other than those from a select few law schools such as NYU or those who have other sources of income."

"This is the area where it has the greatest impact."

"Very few minority attorneys practice in the program's service area and those who do are hired either by the State or by private attorneys."

"The issue of law school debt is definitely part of the problem, and this issue was specifically mentioned by minority law students in a survey that was done in fall 2002 on a statewide basis."

"We have had no minority applicants in the last two years."

"Greatly."

"We do not have a well-developed sense for this. Minority candidates may be selective about where they apply based on their relative demand in the job market and their ability to command higher salaries."

"Very."

"Difficult to determine but appears to play a factor when discussing these issues with colleagues on a statewide basis."

"The combination of debt and low salaries affects the recruitment of minorities."

"Law loan debt is an issue for almost all new hires including minority candidates."

"Unknown, we rarely get minority applicants."

"Does not really impede."

"Not a big factor – the big program is that we serve an almost all-white rural area."

“Somewhat.”

“Law school debt combined with low salaries, working in rural communities that lack diversity and working is job that is not held in high esteem in the legal community make it very hard to recruit minority candidates.”

“Some, although many young attorneys don’t seek out legal services jobs like they used to.”

“Law school debt is a factor, but not the only factor: the job market for minority lawyers in California is very good and the opportunities to do litigation or to establish a successful law practice are excellent.”

“Loan repayment might help this situation but the rural nature of our program seems to be the primary deterrent to minority recruitment. We also question whether minority applicants are more likely than non-minority applicants to have high student loans.”

“I don’t think that debt is the major issue.”

“As mentioned, it is a serious problem with many minority graduates who attended law school on student loans.”

“Given the overall difficulty in recruiting minority candidates in our area, it is difficult to gauge the additional affect of law school debt.”

“If the candidate has a strong interest in public interest law, the loan repayment plan as an alternative to higher salary expectations is a good marketing tool to attract minority attorneys.”

LRAP
All Comments to question 18

18. Please add any other useful comments and information you may want to share.

“Grant reduction would not help. We would then have less money available for salaries and would have difficulty hiring anyone.”

“The inability of the program to raise attorney salaries because of stagnant LSC funding and declining IOLTA funding has had a major impact on recruitment and retention. Also, skyrocketing health insurance premiums are killing us. We need more funds for these purposes.”

“I’m the mother of a law school student (2nd year) planning on working in the public sector. He’ll graduate with about \$75,000 in law school debt. He’s calculated his minimum salary requirement at \$45,000, which puts legal services out of the running for this dual degree (JD, MPA from Syracuse), Law review, and Peace Corps veteran kid. Me, I want grandchildren more than I want him to suffer and sacrifice to work for minimum pay and live with his mother.”

“We are grateful that the Legal Services Corporation is exploring this important issue. We hope that LSC will provide leadership on this matter nationally, and work with other key players, including the American Bar Association, law schools, and state justice communities, in helping to find a resolution.”

“Since the State has assumed responsibility for funding the salaries and benefits of Public Defenders and Child Support Enforcement Unit attorneys, these salaries are now much higher than Legal Aid of Arkansas can offer. We are in a competitive disadvantage in the levels of salaries and benefits, notwithstanding the impact of high student loan repayments for some attorneys. Although only one attorney has left due to the need for higher earnings to repay student loans, many candidates for attorney positions decline to be considered after they are told the starting salary.”

“We with the Public Defenders, Prosecutors and other public interest lawyers will seek legislation in the Kentucky General Assembly in 2004 for a state sponsored student loan pay back program.”

“Corporate funding on a national level needs to be raised for this purpose. LSC reallocation of too little funding only removes flexibility from local programs and adds one more “one size fits all” “solution.” A pension program for senior staff would do more to relieve program budgets and increase opportunities for entry and advancement for minorities.”

“In North Carolina, the state legislature funds a program called Project Leaf, which provides lawyers who take public interest and government attorney positions some loan repayment assistance. Most lawyers in the program receive about \$5,000 per

year toward loan repayment. The problem is that the project is under funded and not every public interest lawyer who qualifies receives assistance.”

“We need earmarked LSC or other funding for LRAP.”

“While programs like LRAP are helpful, as long as such programs are funded out of existing program revenues, they still are of limited utility in recruiting the best and brightest to public service, particularly legal services work. Adequate funding for programs that serve low-income clients is really the issue, to insure that programs can pay a living wage to its employees.”

“Our LRAP is in the Union CBA and offered to managers as well, it adds to payroll up to \$300/month for loan repayment. Each participant is re-certified annually.”

“The recruitment and retention of young attorneys is not solely affected by student loans but also by low salary scales.”

“We have informally surveyed staff and applicants. We believe higher salary, and maintaining top line health benefits and our 7.8% pension contribution are more important than starting an LRAP. Also, we hear a lot of staff resentment about needs based compensation. At least some feel that an employer provided LRAP falls into this category. They already complain that Legal Aid pays most of the family health care premium. Another approach is LRAP as part of a cafeteria plan; however, this approach erodes the employer’s ability to fund raise and may force employees to forgo a pension contribution or health benefits to take the LRAP. We have emphasized a “safety net” of benefits for all staff, including disability, life insurance pension contribution, etc. rather than an equalized cafeteria approach. Lastly, our staff is more worried about the costs of their kids’ educations, and the new debt they are incurring at age 50, than they are about debt of new grads.”

“Our program gives 50% of the minimum monthly payment due, up to \$300 of employer contributions.”

“Loan repayment is a very serious impediment to many law graduates seeking public interest positions. I would be willing to help on this issue.”

“LSC should implement a program similar in nature to the one in Massachusetts.”

“We are funding the program at \$60,000 to cover the first 18 months; we do not yet know the level of benefit this will provide. We are making the program available to graduates of law schools and MSW programs.”

“The problem of school debt is serious. Most of our applicants come from the two private law schools in our area. These students have a huge debt load when they graduate. One of the local law schools has started a LRAP but it is not retroactive. I am hopeful the other private school will start a similar program. We are just not

financially able to start a LRAP here in our program. It appears we may lose 2-3 attorneys over the next couple of years to higher paying jobs in order to service their debt. We still have tremendous recruiting ability. We are usually inundated with résumés when we advertise attorney positions. This has enabled us to hire the best and the brightest, who are also dedicated to public service work. Retention appears to be a developing problem.”

“Alabama is the lowest funded state in the nation.”

“In our view, LSSCM is trying to create an overall salary structure that makes it possible for attorneys to devote their careers to legal services. We strongly support programs that bring new resources to fund LRAP programs; we have worked to develop law school programs and a state funded program. We’d love to see a federal program, like doctors and teachers have. An LRAP program (funded with program general funds) has not been a high priority for the LSSCM union (a UAW unit) or the management group. The program is seen as favoring new (less committed) employees over long term employees. LSSCM may be in a minority position on this issue. Because we have a fairly decent salary structure, an excellent reputation for the quality of our advocacy, and high staff morale, we hire most of our lawyers from other public interest law firms; lawyers who have been out for 3 years or more and/or who go to national law schools with LRAP programs. By the time attorneys are applying to work with us, student debt is normally not their top issue.”

“The Massachusetts model is a good one because (at least for now) it allows participation without tax consequences to the attorney. The IRS taxed our model, which predates the statewide one here. Call Lonnie Powers at MLAC (617-367-1414) for details on how to construct such a nontaxable model.”

“There have been conversations with the law schools and the Missouri Bar hopes to have an agreement with the law schools reducing debts for lawyers working in the public sector. My program’s approach is to increase the salary of the attorney to a more realistic level. I would expect LSC to bargain with the federal government to arrange a forgiveness program.”

“The Montana Justice Foundation, our IOLTA Board, has recently approved a limited LRAP program to help MLSA meet the needs outlined above.”

“NLS has been very involved in supporting legislation in Nebraska to set and fund a state LRAP program. It appears that it will be passed and set up but not funded in 2004.”

“We recognize that the ever-escalating cost of a law school education may portend increased hiring difficulties. However, NLS lost hundreds of thousands of core dollars over the last two years. We are increasingly replacing more of those core dollars with project grants, which allow us much less flexibility in charging overhead costs. This erosion of core funding is leading to current problems of keeping pace

with increasing overhead costs. Also, we are increasingly asked to engage in costly outcome evaluation and to commit more and more resources to qualitative analysis of outcomes for clients. It's no longer did we prevent an eviction, but rather for example, track how long they stayed in that housing after you represented them. (The longer they stayed the more you'll earn...). We have more than twenty-five streams of funding with many asking for their own unique form of outcome analysis, along with LSC's expanding data requirements. (Matters, etc.). The result is a substantially greater percentage of advocates' time is now spent on administrative record keeping and reporting for all of our funders...We could serve more clients if we could report less on each activity."

"These new demands on resources, combined with reductions in funding are conflicting with our efforts to sustain a mature staff whose salary expectations are unrelated to funding levels, whose health care costs are skyrocketing and whose pension contributions are inadequate. Loan forgiveness is critically important for new and future hires. We, however, will be facing the prospect of hiring freezes and layoffs in the near term, particularly as we try to equalize disparate salary levels among programs merged through LSC service area consolidations."

"Loan assistance would help with recruiting some attorneys (newer/more recent grads) but not relative to more experienced counsel – retirement figures more prominently as an issue for NCLA relative to recruiting more experienced lawyers and concerning retention."

"If current patterns continue or get worse, our recruitment will be limited to attorneys who have other sources of income, such as high family income. There should be incentives from lenders and law schools to reduce loan payments for attorneys who go into public service."

"I do not favor a LRAP program at the LSC level. We need to find new sources of income for LRAPs."

"I would like to see Congress appropriate a line item in our national grant, much like the technology line item, for LRAP."

"We have found that LRAP is most useful as a retention not a recruitment tool... and is most effective when made available after attorneys have spent a couple of years in the program. At that time we know who is committed to legal services and who does excellent work. This wait for LRAP for a couple of years is generally not a problem because of the ability of those attorneys to defer payments for a couple of years. In our program, we surveyed all our new attorneys as to law school debt... there were a wide disparity in loans incurred. Some had virtually no debt due to scholarships, family, and savings (older students) and others had overwhelming debt ...over \$100000."

“More help from sources other than current funding would definitely help both recruitment and retention at CRLA. We are seeing more students now graduating with debt over \$100,000 from private university law schools and over \$60,000 even from the state university law schools. Some schools help graduates with loan reimbursement, but of the 9 attorneys who left for financial reasons, only one of them was getting additional help from the law school for repayment of loans totaling more than \$100,000.”

“Of course the best solution would be to convince Congress to appropriate more funding so programs could hire an adequate number of attorneys and provide comparable salaries to at least state attorney salaries.”

“While loan repayment seems like a good idea, it would have to last for years to make it worthwhile. Fellowships that help with loan repayment make staff attorneys dependent on the money. Whenever it stops, the attorney leaves.”

“Job applicants who are recent law graduates and recent bar admittees ask whether there is an LRAP. The attorney staff that has law school loans expressed a lot of gratitude for the assistance.”

“a. The problem is raising salaries in general; b. Focusing on loan repayment for newer attorneys would make it more difficult to retain other staff; c. Planned turnover in new attorneys is beneficial; d. We provide 2-year contracts with bonus for completion for new attorneys.”

“Kentucky Legal Services Programs are working with the State Legislature to initiate a loan repayment program.”

“We are interested in starting a loan repayment assistance program and are working with Legal Services of New Jersey and other legal service providers in the state to develop one as part of our statewide planning process. However, due to declining IOLTA revenues we are concentrating on stabilizing funding.”

“Raising attorney salaries seems to have a larger impact on attracting and retaining qualified candidates than our LRAP program. We have experienced significantly less turnover since raising our starting salary to \$34,000, the highest starting salary among Virginia legal aid programs.”

Retirement
All comments to question 16

16. Please add any other useful comments and information you may want to share.

We have continued our long-standing commitment to providing some pension benefits for all staff. Due to increases in salaries and the poor performance of the stock market over the past few years, our annual contribution requirement has more than doubled. This year it is nearly \$800,000. The benefit itself is much lower than we would like it to be and the formula is more complicated: “2% of your Final Average Compensation less 2 2/3% of the Primary Social Security Benefits multiplied by your Years of Service for benefit accrual purposes up to 25 years plus ½ % of Final Average Compensation multiplied by your Years of Service in excess of 25.” To date, the cost of simplifying it without reducing actual benefits has been too great to make changes.

After 27 years of service the employee may retire at 60% of his/her highest three-year average. The plan is not offset by Social Security. Legal Services programs should see if there is a way to get into the federal pension system of their state system. For most of them, the 403 B route is not going to provide enough income to permit them to retire with dignity.

It limits employment opportunities. We had one attorney just retire at age 83 and only to keep retrenchment from costing other people jobs. She has taken other work. Senior staff cannot afford to retire. Additionally, as shown in Kentucky, a true pension program can allow talented senior staff to leave a program, make room for others and go continue critical advocacy unfettered by LSC/Congressional regulations.

We contribute a 3% for each employee

Our 401 (k) has a 5% Employer contribution (2.5% this year) and is through the ABA retirement plan. We switched to this plan three years ago.

This is an important benefit that has been badly neglected as legal aid transitioned from a de facto internship program to a career option. A national pension program that included retirement health benefits would be good. Maybe pension portability is the real issue (i.e. the ability to tack vesting). One’s philosophy on pension benefits has to include an examination of the actual benefits to clients of staff retention. Do we have too little or too much retention? Maybe our staff costs are creeping up due to long tenure without any real analysis of the benefits to our organizations/client communities. Is this a relevant consideration? Are pension benefits part of the “social contract” as I would argue health benefits are, and are they an optional supplement to social security? (I ask this as someone with almost 30 years in the field.) What is the proper role for collective bargaining an/or management: paternalism in looking out for the interests of either young or nonattorney staff?

Getting the most client services for the available dollars? Creating a stable, high morale workforce? Increasing the diversity of the workforce – and is diversity promoted by encouraging turnover? Being “family friendly”? Providing equal pay for equal work? I have heard all of the above and more; I haven’t heard people thoughtfully weigh these competing values. I hope the survey prompts an examination of underling assumptions about compensation, fringe benefits, recruitment, retention, etc.

Thank you for your interest in these areas both the loan repayment assistance plan and the retirement plan are essential to building and maintaining a strong staff. We would appreciate any help we can get on either of these. Probably the most critical is the loan repayment assistance plan.

We would like to see LSC take a leadership role on this issue.

Our plan arose out of union negotiations. The union was recently decertified, and was reformulating a new plan with same fees, which will meet the testing and federal requirement.

We recognize that a defined contribution provides less security to employees. We are not able to afford a defined benefit, although we would very much like to provide one.

We do not have as high as participation in the 403 (b) as I would like. It is difficult to get young employees to focus on retirement. Also, I have been advised that several of our attorneys cannot afford to participate due to their student loan debt.

We also make non-elective contributions based on formula taking into account years of service and compensation. Does not vest until 5 years of service, at which time fully vests.

Many highly qualified candidates did not apply upon hearing of low salary and no loan repayment. Some said they would like to do this work otherwise.

Until the fall of 2002, we offered a 2:1 employer match on employee contributions up to 5%. Recent financial difficulties have forced us to reduce the match to 1:1 although we are exploring ways to reinstate a 2:1 match. We have found the 401 (k) plan to be a significant incentive for employees to join and stay with the organization.

We believe that there is somewhat more support for an employer funded pension program (among staff and managers here) than LRAP, partly because a pension program would apply equally to all employees and partly because such a program rewards a long-term commitment to the program.

We came to this through collective bargaining, then through a pension committee of management and staff (which was created in response to the bargaining). We had

extensive presentations and analyses before selecting our plan, which is administered by the payroll company ADP (rather than creating our own internal trustee[s]). The issues are complex, the potential liability could be significant, and one needs outside advice.

When we were much better funded, in 1995, for example, MLSA made a small contribution to any employee's Tax Sheltered Annuity, the amount dependent on the employee's years of service.

Employer contribution has been discussed during collective bargaining but as yet to have been included as part of any labor contract settlement.

Our pension plan is very inadequate. The contributions start in the second year of employment and are funded at 1.5% of salary. It takes twenty years to reach contributions of 6% of salary.

Issues relative to retirement are identified as regularly by staff as loan assistance and appear to be an equal motivation for staff to look (or consider looking) for new work, as they are concerned about sufficient savings in future years. Salaries will never be large enough to allow for substantial savings so that any retirement assistance will be especially meaningful for all staff.

We would like to be able to contribute

Looking to cut back to 5%. Plan is too expensive.

This is not enough and we need to think about ways to help with health insurance in retirement. We also need to think about disproportionately funding a plan for employees who have worked in legal services for some time during which there was no employer contribution... a catch up if you will.

Even with a 403(b) plan, we are not able to provide adequate retirement benefits. After September 11th, the bottom fell out of the economy, and everyone lost most of the value of his or her retirement accounts. We have 3 employees over the age of 65 who cannot afford to retire. For those employees who started before 1982, there was no requirement for non-profits to pay Social Security tax. So for long time employees with more than 20 years of service with the program, they don't even have Social Security contributions. Lack of retirement benefits is another reason it makes it difficult to recruit and retain young attorneys.

The 401k plan is far more important to this organization because of the longevity of many staff members. The 401k plan is far more important to the long-term well being of ILS than loan forgiveness.

We have lost staff with high student loans that were very dedicated "fire in the belly" type of legal aid lawyers and leaving was not easy for them. Their loans left them

with little choice, particularly those with families who wanted to buy a home at some point, or those who were looking at not having a lot at retirement. The LRAP and retirement programs have helped. Forgiving law school debt in a similar fashion as is done for teachers who teach at low-income schools would help in retention.

KLA participates in the state employee's retirement system known as the Kentucky Retirement System.

Pine Tree's TSA is operated through Lincoln Life which offers employees a choice of different mutual funds in which to invest their TSA (high risk, lower risk, socially responsible -etc), in addition to leaving funds in a interest-bearing account -- and the range of choices was important for many employees. Pine Tree does not place any restrictions on the employer contribution is invested and some folks do withdraw it immediately, despite the heavy penalties for doing so. This program also allows employees to tap into the funds for personal loans of certain types (e.g. educational expenses for children, home purchase/refinance, etc.), which are repaid into their own account at a reasonable interest rate.

A Defined Contribution Plan only provides a very limited amount of money for retirement. For example, most TRLA employees with more than 20 to 25 years employment service have less than one year's worth of salary accumulated in their Pension Fund. If most programs have Defined Contribution Plans such as TRLA then it is most likely that these plans are severely under funded and cannot be seriously considered a retirement plan. LSC should consider a plan to assist grantees in converting to a Defined Benefit Plan, which provides a percentage of an employee's salary per month upon retirement for life.

Retirement plans are particularly valuable in retaining long-term skilled employees who could obtain employment elsewhere.

**All LSC Recipients Responding
Number of Attorneys in Programs and Number of Attorneys with Outstanding
Loans in Parenthesis.**

0-9	10-19	20-39	40-79	80-170
7 (1)	11 (3)	39 (10)	52 (18)	170 (?)
4 (2)	15 (7)	28 (12)	41 (20)	95 (?)
5 (4)	15 (6)	36 (19)	50 (20)	135 (?)
8 (2)	16 (3)	35 (20)	45 (?)	105 (60)
4 (2)	14 (5)	33 (5)	75 (15)	87 (?)
9 (6)	13 (4)	25 (?)	46 (16)	138 (?)
8 (1)	17 (11)	24 (8)	40 (15)	108 (37)
9 (2)	13 (7)	23 (12)	57 (25)	
5 (1)	11 (7)	24 (7)	42 (14)	
9 (2)	11 (9)	25 (3)	49 (16)	
7 (5)	11 (0)	26 (5)	48 (22)	
6 (3)	16 (7)	32 (5)	49 (8)	
7 (1)	14 (5)	33 (4)	43 (17)	
7 (7)	19 (6)	21 (11)	55 (30)	
7 (2)	16 (5)	26 (11)	40 (?)	
6 (3)	12 (6)	26 (12)	48 (19)	
9 (4)	13 (4)	31 (10)	68 (28)	
10 (5)	12 (9)	24 (10)	45 (15)	
3 (0)	14 (6)	20 (7)	46 (?)	
9 (2)	14 (4)	17 (11)	40 (20)	
	10 (?)	38 (17)		
	15 (2)	20 (5)		
	10 (7)	24 (2)		
	10 (6)	27 (9)		
	12 (5)	24 (11)		
	16 (5)	22 (6)		
		22 (10)		

? –The program did not report the number of staff with outstanding loans

Programs Responding to Questions 13 & 14 with 0-9 Staff Attorneys

Number of staff attorneys	Number leaving for higher salary	Number leaving for higher salary to pay student loan
3	2	2
9	1	1
7	1	0
9	4	4
4	1	1
5	0	0
8	Unknown	Unknown
4	2	0
9	1	0
8	2	2
9	1	0
5	0	0
9	2	Unknown
7	2	2
6	0	0
7	0	0
7	The Respondent was created in January 2002	
7	0	0
6	3	Unknown

Programs Responding to Questions 13 & 14 with 10-19 Staff Attorneys

Number of staff attorneys	Number leaving for higher salary	Number leaving for higher salary to pay student loan
10	6	5
15	5	Unknown
10	3	3
10	2	Unknown
10	2	2
12	5	5
16	0	0
11	Unknown	Unknown
15	4	4
16	Unknown	Unknown
13	2	0
17	3	3
13	5	Unknown
11	0	0
17	1	0
11	2	1
11	0	0
16	4	1
14	4	1
19	3	3
16	2	Unknown
12	1	0
13	3	2
12	0	0
14	0	0
14	2	1
10	0	0

Programs Responding to Questions 13 & 14 with 20-39 Staff Attorneys

Number of staff attorneys	Number leaving for higher salary	Number leaving for higher salary to pay student loan
20	6	Unknown
24	12	4
27	0	0
24	9	Unknown
22	4	Unknown
22	5	4
39	18	9
35	20	10
28	4	4
36	Unknown	Unknown
33	Unknown	Unknown
25	Unknown	Unknown
24	6	2
23	6	6
24	2	1
25	3	Unknown
26	5	Unknown
32	1	0
33	1	0
21	3	1
26	2	2
26	2	Unknown
31	7	4
24	8	3
20	7	6
27	7	7
38	4	4

Programs Responding to Questions 13 & 14 with 40-79 Staff Attorneys

Number of staff attorneys	Number leaving for higher salary	Number leaving for higher salary to pay student loan
55	10	Unknown
40	3	0
48	7	2
48	9	8
68	Unknown	Unknown
45	7	Unknown
46	Unknown	Unknown
40	10	Unknown
52	2	2
41	0	0
50	2	2
45	Unknown	Unknown
46	5	3
40	0	0
57	4	Unknown
42	11	10
49	10	Unknown
48	5	5
49	2	2
43	Unknown	Unknown

Programs Responding to Questions 13 & 14 with 80-170 Staff Attorneys

Number of staff attorneys	Number leaving for higher salary	Number leaving for higher salary to pay student loan
170	Unknown	Unknown
95	Less than 5%	Less than 1%
135	50%	Unknown
105	30	Most
87	66	Majority
80	Unknown	Unknown
138	48	Unknown
108	7	0