



TZEDEK DC
Legal Help for People in Debt

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**Performance Oversight Hearing, DC Office of Victim Services and Justice Grants
Before the DC Council Committee on the Judiciary & Public Safety
(February 10, 2023)**

Testimony of Tzedek DC and Legal Aid of the District of Columbia

Chairperson Pinto, and Committee Members and Staff of the Council’s Judiciary Committee:

Tzedek DC¹ and Legal Aid of the District of Columbia² submit this joint testimony to highlight the positive impact on consumer justice for DC residents from the District of Columbia Access to Justice Initiative (“the Initiative”). The Initiative is under the purview of the Office of Victim Services and Justice Grants (“OVSJG”). OVSJG works with the DC Bar Foundation (“DCBF”) to administer these important funds. The Initiative’s support of providers’ responses to the newly intensified problems for residents stemming from the pandemic have been especially important and appreciated by the community.

We are pleased to provide testimony today alongside DCBF Chief Executive Officer Kirra Jarrett and thank her for the Foundation’s leadership in guiding the development of this program. We also are grateful for the strong support from the DC Access to Justice Commission, the leadership of the DC Courts, the DC Legal Services Consortium, and numerous stakeholders and community members who have been such a strong voice for access to justice in DC, as has this Committee and the full Council. In our brief testimony, we focus on two points to supplement the perspectives offered by the witnesses at today’s hearing.

First, the issues that the Initiative is supporting in the consumer area — legal help for debt collection and the resulting threats to credit impairment for DC residents — are key issues of racial equity and ones where the challenges for residents are increasing. DC residents from

¹ Headquartered at the University of the District of Columbia David A. Clarke School of Law, Tzedek DC’s mission is to safeguard the legal rights and financial health of DC residents with lower incomes facing the often devastating consequences of debt collection and credit-related obstacles. Tzedek DC carries out that mission with the goal of addressing racial gaps in wealth and equality.

² Legal Aid of the District of Columbia was formed in 1932 to “provide legal aid and counsel to indigent persons in civil law matters and to encourage measures by which the law may better protect and serve their needs.” The largest part of Legal Aid’s work is comprised of individual representation in housing, domestic violence/family, public benefits, and consumer law. Legal Aid also works on immigration law matters and helps individuals with the collateral consequences of their involvement with the criminal justice system.

communities of color have almost four times as high a rate of debts in collection as do white DC residents.³ Similarly, a ProPublica analysis showed that in cities around the country, debt collection lawsuits are disproportionately filed against Black residents even when controlling for differences in income.⁴

We are already seeing the beginnings of the expected increase, and, thanks to the Initiative, are able to address the increase with a networked strategy. During the pandemic, Legal Aid of DC and Tzedek DC jointly founded the debt collection defense hotline — (202) 851-3387 — in collaboration with Catholic Charities Legal Network, DC Bar Pro Bono Center, Legal Counsel for the Elderly, and Neighborhood Legal Services Program. Created in 2021, the debt collection defense hotline is staffed Monday-Friday during business hours for real-time answers by legal service professionals. The debt collection defense hotline number is provided by the DC Superior Court to every resident sued in a debt collection case, the vast majority of whom do not have counsel when they receive the initial summons.

The hotline has proved to be a critical access point for services for consumers facing debt collection, and we expect the demand for legal representation to grow in the coming months and beyond, as the high-volume debt collectors — who delayed filing new cases during the pandemic and while awaiting new debt collection legislation — begin once more to file suit in large numbers. And indeed, consumer law intakes for both of our organizations were already up more than 35 percent for the first month of 2023 as compared to 2022. Going forward, filings are expected to increase. For example, between 2016 and 2019, the number of cases filed by DC's five largest filers of debt collection cases increased by 81 percent, to over 4,148 cases filed by those debt collectors alone in 2019.

Second, the Initiative will allow providers to respond to the expanded scope and needs of consumer work for DC residents flowing from the overhaul of DC's debt collection rules. Thanks to you and your Council colleagues, DC has new, landmark legislation now on the books, effective January 1, 2023, that makes permanent changes to DC's debt collection law for the first time since 1971. Through the Protecting Consumers from Unjust Debt Collection Practices Amendment Act of 2022, the Council reformed DC's debt collection law by, among other things, for the first time expanding its scope to include credit card debt, medical debt, and other common forms of consumer debt; requiring debt collectors to substantiate their claims with documentation of the debts they are collecting; strengthening anti-harassment protections; and increasing the protections against debt collectors using arrest warrants to coerce payment by DC residents.

All of this is a positive step forward and also carries with it many needs and opportunities for residents. Legal services providers will play an integral role in helping DC residents enforce those rights, by conducting outreach to make residents aware of the new rights and protections,

³ As of June 23, 2022, 9% of white communities in the DC have debt in collections, compared with 35% of communities of color. Urban Institute: Debt in America: <https://apps.urban.org/features/debt-interactive-map/?type=overall&variable=totcoll&state=11>.

⁴ Pro Publica: *So Sue Them: What We've Learned About the Debt Collection Lawsuit Machine*, <https://www.propublica.org/article/so-sue-them-what-weve-learned-about-the-debt-collection-lawsuit-machine> (2016).

and through direct representation in debt collection cases in Superior Court. Legal services providers have always played a key role in attempting to level the playing field in Superior Court, where the creditors and debt collectors are always represented and the defendants are overwhelmingly not, helping residents to reduce debt and avoid judgments which can have compounding effects on residents experiencing poverty. Direct representation will be more critical than ever in helping consumers vindicate these new rights, and individual cases may have systemic impact as the new provisions of law are litigated and interpreted for the first time in the courts.

In sum, the Council's support allows Initiative grantees to leverage their unique ability to together promote a networked approach, which can lead ultimately to a more user-friendly system for DC residents in search of legal help. Similar networks and hotlines have been established by landlord-tenant and family law providers with the Initiative's support. And, more broadly, the Initiative is supporting the DCBF's continuing and expanding efforts to establish a transformative network for coordinated intake and referral in the District as we work together towards a more fully networked approach to the issues and barriers faced by District residents with lower incomes.

Thank you for your time and for your continued, strong support for the important work being done through the Initiative.