



**SUBMISSIONS OF THE CANADIAN BAR ASSOCIATION
(BRITISH COLUMBIA BRANCH)**

To

The Office of the Premier of British Columbia

The Minister of Justice
and Attorney General of British Columbia

The Minister of Jobs, Tourism and Skills Training
and Minister Responsible for Labour

The Business Case for A Rural Lawyer Student Loan Forgiveness Program

Issued by:

**Canadian Bar Association
British Columbia Branch**

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PREFACE

Formed in 1896, the purpose of the Canadian Bar Association British Columbia Branch (the “CBABC”) is to:

- Enhance the professional and commercial interests of our members;
- Provide personal and professional development and support for our members;
- Protect the independence of the judiciary and the Bar;
- Promote access to justice;
- Promote fair justice systems and practical and effective law reform; and
- Promote equality in the legal profession and eliminate discrimination.

The Canadian Bar Association nationally represents approximately 39,000 members and the British Columbia Branch (CBABC) itself has nearly 6,900 members. Our members practice law in many different areas. The CBABC has established 77 different sections to provide a focus for lawyers who practice in similar areas to participate in continuing legal education, research and law reform. The Branch also establishes standing committees and special committees from time to time.

EXECUTIVE SUMMARY

Rural British Columbia needs a student loan forgiveness program for new lawyers. A program similar to that offered to BC's doctors and healthcare professionals, would build and strengthen rural BC's community infrastructure and justice system. All of which would encourage entrepreneurship and more business growth, that would lead to more community jobs, as well as more resolution of disputes and more access to justice.

Graduating law students face more student loan debt today than their predecessors. Law school tuition fees across Canada have increased significantly over the years. About 75% of lawyers currently practice in urban BC—Vancouver, Victoria and Surrey. With most high paying jobs located in large law firms, many law graduates would rather compete to stay in urban centres like Vancouver, than move to rural communities where income is lower and less dependable on a regular basis. With most high paying jobs located in large law firms, many law graduates would rather compete to stay in urban centres like Vancouver, than move to rural communities where income is lower and less dependable on a regular basis.

Expanding BC's existing Student Loan Forgiveness program would attract new lawyers to underserved rural communities. Those lawyers would commit to working for 5 years in rural BC communities. At a rate of 20% each year, their BC student loans would be written off in their entirety. Some law students have expressed concerns that they cannot consider rural practice because lower rural salaries together with student debt repayment make the prospect of rural practice economically impossible or infeasible

Our new lawyers are concerned about their financial future. A student loan forgiveness program for new rural BC lawyers would not only bring jobs to rural BC but would help support more vibrant rural infrastructure and economies.

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1. Introduction

Rural British Columbians buy houses, make wills, have family law issues and start businesses. All of these activities and many more rely on the availability of sound legal advice. However, rural BC is facing a serious and growing shortage of lawyers. Most rural BC communities have only a single lawyer in private practice; some have none. Where a rural BC community is supported by more than one lawyer in private practice, those lawyers are often close to or over retirement age. And those lawyers would choose to retire if they could attract new lawyers into their communities.

The shortage of lawyers in rural BC means less community infrastructure for families, professionals and local businesses. Law offices in rural communities provide local jobs for assistants or paralegals, and more local support for the court system and thus, access to justice in rural BC. The lawyers and their staff also help build local economies through the purchase of housing, vehicles, furnishings, clothing and food, and also assist in the formation and growth of local business, estate planning for local residents, resolution of disputes and a myriad of other important areas of community growth.

With attractive outdoor-focused lifestyles and well-rounded law practices, why are new lawyers not flocking up north? The answer is that many new lawyers are saddled with high student loan debts. For them, paying off their student loan debt becomes a major priority. For them, a high paying salary becomes the best solution. New graduates saddled with debt seek the highest paid positions to put their student loan debts behind them as quickly as possible.

Many new lawyers come from rural BC and would return to their communities, even if it means a lower income, if working in rural BC would allow them to make dent on their student loan debt. The highest paying law salaries are not found in Fort St. John or Prince Rupert but in urban centres like Vancouver, Victoria and Surrey. Moreover, for lawyers in small communities, there is often not the same guarantee of steady income as provided by a larger firm with a salary, as rural income will vary depending on the amount of work that comes in and collection of accounts. For those who take a chance in establishing their own practices in communities without lawyers, there will typically be a period of little or no income while they build those practices. More incentives are needed to attract new lawyers to rural BC.

What can be done? The BC government has found a way of dealing with a similar crisis in the medical and healthcare fields with student loan forgiveness programs. In order to attract them to underserved rural communities, medical doctors need only commit to working for 5 years in those communities. At a rate of 20% each year, their BC student loans are written off in their entirety, leaving them debt-free.

Rural BC needs a similar student loan forgiveness program for new lawyers. A similar program would build and strengthen rural BC's community infrastructure and justice system. All of which would encourage entrepreneurship and more business growth, that would lead to more community jobs, as well as more resolution of disputes and more access to justice.

2. Anecdotal Perspectives on Student Loans and Rural BC

Jeff Courson, an articulated student in a rural BC community, explained the effect of student loans:

I'm a Métis veteran with a huge student debt-load (primarily related to my time at UBC and living in Vancouver) and I chose to come to a very remote community in Port Hardy on Vancouver Island for a variety of reasons - mostly related to quality of life. I have been in the red financially since my student loan payments started after leaving law school. This debt is absolutely crushing. What I make up for in a better quality of life and work-life balance here is definitely taken back by the stress of my student debt from law school. While I anticipate (read hope) my income will go up after my June 30th call date, I still anticipate a long future saddled by student-related debt as I am choosing to remain here.

The community of Port Hardy itself is about 4,500 people and the surrounding communities of Port McNeill, Port Alice, Coal Harbour bring the general population of the area to about 15,000 people. The area has 4 practicing lawyers (not including myself or the 1 crown counsel).

However, one of them is practically retired and takes very few, if any, new cases outside his existing clients. I have never met him or seen him (in court or in the community) as he lives on one of the islands nearby. Another office, Nowosad and Company is run by Dan Nowosad who I believe is contemplating retirement and seems to spend a good portion of time every year someplace with less rain. Another lawyer named Bob McGregor also works up here out of Nowosad and Company. He is practicing full-time and also picks up Dan's work while Dan is away. Then there's my principal, Paul Grier, who also plans to retire in about 2 more years. But here I am at 36 and in an area of roughly 15,000 people and most of the lawyers are looking towards retirement. It sounds like a dream but due to conflicts that can arise in a small area, we need other lawyers available to provide services to people and businesses.

I have been trying to encourage a few classmates that there's room up here, and in smaller places like this, for more new lawyers as many existing lawyers approach retirement. A couple would like to, but they are highly concerned with their debt loads as well. A proposal like this would really assist me, as well as others who may choose to move to places like this to meet the needs of the communities.

Right now we have several lawyers that come up from Campbell River and Victoria regularly working in both family and criminal law areas to meet the needs of the community but these travel costs are carried largely by the already strained legal aid system, or by the clients themselves. I'm certain that this is not the only community that is experiencing this same trend."

A long-serving judge provided his perspective on the virtues of working up north:

In the time I have been in the North I take every opportunity when I travel to the large urban areas and meet young lawyers and students to extoll the professional, personal and lifestyle benefits of living in Dawson Creek, Campbell River, Creston or Prince Rupert. Something like loan forgiveness would be a valuable additional tool to encourage young legal professionals to consider the “non rat-race” approach to their careers.

In its recent report, “The Impact of Student Debt”, the Canadian Federation of Students explained that the easing of student debt would allow graduates to immediately contribute to the economy and society.¹

Our new lawyers are concerned about their financial future. A student loan forgiveness program for new rural BC lawyers would not only bring jobs to rural BC but would help support more vibrant rural infrastructure and economies.

3. Why Student Loan Debt is Different Today

Many of today’s law school graduates are saddled with overwhelming debt as a result of much higher tuition fees. The new millennial generation of lawyers face a harsher economic reality than their predecessors. This reality is also reflected in American headlines since the U.S. law job situation is worse off than that in Canada. In an article entitled “An Expensive Law Degree, and No Place to Use It,”² Noam Scheiber described a new lawyer’s predicament:

Yet in financial terms, there is almost no way for Mr. Acosta to climb out of the crater he dug for himself in law school, when he borrowed over \$200,000. The government will eventually forgive the loan — in 20 years — if he’s unable to repay it, as is likely on his small-town lawyer’s salary. But the Internal Revenue Service will probably treat the forgiven amount as income, leaving him what could easily be a \$70,000 tax bill on the eve of retirement, and possibly much higher

Mr. Scheiber explained further that “as employment prospects have dimmed...law school student debt has ballooned, rising from about \$95,000 among borrowers at the average school in 2010 to about \$112,000 in 2014.”

While millennials in Canada may hold less student debt than their counterparts in the U.S.,³ the situation remains dire. In a report by the Canadian Federation of Students, Glenn Burley and Adam Awad discussed “The Impact of Student Debt.”⁴ They noted that from 1990 to 2014, national average tuition fees have increased to over 155% after adjustment for inflation and that in Ontario alone, tuition fees have increased over 180%.⁵ They raised concerns about the impact of high student loan debts on the overall Canadian economy:

- Young Canadians (15-24) accounted for over 50% of the net job losses during the Recession;
- Lost wages and wage scarring due to un- and under-employment will cost the

Canadian economy over \$22 billion by 2031;

- In 2014, youth un- and under-employment among Canadian youth was 27.7%;
- 30% of medical students expect to graduate with over \$100,000 in student debt;
- Underemployment and working outside one's field of study lead to skill degradation, falling behind in experience, and lost networking opportunities;
- 42% of Canadians under 30 years old still live in their parent's home—up 15% from 1981;
- Those with student debt have a lower net worth, fewer assets, and are less likely to have savings or investments compared to debt-free peers.

In 2014, a survey suggested that 51% of Canadian students will borrow money to cover tuition, living expenses and books.⁶ BC law school tuition fees currently range from \$9,209.24 to \$18,184.84 a year. Tuition fees do not include textbooks and other mandatory university fees (e.g. student union fees) and are even higher for non-BC residents who choose to study here.

New law graduates who move to BC after completing their undergraduate studies often carry even higher debt loads. Tuition fees outside of BC are generally higher than those at the Allard School of Law or the University of Victoria. Annual tuition fees are \$14,193.00 at Dalhousie University's Schulich School of Law and \$31,740.00 at the University of Toronto.

Based on the chart below, three years of tuition fees at Thompson Rivers University cost \$54,554.00. Based on the university's online estimates, after three years, the law student would also pay \$6,000.00 in books and supplies and \$12,300.00 in on-campus housing. At \$72,854.52, that total does not include other university fees (e.g. student union), food, housing, clothing, transportation and other living expenses.

Even with lower tuition at the Allard School of Law, three years of tuition fees cost \$35,031.36. If living on campus, the law student can expect to pay \$1,200.00 a month in rent at Fraser Hall totalling \$28,800.00 for three years. At \$63,831.36, that total does not include other university fees, food, clothing, transportation and other living expenses. Imagine if the law student lived off campus in Vancouver's competitive rental market. Neither the Thompson Rivers University cost of \$72,854.52 nor the Allard School of Law cost of \$63,831.36 includes the costs of any undergraduate student loans likely acquired after a four-year undergraduate program.

In her paper, "Mephistopholes' Bargain: A look at the real cost of increasing law school tuition", Stephanie Head concluded that a law graduate from University of Toronto would graduate with a law debt around \$120,000.00.⁷ She further theorized that such a law graduate would have to make \$162,000.00 a year in order to pay back the loan within a 10-year term at 7% interest. Based on a first year associate's median salary of \$66,000.00 a year, she concluded that paying the loan back even within 20 years is "next to impossible" and "most new lawyers now exist at a lower standard of living than they were when they were students."⁸

Chart 1: Law School Tuition Fees Across Canada

Province	University	Annual Tuition Fees 2015/2016 ⁹
Alberta	University of Alberta, Faculty of Law	\$12,169.60
	University of Calgary, Faculty of Law	\$12,314.88
British Columbia	Thompson Rivers University, Faculty of Law	\$18,184.84
	University of British Columbia, Allard School of Law	\$11,677.12
	University of Victoria, Faculty of Law	\$9,209.24
Manitoba	University of Manitoba, Faculty of Law	\$9,487.60
New Brunswick	Université de Moncton, Faculté de droit	Not available.
	University of New Brunswick, Faculty of Law (Fredericton campus)	Only undergrad fees listed.
Nova Scotia	Dalhousie University, Schulich School of Law	\$14,193.00
Ontario	Lakehead University, Bora Laskin Faculty of Law	\$16,062.03
	Queen's University, Faculty of Law	\$17,524.00
	University of Ottawa, Faculty of Law	Common law: \$16,863.70 ¹⁰
	University of Toronto, Faculty of Law	\$31,740.00
	University of Western Ontario, Faculty of Law	\$19,342.00
	University of Windsor, Faculty of Law	\$16,851.00
	York University, Osgoode Hall Law School	\$23,805.70
Quebec	McGill University, Faculty of Law	Quebec resident: \$2,293.50
		Non-Quebec Canadian: \$7,030.50
Saskatchewan	University of Saskatchewan, College of Law	\$12,255.00

Nowadays, law students carry more than just provincial or federal student loan debt. Many law students are also paying for their education through commercial loans. The article titled "Today's law grad: Six figures in debt and heading to Bay Street" says it all.¹¹

Given this reality, students are finding legal education increasingly out of reach with high tuition fees being "a burden to many students and a complete barrier to some."¹²

4. Large Student Loan Debts Affect Diversity at Law School and the Legal Profession

High tuition fees and record student loan debts adversely affect the diversity of law school candidates across all socio-economic backgrounds. In an article, “Student debt top focus for law student group,” high tuition fees are noted as a problem for those who want to enter the profession and those who want to graduate from law school.¹³ As explained by Glenn Burley and Adam Awad, “racialized communities, lower income families, and single parents are more likely to hold strong negative feelings toward taking on student debt.”¹⁴

Diversity remains a concern for the legal profession in BC as it is not yet reflective of the province’s demographics. In its 2012 report on diversity, the Law Society of BC acknowledged the underrepresentation of visible minorities and Aboriginal lawyers in the legal profession.¹⁵ As a result of systemic barriers and unintended forms of discrimination, only 14.6 percent of lawyers are members of visible minority groups compared with 25.3 percent of BC’s total population. Aboriginal lawyers fared worse: only 1.5 percent of lawyers are Aboriginal peoples compared with 4.6 percent of BC’s total population.¹⁶

In its 2009 report on gender, the Law Society of BC noted that women represented only about 35% of all practising lawyers in BC and only about 29% of lawyers in full-time private practice.¹⁷ The report also addressed the aging of the legal profession: “If these trends continue, the profession can expect to lose many lawyers to retirement without a corresponding increase in the number of younger lawyers.”¹⁸ In short, student loan debt affects students’ career choices and thus affects diversity in the legal profession.¹⁹

5. Large Student Loans Affect New Lawyers’ Choices Regarding Practice

High student loan debt distorts the choices made by students considering law school, and the resulting high student loan debt “distorts” the choices made by law students regarding career.²⁰ In her paper, Ms. Head posited that “[l]imiting the diversity of law school attendants through increased tuition...decreases the largest population of potential lawyers [visible minorities and Aboriginal lawyers] statistically willing to work in public service or government positions.”²¹

As explained by Ms. Rank in her article in *The Globe and Mail*: “Faced with the realities of \$1500 plus in monthly repayments, students are driven to the income potential of large firm, corporate work. New lawyers are increasingly unable to consider work at affordable rates, or streams of practice that directly serve middle or lower-class clients. Those clients face a justice system increasingly unaffordable and out of reach.”²² As evident even today, the working class and even middle class will face more challenges in finding affordable legal services.

In addition, there also appears to be a growing realization that increasingly, millennials are being cut out of the societal wealth being generated. In an article in *The Guardian*, Caelainn Barr and Shiv Malik suggested that “it is likely to be the first time in industrialised history, save for period of war or natural disaster, that the incomes of young adults have fallen so far when compared with the rest of society.”²³ They posited that “Millennials have suffered real terms losses in wages in the US, Italy, France, Spain, Germany and Canada...”²⁴ In 2011, headlines at home predicted that student loan debt was bankrupting a generation.²⁵

Angela McCue of CBABC's Rural Education and Access to Lawyers program ("REAL") explained that student loan debt is a recurring issue raised by law students expressing an interest in rural practice. Some law students have expressed concerns that they cannot consider rural practice because lower rural salaries together with student debt repayment make the prospect of rural practice economically impossible or infeasible.²⁶

6. Many Student Loan Debts Require Collection and Sometimes Bankruptcy Proceedings

Some students have attempted declaring bankruptcy to deal with their student loan debt, some successfully, others not.²⁷ Only about \$17.3 of \$185 million in outstanding BC student loans were collected in 2013/14.²⁸

Given a choice of allowing new lawyers to contribute early to the economy in their career by practising up north or requiring some of them to seek bankruptcy, it makes better business sense to ensure new lawyers have a choice in seeking relief from their student loan debt.

7. Student Loan Forgiveness Helps "High Needs" Communities

Just as small communities and rural areas in BC are facing a shortage of doctors and health professionals, rural BC communities are increasingly facing a shortage of lawyers and issues of access to legal services. The legal profession continues to grapple with an assortment of challenges, including limited publicly funded legal aid, a shortage of judges and judicial resources and other justice system challenges. Added to those concerns is the projected shortage of lawyers practising in BC's small communities and rural areas over the next 20 years. If left unaddressed, the demographic realities will result in hundreds of communities and tens of thousands of BC residents without access to legal services.

In order to address this concern, the BC Branch launched the REAL program in 2009. Partnering with the Law Society of British Columbia, REAL was conceived as a coordinated set of programs to address the current and projected shortage of lawyers practicing in rural areas of British Columbia.

Since 2009, the REAL program has placed 100 law students in rural BC communities. Further, as a result of the REAL program a change in the dialogue surrounding student opportunities occurred in law schools. Consequently, there has been increased student interest in REAL. Quantitatively the REAL Initiative resulted in a measurable increase in summer students (79) and articling students (approx. 39) in BC's small communities and rural areas.²⁹

Based on past experience, REAL is now focussed on identifying and giving priority to placing students in high needs communities and in finding ways to assist and support articled students and small town law firms find economically viable ways create articling positions. High needs communities include communities with a high population to number of lawyers and/or communities with a higher average age of lawyers. "High needs communities or legal service areas" are defined broadly as

- An area with high un-met demand for local lawyers that provide legal aid services;

- A community with a relatively small total population;
- A community with very few lawyers relative to the population of the community or legal service area.

Statistics alone cannot completely define a high needs community or legal service area, and other factors are considered, including:

- Whether local lawyers are meeting the demand for services;
- Whether local lawyers provide the type of legal services that the community needs (e.g. a high demand for family lawyer exists but no one is practising family law in the community);
- Whether local lawyers are available (e.g. locals are approaching retirement age or beginning to wind down their practice or restrict their availability to the general public);
- Whether local lawyers work for the Crown or in-house (as generally these lawyers cannot provide legal services to the general public);
- Whether the community has access to a courthouse and other judicial resources;
- Whether the community provides legal services to other surrounding communities with no lawyers; and
- Whether the community has access to alternate sources of legal services.

The REAL 2016 High Needs List consists of the following communities:

Burns Lake, Creston, Dawson Creek, Fort St. John, Grand Forks, Hazelton, Kitimat, Nakusp, Port Alberni, Port Hardy, Port McNeill, Powell River, Prince Rupert, Princeton, Tofino, Williams Lake and Ucluelet.

Currently, REAL is experiencing practical issues in getting students into high needs areas. REAL funding from the Law Foundation and Law Society is currently limited to second year summer student placements. Often the rural BC communities do not have available lawyers to take on a student. REAL can only place law students in communities with “adequate supervision” by a principal as required by Law Society Rules.

Without financial incentive, newly called lawyers with high levels of debt and no guarantee of income are hesitant to “hang out a shingle.” Anecdotally, the starting wages for lawyers range from \$24,000.00 to \$45,000.00 annually. New lawyers with large debt loads cannot afford to take jobs in rural BC communities.

Student debt levels are a barrier to new lawyers practising in rural and smaller communities. We ask that the BC Student Loan Forgiveness Program be expanded to include those lawyers who are committed to working in “high needs communities or legal service areas.”

8. Articling Issues

Some law students in Victoria are reportedly facing difficulties in securing articling positions. Some students have reported articling for free or were not paid any salary while attending the

mandatory 10-week full-time articling course required by the Law Society of BC. Some students had to pay their own Professional Legal Training Course fees. Anecdotally, one student accepted a position where he or she was not paid for the full articling year but was able to do so only because of family support.³⁰ We are beginning to hear anecdotal stories of lawyers in other communities in suburban areas near Vancouver, accepting articling positions for free or offering to pay to work for certain firms.

Based on these articling concerns, it appears that many new lawyers are willing to remain in or near the urban centres and work for free or minimal wages rather than search for positions in more rural areas with their lower salaries. A student loan forgiveness program may act as the necessary incentive to attract more lawyers to rural BC areas. These anecdotal reports highlight that large student loan debts continue to discourage new lawyers from working for the lower salaries in high needs rural BC communities.

9. Expand the Existing BC Student Loan Forgiveness Program

The BC Student Loan Forgiveness Program applies to physicians who work in underserved BC communities and other health care professionals who work either with children or at publicly funded health care facilities in underserved BC communities. Qualified individuals have their student loans forgiven at a rate of 20% each year up to five years. After five years of working a minimum of 400 hours each year, doctors and health care professionals are forgiven their entire BC student loans. In March 2015, the BC government expanded that program to include more occupations including mechanical engineers and business administrators working in underserved communities.

The Pacific Leaders BC Loan Forgiveness Program applies to regular full or part-time employed provincial government employees, including lawyers. Once accepted, the BC loan portion is put on “interest-free” status for one year. The public service lawyer makes no further payments on the BC student loan. At the end of the first year, one-third of the total BC student loan debt is forgiven. After three years, the entire BC student loan is forgiven unless the lawyer leaves the public service.

We request that either of these programs be expanded to include newly called lawyers who practice in high needs rural BC communities. Doing so would meet the BC government’s commitment to revitalizing rural BC communities. An alternative would be to expand either program to focus on a geographic and income-based definition. For example, the BC Loan Forgiveness Program could include “newly called lawyers practising in high needs rural BC communities who make less than a fixed amount (we suggest \$50,000.00) in taxable income.”

Another alternative is to require a newly called lawyer to hold a minimum amount of outstanding student loans in addition to a 5 year commitment to practising in a rural BC community.

How much will this cost to the BC government? To answer this question, it is useful to examine the recent data from BC law schools.

The most recent surveys of BC law graduates conducted by BC Student Outcomes are of 2011 law graduates. Of those surveyed from the University of Victoria in 2011, 70% had incurred a financial debt greater than \$40,000.00 or more and 42% of those surveyed held government-sponsored student loan debts greater than \$40,000.00 or more.³¹ Of those surveyed from the University of British Columbia in 2011, 79% had incurred a financial debt greater than \$40,000.00 or more and 26% held government-sponsored student loan debts greater than \$40,000.00 or more (37% held government-sponsored student loan debts of \$30-39,999.00).³²

More recent data was gathered directly from two BC law schools. In order to be eligible for student financial aid at the Allard School of Law at the University of British Columbia and the University of Victoria Law School, students must also have applied for government student loans.

Based on Allard School of Law data, over the past two years, 65% of law students received student bursaries.³³ Based on University of Victoria Law School data, over the past four years, 45-51% of its law students held government student loans.³⁴ This data does not necessarily include students who attended law school with government-sponsored student loan debts who did not apply for further financial assistance.

While it is difficult to predict how many law graduates would participate in a student loan forgiveness program for rural BC, we will use data gathered from the University of Victoria to make general and conservative assumptions. We should qualify that our methodology is based on conservative predictions and estimates. More data and expert analysis is required before any conclusions can be reached based on our analysis.

In 2015-16, at the University of Victoria, 174 (47%) of the 373 students held government-sponsored student loans. Taking a conservative approach, we have assumed that of the 174 students holding government-sponsored student loans, a maximum of 25% of them would partake in a student loan forgiveness program for new lawyers who practice in rural BC. That would approximate 44 UVIC Law graduates who would be willing to participate in a student loan forgiveness program requiring practising in rural BC. Assuming that those most willing to participate in such a program are also those law graduates holding the most student loans, we assume that each of the 44 UVIC Law graduates hold approximately \$40,000.00 each in government-sponsored student loans. This would approximate \$1,760,000.00 in student loans forgiven over a five year period for those students. However, in return, the local communities would gain from tangible and intangible benefits including spillover jobs (assuming lawyers create jobs by hiring staff), increased spending in the local economy, more robust and vibrant local economies and returns in income taxes paid by the new lawyer and staff.

10. Alternative Solutions

The CBABC recommends the expansion of the BC Student Loan Forgiveness Program to include new lawyers who commit to working in rural BC communities. However, we recognize a number of alternative solutions exist that may also help achieve the goal of assisting new

lawyers with student loan debts. For that reason, we have provided the following list of alternative solutions in the event the Provincial Government would like to consider all available options.

A. Replace BC Student Loans with Grants

In 2015, Newfoundland and Labrador became the first province to completely eliminate its student loan program by replacing provincial student loans with non-repayable grants.³⁵ Before that announcement, the NL government provided a

loan remission program which set a debt ceiling for all post-secondary students graduating from long-term programs (80 week minimum). Once a graduating

student's total debt load rose above that ceiling, the NL paid the excess debt against their provincial student loan. While NL does not have a law school, its loan program also applies to programs outside of NL.

In New Brunswick, undergraduates can apply for provincial debt reduction after holding total loans greater than \$32,000.00. In Nova Scotia, students can defer payments on their provincial student loans for up to 12 months during articles.

B. Support Rural BC Communities By Establishing Legal Clinics Focused on Family, Criminal or Estates Needs or Unbundled Legal Services

The Peter A. Allard School of Law recently partnered with West Coast LEAF to open the Rise Women's Legal Centre to serve low income women in the Lower Mainland. The first of its kind legal centre will focus on family law issues.

The BC government could support law schools setting up legal clinics focussed on family, criminal or estates needs of low income families or on unbundled legal services to address the rise of self-represented litigants in rural BC communities. Lawyers willing to practice at those clinics would have their BC loans forgiven at a rate of 20% for each year of service.

C. Support Income Contingent Loan Programs at Law Schools

Some Canadian law schools are experimenting with income contingent loan programs. At York University at Osgoode Hall, five law students are benefitting from a program that provides funds to cover tuition costs, requiring repayment depending on the student's financial status before and after law school.³⁶

Osgoode Hall's law school has implemented a pilot project, an income contingent loan program aimed at granting eligible students with relief against tuition payments which are to be repaid according to their post-law school income levels. This type of

program encourages new lawyers to work in poverty law areas or rural communities and thus increase access to justice.

The University of Toronto's Faculty of Law has an income contingent "Back-End Debt Relief Program" designed to assist graduates with repayment of student loans incurred while studying at the law school.

D. Provide Tuition Fee Income Tax Rebate or Interest Relief Programs

In order to reverse the trend of declining population in rural areas, some US states have created schemes offering college graduates tax breaks and up to \$15,000 US

in student loan repayment.³⁷ New York's "Get on Your Feet" program covers the cost of the monthly payments on federal student loans (i.e. income-based repayment plan with the federal government which caps the monthly bill at 10-15% of discretionary income).³⁸ Detroit's Live Downtown program attracted millennials to relocate to its bankrupt city by offering \$20,000.00 towards a down payment or \$3,500.00 over two years to supplement rental costs.³⁹ In South Dakota, the Rural Attorney Recruitment Program passed by its legislature in 2013 provides a supplement of \$12,500.00 per year (for five years) for qualified lawyers working in rural communities.⁴⁰

This year, the Ontario government announced that it would grant tax credits and similar relief to those in need by essentially offering free tuition to low income families and tuition fee reductions to lower income families.⁴¹

In 2014, the Manitoba government announced it would erase interest payments on all outstanding Manitoba Student loans.

In the U.S. cities like Detroit, Cleveland and Gary, Indiana have utilized a strategy to attract entrepreneurial and educated people to their communities who might put down roots, pay local taxes and provide job and other opportunities to underpopulated communities. They have attracted more people to return to underpopulated cities through incentives such as educational-debt reduction credits.⁴² In other words, some U.S. cities are offering to pay student loan debts to gain young residents.⁴³

E. Encourage Legal Stakeholders to Offer a Forgivable Loan Program Targeting Rural Communities

In 2010, the Law Society of Manitoba addressed access to justice issues in rural communities by offering free tuition and living costs to students from remote communities who attended the University of Manitoba's Faculty of Law.⁴⁴ The forgivable loan program covers tuition and living expenses up to \$25,000.00 each year of law school. The loan would be forgiven at a rate of 20% for each year the

new lawyer practised in a rural community and was entirely forgiven after five years of practice. The goal is to encourage new lawyers to settle and stay in the rural community.

F. Consider Changes to the BC Repayment Assistance Plan

To make law school more affordable, new lawyers should not be required to make payments on their student loan debts until they have earned a minimum annual net income of \$35,000.00 to \$50,000.00.

G. Allow Articling Students to Defer Repayment of their Student Loans While Articling

Currently, articling students may be required to start paying down their student loan debts while they are still training to be lawyers. This low-cost change may open up further opportunities to work in rural BC communities.

11. CONCLUSION

New lawyers, saddled by high student loan debts, need additional incentives to help meet the lawyer shortage in BC's rural communities. The lower income typically offered in rural communities are a barrier. Lower income means many more years before student loans are paid off, and that's not including housing and other costs. Without student loan relief, new law graduates often target higher dependable paycheques in established law firms to pay off their student loans. With most high paying jobs located in large law firms, many law graduates would rather compete to stay in urban centres like Vancouver, than move to rural communities where income is lower and less dependable on a regular basis.

Providing new lawyers in rural BC communities with student loan forgiveness not only creates jobs, improves access to justice and promotes diversity but ultimately, helps the economy. New lawyers add to the rural infrastructure, invest time and energy into a rural economy and would be less likely to face financial difficulties or declare bankruptcy.

We recommend the BC government consider broadening its student loan forgiveness program to include lawyers who commit to practising for five years in rural BC communities. It makes sense to expand the current loan forgiveness program to include lawyers practising in rural communities. Alternatively, we recommend the BC government consider any of the other student loan debt reduction options discussed in this submission, as a means to promoting access to justice and diversity and to revitalizing rural BC economies.

A student loan forgiveness program for new rural BC lawyers would align with Premier Clark's commitment to invigorating small BC communities as reflected in the new \$75-million BC Rural Dividend program. It also aligns with the BC government's recent expansion of the student loan forgiveness program to include other occupations.

We gladly offer any assistance on any of the issues raised and thank you for considering our submissions.

Thank you,

Originally signed

Jennifer Chow
President 2015-16

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ENDNOTES

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- ¹³ “Student debt top focus for law student group,” Anastasiya Jogal, April 13, 2015, www.canadianlawyermag.com
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³³ Data provided by Allard Hall School of Law in July 2016:

	2014/15	2015/16
# of Applications	216	245
Percentage of JD students	40%	45%
# of students receiving bursaries	145	159
As percentage of applications	67%	65%

³⁴ Data provided by University of Victoria Law Faculty in July 2016:

Year	Students w. Govt Student Loans	Total – Registered Students
2015-16	174 (47%)	373
2014-15	167 (45%)	368
2013-14	190 (50%)	382
2012-13	193 (51%)	381

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