



# TZEDEK DC

Legal Help for People in Debt

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On behalf of Ariel Levinson-Waldman, President and Director-Counsel

For the Committee on Judiciary and Public Safety

April 13, 2023, Fiscal Year 2024 Budget Oversight Hearing for the Office of  
Victim Services and Justice Grants

Committee Chair Pinto, Members, and Committee Staff:

Tzedek DC is an independent public interest center headquartered at the UDC David A. Clarke School of Law with the mission to safeguard the legal rights and financial health of DC residents with low incomes dealing with the often-devastating consequences of abusive debt collection practices and other consumer related issues. Tzedek DC pursues this mission through an anti-racist lens, as wealth in DC closely tracks racial lines. Typical white DC households hold net assets 81 times greater than typical African American families, with similar gaps for DC's Latino community. Further, while 43 percent of DC residents of color have a debt in collections, only 10 percent of white DC households do; unpaid debt reported to credit reporting agencies dramatically and disproportionately impacts residents of color, causing harm to their abilities to rent an apartment, secure a mortgage, get a loan, or even get a job. Tzedek DC relies on Access to Justice (ATJ) Initiative funds from the Office of Victim Services and Justice Grants (OVSJG) to assist DC residents struggling with legal debt issues, including residents with medical debt, victims of financial crimes and domestic violence, and sees in 2023 the emerging needs of the disabled community and the increase of post-pandemic debt collection against DC residents.

The Mayor proposed a 31.7% reduction in FY24 for OVSJG to \$75.5 million, with a proposed 60%, or \$18 million decrease, for the ATJ Initiative to only \$13.018 million. This could imperil the life-changing services the Initiative funds that District residents rely on for safety, health, housing, and economic stability.

ATJ Initiative funds play a critical role in Tzedek DC serving our mission. With DC Bar Foundation grant support, Tzedek DC provides free legal help, pursues court rule and administrative agency reforms, and co-leads community outreach and education efforts. Tzedek DC serves DC households that are among the 300,000 residents living at or below 400% of the federal poverty line. The Access to Justice Initiative funds two, critical Tzedek DC projects: 1) the Debt-Related Legal Services project, and 2) the Disabilities Community Project. Through these projects, we represent residents struggling with

consumer legal issues like credit report misreporting, predatory lending, and harassing debt collectors, and provide community legal education to residents in coordination with community partners. Also, Tzedek DC has directly aided over 2,500 residents since 2017, largely through ATJ programs' support. **In 2022 alone, we worked with 767 families, saving DC residents a total of \$1,435,184.60. In our 6+ years of Access to Justice funding, we have saved our DC clients \$3,545,699.05.** And as we shared in February, the Council's support for the ATJ Initiative allows the DC Bar Foundation and OVSGJ grantees, including Tzedek DC and Legal Aid in collaboration with Catholic Charities Legal Network, DC Bar Pro Bono Center, Legal Counsel for the Elderly, and Neighborhood Legal Services Program, to offer and staff the debt collection defense hotline (202-851-3387). The hotline is provided to every resident sued in a debt collection case, many of whom are without counsel; similar networks exist for landlord-tenant and family law providers.

Tzedek DC also tabled at **29 outreach events in Wards 7 & 8** alone in 2022, sharing information (in English and Spanish) focused on knowing your rights as a DC consumer with respect to debt and debt collectors, credit issues and credit rights, and as part of the Disability Community Project. We also share financial education materials from the Consumer Financial Protection Bureau (CFPB) on annual credit report review, specialty consumer reports, building your credit, paying your bills, and financial planning. Over **2000 residents attended** these events, with **Tzedek DC interacting with more than 300 individual residents. Our work with residents in Ward 7 and 8 since 2017 has directly saved them, respectively, \$427,359.56 and \$281,078.97. Further, our work responds to the financial stress of residents in all eight wards, for example, Ward 2 residents have saved \$63,896.87.**

Residents continue to recover from the financial complications of the COVID pandemic and historic inflation. The ATJ Initiative funds are vital to civil legal services in the District and for District residents, particularly for those with consumer financial needs. We urge the Council to consider increasing funding for the ATJ Initiative in FY24 to \$38 million, or in the alternative to restore funding to FY23's level of \$31 million.

Thank you for considering Tzedek DC's views.