



NEW YORK STATE SENATOR

Sean M. Ryan

## Senator Ryan, Assemblymember Solages Introduce Legislation To Safeguard Legal Service Funds For Vulnerable New Yorkers

SEAN M. RYAN May 13, 2024

| ISSUE: **CIVIL LEGAL SERVICES, NYS SENATOR SEAN RYAN, NYS SENATE DISTRICT 61**



Senator Sean Ryan speaks about S.9130 at a press conference, May 13, 2024

Bill Will Help Ensure IOLA Money is Used for Intended Purpose – Funding Civil Legal Services for Low-Income New Yorkers

**ALBANY** – Today, May 13, 2024, New York State Senator Sean Ryan and Assemblymember Michaëlle Solages were joined by legal services advocates from across New York State to announce legislation ([S.9130](#)) that will help ensure the New York State Interest on Lawyers

Account (IOLA) Fund is used exclusively for its intended purpose of providing low-income New Yorkers assistance with civil legal problems affecting their most basic needs, such as food, shelter, jobs and access to healthcare.

The bill will amend the state finance law to ensure that the IOLA board of trustees is able to act on their authority to make appropriations and fund its grants to legal service providers without the added red tape of New York State's budget process. This change in statute honors the intended purpose of IOLA and brings its administrative process in line with New York's other settlement funds, reserve funds, and special funds.

Established by the New York State Legislature in 1983, IOLA has provided financial support to civil legal service organizations across New York for over 40 years. While the IOLA Fund was created by the state, the money in the fund does not come from taxpayers; it comes from the interest generated on accounts in the care of attorneys on behalf of their clients. When attorneys act as fiduciaries for their clients' money, they are required to put the money into an interest-bearing account, either for the benefit of the clients or for the IOLA fund. The interest from the accounts to benefit the IOLA fund is pooled and used to support not-for-profit legal service providers across the state.

IOLA currently supports 80 not-for-profit organizations who serve the most vulnerable New Yorkers. These organizations provide crucial civil legal services to low-income New Yorkers across areas including consumer protection, education, employment, family, health, housing, immigration, income maintenance, and individual rights. They have closed over 307,000 legal cases, benefitted more than 639,000 low-income people, and generated over \$3.5 billion dollars and 8,000 jobs for New York State.

**Senator Sean Ryan** said, "For over 40 years, IOLA has helped ensure that every New Yorker has access to effective civil legal representation, regardless of their financial situation. The

IOLA Fund exists solely to support New York's not-for-profit legal service providers and their important work with low-income clients. We must ensure these vital funds are being used as intended – to provide vulnerable New Yorkers with the equal access to justice to which they are entitled.”

**Assemblymember Michaëlle C. Solages** said, “IOLA has been instrumental in providing critical legal support to countless New Yorkers. This legislation aims to prevent these funds from being swept and ensures that the IOLA Fund remains steadfast for future generations. As IOLA operates independently of taxpayer funding, its fate shouldn't hinge on the budget process. It's imperative to act now to ensure equitable access to justice for all New Yorkers by safeguarding the integrity of IOLA. I look forward to working with Senator Ryan and my colleagues to protect IOLA.”

**Christopher B. O'Malley, Executive Director of The Interest on Lawyer Account Fund of the State of New York**, said, “It's crucial that the non-taxpayer revenue generated from IOLA be used solely for the urgent legal needs of low-income New Yorkers. Under this bill IOLA would remain subject to government fiscal oversight, while being removed from the political budget process and preserving the integrity of the IOLA Fund.”

**Kristin Brown, President of the New York Legal Services Coalition and President and CEO of Empire Justice Center**, said, “This year's diversion of \$55 million the IOLA Fund is a clarion call to ensure it does not happen again and we are deeply grateful to Senator Ryan and Assemblymember Solages for their leadership in taking steps to protect IOLA Funds that are designated to help low-income New Yorkers access civil legal services and, ultimately, access justice. Any dime diverted from addressing the dual civil legal services crises - an estimated \$1 billion civil justice gap and community wide salaries that are at least 30% below counterparts in similar public interest and public sector fields - is an injustice and must be stopped. We ask both houses of the legislature to immediately pass this bill and the governor

to sign it.”

**Jessica Rose, Executive Director, Brooklyn Legal Services Corporation A**, said, “IOLA must be protected from future sweeps, which undermine the ethical basis of the Fund and would turn IOLA fund into a government slush fund. The use of the fund in this year’s budget to cover HOPP and ERAP funding results ultimately in a cut to the overall funding of civil legal services for low-income New Yorkers. This funding should be increasing, rather than decreasing, as the need continues to be so great. The sweep was an alarming move by the Governor and a terrible precedent which we urgently need to ensure does not reoccur in the future.”

**Gretchen Gonzalez, CEO at Erie County Bar Association Volunteer Lawyers Project**, said, “IOLA funding not only supports essential services that help low-income New Yorkers obtain help with civil legal problems affecting their most basic needs, such as food, shelter, jobs and access to health care, it is a critical source of infrastructure dollars for the civil legal services community. It’s absolutely critical that our state remains focused on investing more, not less, into civil legal services to level the playing field when crisis erupts in the essentials of life – housing, healthcare, education.”

**Karen Nicolson, CEO and Executive Director, Center for Elder Law and Justice**, said, “The Center for Elder Law & Justice relies on IOLA to support our mission of helping New Yorkers live with independence and dignity. In the final budget, we were appalled that the funds that have been specifically set aside to fund legal services funding were swept out of the control of IOLA board and utilized for other programs, that have historically been funded with state dollars. IOLA funds are not state dollars, but rather the interest earned on attorney escrow accounts. Without the protection codified in S9130, these funds are vulnerable to further depletion, reducing the funds available for older adults to access the legal system. New York’s older adults deserve better.”

## 2023-S9130

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- Introduced
- - In Committee Assembly
  - In Committee Senate
- - On Floor Calendar Assembly
  - On Floor Calendar Senate
- - Passed Assembly
  - Passed Senate
- Delivered to Governor
- Signed By Governor
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Relates to the use of funds and payments from the IOLA fund

April 29, 2024

In Assembly Committee

Sponsored by **Sean M. Ryan**

Do you support this bill?

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