



NEW YORK STATE SENATOR

Ruth Hassell-Thompson

Senators Hassell-Thompson and Sampson Call for Public Hearings To Address IOLA's Funding Crisis

RUTH HASSELL-THOMPSON | October 16, 2009

| ISSUE: **JUDICIARY**

New York State Senator Ruth Hassell-Thompson, Chairwoman of the Standing Committee on Crime Victims, Crime and Correction and Senator John Sampson, Senate Majority Conference Leader are calling for public hearings regarding the financial crisis that the New York State Interest On Lawyer Account Fund ("IOLA") is facing. The IOLA Fund, in existence since 1983, is used as a means to provide additional financial support to civil legal service organizations. The money is used to provide lawyers to indigent people in dire circumstances who need representation for foreclosure actions, unemployment hearings, landlord tenant eviction proceedings, fair hearings and many other legal actions.

Unfortunately, due to the economic recession that has harshly hit New York State, the IOLA Fund has experienced a dramatic loss of revenues. At this point, the Fund which distributed over \$31 million for a 15 month grant cycle in 2008, will only have approximately \$6.5 million to distribute for 2010. The purpose of the hearings is to initiate a dialogue throughout New York State as to how to stabilize funding for indigent legal services, particularly during this time when the State's budget will also need to be re-balanced.

Senator Ruth Hassell-Thompson said, "Unfortunately, the effects of the dwindling IOLA Fund are going to be felt very quickly throughout our communities. My colleagues and I will be working very hard with members of the civil legal service community to try to remedy this situation before it spirals out of control. Obviously, it is our duty as representatives to ensure that all New Yorkers receive equal

access to quality representation and the IOLA Funding is critical to this process.”

“In these tough economic times, New Yorkers have been forced to tighten our belts,” said Senator Sampson. “But even in times such as this, the right to access of quality legal services is a fundamental right that we in the legislature must preserve. Convening these statewide hearings will begin the dialogue, and I join my colleagues in working towards a fiscally responsible plan to ensure all New Yorkers receive a fair shot at justice.”

Christopher B. O’Malley, Executive Director of the IOLA Fund of the State of New York said, “The crisis in IOLA funding has come at a time when the need for civil legal services has skyrocketed due to the economic downturn. Unless this crisis is addressed some of the most vulnerable New Yorkers will be placed at-risk.”

“We greatly appreciate the leadership of Senator Ruth Hassell-Thompson and Senate Majority Conference Leader John Sampson in focusing on the civil legal services crisis caused by the loss of IOLA funding due to the drop in interest rates and the drying up of economic activity because of the economic downturn. The Legal Aid Society stands ready to work with Senators Hassell-Thompson and Sampson and other State officials to address this urgent problem. The dramatic loss of IOLA funding in the midst of the continuing severe economic downturn will hurt low income families and individuals across New York State who have an increased need for civil legal aid to obtain such basic necessities as unemployment and disability benefits, food stamps and access to medical care and to prevent evictions, foreclosures, and homelessness which is at record levels,” said Steven Banks, the Attorney-in-Chief of The Legal Aid Society in New York City.

Andrew Scherer, Executive Director of Legal Services NYC, which provides free legal assistance in civil matters to low-income households throughout New York City said, “Senators Hassell-Thomson and Sampson are true champions of equal justice and we are enormously grateful that they are drawing attention to this looming crisis. New York's poor are suffering the brunt of the recession in lost jobs, lost homes and lost income. This precipitous drop in IOLA revenue comes just when legal help is needed more than ever. A solution must be found.”

Harvey Epstein, Chair of the LEAP Coalition stated, “We understand these are hard times for New York State, but we must still prioritize legal help for New York's most vulnerable, who bear so much of the burden of these economic times. Civil legal services protect our most vulnerable neighbors who risk a lost job snowballing into a lost home or who face the prospect of living without health insurance. Those in need rely on our legal safety net now most of all.”

“Empire Justice Center applauds Senators Hassell-Thompson and Sampson for initiating a public dialogue about how to deal with the IOLA crisis that threatens to bring our state’s already anorexic civil legal services delivery system to its knees. For providers outside New York City, IOLA grants range from 12 percent to as much as 60 percent of total budget. The dramatic funding reductions, coupled with the impact of the recession on New York’s families has resulted in increasing numbers of New Yorkers

needing a lawyer to help them deal with complicated and life changing problems such as foreclosure, eviction, unemployment, or loss of health coverage," said Anne Erickson, President and CEO.

Christopher D. Lamb, Executive Director of MFY Legal Services said, "The shortfall in IOLA funds could not come at a worse time. Due to the economic crisis, more people than ever have landlord-tenant, foreclosure, consumer debt, and unemployment problems. Unless a way to replace IOLA funding can be found, legal services offices will not be available to help with these problems just when communities most need our assistance."