



NEW YORK STATE SENATOR

Ruth Hassell-Thompson

State Senate to Hold Public Hearings to Address IOLA's Funding Crisis

RUTH HASSELL-THOMPSON November 24, 2009

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Led by Senators Ruth Hassell-Thompson and John Sampson, the New York State Senate will hold hearings in December and January to address the funding crisis facing the New York State Interest on Lawyer Account Fund ("IOLA"). IOLA is the single largest funder for organizations providing civil legal services for low-income New Yorkers throughout the state.

Last year IOLA had nearly \$32 million dollars available to fund 71 programs. This year IOLA will have less than \$8 million dollars available, a decline of more than 75%. IOLA receives no tax dollars, and is funded by the interest earned on small or short-term funds held by New York attorneys in IOLA escrow accounts. The historically low interest rates set by the Federal Reserve in response to the economic crisis have been the cause of IOLA's revenue plunge.

Under any circumstances IOLA's funding decrease would be a huge blow to civil legal services for the poor in New York, but the crisis is exacerbated by the downturn in the economy. Legal providers throughout the state have recorded a significant increase in clients seeking their services, including many recently laid-off New Yorkers, and those who face losing their homes because of the foreclosure crisis.

It's not just low-income New Yorkers who will lose out if IOLA funding decreases. Last year clients of IOLA funded grantees won nearly \$250 million dollars in wrongfully denied benefits, most in the form of federal benefits, bringing much needed resources into New York State.

In response to the announcement of the Senate Hearings, Christopher B. O'Malley, Executive Director of the IOLA Fund said "IOLA is extremely grateful for the leadership of Senators Hassell-Thompson, Sampson, and all the Senators involved with hearings, as well the efforts of Assemblywoman Helene Weinstein, Chair of the Assembly's Judiciary Committee, who has been a leader in supporting IOLA and legal services for low income people. The funding IOLA provides for vulnerable New Yorkers who need legal assistance is vital, and we are confident that these hearings will

rally support for this important issue.”