

NEW YORK
CITY BAR

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Hon. Sheldon Silver
Speaker
New York State Assembly
Legislative Office Building, Room 932
Albany, NY 12248

Dear Speaker Silver:

I am writing following Chief Judge Lippman's request that the Legislature provide an allocation to the Judiciary Budget in order to supplement the reduced revenues being experienced by the Interest on Lawyer Account Fund of the State of New York (IOLA). We urge the Legislature to take this important step.

As you know, IOLA has historically been an important aspect of civil legal services funding statewide, and, two years ago, when former Governor Spitzer enacted comparability rates for IOLA Accounts, the fund briefly enjoyed an appreciable increase. However, with the decline in the housing market and historically low interest rates over the past several months, this source of funding is seeing a steep decrease in revenue – in December 2008, IOLA made grants totaling over \$31 million covering a 15-month period (\$24.8 million annualized over 12 months); it may have less than half this amount to distribute in December 2009.

Every day, legal services programs provide for thousands of vulnerable New Yorkers a lifeline for basic survival. And the situation their clients are facing – loss of jobs, foreclosure, eviction – are the grim hallmarks of this current fiscal crisis.

The work performed by legal services programs also saves New York State millions of dollars a year and is a proven, tested and wise investment. Last year, for example:

- millions of public dollars were saved by legal services programs because they were able to preserve homes, avert homelessness for New Yorkers, and keep families together;
- legal services programs garnered \$24,494,483 in retroactive federal disability awards for clients and \$131 million in total benefits for clients, bringing millions of dollars into the State annually;
- the monthly disability benefits, Earned Income Tax Credit refunds, and Unemployment Insurance benefits they obtained for New York residents were reinvested by them and stimulated the economies of their communities; and
- these community investments, in turn, sustained jobs and additional economic activity.

Indeed, with the increase in the unemployment rate, increased foreclosure filings, and increased bankruptcy filings New York State has experienced over the past year, the work performed by civil legal services programs is critically needed by New York City's poor now more than ever.

Through the legal services initiatives of the New York City Bar and through our work with a variety of legal services organizations, we witness firsthand and on a daily basis the vast unmet legal needs of New York's poor. We also witness firsthand the tremendous impact that these programs can have on the lives of these most vulnerable members of our society. Accordingly, we believe it is imperative that IOLA receive an emergency infusion of \$15 million in the FY2010-2011 budget; and, if interest rates remain low and IOLA Account transactions remain at reduced levels, that another emergency allocation to IOLA also be considered for FY2011-2012.

These would be emergency measures, appropriated solely to provide funds to IOLA in order to enable it to fulfill its mission of funding civil legal services programs throughout New York State. They would help to prevent a dramatic loss of funding to New York State's legal services programs which, were that to occur, would result in thousands of New Yorkers unable to receive legal assistance. The cost to households – and to the State – when adequate legal services are denied is reflected in homelessness, broken families, lack of medical care, education and other essential public benefits.

Thank you for your consideration.

Sincerely,



Stacey O'Haire Fahey
Chair, Pro Bono and Legal Services Committee