



NEW YORK STATE SENATOR

Ruth Hassell-Thompson

Senate Majority Committed to Protecting the Rights of At-Risk Families

RUTH HASSELL-THOMPSON December 9, 2009

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Senators Hassell-Thompson And Sampson Hold Hearings To Explore The Need For Reform Of The Civil Legal Service System To Ensure That We Protect Families And Core Justice Values In This Hard Economy.

(New York-NY) -The New York State Senate today began a series of hearings to determine the future of civil legal services in New York State. Senators heard testimony from leaders of various legal, academic, business, government and community groups as well as individuals who rely on the availability of civil legal service providers and the funding they receive from the Interest On Lawyer Account Fund (IOLA) –which harnesses private funds, mainly bank interest paid on un-segregated attorney trust accounts to support services for needy New Yorkers.

Senators Ruth Hassell-Thompson and John L. Sampson, recognizing the need for reform of the civil legal service system, invited New Yorkers who have benefited from civil legal services to share with lawmakers and the public how crucial the services provided to them were to their quality of life. The hearing today focused on reforms that invest in families, women, children, the elderly, domestic violence victims, the disabled, tenants, homeowners and local government taxpayers. The goal is to consider broader reforms to ensure that the civil legal service system keeps faith with the promise of equal justice for all New Yorkers and to determine whether the current civil legal service funding and structure are equal to the needs of New York families and communities.

The moving testimony given by so many civil legal service recipients and providers today shows just how truly vital these services are to so many hardworking New Yorkers.

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 legal representation to people in dire circumstances who are facing foreclosure actions, unemployment hearings, landlord tenant eviction proceedings, domestic violence, Social Security Disability, fair hearings and many other legal actions. Unfortunately, due to the economic recession that has harshly hit New York State and low interest rates, 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 forcing providers to turn many people seeking help away.

Senator Ruth Hassell-Thompson, Chair of the Committee on Crime Victims, Crime and Correction and Conference Chairwoman 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."

Senate Majority Conference Leader John L. Sampson, Chair of the Judiciary Committee said, "The Senate Majority is working diligently to preserve the fundamental right to fair and affordable representation. The Senate is committed to securing sustainable funding for these vital services, especially in these difficult times."

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."

In addition to providing crucial assistance to New Yorkers at a time of need, civil legal services also provide the state economic benefits: The civil legal services program saves local governments money by helping to keep families facing foreclosure in their homes, and out of homeless shelters. It helps unemployed workers receive insurance benefits they're entitled to, shrinking welfare rolls. And it helps disabled New Yorkers receive federal Social Security Disability benefits, bringing more tax dollars back from Washington and relieving the burden on state programs.

In addition, civil legal services saves money by making the court system operate more efficiently. It reduces the number of cash strapped individuals choosing to represent themselves who, due to their inexperience with the complexities of the law place an additional burden on an already overburdened civil and family justice system.

It was evident at today's hearing from those who testified that the need for these services and for reform of the civil legal system to secure sustainable funding has never been greater.

Additional hearings will be held on Wednesday, December 16 in Buffalo and Thursday, January 7, 2010 in Albany.

Additional Quotes:

Senator Velmanette Montgomery, Chair of the Senate Committee on Children and Families said, "We must protect our most vulnerable citizens who, especially in times of economic hardship, rely on the vital services provided by civil legal service organizations. In addition to protecting families facing foreclosure and helping victims of domestic violence, the retention of these critical services will save New York taxpayers millions of dollars."

Senator Eric Schneiderman, Chair of the Codes Committee said, "The civil legal services system is the last line of defense protecting low-income New Yorkers from eviction, foreclosure, domestic violence and unemployment. I am confident we will restructure the IOLA Fund in a way that makes a real difference in the lives of everyday people who cannot afford legal representation. By stabilizing this program, we can provide access to justice in the most efficient way possible."

Senator Liz Krueger, Vice-Chair of the Senate Finance Committee and the Chair of the Select Committee on Budget and Tax Reform said, "I want to thank Senator Hassell-Thompson for taking the lead on such an important issue. Civil Legal Services needs to have a reliable and guaranteed funding stream so that poor New Yorkers can get the vital legal services they need. The current system for funding through IOLA has resulted in a decrease of their budget of 75%. This is simply unacceptable during the current recession when people are relying on civil legal services more than ever."

Senator Adams, Chair of the Veterans, Homeland Security and Military Affairs said, "The New York State Interest on Lawyer Account Fund ('IOLA') provides financial support to not-for-profit civil legal service organizations. It promotes equal access to justice for underserved populations, including low-income, elderly, and disabled New Yorkers. The funding crisis facing IOLA results from the sharp downturn in

our economy, and I applaud Senators Hassell-Thompson and Sampson for their efforts to support legal assistance for the most vulnerable New Yorkers."

President-Elect Stephen P. Younger (Patterson Belknap Webb & Tyler LLP of New York City) said, "The 76,000 members of the New York State Bar Association view access to justice for the indigent as a fundamental part of our efforts to promote the public interest. Despite the tough fiscal choices currently facing New York, we should not lose sight of the fact that equal justice for all citizens is a basic obligation of our society. We encourage the State Legislature to work together and to do everything possible to provide an adequate and stable level of funding for vital civil legal services programs throughout the state. I want to thank Senators Sampson and Hassell-Thompson, as well as all of the committee members, for organizing public hearings to focus attention on these very important issues."

Victor A. Kovner, Chair, the Committee for Modern Courts said, "The need to find a replacement for IOLA funding of civil legal services is truly urgent. We urge the legislature to provide alternative revenues and to consider increases of certain court fees as a funding source."

Steven Banks, the Attorney-in-Chief of the Legal Aid Society in New York City said, "In the midst of this severe economic downturn civil legal assistance is crucial for families and individuals across New York State who need legal help 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. We greatly appreciate the Senate's leadership in focusing on preserving and expanding the availability of civil legal services for New Yorkers in these difficult times, especially when existing limited funding sources like the Interest On Lawyer Account Fund are facing dramatic reductions but civil legal services are needed more than ever."

Andrew Scherer, Executive Director and President, Legal Services NYC said, "We applaud the Senate for scheduling this important hearing. The hearing will draw sorely needed attention to the impending loss of IOLA funding and, more importantly, to the critical need for civil legal services for low-income New Yorkers. Without access to legal assistance, the people who are suffering most in the current economic crisis --- the unemployed, the elderly, children, people who face losing their homes through foreclosure and eviction--- cannot protect their legal rights and interests. Without adequate funding for legal help for New York's most vulnerable in matters involving fundamental human need, our justice system is, in the end, a system of injustice."

Christopher D. Lamb, Executive Director of MFY Legal Services said, "Unless something is done in the next few months to address the crisis in IOLA funding, thousands of New Yorkers will have nowhere to turn when they are faced with foreclosure, eviction, a denial of unemployment benefits, or a frozen bank account. The Senate leadership is to be commended both for realizing the urgency of the present crisis and the pressing need for long term reform of the way civil legal services is funded in New York State."

Anne Erickson, President of the Empire Justice Center said, "We applaud the Senate Majority for holding these hearings and bringing to light the incredible unmet need for civil legal services. As this Great Recession continues to take its toll, more New Yorkers than ever need legal assistance as they face job loss, foreclosures, evictions and economic dislocation. Many families are seeking assistance for the first time and by providing legal assistance we can help stabilize families and by extension help stabilize communities across the state. We look forward to working with the Senate, Assembly, Executive and Judiciary in the coming year to craft long-term solutions for adequately funding the legal services delivery system on a sustainable basis."

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