



NEW YORK STATE SENATOR

Ruth Hassell-Thompson

## Chief Judge Lippman Testifies at Joint Public Hearing to Address Civil Legal Service Funding Crisis

RUTH HASSELL-THOMPSON January 8, 2010

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*Senator Hassell-Thompson, Senator Sampson and Assemblywoman Weinstein Sponsor 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.*

(Albany-NY) –The New York State Senate and Assembly held the last in a series of hearings to determine the future of civil legal services in New York State. Members 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.

Senator Ruth Hassell-Thompson, Senator John L. Sampson and Assemblywoman Helene Weinstein, 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 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 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."

Assemblywoman Helene Weinstein, Chairwoman of the Assembly Committee on Judiciary said, "Access to civil legal services has long been a priority for the Assembly- fighting for close to two decades to provide funding for these services. The simultaneous surge in the demand for civil legal services and the projected sharp drop in funding resulting from the economic crisis has exacerbated the problem of chronically underfunded civil legal service providers to serve those in need. I and my colleagues in the Assembly look forward to working with the Senate to preserve IOLA funding this year and to find a way to ensure dedicated and sustainable funding for civil legal services."

Chief Judge Jonathan Lippman said, "The hearing on IOLA and the future of civil legal services addresses one of the most compelling challenges facing our entire justice system. No issue is more fundamental to the Judiciary's mission than ensuring equal justice for all, and the many civil legal services programs funded by IOLA enable us to carry out that mission."

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 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. The Senate and Assembly will now be meeting to exchange views and approaches to resolving the fiscal crisis and possible structural changes in the delivery of state-wide services.

#### Additional Quotes:

Senator Neil D. Breslin, Chair of the Insurance Committee said, "The civil legal services program assists unemployed workers to obtain insurance benefits for their family and children. Unless the IOLA Fund receives more government aid, many New Yorkers will face a difficult economic time. I applaud Senator Hassell-Thompson and Sampson for supporting civil legal services and helping low-income, elderly and disabled New Yorkers."

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 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."

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."

Lillian M. Moy, Executive Director, The Legal Aid Society of Northeastern New York said, "Legal Services is a great opportunity to change and improve people's lives. The testimony of clients, the judiciary, elected officials, partners and providers will illustrate the great need for ensuring adequate and consistent state funding for legal services."

NYSAC Executive Director Stephen J. Acquario said, "The current IOLA is financed in part through the interest on attorney trust accounts. The volatility of this revenue stream calls into question the financial structure providing the necessary revenues for this important program. If civil legal defense services are not provided and are not properly funded at the state level, there would be real and significant consequences—legal, human and financial—to individuals in need and ultimately, to the state and the counties."