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**Testimony of Volunteers of Legal Service to
The New York State Senate Finance Committee and the Assembly Ways &
Means Committee Joint Legislative Budget Hearing on Public Protection
January 25, 2024**

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Volunteers of Legal Service (VOLS) is a civil legal services organization that partners with the private bar and community-based organizations to meet the civil legal needs of New York City residents with limited resources. In our last fiscal year, more than 6,200 New Yorkers benefitted from our services. VOLS is a member of the New York Legal Services Coalition.

VOLS submits the following testimony in response to the SFY 2025 Executive Budget.

We support the modest increases for civil legal services through the Office of Court Administration (OCA) budget; specifically, we support the proposed six percent increase in the Judiciary Civil Legal Services appropriation and the three percent Cost-of-Living Adjustment (COLA) being applied to the Interest on Lawyers Account (IOLA).

We strongly oppose the Governor’s proposal to sweep \$100 million from the IOLA Private Contribution Account to the General Fund (PPGG, Part X) and urge the legislature to reject this proposal. The proposed sweep of \$100 million from IOLA will directly block “access to justice” legal services efforts from moving forward.

IOLA funding supports essential services that help low-income New Yorkers obtain help with civil legal problems affecting their most basic needs, such as food, shelter, jobs, and access to health care. These funds are intended to assist in addressing the estimated \$1 billion civil justice gap and are accumulated for distribution at the next round of grants to civil legal services providers. Civil legal services providers across New York State rely on IOLA funding in order to keep our doors open and meet the legal needs of our community members.

New York’s IOLA Fund was established in 1983, under New York State Finance Law (§ 97-v). With the recognition of the vast need to fund civil legal services, these funds were created for the sole purpose of funding civil legal assistance.

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The legislative intent was as follows:

Legislative findings and declaration. The legislature finds that the availability of civil legal services to poor persons is essential to the due administration of justice. ***The purpose of this act is to provide funding for providers of civil legal services*** (emphasis added) in order to ensure effective access to the judicial system for all citizens of the state to extent practicable within the means available for that purpose.

The Interest on Lawyers Account (IOLA) fund established by this act will be authorized to receive funds from any source for disbursement to nonprofit legal services providers for charitable purposes, including the delivery of legal services in civil matter to poor persons. The IOLA fund will receive the interest earned by qualified client funds held by attorneys in unsegregated interest-bearing accounts designated IOLA accounts. Funds which qualify for deposit in IOLA accounts are those which, in current practice, attorneys do not deposit in segregated accounts because insufficient interest would be earned to justify the expense of administration. When pooled in an IOLA account, funds which would be unproductive as individual accounts will generate income, the ***beneficial interest in which will be held by the IOLA fund exclusively for charitable purposes*** (emphasis added).

IOLA distributes the accumulated interest dollars through competitive requests for proposals issued every two years. IOLA also collects and distributes outcomes on the services provided by grantees. In 2023, IOLA grantees closed over 307,000 client cases, benefiting over 639,000 low-income New Yorkers.

Since IOLA's inception, interest rates have fluctuated wildly; in the early days, this resulted in significant swings in funding for civil legal services, causing uncertainty and financial crisis for legal services providers. To guard against this, IOLA rightly shifted to a "rainy day" approach that creates a reserve of funds that can be used to avoid cuts in funding for civil legal services during periods where interest rates and earnings are low.

Even during the most extreme past financial crises, IOLA funds have never been swept or used for any other purpose than for which the fund was created: to provide civil legal services to low-income New Yorkers. With demand for civil legal services at an all-time high, now is not the time to divert or undermine the purpose of this critical resource. In fact, the access to justice gap -- the space between the civil legal needs of low-income New Yorkers and the resources available to meet those needs -- has now been documented and assessed at \$1 billion over what is currently in the system. As noted in the Permanent Commission on Access to Justice's 2023 report to the Chief Judge, "the Permanent Commission recently adopted its Funding



Working Group’s report finding that between \$842 million and \$1 billion is a realistic estimate of the additional annual funding, over and above existing funding, to close the justice gap.”¹ Notably, this analysis focuses only on those earning up to 250% of the federal poverty level and does not include immigration related legal services.

VOLS strongly urges the legislature to support the civil legal services needs of New Yorkers with limited resources by rejecting the proposal in the executive budget to sweep funding from IOLA. These funds, along with OCA’s efforts, are essential to the legal services community’s ability to make gains in closing the access to justice gap.

Thank you for your consideration of VOLS’ testimony. If you have any questions or would like to discuss our testimony further, please contact Abja Midha, Executive Director, at amidha@volspobono.org or (347) 521-5717.

¹ Permanent Commission on Access to Justice, *Report to the Chief Justice of New York*, November 2023, available at https://www.nycourts.gov/LegacyPDFS/accesstojusticecommission/23_ATJ-Comission_Report.pdf.