



Thursday, February 12, 2026

Testimony of Lawyers Alliance for New York

Before the New York State Senate Finance Committee and the Assembly Ways & Means Committee

Joint Legislative Budget Hearing on Public Protection

by Angela Fernandez, Executive Director, and Dalton Valerio, Policy Counsel

On behalf of Lawyers Alliance for New York, a member of the New York Legal Services Coalition, we respectfully submit this testimony to emphasize the importance of one of the coalition's major SFY 2027 budget priorities and two upcoming legislative matters. We request that the Executive support the original full appropriation of \$102.5 million for IOLA by making a correction in the 30-day amendments. We urge the legislature to continue finding solutions to the nonprofit contracting process. And we ask both houses to pass the NY Protect Act.

Who We Serve and Why This Matters

Lawyers Alliance for New York is the leading provider of business and transactional legal services for nonprofit organizations and social enterprises that are improving the quality of life in New York City neighborhoods. Our network of pro bono lawyers from law firms and corporations and staff of experienced attorneys collaborate to deliver expert corporate, tax, real estate, employment, intellectual property, and other legal services to community-based organizations. By connecting lawyers, nonprofits, and communities, we help organizations to develop and provide housing, stimulate economic opportunity, improve urban health and education, promote community arts, and operate and advocate for vital programs that benefit New Yorkers of all ages.

We count many of the legal services providers in New York City among our clients. These organizations are essential partners of the State in protecting immigrants' rights and helping New Yorkers navigate economic hardship.

1. Core Funding for Civil Legal Services

We are deeply concerned that the Governor's Executive Budget did not include full appropriation authority for the Interest on Lawyer Account (IOLA) Fund. The Executive budget included \$77.5 million, far short of the \$102.5 million IOLA requested, which was approved by IOLA's Board of Trustees.

IOLA is a critical, non-taxpayer funding source for civil legal services for low-income New Yorkers. This funding is not taxpayer money; it is generated through interest on attorney escrow accounts for the sole purpose of supporting civil legal services statewide as prescribed in statute. The full



amount of money needed is currently in IOLA's accounts.

IOLA is now entering the second year of a five-year, competitively bid contract process that was designed specifically to provide stability and predictability for civil legal services providers. This multi-year approach allows nonprofit organizations to plan responsibly, retain staff, and meet growing demand for services at a time of unprecedented need. This approach is already supporting more effective, coordinated service delivery across the state.

Over the past year, providers have also worked closely with IOLA to plan and implement critical infrastructure investments through the Justice Infrastructure Project. These efforts are intended to create long-term efficiencies and improve service quality, including the recently announced statewide civil legal services training center and a planned online intake portal that will expand access and streamline assistance for New Yorkers seeking legal help.

Without the additional \$25 million needed to fully fund IOLA's request, there will be significant cuts in funding starting April 1, 2026 when year two contracts begin. Those reductions will mean the loss of jobs, fewer services for vulnerable communities, and the potential unraveling of carefully planned investments that were intended to strengthen the civil legal services system for the long term—directly undermining the policy goals this budget seeks to advance.

We request that the Executive support the original full appropriation of \$102.5 million for IOLA by making a correction in the 30-day amendments; however, if they do not, our ask to the legislature is that they include \$102.5 million spending authority for IOLA in their one-house bills.

2. Safeguarding New York's Nonprofits

We urge the Legislature to take two steps to address systemic challenges facing nonprofit service providers.

First, nonprofits are a critical part of New York's safety net and economic sector. However, New York State's nonprofit contracting process is broken. Challenges in New York's not-for-profit contracting and payment processes result in financial crisis, staffing instability, and fewer services for clients, undermining the goals of the contracts. We are grateful to the legislature – especially Senator Mayer and Assemblymember Paulin – for their work on this issue, and we ask that that commitment continue until we find a solution to support New York's nonprofit organizations and the people we serve.

Second, we urge passage of the NY Protect Act (S.7880A Krueger / A.8583-A Glick), which protects New York nonprofits from federal attacks by creating a state-protected not-for-profit status. This ensures that organizations can continue to operate, contract, and serve communities even if the IRS wrongfully revokes federal tax-exempt status. This legislation is critically important in the face of federal threats to penalize nonprofit organizations that support immigrants' rights, trans people, or diversity, equity and inclusion.

Closing

In closing, civil legal services are a cornerstone of New York's safety net. They prevent crises before



they escalate, protect vulnerable communities, and promote fairness and efficiency across our legal system.

We urge the Legislature to fully fund these critical priorities and reaffirm New York's commitment to equal justice for all.

Thank you for the opportunity to testify.