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## State Owes \$15M in IOLA Funds To Support Legal Services

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By **Scott M. Karson** | September 08, 2020



**Scott M. Karson, NYSBA president. courtesy photo**

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Lawyers are legally required to maintain an Interest on Lawyer Account (IOLA) to hold clients' escrow deposits. Interest on these statutorily created bank accounts is used to support legal services organizations that provide essential services for low-income New Yorkers. The funds are one of the most tangible ways by which our members support access to justice.

Yet payment of these IOLA funds has been withheld since late January 2020, which is hampering legal services organizations' ability to provide much-needed assistance to low-income communities hardest hit by the pandemic. The full payment for work performed under IOLA contracts must be released as expeditiously as possible.

IOLA contracts run on a two-year cycle, which means that the Request for Applications (RFA) would normally be released at this time for the contract cycle beginning in 2021. Any delay in the release of the RFA and contracting could have dire consequences on the ability of legal aid providers to continue their work in the coming year.

Additionally, longstanding contracts that fund legal aid throughout state agencies for the current fiscal year need to be executed. While contract renewal has always been slow, COVID-19 is causing new delays in payment on prior year vouchers. Further contracting delay will cause uncertainty and a loss of services to the very communities suffering most during this pandemic, and also makes it very difficult to retain knowledgeable staff.

For services already rendered, it is also critical that no retroactive cuts are imposed. Legal service providers do not have the resources to make up for the deficiency in staff salaries and benefits should these reductions occur. Cuts will lead to staff layoffs, loss of expertise and a further reduction in essential services for communities most in need.

COVID-19 is putting unprecedented stress on our most vulnerable communities. In the face of high unemployment and greater difficulty accessing the legal system, they need free legal help more than ever before. Stable funding for civil legal service providers is the smartest way to leverage limited state resources while meeting high demands in these communities. This also enables the providers to offer essential support to pro bono attorneys eager to make a difference.

I urge Gov. Andrew M. Cuomo and the New York State Division of the Budget to honor the state's contractual obligation and commitment to access to justice and do everything possible to minimize disruption in essential legal services related to housing, healthcare, safety net assistance, and more for all low-income New Yorkers.

Scott M. Karson *is president of the New York State Bar Association.*

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