

INTEREST ON LAWYER ACCOUNT

MISSION

The Interest on Lawyer Account (IOLA) Fund was established in 1983 to finance civil legal services for the indigent. Revenues are derived from the interest earned on small trust accounts in which attorneys hold certain funds for their clients. Banks transfer the interest earned on these IOLA escrow accounts to the Interest on Lawyer Account to fund grants to not-for-profit, tax-exempt entities providing civil legal services to the indigent, elderly, disabled and others. Legislation enacted in 1988 made participation in IOLA mandatory for attorneys in private practice who hold nominal short-term escrow accounts for clients.

ORGANIZATION AND STAFFING

A 15 member board of trustees appointed by the Governor administers the Interest on Lawyer Account. Board members serve without compensation. Day-to-day operations are located in New York City.

BUDGET HIGHLIGHTS

The 2008-09 Executive Budget recommends **\$72.1 million All Funds**, an increase of \$50.3 million. IOLA will have a workforce of **13 FTEs**, an increase of **4 FTEs** from 2007-08. IOLA is completely supported by revenue generated by the interest earned on IOLA escrow accounts. In August 2007, new regulations initiated by the Governor were issued to ensure that banking institutions pay a fair interest rate on IOLA escrow accounts – one that is not less than that paid on similar types of bank accounts. The result has been a significant increase in funds that will be available for civil legal services and improvement of administration justice grants.

Major budget initiative:

- **Expanding grants to civil legal service providers:** Legislation accompanying the Executive Budget creates a more transparent process to award grants and encourages the maintenance of a statewide service system. Four new positions are added to assist in the distribution of these significantly increased grant resources.

PROGRAM HIGHLIGHTS

Under legislation submitted with the Executive Budget, at least 80 percent of the grants from the Interest on Lawyer Account special revenue fund must be used for the delivery of civil legal services to the indigent. The balance must be allocated to purposes related to the improvement of the administration of justice, including the provision of civil legal services to underserved groups such as the elderly and disabled and administrative overhead. For the 2008 calendar year, the board administering the Interest on Lawyer Account has awarded \$25 million in grants to date to over 60 organizations statewide providing civil legal services to the indigent and underserved populations of New York.

INTEREST ON LAWYER

ALL FUNDS APPROPRIATIONS (dollars)

| Category | Available 2007-08 | Appropriations Recommended 2008-09 | Change | Reappropriations Recommended 2008-09 |
|-------------------|----------------------|--|------------|--|
| State Operations | 1,822,000 | 2,134,000 | 312,000 | 0 |
| Aid To Localities | 20,000,000 | 70,000,000 | 50,000,000 | 3,000,000 |
| Capital Projects | 0 | 0 | 0 | 0 |
| Total | 21,822,000 | 72,134,000 | 50,312,000 | 3,000,000 |

ALL FUND TYPES PROJECTED LEVELS OF EMPLOYMENT BY PROGRAM FILLED ANNUAL SALARIED POSITIONS

Full-Time Equivalent Positions (FTE)

| Program | 2007-08 Estimated FTEs 03/31/08 | 2008-09 Estimated FTEs 03/31/09 | FTE Change |
|-------------------------------------|---------------------------------------|---------------------------------------|------------|
| New York Interest on Lawyer Account | | | |
| Special Revenue Funds - Other | 9 | 13 | 4 |
| Total | 9 | 13 | 4 |

STATE OPERATIONS ALL FUNDS FINANCIAL REQUIREMENTS BY FUND TYPE APPROPRIATIONS (dollars)

| Fund Type | Available 2007-08 | Recommended 2008-09 | Change |
|-------------------------------|----------------------|------------------------|---------|
| Special Revenue Funds - Other | 1,822,000 | 2,134,000 | 312,000 |
| Total | 1,822,000 | 2,134,000 | 312,000 |

STATE OPERATIONS ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM APPROPRIATIONS (dollars)

| Program | Available 2007-08 | Recommended 2008-09 | Change |
|-------------------------------------|----------------------|------------------------|---------|
| New York Interest on Lawyer Account | | | |
| Special Revenue Funds - Other | 1,822,000 | 2,134,000 | 312,000 |
| Total | 1,822,000 | 2,134,000 | 312,000 |

STATE OPERATIONS - OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 2008-09 RECOMMENDED (dollars)

| Program | Total | | Personal Service | |
|-------------------------------------|-----------|---------|------------------|---------|
| | Amount | Change | Amount | Change |
| New York Interest on Lawyer Account | 2,134,000 | 312,000 | 818,000 | 184,000 |
| Total | 2,134,000 | 312,000 | 818,000 | 184,000 |

| Program | Nonpersonal Service | |
|-------------------------------------|---------------------|---------|
| | Amount | Change |
| New York Interest on Lawyer Account | 1,316,000 | 128,000 |
| Total | 1,316,000 | 128,000 |

INTEREST ON LAWYER

AID TO LOCALITIES ALL FUNDS FINANCIAL REQUIREMENTS BY FUND TYPE APPROPRIATIONS (dollars)

| <u>Fund Type</u> | <u>Available 2007-08</u> | <u>Recommended 2008-09</u> | <u>Change</u> |
|-------------------------------|------------------------------|--------------------------------|-------------------|
| General Fund | 3,000,000 | 0 | (3,000,000) |
| Special Revenue Funds - Other | 17,000,000 | 70,000,000 | 53,000,000 |
| Total | <u>20,000,000</u> | <u>70,000,000</u> | <u>50,000,000</u> |

AID TO LOCALITIES ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM APPROPRIATIONS (dollars)

| <u>Program</u> | <u>Available 2007-08</u> | <u>Recommended 2008-09</u> | <u>Change</u> |
|-------------------------------------|------------------------------|--------------------------------|-------------------|
| New York Interest on Lawyer Account | | | |
| General Fund | 3,000,000 | 0 | (3,000,000) |
| Special Revenue Funds - Other | 17,000,000 | 70,000,000 | 53,000,000 |
| Total | <u>20,000,000</u> | <u>70,000,000</u> | <u>50,000,000</u> |