



## NATIONAL ASSOCIATION OF IOLTA PROGRAMS

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### **National IOLTA Group Forecasts Need for Additional Funding to Support Legal Aid**

Chicago (March 31, 2020) - The National Association of IOLTA Programs (NAIP) warns that new funding will be needed to help legal aid organizations respond to spiking demand for legal help due to the pandemic-related economic slowdown.

NAIP represents 50 state and jurisdiction-based organizations across the United States that make grants to support legal assistance to low-income families. These state funders distribute dollars generated by sources that include Interest on Lawyers Trust Accounts (IOLTA), state court filing fees, and legislative appropriations. The aggregate legal aid funding administered by these IOLTA organizations and state funders exceeded \$370 million in 2018. But NAIP believes this funding will plummet in the coming months.

“IOLTA funding is highly dependent on interest rates, which the Fed has cut to the same range (0-.25%) that typified the 2008 financial crisis. In addition, the court filing fees that support legal aid in many states are projected to drop immediately due to court closures,” according to Betty Balli Torres, executive director of the Texas Access to Justice Foundation. Her organization administers the IOLTA program and several legislative appropriations in Texas.

NAIP President David Holtermann explained that recent discussions with member programs revealed widespread and deep concern about the economic outlook. NAIP members project their revenues will drop by as much as 75% over the next year. This will force them to sharply reduce legal aid grants just as the need for legal help from the public peaks.

“The legal aid programs supported by NAIP members are up to the challenge, but they will need additional financial support to maintain their operations and scale up their outreach during a very critical time,” according to Holtermann.

“Everyone’s first priority is supporting the health and safety of their communities and states right now. But families across Texas and throughout the country are feeling economic distress that will lead to legal problems related to housing, securing emergency benefits, and unpaid bills,” Torres said. “Based on past disasters, we know there will be a huge spike in demand for qualified, compassionate legal help in the coming weeks and months.”

Holtermann lauded the inclusion of \$50 million in additional funding for the Legal Services Corporation (LSC) in the \$2.2 trillion stimulus bill passed by the United States House and Senate and signed into law by President Trump last week. The additional funds will help the 132 local legal aid organizations supported by LSC to address the legal needs of low-income clients related to the pandemic. Nonetheless, this influx will fall short of what is needed to fully address the legal needs of low-income and working Americans in the coming months. LSC represents only a portion of legal aid funding in the United States, and in most states, IOLTA and related funds support a significant number of legal aid providers, pro bono programs, legal helplines, and online resources that do not receive any LSC funding. Collectively, the IOLTA and state-based funds administered by NAIP member programs are the second largest source of legal aid funding nationwide.

Angela Lloyd, who is the executive director of the Ohio Legal Assistance Foundation, agreed that legal aid programs will need more funding during the next year. “This new funding is very welcome because it will help support LSC programs as the demand for

legal help increases. However, we are very concerned that it will not be enough. The demands on legal aid programs of all types – LSC and non-LSC – will be intense during the next year,” Lloyd explained.

“To ensure an equitable and adequate response, additional resources for LSC programs and non-LSC programs will be essential. NAIP and our member organizations look forward to working with policymakers at all levels of government to help identify and meet the needs,” Holtermann said.

“IOLTA” stands for Interest on Lawyer Trust Accounts. An IOLTA account is a type of pooled checking account used by lawyers to hold client funds. According to professional ethics rules, lawyers may not earn the interest generated on these pooled accounts. Instead, the pooled interest supports grants to legal aid organizations.