



199 Water Street
New York, NY 10038
T (212) 577-3300
www.legal-aid.org
Direct Dial: (212) 577-3277
Direct Fax: (212) 809-1574
E-mail: SBANKS@legal-aid.org

Alan Levine
Chairperson of the Board

Blaine (Fin) V. Fogg
President

Steven Banks
Attorney-in-Chief

**TESTIMONY BEFORE THE NEW YORK STATE SENATE REGARDING THE
GOVERNOR'S PROPOSED DEFICIT REDUCTION PLAN – October 26, 2009**

The Legal Aid Society welcomes this opportunity to testify at this special Senate hearing on the Governor's October 15, 2009 proposed deficit reduction plan. Our testimony focuses on the plan's impact on low income families and individuals who need civil legal assistance to maintain the basic necessities of life – shelter from the elements, family safety and integrity, access to health care, food, clothing, and subsistence income – in the midst of the most extreme economic conditions since the Great Depression of the 1930s.

As you know, with a staff of 1,450, including 850 lawyers and 600 social workers, paralegals, investigators, and support and administrative staff, the Legal Aid Society provides crucial civil, criminal, and juvenile rights legal assistance to low income families and individuals in literally every community in the five boroughs of New York City. During the past year, the Legal Aid Society provided civil, criminal, and juvenile rights legal services in more than 300,000 cases and legal matters for New Yorkers in desperate need of legal help. Many of these clients are referred to the Legal Aid Society by the constituent services staffs of State elected officials or by community-based organizations serving every district of the City. Indeed, since its founding in 1876, the Legal Aid Society has been a vital part of the social fabric of the City.

We are mindful of the extreme financial difficulties that the State is facing. At the same time, these extraordinary economic conditions are having an especially harsh impact on low income New Yorkers and the need for the legal help that the Society provides to these struggling families and individuals is increasing exponentially.

Against this backdrop, the Governor has proposed to cut \$595,000 from the \$4.2 million State FY2009-2010 allocation for civil legal services for constituents in literally every community of the New York State. With this new proposed State civil legal services cut, the Society and other civil legal services programs across the State and in New York City will have to turn away more families and individuals who need legal aid to get

unemployment and disability benefits, flee from domestic violence, and prevent evictions, foreclosures, and homelessness.

This proposed State civil legal services cut is also coming at a time when a catastrophic drop in Interest on Lawyer Account funding for civil legal assistance in New York State is looming in 2010. The IOLA Board allocates civil legal services funding on a calendar year basis. In December 2008, IOLA made State-wide grants to civil legal services providers totaling over \$31 million covering a 15-month period. This 15-month funding level is equivalent to \$24.8 million annualized over 12 months, which is the approximate level of the 2008 calendar year IOLA funding. However, primarily as a result of the drop in interest rates as well as the drying up of economic activity when the downturn began, the IOLA Fund's program revenue is projected to drop to approximately \$6.5 million for the period April 1, 2010 through December 31, 2010. This \$6.5 million revenue level for the first 9 months of the State fiscal year that begins on April 1, 2010 and runs through March 31, 2011 is in comparison to \$18.6 million which had previously been the proportionate level for a 9-month period. These substantial losses are expected to continue during calendar year 2011 through the last quarter of the State's April 1, 2010 – March 31, 2011 fiscal year and thereafter into the April 1, 2011 – March 31, 2012 fiscal year. Based on these projected losses, the Society's \$4.5 million annual 12-month IOLA grant will be decimated. Other providers in New York City and in the rest of the State are facing similar deep cuts.

Every day, civil legal services programs like the Society provide for thousands of vulnerable New Yorkers a lifeline for basic survival. And the situations our clients are facing – loss of jobs, foreclosure, eviction, hunger – are the grim hallmarks of this current fiscal crisis. The work performed by civil legal services programs also saves New York State millions of dollars a year and is a proven, tested and wise investment. Last year, for example:

- millions of public dollars were saved by legal services programs because they were able to preserve homes, avert homelessness for New Yorkers, and keep families together;
- legal services programs obtained \$24,494,483 in retroactive federal disability awards for clients and \$131 million in total benefits for clients, bringing millions of dollars into the State annually;
- the monthly disability benefits, Earned Income Tax Credit refunds, and Unemployment Insurance benefits civil legal services programs obtained for New York residents were reinvested by them and stimulated the economies of their communities; and
- these community investments, in turn, sustained jobs and additional economic activity.

Based on the number of low income families and individuals seeking civil legal services at the Legal Aid Society and at other civil legal programs across the State and in the City, the Governor's proposed cut in civil legal services funding and the looming IOLA cuts could not come at a worse time for vulnerable New Yorkers.

For example, the Society annually handles some 32,000 civil legal matters in literally every zip code in the City except the zip code for Ground Zero, consisting of 35.9% of our cases from Brooklyn, 26.7% from the Bronx, 16.5% from Queens, 14.4% from Manhattan, and 6.5% from Staten Island. However, we are able to help only one out of every nine New Yorkers who seek our help with civil legal problems because of lack of resources. The situation has become particularly dire since the economic downturn which is having such a harsh impact in our client communities, and the need for our civil legal services is more crucial than ever. Homelessness, for example, is at record levels in New York City, and unemployment, hunger, and foreclosures are on the rise.

In recent months, we have seen unprecedented increases in requests for help in core areas of need:

- a 29% increase in requests for help with unemployment benefits and employment problems;
- a 40% increase in requests for health law assistance and help obtaining Medicaid, Medicare, and other health care coverage;
- a 12% increase in requests for help to obtain food stamps, federal disability benefits, and public assistance;
- a 16% increase in requests for domestic violence and family law help;
- a 15% increase in requests for help from current or former low wage workers with earned income tax credit or other low income taxpayer problems;
- a 21% increase in requests for eviction prevention representation; and
- a stunning 800% increase in requests for foreclosure defense assistance.

The situation will become even more extreme in 2010 if the Governor's proposed \$595,000 cut in State-wide civil legal services funding is implemented and if there is no IOLA bailout plan to address the dramatic drop in revenue in the Fund for civil legal services. In these severe economic times, civil legal assistance is needed now more than ever. We stand ready to work with you to address this extraordinary civil legal services crisis.

Submitted by,

Steven Banks
Attorney-in-Chief
The Legal Aid Society
199 Water Street
New York, New York 10038
Tel: 212-577-3277
Fax: 212-809-1574
sbanks@legal-aid.org