



Pennsylvania Interest on Lawyers Trust Account Board

NEWS RELEASE

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Supreme Court of Pennsylvania helps legal aid programs at time of crisis

HARRISBURG, April 2, 2009 – Low income Pennsylvania families are facing greater civil legal challenges as a result of the sharp decline in the economy, such as coping with the loss of income, shelter, health benefits, and increased family stress that can escalate into domestic violence. People confronting these issues often need the assistance of an attorney, but they cannot afford to hire one. With no where else to turn, they call their local legal aid office seeking assistance from an attorney. These increased needs come at a time when legal aid offices also are experiencing losses of funding like never before.

The mission of the Pennsylvania IOLTA Board is to award grants to non-profit organizations that provide legal assistance to low income Pennsylvania residents with pressing civil legal problems. The IOLTA Board receives its funds for the grants from several sources, most notably from interest earned on attorney trust accounts. However, interest rates have been declining since the fall of 2007, and much more steeply during 2008. The most dramatic action taken by the Federal Reserve Board in mid-December, 2008 was to cut the Federal Funds Rate to near 0%. This dramatic decrease in interest rates has resulted in reducing the funds available from \$13.5 million in fiscal year 2007-2008 to \$3.5 million in fiscal year 2009-1010.

With this looming crisis, the Pennsylvania Supreme Court today announced that it will increase the annual attorney fee assessment by \$25 per attorney to help stabilize the legal aid system. This action is expected to generate \$1.5 million annually for legal services programs. “The Supreme Court’s action demonstrates bold and timely leadership in helping address fundamental issues of fairness in the civil justice system. Without the Court’s action, legal aid programs would be forced to further reduce paid staff hours and increase furloughs of their attorneys. This funding is expected to prevent further reductions in legal assistance, and will effectively help stabilize the legal aid system until interest rates turnaround, and regular grant funding resumes” said Maureen Kelly, Chair of the PA IOLTA Board (and a partner at Babst, Calland, Clements & Zomnir in Pittsburgh). “Chief Justice Castille and his colleagues on the Pennsylvania Supreme Court should be commended for taking this action at such a

critical time.” Chair Kelly said this action by the Supreme Court is a first step. “It is ironic that when the need for services is the greatest that it has been in years that the IOLTA funding for legal services programs is dramatically contracting. I strongly encourage attorneys and law firms to increase their financial support of the local legal services programs in their communities.”

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