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MLAC Reducing Grants to Massachusetts Legal Aid Programs by 40 Percent

Cuts will result in drop of 18 percent or more in client services

BOSTON, October 31 – The Massachusetts Legal Assistance Corporation (MLAC), the largest funding source for civil legal aid in the Commonwealth, is reducing its general support grants to the 17 legal aid programs it funds by nearly 40 percent, from \$22 million last fiscal year to \$13.5 million this year.

“These are the most extreme cuts we’ve ever had to make to programs in our 25-year history,” says Lonnie Powers, MLAC’s executive director. “Some programs are going to lose up to 30 percent of their budgets. This is going to be devastating for low-income people who need legal help with problems threatening their housing, health care and employment.”

The cuts are required because MLAC anticipates a 54 percent decrease in the income it receives from the Interest on Lawyers’ Trust Accounts (IOLTA) program this fiscal year, which began July 1. Established by the Supreme Judicial Court in 1986, the IOLTA program requires lawyers holding funds on behalf of clients to deposit them in IOLTA accounts, if the funds are modest or are to be held only for a short time. The pooled interest from IOLTA accounts is used to fund civil legal services for low-income people.

IOLTA revenue has been declining due to reduced interest rates at banks and the drop in real estate transactions. On Wednesday, the Federal Reserve decided again to lower its fed funds rate by a half-point to 1 percent.

Due to the decline in IOLTA income, local legal aid programs, which dedicate the vast majority of their budgets to providing direct client service, will face significant reductions in their income during this fiscal year. The reductions range from 13.5 percent for Greater Boston Legal Services to 29 percent for Neighborhood Legal Services, which has offices in Lynn and Lawrence.

MLAC anticipates the reduction will result in a drop of at least 18 percent in client services statewide. That means approximately 20,000 low-income individuals and family members will be left without the legal help they need – including tenants losing their homes to landlord foreclosures, parents wrongly denied health coverage for their children and elders facing bankruptcy.

“These cuts come at a time when more people are struggling to pay rent and put food on the table,” says Sheila Casey, executive director of Neighborhood Legal Services. “Since the downturn in the economy, we’ve seen steadily increasing demand for our services. Our attorneys and paralegals are vital to keeping families and communities together.”

MLAC receives both an appropriation in the state budget (line item 0321-1600, funded at \$11 million in FY09) and two-thirds of the income from the IOLTA program.

ABOUT MLAC

The Massachusetts Legal Assistance Corporation was established by the state legislature in 1983 to ensure that low-income people with critical, non-criminal legal problems would have access to legal information, advice and representation. It is the largest funding source for civil legal aid programs in Massachusetts. www.mlac.org.