



NC IOLTA

The North Carolina State Bar Plan For Interest on Lawyers' Trust Accounts

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NC IOLTA Report to the North Carolina State Bar Council Annual Meeting, October 2018

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Income

Interest income generated on lawyers' trust accounts (participant income) is the North Carolina IOLTA program's primary source of revenue. NC IOLTA, like many IOLTA programs across the country, monitors participating banks that hold IOLTA accounts for compliance with the State Bar's rules related to IOLTA accounts. Adopted in 2010, the State Bar's comparability rule requires banks to pay the highest interest rate generally available to non-IOLTA accounts with similar account requirements.

This spring, IOLTA began reaching out to banks to review available products to ensure IOLTA receives the highest rate available under the comparability rule. If the interest rate environment continues to improve, we anticipate the results of this ongoing effort will yield significant additional funds available for bolstering IOLTA's reserve fund and increasing grantmaking over the next few years.

Participant income through August of 2018 from participating financial institutions increased by 34% compared to last year. Interest income received in August of 2018 was 87% more than that received in August of 2017.

Grants

2019 grant applications were due on October 1, 2018. The Board of Trustees will review 2019 grant applications and award grants at the November grantmaking meeting.

The IOLTA Board of Trustees met on October 15 for IOLTA's long range planning meeting, rescheduled due to Hurricane Florence. During the meeting, the Board approved two off-cycle grant awards for collaborative projects to serve victims of Hurricane Florence. The grant awards total \$226,600 and will be funded by the Bank of America settlement as well as a \$50,000 grant received by IOLTA from a private foundation to support IOLTA's disaster legal services grantmaking.

State Funds

In addition to its own funds, NC IOLTA administers the state funding for legal aid under the Domestic Violence Victim Assistance Act on behalf of the NC State Bar. In 2017-2018, NC IOLTA distributed \$1,060,596 in domestic violence state funds. The General Assembly appropriated an additional \$100,000 to Pisgah Legal Services for veterans' legal services that NC IOLTA also administered.

In the 2018-2019 state budget, the General Assembly again appropriated \$100,000 for Pisgah Legal Services' veterans project. No changes were made to domestic violence funding administered by the State Bar. To date, NC IOLTA has administered \$257,019.88 in domestic violence state funds for 2018-2019.



North Carolina Interest on Lawyers' Trust Accounts

2018 Snapshot

January thru September 2018



	2018	2017
	(September 30, 2018)	(Year-End)
<i>INCOME</i>		
Total IOLTA Income	\$ 1,734,673	\$ 2,031,808
Participant Income	1,617,596	1,856,643
Cy Pres Funds	2,400	1,500
Miscellaneous Income	114,678	173,665
<i>EXPENSES</i>		
Total Operating Expenses	254,099	344,813
<i>RESERVE FUND BALANCE</i>	\$ 369,680	\$ 254,767
<i>IOLTA Grant Awards</i>	2018 Grant Awards	2017 Grant Awards
Grant Awards (paid in calendar year)	\$ 1,237,493	\$ 2,032,335
Matching Grants (met in calendar year)		20,000
<i>Bank of America Grant Awards</i>		
Grant Awards (paid in calendar year)	1,770,666	2,026,052
Grant Awards (committed to be paid in future)	1,157,089	2,520,470
<i>TOTAL GRANT AWARDS</i>	\$ 4,165,248	\$ 4,078,387
STATE FUNDS ADMINISTERED	857,071	1,973,791
<i>ACCOUNT & BANK DATA</i>		
Number of Eligible Banks	76	79
Total Number of IOLTA Accounts	9,178	9,651
Total Number of Settlement Agent Only Accounts	71	66
Service Charges Paid	\$ 186,911	\$ 228,113
<i>PROGRAM TOTALS</i>		
Total IOLTA Income	\$ 100,964,747	
Income from IOLTA Accounts	\$ 83,609,186	
State Funds Administered (since Oct. 2004)	\$ 54,127,486	
Total Grant Awards (Including Matching Grants)	89,964,486	

HISTORY OF STATE FUNDS DISBURSEMENT BY IOLTA

Access to Civil Justice (ATCJ)

In 1988, The General Assembly provided dedicated state funding from court filing fees for providing access to legal representation for indigent persons in certain civil matters throughout the state through now three legal aid organizations (Legal Aid of NC, Pisgah Legal Services, and Charlotte Center for Legal Advocacy). Additional appropriation of recurring funds was included in the state budget for these purposes beginning in 2006-07; however, the appropriation was removed from the 2014-15 budget. Allocations were based on poverty population in areas served as established by the census.

In the 2017 legislative session, the ATCJ Act was repealed and funding was eliminated.

Domestic Violence Victim Assistance (DV)

As of October 2004, the General Assembly began providing funds for now two legal aid programs (Legal Aid of NC and Pisgah Legal Services) specifically for domestic violence work. Allocations are: 20% divided equally among all NC counties and 80% allocated according to the numbers of 50b protective orders filed in their program areas during the previous state fiscal year as established by AOC statistics.

Foreclosure Protection

In 2008, the General Assembly appropriated additional funds for foreclosure protection legal services to be divided evenly between the Land Loss Prevention Project and the Financial Protection Law Center. Beginning with the 2009-10 state year, funding was for Financial Protection Law Center only. Funding was eliminated in state year 2014-15.

Veteran's Assistance

In 2016, the General Assembly appropriated one-time non-recurring funding of \$100,000 to Pisgah Legal Services for 2016-2017. Funding was received again in 2017-18. The funds will be used for civil legal representation of veterans.

Center for Death Penalty Litigation (CDPL)

The Center for Death Penalty Litigation receives funds for the purpose of providing training, consultation, brief banking, and other assistance to attorneys representing indigent capital defendants. IDS began administering this funding with the 2009-10 year and currently contracts with CDPL for these services.

			Accrual Period			
AGENCY	CATEGORY	Total Funds Administered by IOLTA	2018 Jan-Oct	2017 Jan - Dec	2016 Jan - Dec	Oct. 2004 thru Dec. 2015
Legal Aid of NC	ATCJ Filing Fees	24,585,566		746,190	1,442,689	22,396,687
	DV Filing Fees	15,933,226	753,292	953,235	929,725	13,296,974
	ATCJ Appropriation	5,623,671				5,623,671
	Sub-Total	46,142,463	753,292	1,699,425	2,372,414	41,317,332
Pisgah L.S.	ATCJ Filing Fees	1,396,407		42,366	81,911	1,272,130
	DV Filing Fees	1,076,214	53,779	68,867	66,074	887,494
	VA Appropriation	200,000	50,000	100,000	50,000	
	ATCJ Appropriation	320,059				320,059
	Sub-Total	2,992,680	103,779	111,233	147,985	2,479,683
Charlotte Center for Legal Advocacy	ATCJ Filing Fees	1,414,497		63,133	122,061	1,229,303
	ATCJ Appropriation	306,271				306,271
	Sub-Total	1,720,768	0	63,133	122,061	1,535,574
Financial Protection Law Center	Appropriations	458,750				458,750
Land Loss Prevention	Appropriations	98,750				98,750
CDPL	Appropriations	2,448,500				2,448,500
LASNNC	D.V.	265,577				265,577
GRAND TOTALS		54,127,488	857,071	1,873,791	2,642,460	48,604,166