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NEWS RELEASE

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Annual Registration Fee for Lawyers to Increase

HARRISBURG, April 2, 2009 - The Pennsylvania Supreme Court today ordered a \$25 increase in the annual registration fee for Pennsylvania lawyers, the first such adjustment in eight years. Funds from the increase are to be used for legal aid programs to assist individuals unable to afford legal services.

For years, Pennsylvania's attorney registration fee of \$175 has been among the lowest in the nation. With the \$25 increase, the new annual fee of \$200 will be more than \$100 lower than the national average. Only 10 states have lower annual registration fees.

Chief Justice of Pennsylvania Ronald D. Castille said the fee increase in its entirety will be used to bolster the Interest on Lawyers' Trust Account program, known as IOLTA, which distributes funds for civil legal assistance to Pennsylvanians unable to afford lawyers.

"The IOLTA program has suffered a drastic shortfall in revenues as a result of the economic crisis," said Chief Justice Castille. "The shortfall has come at the worst possible time, in the midst of a severe recession, just as the need for legal services is rising."

Because of plummeting interest rates on lawyer's trust accounts with banks, IOLTA's ability to provide grants to legal aid organizations has decreased from \$13.5 million in 2008 to a projected \$6.5 million this year.

Chief Justice Castille said that revenue from the lawyer registration fee increase is expected to provide IOLTA with an infusion of about \$1.5 million.

"This revenue stream will not fully solve the funding shortfall, but it will help," Castille said. "This is a time when every member of the legal profession must be mindful of their ethical duty to perform public interest legal service which will now include financial support for organizations funded by IOLTA."

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The main revenue source for IOLTA comes from interest on short-term deposits that lawyers place in pooled bank accounts. Money is transferred in due course to lawyers on behalf of clients to hold for brief periods. When it is impractical to invest such funds for the benefit of the client, lawyers are required to place the funds in interest-bearing IOLTA accounts. Revenues from those accounts are distributed by IOLTA to legal aid organizations.

Since mid-December when Federal Reserve rates dropped nearly to zero, IOLTA's revenues have fallen to critically low levels. Similar programs in other states are experiencing the same problem with the result that legal aid programs across the nation are being cut back. At the same time, growing numbers of indigent people with legal problems are seeking legal help.

(A copy of the court's order and rule can be found at:

<http://www.pacourts.us/OpPosting/Supreme/out/73drd.1.pdf>

<http://www.pacourts.us/OpPosting/Supreme/out/73drd.attach.pdf>)

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