

Legal Services Trust Fund Commission Meeting

Meeting Summary and Action Items

Friday, March 27, 2020

12:00 p.m. – 4:00 p.m.

Zoom Conference

OPEN SESSION

Legal Services Trust Fund Commission (LSTFC) Chair, Banafsheh Akhlaghi, called the meeting to order at 12:02 p.m.

I. ROLL CALL

Roll was taken and quorum was established. All members were present on Zoom or by phone.

Commission Members

Banafsheh Akhlaghi
Eric Isken
Louise Bayles-Fightmaster
Pamela Bennett
Will Boschelli
Erica Connolly
Herman DeBose
Rebecca Delfino
Corey Friedman
Zahirah Mann
James Meeker
Debra Meyers
Bob Planthold
Richard Reinis
Kim Savage
Christian Schreiber
Christina Vanarelli

State Bar Staff

Vicky Avila
Frank Bittner
Erica Carroll
Brady Dewar
Elizabeth Hom
Doan Nguyen
Dan Passamaneck

Liaisons

Salena Copeland (LAAC)
Bonnie Hough (Judicial Council)
Debbie Manning (BOT)
Chris Iglesias (BOT)

Public

Jennifer Hernandez (Casa Cornelia)

Advisors

Judge Lisa R. Jaskol
Justice William J. Murray, Jr.
Judge Brad Seligman

II. CALL FOR PUBLIC COMMENT

The Chair invited members of the public to comment on any items on the agenda. No comments were offered.

III. CONSENT

A. Approval of Meeting Summary and Action Items from March 27, 2020 Meeting

The Meeting Summary and Action Items from March 27, 2020 meeting were approved (Isken moved , Bennett seconded) by unanimous roll call vote.

IV. STAFF UPDATES ON GRANTS ADMINISTRATION

Chair Akhlaghi recognized Doan Nguyen and Elizabeth Hom as Co-Managers of the Office of Access & Inclusion (OAI). Acting Manager Nguyen reported that the State Bar has posted the availability of the positions of Executive Director and OAI Director. OAI staff continues to work almost totally remotely, with no impact on productivity. Protocols are being developed in coordination with the Judicial Council for conducting site visits remotely.

Acting Manager Nguyen also reported that Commissioner Susan Ryan and Commissioner Erin Lewellyn have resigned from the Commission. Both have shouldered numerous new responsibilities and challenges as a result of the public health emergency.

A. Update on Rules Committee Progress and Timeline

Considering the challenges posed by Covid-19, the Rules Committee decided to postpone the codification process until September of this year. The Committee believes this will allow programs, staff, and Commissioners greater opportunity for engagement and for the crafting of more thoughtful recommendations. This Committee will meet once this summer for planning purposes only.

B. Partnership Grants Committee Report

Senior Program Analyst Dan Passamaneck reported that the estimated amount for 2021 Partnership Grants has been adjusted to \$2.45 million, per the Governor's May Budget Revision. The Partnership Grants Committee met on May 22 to discuss the 36 proposals that have been received, and to begin developing funding recommendations. This Committee will meet again in the morning of June 26, to finalize those recommendations for presentation to this Commission later that afternoon.

Survey responses from current Partnership Grant recipients indicate that most expect that some portion of their grant will remain unspent at the end of this year; about fifteen percent of respondents expect an unspent balance of quarter or more of their grants at the end of the year. Many programs also indicated concern about meeting their service projections and budgets, and asked for flexibility from this Commission.

In response to grantee concerns and in light of the survey responses, the Partnership Grants Committee will discuss the application review process and the administration of carryover requests for unspent grant funds at its June 26 meeting.

V. 2020 and 2021 IOLTA GRANTS DISTRIBUTION

A. Review Results of IOLTA Distribution Survey to Grantees

Senior Program Analyst Erica Carroll reported that 93 out of 99 programs responded to the recent IOLTA Distribution survey, and highlighted key results. Most grantees indicated a primary preference either for no change, or for a 33% cut to the 2020 IOLTA distribution. However, the options for a 13% or 25% cut both received so many “second choice” votes, that these options both earned the highest overall ranking based on “ranked choice” analysis.

B. Discuss Options for 2021 IOLTA Grants Distribution and Potential Modification to 2020 Distribution

C. Discuss Modification to Carryover Policy and Budget Modification Approval Policy

Items V.B and V.C were addressed together. Acting Manager Nguyen began by briefly summarizing current IOLTA revenue projections and the factors impacting those projections going forward, including the May Budget Revision, potential new funding through the legislature, and the rate and amount of incoming revenue. She then provided an overview of IOLTA revenue and distribution trends, and the rules and policies governing IOLTA reserves and cash-on-hand, the preparation and revision of IOLTA and EAF budgets, and carry-overs of IOLTA and EAF funding.

Acting Manager Nguyen then stated staff’s recommendations:

- To maintain the current 2020 IOLTA distribution in the amount of \$55.3 million;
- To recommend a 2021 IOLTA distribution of \$20.6 million to the Board of Trustees;
- To recommend that the Board of Trustees delegate authority to the Commission to make changes to the IOLTA distribution if significant additional funding is made available (or lost) to IOLTA-funded grantees;
- To maintain a flexible and generous approach to carryover requests for 2020 grant funds, in particular by allowing larger amounts to be carried over and by permitting spenddown over all of 2021; and
- To maintain a flexible and generous approach to budget revision requests, including permitting deviations from the 75 percent program/25 percent program/administration allocation.

During the discussion, Commissioner Meeker questioned whether a survey of grantees provided a clear indication of their preferred option among different scenarios for reducing IOLTA grants. Chair Akhlaghi noted that many providers anticipate that demand for their services will increase once shelter-in-place

orders are lifted. Commissioner Meeker added that grantees might need a full year to spend down their carried-over funds.

Commissioner Reinis noted that any adjustments under consideration would be specific to the current pandemic, and should be communicated broadly with grantees for their planning purposes.

Commissioner Friedman underscored the importance of flexibility for carryovers, and the importance of providing timely notice of any changes in 2020 IOLTA grant amounts. Commissioner Schreiber later added that grantees know best how to budget their own resources, so should be given as much latitude as possible so they can retain staff.

Advisor Seligman expressed interest in considering a 10% reduction to IOLTA grants as an alternate scenario. Commissioner Boschelli inquired into the impact of different options under consideration, on IOLTA reserves going forward.

Trustee Iglesias expressed concern about any proposal to reduce funding to impoverished communities during a pandemic. Trustee Manning commented on the importance of a transparent process and clear messaging in gaining approval for any decision. Commissioners Schreiber and Friedman reiterated the importance of communicating options and offering flexibility to the grantees.

Commissioner Reinis then requested a straw poll to assess interest in different scenarios under consideration for reducing IOLTA grants. No option received a majority of votes: three votes were cast for a 25% reduction; four each for no reduction or a 13% reduction, and six votes for a 10% reduction.

The Committee expressed an intention to proceed with a course of action including:

- Communicating to grantees an intention to consider carryover requests of 2020 IOLTA grants in any amount and on a liberal basis, and to permit carried-over funds to be expended over the course of the next grant period.
- Directing staff to provide revised estimates and projections for potential reductions to 2020 IOLTA grants of 25%, 13%, 10%, and 0%, for further consideration by this Commission at its next meeting.

VI. ADJOURN

There being no further business before the Commission, the meeting was adjourned at 3:25 p.m.

CLOSED SESSION

(None)