

2021 IOLTA Grant Budget Revision and Carry-Over Requests						
As prepared for the December 10, 2021 Eligibility & Budget Review Committee Meeting						
Carryover Requests						
No.	Organization Name	2021 Grant Amount	Carryover %	Staff Recommendation	Grantee explanations for material budget deviations and/or carry over request	2022 IOLTA Award
1	Asian Americans Advancing Justice - Los Angeles	\$530,860	50%	Defer to Committee	In addition to prioritizing spending down our 2020 State Bar IOLTA and EAF carry-over funds, we also received a PPP loan that required us to allocate expenses to other funding sources during a time-limited period in 2020 to be eligible for loan forgiveness. As a result, we under-spent our 2021 State Bar IOLTA and EAF funds though expect to fully spend this down by June 2022.	\$567,620
2	California Rural Legal Assistance, Inc.	\$1,650,553	49%	Defer to Committee	The COVID-19 pandemic has and is continuing to have impact on our organization related to voluntary turnover, where we believe may be attributable to the “Great Resignation”. Specifically, related to the demand in Attorney workforce, the market has created competition with increased compensation expectations where we cannot compete. In addition, due to the volatility of funding for Legal Aid Organizations, CRLA has positioned itself to carryforward funding into 2022 to maintain continuity in meeting Rural California Civil Legal Service community needs by preserving our current workforce.	\$2,610,210
3	Disability Rights California	\$2,323,926	71%	Defer to Committee	<p>In 2020, when Disability Rights California learned that the economic impact of the pandemic would affect future IOLTA Trust Fund and Equal Access grant funding, we took immediate steps to reduce spending and preserve funds to be used for ongoing personnel costs. We reviewed the one-time projects in the 2020 IOLTA Trust Fund budget and quickly decided to indefinitely postpone the capital project as well as some of the technology initiatives. In addition, we instituted a hiring freeze and did not move forward with new positions, which had not been filled yet, that were included in the IOLTA Trust Fund CY2020 budget. By implementing these expense reductions we generated carryover funds that were used in CY2021 when the IOLTA and EA grants were significantly reduced. Using carryover funds, we were able to preserve all current staff positions as well as restore some positions that were frozen in 2020.</p> <p>The 2021 IOLTA carryover funds will be fully utilized prior to June 30, 2022. We appreciate the flexibility of the State Bar in helping us to bridge the loss of funding between 2020 and 2021 with carryover funds.</p> <p>We do not expect to have EA carryover funds as that grant should be fully expended by the end of December, 2021. While there are some variations in spending between actual and budget, none of the line items are over 10% so a budget revision has not been submitted.</p>	\$3,363,340

4	Los Angeles Center for Law and Justice	\$95,390	59%	Defer to Committee	The COVID-19 pandemic and its unpredictable consequences resulted in LACLJ ending up unable to use the 2020 State Bar funds as initially intended. Following the generous extension of the 2020 IOLTA/EAF funds through the end of 2021, LACLJ was able to prioritize maximizing the usage of the 2020 funds and adjusting as necessary throughout the calendar year as unexpected sources of funding materialized (CARES Act and PPP) and expenses fluctuated from the norm. However, this resulted in us having to push back the spending of the 2021 IOLTA/EAF funds, and resulted in a larger carryover amount.	\$168,240
Budget Revisions						
No.	Organization Name	2021 Grant Amount	Budget Revision %	Staff Recommendation	Grantee explanations for material budget deviations and/or carry over request	
1	Greater Bakersfield Legal Assistance	\$384,630	28%	Defer to Committee	<p>Greater Bakersfield Legal has had extraordinary challenges in maintaining staffing. This is attributable to several factors. First, the pandemic has mobilized the job market, making higher paying larger city jobs available to local talent. Secondly, we have had several employees out on family leave during the year. Lastly, establishing a hybrid work model based on courts closing in person and re-opening partially has made it difficult to achieve continuity in our work force.</p> <p>GBLA had large carryovers from the prior year, caused primarily by the onset of the pandemic, which exacerbated the current year carryover. Although we will have spent the 2020 carryover during 2021, it compounded the under spending in the current year.</p> <p>The final contributor to our under spending is in non-personnel, which is in some line items allocated a proportional share. This share is calculated using FTE (Full Time Equivalent) personnel, and therefore under spent based on the prior mentioned vacancies.</p>	

2021 EAF Grant Budget Revision and Carry-Over Requests						12/8/2021
As prepared for the December 10, 2021 Eligibility & Budget Review Committee Meeting						
Carryover Requests						
No.	Organization Name	2021 Grant Amount	Carryover %	Staff Recommendation	Grantee explanations for material budget deviations and/or carry over request	2022 EAF Award
1	Greater Bakersfield Legal Assistance	\$342,960	76%	Defer to Committee	<p>APPLIES TO BOTH IOLTA & EAF:</p> <p>Greater Bakersfield Legal has had extraordinary challenges in maintaining staffing. This is attributable to several factors. First, the pandemic has mobilized the job market, making higher paying larger city jobs available to local talent. Secondly, we have had several employees out on family leave during the year. Lastly, establishing a hybrid work model based on courts closing in person and re-opening partially has made it difficult to achieve continuity in our work force.</p> <p>GBLA had large carryovers from the prior year, caused primarily by the onset of the pandemic, which exacerbated the current year carryover. Although we will have spent the 2020 carryover during 2021, it compounded the unders pending in the current year.</p> <p>The final contributor to our under spending is in non-personnel, which is in some line items allocated a proportional share. This share is calculated using FTE (Full Time Equivalent) personnel, and therefore under spent based on the prior mentioned vacancies.</p>	\$987,190



1. Please provide the reason(s) why the budgeted funds were not spent (e.g., specific factors which resulted in your organization not spending funds). Some of this is likely in your previously submitted request through Smart Simple. However, if your response was brief in that document, we recommend you expand on it here.

Advancing Justice Los Angeles underspent State Bar 2021 IOLTA/EAF funding primarily because it needed to prioritize required spending of our PPP loan to maximize the opportunity to get the loan fully forgiven. The organization received a \$1.5 million PPP loan in January 2021 that required the funds to be spent within the fixed timeframe of January 25, 2021 to July 10, 2021. This timeframe was within the same timeframe required to fully spend down our State Bar funding. Our PPP funding also required a minimum of 75% (\$1.1 million) to be spent on personnel expenses. In a typical year, we are confident that we would have fully spent down both the PPP and State Bar funding. However, during 2021, Advancing Justice Los Angeles felt the deep impact of the Great Resignation that affected all companies. From the 1st through 3rd quarters of 2021, we lost approximately 10% of our staff. Despite the loss in staff, we still were able to meet deliverables promised to our funders. Further, like all organizations, we have struggled to hire new employees amid the labor shortage. The combination of losing staff combined with the difficulty in hiring replacements, made fully spending down both our PPP funding and State Bar funding in 2021 very difficult. Additionally, as the nation's largest legal and civil rights organization for Asian Americans, Advancing Justice Los Angeles shifted some labor resources to respond to the rise in anti-Asian violence, particularly after the murder of eight people (mostly Asian American women) in Atlanta earlier this year.

2. Has the amount of anticipated carryover changed since your request was first submitted? If so, what is the current estimate, and what is your degree of confidence in the accuracy of that estimate?

Both the anticipated IOLTA and EAF carryover amounts have changed since they were first submitted. The updated anticipated IOLTA carryover amount has fallen slightly from 49.7% to 37.5% which is still above the 25% amount for State Bar staff approval. The updated anticipated EAF carryover amount has fallen from 36% and is now at 24%, which is below the 25% ceiling for staff approval. Our degree of confidence in the accuracy of these new estimates is very high. We have recently installed new financial planning software, Workday Adaptive Planning, the software of choice for nonprofit financial planning and analysis. This software has enabled us to model out financial projections based on multiple scenarios which is the basis of high degree of confidence.

3. What is your total budget for 2022, and what percentage of your total budget does the carryover amount represent?

Our estimated total budget for 2022 is \$11 million, and we are projecting a 25% decrease in overall revenue in 2022 as compared to 2021. We received the PPP loan in 2021 and several one-time grants in 2021 that will not be renewed in 2022. The current IOLTA/EAF carryover amount is 3.96% of the estimated 2022 budget. The updated anticipated IOLTA/EAF carryover amounts based on our new forecast is now 2.88% of our estimated 2022 budget.

4. In what county (or counties) will the funding be spent, and in what amounts?

For both IOLTA and EAF carryover funding, we anticipate that approximately 96% of the carryover funding will be spent in Los Angeles County and 4% will be spent in Orange County. Both percentages are in line with approved initial State Bar allocation percentages.

5. What number of staff will you need to hire to complete the work using carryover funds?

We forecast that we will need to hire approximately 5 FTE staff members to complete the work using IOLTA and EAF carryover funding. Based on our recent success in hiring associates to replace staff who resigned during the Great Resignation, we have full confidence in this forecast.

6. Provide specific details regarding not only how you plan to spend the 2021 IOLTA/EAF carryover funds by June 30, 2022, but what processes you have in place to ensure this occurs.

Our spending plan for IOLTA carryover funds is 80% on Program personnel expenses, 14% on Admin personnel expenses, and 6% on Program non-personnel expenses. Our spending plan for EAF carryover funds is 78% on Program personnel expenses, 9% on Admin personnel expenses, and 13% on Program non-personnel expenses. We have confidence in these percentages based on financial modeling we have completed and also because several of our legal service grants have recently concluded.

As previously mentioned, we recently invested in a new financial planning and analysis software called Workday Adaptive Planning. The software gives us early insight into grant planning and management by enabling us to model out various “what-if” scenarios so we can execute on desired outcomes. A major benefit of the software is the ability to model out our hiring needs across the entire organization so we can plan effectively using a single source of information. This modeling provides us with clear insight into scenario and grant planning. The various scenarios we have modeled using State Bar carryover funds ensure that we will not only fully spend down our 2021 carryover funds by early in the 2nd quarter of 2022, but also to plan out and spend down our 2022 allocation likely without the need for a carryover into 2023 (please note that we requested a two-year budget for our 2022 EAF allocation).

7. Related to the above, if your carryover request is approved, how you will also spend your 2022 IOLTA/EAF funds in the year awarded to prevent or minimize future carryover requests?

As mentioned above, we are projecting decreased revenue in 2022 compared to 2021 which further supports our forecast that we will be able to fully spend down our 2022 IOLTA allocation. Our new Workday Adaptive Planning software will enable us to fully model out our 2022 IOLTA and EAF State Bar allocations in order to minimize the need for future State Bar carryovers. It's the ability to see "what-if" results under various scenarios that gives us confidence in our new process. For example, we can model out a "what-if" scenario that allows us to see what would happen if two staff resign and how that affects our ability to fully spend down a grant. Then once we see the results, we can make various personnel or non-personnel allocation adjustments until we identify the exact scenario that still allows us to fully spend down a grant based on funder budgets and requirements. This new process is a game changer for us as it will allow us to be much more proactive in the grant planning process.

We hope that the State Bar will be supportive in this carryover request as our receipt of PPP funding helped to strengthen our organization during a difficult last 18 months.



CALIFORNIA RURAL LEGAL ASSISTANCE, INC.

FIGHTING FOR JUSTICE, CHANGING LIVES

December 3, 2021

State Bar Legal Services Trust Fund Commission
Eligibility & Budget Review Committee – Working Group

Erica Carroll of the State Bar advised California Rural Legal Assistance, Inc. (CRLA) of several follow up questions regarding our 2021 IOLTA Carryover Request. Thank for your time in considering this additional information in support of our request.

1. Please provide the reason(s) why the budgeted funds were not spent (e.g. specific factors which resulted in your organization not spending funds).

In 2021, the COVID-19 pandemic continued to impact CRLA's ability to recruit and retain attorneys. Increased competition among employers boosted candidates' compensation expectations. CRLA's rural field office locations also make attorney positions less attractive when compared with our urban counterparts. Open positions contributed substantially to unspent funding so far in 2021.

CRLA was also concerned about funding volatility at the beginning of 2021 and had initially planned to carry more funding forward into 2022. The State Bar had previously communicated that there would be a decrease in funding in 2022 and beyond. The State Bar and the Trust Fund Commission had provided substantial flexibility with carryover requests with 2020 funding due to the COVID-19 pandemic. CRLA enacted a conservative spending plan in early 2021 to ensure stability and to prevent layoffs based on the expected funding reduction.

It was not until summer 2021 that it became clear there would not be a reduction and instead a sizable increase in funding. We also understood at that time that the State Bar would be flexible with carryovers, but only through June 2022. CRLA received a large award but has not had enough time since summer 2021 through the Oct. 29, 2021 carryover request deadline to plan for the spend down of the funding. Hiring attorneys and the requisite support staff in this highly competitive employment market takes time; we have positions remaining open many times longer than they did pre-pandemic. When the large award came in summer 2021 without any affirmative information that the State Bar would revert to the pre-pandemic carryover policy, we assumed that the State Bar's prior flexibility would extend into 2021 funding and that we would be getting a carryover until June 2022.

2. Has the amount of anticipated carryover changed since your request was first submitted? If so, what is the current estimate, and what is your degree of confidence in the accuracy of that estimate?

Yes. Our current estimate is approximately \$607,053. We have a high degree of certainty all carryover dollars will be expended by June 30, 2022, as we have our 2022 budgetary plan incorporating full expenditure going before CRLA's Board of Directors for approval tomorrow, December 4, 2021.

3. What is your total budget for 2022, and what percentage of your total budget does the carryover amount represent?

CRLA's total budget for 2022 is \$18,996,254. (This total has been revised since the original submission of CRLA's 2022 application.) The carryover represents 3.2% of the organization's total budget.

4. In what county (or counties) will the funding be spent, and in what amounts?

County	Amount
Colusa	\$0
Fresno	\$36,371
Imperial	\$37,831
Kern	\$0
Kings	\$6,840
Madera	\$29,417
Merced	\$12,919
Monterey	\$36,556
Napa	\$0
Riverside	\$67,749
San Benito	\$581
San Diego	\$4,169
San Joaquin	\$75,572
San Luis Obispo	\$15,726
Santa Barbara	\$51,392
Santa Clara	\$0
Santa Cruz	\$28,163
Sonoma	\$16,831

Stanislaus	\$78,152
Sutter	\$12,858
Tulare	\$29,852
Ventura	\$59,181
Yuba	\$6,893
Total	\$607,053

5. What number of staff will you need to hire to complete the work using carryover funds?

CRLA has 10 budgeted but frozen positions that will be moved to active recruitment status. However, no new, additional headcount will be needed to complete work using carryover funds. Due to turnover challenges, our investment in HR has been increased over the last two years to maintain and increase a pipeline of talent to ensure staff levels are maintained to expend our carryover funds and meet our client community's needs.

6. Provide specific details regarding not only how you plan to spend the 2021 IOLTA/EAF carryover funds by June 30, 2022, but what processes you have in place to ensure this occurs.

Our plan to expend the carryover funds by June 30, 2022 includes staffing the 10 frozen advocacy positions to expand civil legal services to rural California, aligned with the by county spending plan laid out above. CRLA's Human Resources Department has recently made several responsive changes to improve employee recruitment and retention. Some of these changes include boosting compensation, implementing more flexible remote work and scheduling policies, increasing employer-sponsored coverage of long-term disability and life insurance, and investing in programs dedicated to employee wellness. We are now more confident in our ability to recruit and retain talent.

Additionally, to ensure we maintain our trend in spending down the carryover funds, our Grants Accountant will be reporting timekeeping hours monthly for review by the Finance Director and CFO, including Program Leaders to ensure hours are calculated and analyzed to confirm we are on a proper trendline to meet our planned spend-down. Any deviation would result in immediate attention and support to get us back on trend to spend-down.

7. Related to the above, if your carryover request is approved, how you will also spend your 2022 IOLTA/EAF funds in the year awarded to prevent or minimize future carryover requests?

CRLA will utilize 2022 IOLTA funding to staff 22 attorney, 4 paralegal/community worker, and 6 support staff positions at varying FTEs. CRLA has compiled a 2022 expenditure plan which will keep potential carryover of 2022 IOLTA funding at or below 13.7%. CRLA will utilize EAF funding in 2022 to staff 22 attorney, 9 paralegal/community worker, and 5 support staff positions at varying FTEs. The State Bar offered a two-year (2022-23) budget option for EAF 2022 funding, and CRLA has an expenditure plan seeking to utilize more than 50% of EAF funding in the first of the two years.

As stated, our 2022 budgetary plan is going before our Board of Directors for approval tomorrow, December 4, 2021. We will be monitoring our 2022 IOLTA and EAF expenditures monthly. This will allow us to identify and address deviations quickly to minimize future carryover requests. Additionally, we will contact the State Bar early on to clarify the carryover policy for the 2022 grant year should carryover begin to trend higher than what CRLA is planning for.

CRLA and Disability Rights California (DRC) have worked together to provide a coordinated response to these follow up questions. Both organizations feel that approval of our carryover requests is instrumental to maintaining critical services across the state. Low-income rural and disabled Californians rely heavily on our organizations in areas where there are few other providers. Thank you again for taking these requests into consideration.

Best regards,

/s/
Michael Meuter,
Deputy Director

/s/
David Korsak,
Chief Financial Officer

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December 3, 2021

Legal Services Trust Fund Commission's
Eligibility & Budget Review Committee
Via email: Erica.Carroll@calbar.ca.gov

RE: Disability Rights California's carryover request

Dear Committee Members:

Thank you for the opportunity to provide information in support of our carry over requests. Below you will find our responses to your questions and a couple of additional points on why we believe that it makes sense to grant our request for carryover in full.

1. Please provide the reason(s) why the budgeted funds were not spent (e.g. specific factors which resulted in your organization not spending funds).

Disability Rights California (DRC) did not spend the budgeted funds because we believed that the Trust Fund Commission would again be flexible with carry over requests due to the uncertainty caused by the COVID-19 pandemic.

In 2020, when DRC learned that the economic impact of the pandemic would affect future IOLTA Trust Fund and Equal Access grant funding, we took immediate steps to reduce spending and preserve funds to be used for ongoing personnel costs. The State Bar advised us that our funding would drop by more than 50% from the 2020 amount of \$5.4 million in 2021 and then a projected additional 50% drop in funding for 2022. For DRC, this translated to a projected \$2.3 million in Trust Fund funding for 2021 and then a projected \$1.3 million in Trust Fund funding for 2022.

Decreases in projected funding of these amounts put multiple staff positions at risk and could have been very disruptive to our capacity to

serve clients during a time of unprecedented need for our advocacy. DRC decided that in a time of volatility the best strategy was to spread out harm over multiple years to prevent staff layoffs and disruption of client services. Preserving current positions and avoiding layoffs became our first priority so we could continue providing essential services to people with disabilities across the State of California. We reviewed the one-time projects in the 2020 IOLTA Trust Fund budget and quickly decided to indefinitely postpone the capital project as well as some of the technology initiatives. In addition, we instituted a hiring freeze and did not move forward with new positions, which had not been filled yet, that were included the IOLTA Trust Fund CY2020 budget. By implementing these expense reductions we generated carryover funds that were used in CY2021 to fund current positions when the IOLTA and EA grants were significantly reduced. Using carryover funds, we were able to avoid layoffs as well as restore some positions that were frozen in 2020. At the beginning of this year we were still concerned about further funding volatility and we planned to carry over 2021 State Bar funding forward into 2022 to ensure organizational stability. The State Bar had previously communicated that there would be a decrease in funding in 2022 and beyond and the Trust Fund Commission had provided flexibility with carryover requests with 2020 funding due to the COVID-19 pandemic. Until late summer of 2021 we understood that there was a good possibility of a decrease in funding in 2022.

In the late summer of 2021, when it became clear that there would not be a reduction in funding and instead there would be an increase in funding, DRC adjusted its spending plan. However, DRC did not have enough time to spend down the funding in the time period from late summer of 2021 to December 2021, in part because it has become more difficult than usual to hire qualified attorneys and staff in the current pandemic-impacted employment market. As is explained in more detail below, it is taking us longer to recruit and hire attorneys and staff this year because the employment market is highly competitive. Up until the Committee meeting on November 17, our understanding based on our interaction with State Bar staff was that the prior flexibility related to carryovers during the pandemic was likely to continue at least until 2022. The State Bar had been clear that the funding needed to be spent by June 2022. The flexibility afforded to us for 2021 was in part because of the impact of the pandemic. The pandemic is not over and the need for our advocacy continues to expand so we encourage the Committee to extend the same

flexibility into 2022 that you afforded us in 2021. We also now understand that, after 2022, large carryovers are not likely to be approved by your Committee and we will manage our funds accordingly.

It has been difficult to hire attorneys and staff in the COVID environment. We are competing for qualified attorneys and staff with other non-profit legal services who are also trying to spend down their funding and state agencies who are actively recruiting legal service attorneys for posts in government agencies such as the Attorney Generals' offices and the Administrative Law Judges office. Another reason we are having difficulty hiring is because some of our salaries are no longer competitive in this market. We have not updated our salary scale since 2019. As described in more detail below we expect to use a significant portion of the unspent State Bar funds to improve our market competitiveness by increasing salaries to deal with the rise of inflation and increase in cost of basic goods and services and adding recruiting resources to our Human Resources Department.

2. Has the amount of anticipated carryover changed since your request was first submitted? If so, what is the current estimate, and what is your degree of confidence in the accuracy of that estimate?

The amount of our carryover request has been updated to \$1,532,629. We are confident that the amount of carryover at the end of the calendar year will not exceed this amount.

3. What is your total budget for 2022, and what percentage of your total budget does the carryover amount represent?

DRC's budget for Fiscal Year 2021-2022 (October 1st – September 30th) is \$41M. The amount of IOLTA carryover represents 4% of the budget.

4. In what county (or counties) will the carryover funding be spent, and in what amounts?

DRC operates programs to provide advocacy services to people with disabilities in all California counties. The funding will be spent across all the counties in the State.

5. What number of staff will you need to hire to complete the work using carryover funds? Calculate this based on FY21-22 budget. Also describe where the hiring process is for the positions – what is posted, what has been hired.

There are 6.7 new Full Time Equivalent Attorney, Advocate, Support, and Administrative positions in the 2022 IOLTA grant budget. We have prioritized the recruiting and hiring for these positions. 1.52 FTE attorneys have been hired and started. 1 FTE Community Advocate has been hired and starts next week. The remaining 4.2 FTE positions are in various stages of recruiting. These positions are expected to be hired by early in the first quarter of 2022. Accelerating the hiring of these positions will assist with spending carryover funds, however, because they were in the 2022 IOLTA budget, fully spending the carryover is not dependent on these positions.

6. Provide specific details regarding not only how you plan to spend the 2021 IOLTA/EAF carryover funds by June 30, 2022, but what processes you have in place to ensure this occurs

DRC's FY21-22 budget includes increased IOLTA spending to insure that the carryover funds will be spent by June 30, 2022. There are 6.7 new FTE attorneys, advocates, and support staff in IOLTA funded positions within the budget. As described above, 2.52 positions have already been hired and the rest are prioritized in the agency recruiting process. Additional support for human resources is being added to assist with recruiting. In addition, current staff have been assigned to work on IOLTA clients and cases, which is increasing our IOLTA spending. With the hiring and staffing changes we have made, our monthly average spending of IOLTA funds will be at a rate by January 1st to spend the full amount of the carryover prior to June 30 2022. To ensure that the funds are spent, on a monthly basis the accounting team provides spending analysis and monthly financial reports to the management team including the Legal Advocacy Unit Director and Executive Director. Analysis is shared with the Managing

Attorney team and variances from spending expectations are addressed as identified. The LAU Director will take lead in ensuring that the carryover funds are used by June 30, 2022.

7. Related to the above, if your carryover request is approved, how you will also spend your 2022 IOLTA/EAF funds in the year awarded to prevent or minimize future carryover requests?

DRC's Fiscal Year budget has been adjusted to spend the 2021 carryover as well as the 2022 IOLTA funds to prevent or minimize carryover requests. Planned spending for 2022 as outlined below totals \$4,905,000 the amount of the carryover plus the 2022 award. Including the new positions described above, 30.46 FTE program staff positions are included in the budget to provide client services, advocacy services, and support services to people with disabilities across California. Attorneys at all levels are working under the IOLTA grant including Staff Attorneys, Supervising Attorneys, Litigation Counsels, and Managing Attorneys. Advocates provide counsel and advice, intake, outreach, and advocacy to clients. Legislative advocates provide policy work on behalf of people with disabilities. Legal support staff provide services to clients by assisting attorneys in their legal advocacy work. Communications staff support the legal and legislative staff in their advocacy work. In addition to the program staff, administrative staff provide infrastructure services including accounting, budget, reporting, IT, Human Resources, and Executive Functions. Salary and a full benefit package for these positions is expected to cost \$3,805,000.

The DRC salary scale was last increased in 2019. With cost of living increases of 5.9% in 2021 and expected cost of living increases of 6.1% in 2022, DRC's salary scale needs to be increased to assist with both recruiting and retention of staff. We are planning an average 4% COLA for all DRC staff in 2022 which will be partially funded with IOLTA funds totaling \$900,000. The portion of the COLA funded by IOLTA will be used for staff working with IOLTA eligible clients.

DRC is also using 2022 IOLTA funds for non-personnel projects in the amount of \$200,000. We are upgrading our intake phone system which will allow texting and improve client access to our services. A technology

refresh to update staff laptops and network infrastructure is in process. Funds to support travel for training and team building is important to DRC's statewide reopening plan. Providing staff with updated technology will be positively received and will assist them in their daily work. Providing the opportunity to meet in person is important to staff morale and team building.

Planned spending for 2022 as outlined above totals \$4,905,000 the amount of the carryover plus the 2022 award. Increasing staffing levels, increasing staff pay, offering a generous benefit package, and planned infrastructure projects will increase our spending to a rate that will insure spending both the carryover and the 2022 award. Spending at this level will increase our spending on an on-going basis insuring that awarded funds will be spent in subsequent years.

We appreciate the opportunity to present this additional information to the Committee. We urge the Committee to grant our full carryover request until June 30, 2022 because this funding is essential to assist low-income Californians with disabilities in 2022. According to what we learned at your meeting on November 17, not granting DRC's carry-over request will result in these funds not being used until 2023. It is in the best interest of low-income Californians with disabilities that DRC's carryover request be granted so we can use the funds for their intended purpose while the pandemic continues to disproportionately impact the disability community across the state. Not granting the carryover requests of DRC and CRLA will negatively impact two historically underserved populations with special needs, low-income Californians who live in rural communities or have disabilities. DRC and CRLA are the two organizations that are solely dedicated to serving these populations and are in the best position to use these funds now while the pandemic is still going. Thanks again for the opportunity to respond more fully to your questions. We stand ready to discuss any of the information above with Committee members or State Bar staff if that would be helpful in your deliberations.

With Regards,

/s/

Andrew J. Imparato,
Executive Director

/s/

Christian Abasto,
Director

Greater Bakersfield Legal Assistance, Inc.

We have answered each question posed separately below. This response applies primarily to EAF, but there was a smaller carryover request for IOLTA for which the same applies.

Additionally, regarding the budget revision tilting our ratio of personnel versus non personnel, so that it is on one response here is what we provided earlier:

GBLA understands the need to have the majority of funds going towards personnel. We have had a compound effect in 2021 of some extreme difficulties with vacancies, as mentioned, and some non-personnel COVID costs that unexpectedly persisted. The combination of these two items has squeezed our ratio to 52/48, but not from any desire to simply increase non-personnel areas.

GBLA has historically been able to materially observe this personnel ratio in its IOLTA grant as follows in normal operating years (excluded 2019 where a carryover was permitted for a large non-personnel cost, and the 2020 COVID year):

2016 – 78%

2017 – 74%

2018 – 74%

GBLA has also returned on the 2022 budget with a projection well in excess of the 75% threshold. This lower ratio for 2021 was based on the unique circumstances described.

1. Please provide the reason(s) why the budgeted funds were not spent (e.g. specific factors which resulted in your organization not spending funds).

Some of this is likely in your previously submitted request through SmartSimple. However, if your response was brief in that document, we recommend you expand on it here.

The budgeted funds were not spent based on the large prior year carryover of \$150,573, representing 43% of the 2021 funding amount, compounded by the immense challenge we faced in hiring personnel. The senior attorney that had focused on our education practice left to join the public defender's office in 2020. A second legal advocate with a JD degree opted to leave our employment in the midst of the pandemic for personal reasons. Replacement of these positions in normal times would have been difficult, as recruiting into the central valley/rural communities has been historically very challenging. Our recruitment efforts were compounded by the onset of COVID-19, and continued on with the variants occurring during 2021. Based on these challenges, we were open to hiring remotely and allowing them to live outside the Bakersfield area. In fact, we recruited, hired, and trained an attorney who remained living in San Diego, working 100% remotely for GBLA. In less than two months, this attorney submitted his resignation because he had accepted a position with a legal aid organization in Los Angeles. This is an indication of how widespread the hiring struggles are for legal aid organizations in California.

GBLA has taken the following steps to improve recruitment:

1. In recognition of the challenges associated with competition for pay, our Board of Directors has updated our salary scales to provide a competitive compensation package.

2. We have hired a full time recruitment and retention associate dedicated to the recruitment of personnel, particularly attorney vacancies. These duties were previously handled by the HR Associate.
3. Our marketing and communications coordinator has been tasked with creating a positive profile for GBLA on the various social media networks, targeting prospective job-seekers.
4. GBLA has retained the help of a local professional recruiter who will specialize in sourcing candidates in our industry (attorneys, paralegals, etc.)
5. GBLA provided paid leave for three JD's to study for the bar; two successful candidates were notified in November 2021 of their passing.

GBLA believes these steps will create a sustainable and permanent platform for successful recruitment.

2. Has the amount of anticipated carryover changed since your request was first submitted? If so, what is the current estimate, and what is your degree of confidence in the accuracy of that estimate?

No change

3. What is your total budget for 2022, and what percentage of your total budget does the carryover amount represent?

Approximately \$5.5MM total for the organization, and \$1.2MM for EAF 2022 funding including carryover. The carryover represents 5% of the organization budget, and 21% of the total EAF 2022 budget.

4. In what county (or counties) will the funding be spent, and in what amounts?

100% Kern County

5. What number of staff will you need to hire to complete the work using carryover funds?

6 new attorney hires. [The starting salary (not including taxes and benefits) for new attorneys at GBLA is \$71,300 annually]

6. Provide specific details regarding not only how you plan to spend the 2021 IOLTA/EAF carryover funds by June 30, 2022, but what processes you have in place to ensure this occurs.

Hiring the 6 new staff members will spend down the carryover in full prior to June 30, 2022. GBLA is currently operating under recently increased salary scales to provide a more competitive grid, reflecting the requirement to hire and retain qualified personnel. We have also hired a full time position dedicated to the recruitment of personnel, particularly attorney vacancies. The recruiter will be meeting with the Executive Director frequently to report progress, particularly on filling the time-sensitive vacancies.

7. Related to the above, if your carryover request is approved, how you will also spend your 2022 IOLTA/EAF funds in the year awarded to prevent or minimize future carryover requests?

GBLA is planning on a sustained focus for hiring all requisite personnel required to spend down both the carryover as well as the 2022 award. As stated above, GBLA is currently operating under recently increased salary scales to provide a more competitive grid, reflecting the requirement to hire and retain

qualified personnel. The full time recruiter will be prioritizing those grants with carryover restrictions in the future. Every effort will be made to prevent or minimize future carryover requests.

Los Angeles Center for Law and Justice Carry Over Request

RE: 2021 IOLTA Requested Amount: \$56,013

1. The COVID-19 pandemic and its unpredictable consequences resulted in LACLJ ending up unable to use the 2020 State Bar funds as initially intended, which then subsequently affected the spending of the 2021 funds as well.

LACLJ was the recipient of PPP loan funds, which were received in May 2020, as well as other unexpected funding, related to the CARES Act. Following the generous extension of the 2020 IOLTA/EAF funds through the end of 2021, LACLJ was able to prioritize first expending the 2020 PPP funds, as well as the other CARES Act related funding, which had more stringent and immediate expiration dates. At the same time, LACLJ tried to maximize the usage of the 2020 IOLTA/EAF funds and adjust as necessary throughout the calendar year as these other sources of funding materialized and expenses fluctuated greatly from the norm, and became harder to predict.

In addition, in the first few months of 2021, there were a couple of staff departures that affected the spending of these funds. It took a bit of time to find new staff members to fill these positions, but two new attorneys were hired in early August. Although we are very happy with our new hires, our two new attorneys are first year attorneys, which did not allow us to ramp up the IOLTA spending immediately, as they got settled in to their new positions and were learning on the job.

All of these factors unfortunately resulted in LACLJ having to push back the spending of the 2021 IOLTA/EAF funds, which resulted in having to request a carryover for the 2021 IOLTA/EAF funds.

2. The amount of anticipated carryover has decreased since the request was first submitted. After reviewing October 2021's numbers, which we have just finalized, we are now anticipating a carryover of \$25,542 for IOLTA 2021. This is again a conservative estimate, and the likelihood is that the carryover will probably be less than even the revised estimate of \$25,542.

We are very confident in this number, and as mentioned, are even anticipating it to be lower still than the revised estimate.

3. LACLJ's total budget for fiscal year 2021-2022 is \$4,089,272. The initial requested carryover amount of \$56,013 represents 1.37% of the total fiscal year budget.
4. All of the funding will be spent in Los Angeles County.
5. We will not need to hire any staff to complete the work using the carryover funds. As mentioned previously, there were a couple of unexpected staff vacancies in early 2021 that affected our spending of these funds that have since been filled.

6. Our largest expense is our personnel expense and IOLTA has always helped us to cover these costs. In order to spend the 2021 IOLTA carryover funds by June 2022, we have implemented an allocation plan for 4.62 FTE to spend their time on IOLTA related projects, through June 2022. We have planned for a larger FTE number than what is actually needed, because actual allocation of staff time may vary, depending on client needs. Therefore, we have the following processes in place to ensure that we do not fall behind:
- Monthly Allocation Review: We review actual staff time allocations and spending monthly, to see where we are in our spending for all of our contracts. Depending on this review, staff allocation plans are adjusted and changes immediately sent out to staff members to make sure that we stay on track.
 - Senior Program Manager: We have recently promoted a senior staff member to a new position of Senior Program Manager, designed to assist in this process of keeping tabs on spending and deliverables. This position was designed to ensure that the direct service staff are clear on their deliverables and objectives, as well as to ensure that we are spending funds as planned and to have another level of oversight on this process.
7. Our goal is definitely not to have any carryover funds for the 2022 year, and it is a priority for us to ensure that this does not happen in the future.

During our time working remotely and adjusting to the pandemic, we have necessarily become much more efficient and have refined our processes to review our spending, keep track of our budgets, and plan ahead. The process described in #6 has helped us to see trends and become more proactive in our planning. As funding comes in, we have a process for reassessing our needs and adjusting our plans as needed:

- Allocation plan for 2022 IOLTA/EAF funds: First and foremost, we have developed a separate staff time allocation plan for our 2022 IOLTA/EAF funds for the calendar year 2022, to ensure that all of the funds are spent within the 2022 calendar year. This plan takes in to account the potential 2021 carryover amount and is part of a larger allocation plan with the other contracts/grants. This plan will be reassessed and adjusted monthly as needed during the monthly allocation review.
- Monthly Fiscal Review: Beyond the monthly allocation review, mentioned in #6, we have a monthly fiscal review where we look at all of our financial statements as well as our contracts and grants as a whole, and this bigger picture view allows us to shift resources or modify budgets as necessary.
- 2022 IOLTA/EAF Budget Development: During the development process of 2022 IOLTA/EAF funding, we also developed contingency plans in case other funding comes in. Currently, LACLJ is waiting to hear to see if a couple of other applications for government funding were approved. Because we did not want to end up in a situation where we are not maximizing the 2022 IOLTA/EAF funding as intended, we have a

couple of shifts we have in mind that we will make if the other government funding is approved and a shift becomes necessary.

- **Staff Salary Increases:** Our salaries have been the driving cause of many of our past staff departures. Although we have made some modest increases in recent years that have alleviated the problem a bit, we are still far behind where we want to be. Given this, we have developed a staff salary increase plan for the next 5 years. If other funding comes in during the 2022 calendar year, we may then be able to implement an increase for our staff that will result in a faster spend-down of IOLTA funds.

Thank you so much for your consideration. The message in the Committee meeting was definitely heard loud and clear, and LACLJ understands the importance of utilizing the IOLTA/EAF funds for the year it was intended.

Although with the recent unexpected circumstances, we fell short of this objective, we are confident that with our refined processes, we will be able to keep on track to expend all of the 2021 carryover amounts by June 2022, and also all of the 2022 funds within the 2022 calendar year.