

**LEGAL SERVICES TRUST FUND COMMISSION (LSTFC)**  
**ELIGIBILITY AND BUDGET REVIEW COMMITTEE MEETING**  
**Meeting Summary and Action Items**

Friday, June 17, 2022, 9:00 a.m. – 11:00 p.m.  
State Bar of California (Conference Call via Zoom)

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**Roll Call**

**Members Present**

Chair Erica Connolly  
Banafsheh Akhlaghi  
Pamela Bennett  
Catherine Blakemore

**Liaisons**

Zach Newman (LAAC)  
Bonnie Hough (JC)  
Melanie Snider (JC)

**Staff**

Erica Carroll  
Doan Nguyen  
Michael Cheng  
Shannon Crossley  
Brady Dewar  
Kimberly Warmsley  
Corine Chung

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**Members Absent**

Clifford Klein  
James Meeker  
Louise Bayles-Fightmaster

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**OPEN SESSION**

Chair Connolly called the meeting to order at 9:14 a.m.

**I. ROLL CALL**

Roll call was taken, and quorum was established.

**II. CALL FOR PUBLIC COMMENT**

Chair Connolly invited members of the public to comment on any items on the agenda. No public comment was made.

**III. CONSENT**

**A. Approval of Meeting Summary and Action Items from March 4, 2022 and from April 29, 2022 Meetings.**

The Eligibility and Budget Review Committee approved the March 4, 2022 and April 29, 2022 meeting summaries and action items by unanimous roll call vote (Blakemore moved, Akhlaghi seconded).

**IV. UPDATES**

**A. Staff Report on Closeout of Family Legal Assistance at CHOC Children's 2021 Grants**

Erica Carroll gave this report. This organization was a Legal Services Project grantee from 2019 to 2021. They were found ineligible for 2022 funding because they were unable to provide an audited financial statement and did not move forward with the application process. The State Bar is working with them to close out their final reports from 2021, primarily the Q2 – Q4 expense reports and some evaluations. Moreover, the Q1 expense report indicated most of the grant award was spent: IOLTA: \$15,789; EAF: \$9,218 (\$4,560 balance). The organization experienced significant staffing changes and have had difficulties viewing bank account balances but is working to come into compliance with the requirements to close out the grant.

**B. Staff Report on Monitoring Visit Findings from McGeorge School of Law and Open Door Legal**

Erica Carroll gave this report. The report consisted of the fiscal findings impacting the 2022 grant award. For the McGeorge School of Law, inaccurate documentation of non-qualified teaching time was present. Moreover, an additional deduction of \$12,156 resulted in a grant award reduction of \$5,446, which will be returned to the county where the funding was allocated, in this case Sacramento.

Open Door Legal engaged in product development by building case management system to market to other legal aids for a fee. Since this was not tracked separately, the amount to be deducted is TBD. Regardless, that amount will be returned to the county where funding is allocated. This organization's response to the monitoring visit findings is pending. If there is disagreement between staff and the organization as to the qualifying nature of these expenditures, it may come to this committee for further review.

**C. Committee Working Group Update Regarding Status of Pending 2023 IOLTA/EAF Audit Extension Requests**

Erica Carroll gave this update. Audits are required as part of the IOLTA/EAF application process, as outlined in State Bar Rule 3.680. The deadline was May 1. Staff has discretion to grant extensions through this deadline, as outlined in State Bar Schedule of Charges and Deadlines for Rule 3.680(E)(1). Beyond the application deadline, the LSTFC can grant an extension "upon showing of extraordinary circumstances." Recently the LSTFC recommended allowing for discretion to accept late audits with conditions and corrective action when extraordinary circumstances were absent. At the April 29, 2022 committee meeting, the committee voted to delegate responsibility to a working group to review audit extension requests and make recommendations to the LSTFC.

Committee member Catherine Blakemore then presented the working group's recommendations to the LSTFC. Ten requests for extensions were received. The working group recommends 9 out of 10 requests be approved. Some organizations were asked to

submit a letter explaining how they will ensure that in the future they will comply with the May 1 audit deadline.

The working group recommended to approve the extension requests from: AIDS Legal Referral Panel; Asian Pacific Islander Legal Outreach; California Rural Legal Assistance, Inc.; Disability Rights Legal Center; Harriett Buhai Center for Family Law; Justice and Diversity Center of the Bar Association of San Francisco; Open Door Legal; and Western Center on Law and Poverty. In addition to these approvals, the working group recommended to approve the extension request from Central California Legal Services through June 30 and to deny the extension request from Santa Barbara County Immigrant Legal Defense Center, which was a new applicant who failed to reply to staff follow-up after a 10-day extension to obtain the reviewed financial statement. These recommendations will be voted on at the next LSTFC meeting.

#### **D. Update on Support Center Deeming**

Erica Carroll gave this update. Support centers not operating on December 31, 1980 must be “deemed to be of special need by a majority of the qualified legal services projects” under the Business and Professions Code section 6215.

This year only one support center must be deemed: Center for Gender and Refugee Studies – California. The ballot is to be released on July 5, and will be reported on at the August meeting.

### **V. BUSINESS**

#### **A. Review and Approve Remaining Impact Litigation and Advocacy Work (ILAW) Activities in 2021 ILAW Reports**

Erica Carroll gave this report. Public Counsel was asked to identify expenditures related to California clients/case work for its out-of-state cases. However, Public Counsel subsequently withdrew its request for review of these activities, and related expenditures were deducted from the organization’s IOLTA/EAF application.

The committee also reviewed ILAW activities that demonstrated/asserted a disproportionate impact on indigent persons instead of demonstrating that the activity was “primarily for the benefit of” indigent persons. There were 15 activities noted in the last memo and there were 9 reports to review at this meeting. After staff conducted a second review, the removed reports either had indigent plaintiffs or articulated specific focus on needs of indigent persons. The remaining activities are all advocacy activities, and are outlined below:

- Asian Americans Advancing Justice – Los Angeles submitted an activity for their API Equity Budget. The included resources would be for survivors of hate violence against the AAPI community, and the organization argued that this would be most beneficial for indigent people without other options. Asian Americans Advancing Justice – Los

Angeles also cited internal data regarding indigency of persons contacting the organization for assistance related to this.

- East Bay Community Law Center submitted an activity for Consumer Protections AB 1405. This would increase transparency around debt settlement, reducing predatory lending. This would have potentially broad impact, but the organization has cited evidence that many affected by this issue are seniors and/or low income individuals, and are likely to become more financially burdened by these practices.
- Legal Aid Society of San Diego submitted an activity for Consumer Group Quarterly Meeting with DFPI. These quarterly meetings regarding regulation of debt collectors and reported that most consumers in debt collection are indigent without data or evidence. They are representing the legal aid perspective and the needs of their client base in these meetings.
- Mental Health Advocacy Services submitted a letter in support for AB 124. This letter outlined legislative advocacy on behalf of survivors of domestic violence and sexual assault regarding criminal record clearing. This would also aid with greater access to housing and employment resources. There was not data on the indigency of individuals.
- Neighborhood Legal Services (NLS) submitted two activities:
  - The first commented on the state budget. They included advocacy to ensure resources available for disaster victims. The organization reported that many individuals living in high-risk fire areas are low-income, or seniors, who would most benefit from increased funding in these areas.
  - The second was regarding the Not Just Stops Policing Report. This was a research and policy report detailing policing of low-income communities in LA County. This is mostly used by/for the benefit of community-based organizations/groups.
- Public Law Center submitted three activities.
  - The first was regarding AB 430 – Identity Theft. This activity outlined advocacy to improve reporting for proof of identity theft. The organization cited vulnerabilities in information systems like public benefits that make indigent persons more susceptible
  - The second was concerning AB 1020 – Medical Debt and Charity Care. This activity would focus on debt collection efforts specifically for medical debt, and it would expand the pool of individuals who would be eligible for financial assistance up to 400 percent of the federal poverty level. According to the organization’s research, they believed that the majority of these individuals fall below 200 percent of the federal poverty level and that the advocacy would prevent unnecessary collection efforts against indigent persons who qualify for free care.
  - The third focused on Arbitration Advocacy centered around adhesion contracts. This would improve bargaining power of indigent persons.

The staff recommendation was to recommend approval for eight of the nine activities with a tentative recommendation to find the Not Just Stops policing report from NLS non-qualifying.

Among other things, the committee engaged in discussion regarding whether the report would be considered civil legal services and whether it primarily or disproportionately benefitted indigent persons.

After discussion, the Eligibility and Budget Review Committee approved the staff recommendation to approve all activities except Neighborhood Legal Services: Not Just Stops Policing Report by unanimous roll call vote (Akhlaghi moved, Blakemore seconded).

**B. Consideration of Request by Coalition of California Welfare Rights Organizations to Submit Reviewed Financial Statement in Lieu of Audited Financial Statement**

Erica Carroll reported that audits are required as part of the application process pursuant to State Bar Rule 3.680(E)(1). There is a threshold of \$500,000; higher expenditures than this would require an audit, as established by the Schedule of Charges and Deadlines.

The Coalition of California Welfare Rights Organizations is a support center since the inception of IOLTA funding. They submitted a reviewed financial statement for the 2021 fiscal year. The reported expenditures were \$503,654, and historically they have never exceeded the \$500,000 threshold. They are willing to engage an auditor.

Among other things, the committee discussed the feasibility of granting an extension and the organization's ability to comply. After discussion, the Eligibility and Budget Review Committee approved the recommended motion:

The Eligibility and Budget Review Committee does not recommend accepting a reviewed financial statement in lieu of an audit from Coalition of California Welfare Rights Organizations (CCWRO) for the 2023 IOLTA/EAF application cycle but does recommend granting an extension through August 10, 2022 to allow CCWRO to obtain an audited financial statement upon written assurances and explanation from the organization regarding its compliance with the audit requirement in future years.

This motion was approved by unanimous roll call vote (Connolly moved, Blakemore seconded).

**C. Review and Approve Late Submitted 2023 IOLTA/EAF Applications**

Erica Carroll reported that the deadline for IOLTA/EAF applications was Monday, May 16 at 5:00 pm. Three late applications were received: 1) Youth Law Center submitted at 5:04 pm on May 16; 2) Legal Aid Foundation of Los Angeles submitted at 5:44 pm on May 16; 3) Legal Services for Children submitted at 11:48 am on May 17. Staff reported that these applications were submitted within 24 hours of the deadline and did not raise other concerns about the organizations involved. The Eligibility and Budget Review Committee approved staff's recommended motion:

The Eligibility and Budget Review Committee has reviewed and accepts the following late 2023 IOLTA/EAF applications for eligibility review: Youth Law Center, Legal Aid Foundation of Los Angeles, and Legal Services for Children.

This motion was approved by unanimous roll call vote (Blakemore moved, Connolly seconded).

**D. Identify Programs for Eligibility Review Conferences**

Erica Carroll reported that eligibility review conferences are intended to address significant eligibility questions, and is usually a meeting between the applicant, Eligibility & Budget Review committee members, and State Bar staff. Staff is currently in the process of reviewing the 102 applications received. Because of a compressed timeline for review and the later committee meeting on July 15, staff is seeking for the committee to delegate authority to staff to make the determination about whether a review conference is appropriate and for staff to schedule these as needed. This would prevent the undue delay that would have arisen if staff waited until the July 15 committee meeting.

The Eligibility and Budget Review Committee approved the recommended motion:

The Eligibility and Budget Review Committee delegates authority to staff to schedule eligibility review conferences as needed during the 2023 IOLTA/EAF application review process.

This motion was approved by unanimous roll call vote (Blakemore moved, Bennett seconded).

**VI. ADJOURN**

There being no other business, the meeting was adjourned at 10:39 a.m.

DRAFT