



# The State Bar of California

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## **OPEN SESSION AGENDA ITEM AUGUST 2022 LEGAL SERVICES TRUST FUND COMMISSION V.E**

**DATE:** August 12, 2022

**TO:** Members, Legal Services Trust Fund Commission

**FROM:** Members, Legal Services Trust Fund Commission Executive Committee

**SUBJECT:** Timeline and Delegations of Authority for Distributing the 2023-2025 Consumer Debt Grants

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### **EXECUTIVE SUMMARY**

Governor Newsom signed the Budget Act of 2022 (the Budget Act) on June 27, 2022.<sup>1</sup> The Budget Act allocates \$15 million in Equal Access Fund dollars for grants to qualified legal services projects (QLSPs) and support centers to provide consumer debt legal services to indigent Californians. These funds must be distributed through a competitive grant process and are available for encumbrance or expenditure through December 31, 2025.

This memo proposes a timeline and commission, committee, and staff roles for making these consumer debt awards as recommended by the Executive Committee (committee) at its August 2, 2022, meeting. The committee recommends a distribution date of January 1, 2023. To facilitate a timely disbursement of grant funds, the proposed timeline and roles include: committee recommendation and commission approval of the timeline and authorities, committee approval of the Request for Proposals (RFP) and scoring rubric, and committee recommendation and commission approval of the grant awards.

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<sup>1</sup> The Budget Act is available at [https://leginfo.ca.gov/faces/billTextClient.xhtml?bill\\_id=202120220SB154](https://leginfo.ca.gov/faces/billTextClient.xhtml?bill_id=202120220SB154).

## BACKGROUND

The Budget Act allocates \$15 million for grants to QLSPs and support centers to provide “civil legal services for indigent persons related to consumer debt matters affected by the COVID-19 pandemic.”<sup>2</sup> Grant funds may not be used to supplant existing resources, and the funds have an encumbrance or expenditure date of December 31, 2025.

Of the \$15 million, up to 2.5 percent (\$375,000) is available for administrative costs. The remaining funds must be allocated through a competitive grant process.<sup>3</sup> That process shall give preference to QLSPs and support centers that serve rural or underserved communities. The Budget Act does not define “consumer debt matters.” State Bar staff are developing a list of permissible activities to include in the RFP.

## DISCUSSION

Because this is a one-time grant and the commission does not currently have a consumer debt committee, staff recommend the Executive Committee administer these funds (with delegation of authority and approval from the commission). Applicants, commissioners, and staff will have from mid-August to late-December to do the following:

- Adopt a scoring rubric and RFP (committee);
- Launch the application (staff);
- Design/submit multi-year projects (applicants);
- Score proposals (commissioner-staff scoring team);
- Review budgets (commissioner-staff scoring team);
- Recommend awards (committee);
- Approve awards (commission); and
- Sign grant agreements (applicants and staff).

The committee therefore recommends the following timeline and roles for making consumer debt grant awards by January 1, 2023:

### Timeline for Making Consumer Debt Grant Awards

Date(s)*	Activity
August 2, 2022	<b>Committee</b> recommends timeline and delegations of authority to commission
August 12, 2022	<b>Commission</b> approves timeline and delegations of authority
September 1, 2022	<b>Committee</b> approves RFP and scoring rubric
September 12, 2022	<b>Staff</b> release application

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<sup>2</sup> Business and Professions Code section 6213(a)-(b) defines QLSP and support center. Legal services nonprofits must apply/reapply for QLSP or support center status every year.

<sup>3</sup> Any funds not allocated pursuant to the competitive grant process (due to too few applicants, for example) shall be distributed to QLSPs and support centers pursuant to the Interest on Lawyer Trust Accounts (IOLTA)/ Equal Access Fund (EAF) formula.

<b>Date(s)*</b>	<b>Activity</b>
October 14, 2022	Applications due (five weeks)
October 17-November 18, 2022	<b>Commissioner-staff team</b> scores applications (five weeks)
~November 30, 2022	<b>Committee</b> recommends awards
~December 13, 2022	<b>Commission</b> approves awards
January 1, 2023	Grant period starts

\* All dates are approximate; staff may need to delay certain activities by a few days if challenges arise. However, the grant period start date will not change from January 1, 2023.

## **RECOMMENDATIONS**

Should the commission agree with the committee's recommendation, passage of the following resolutions is recommended.

**RESOLVED**, that the Legal Services Trust Fund Commission approves the timeline for 2023-2025 consumer debt grants as presented in staff's August 12, 2022, memo; and it is

**FURTHER RESOLVED**, that the commission delegates authority to the Executive Committee to approve the request for proposals, including scoring rubric, for the consumer debt grants and to a commissioner-staff team to score applications in consultation with the committee.

## **ATTACHMENT(S) LIST**

- A.** Consumer Debt Funding Excerpts from the Budget Act of 2022

**Consumer Debt Funding Excerpts from the Budget Act of 2022 (SB 154)**

0250-101-0001—For local assistance, Judicial Branch .....181,603,000

## Schedule:

...

(5) 0150083-Equal Access Fund.....85,392,000

...

## Provisions:

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20. Of the amount appropriated in Schedule (5), \$15,000,000 shall be distributed by the Judicial Council, through the Legal Services Trust Fund Commission, of the State Bar as grants to qualified legal services projects and support centers, as defined in Section 6213 to 6215, inclusive, of the Business and Professions Code, to provide civil legal services for indigent persons related to consumer debt matters affected by the COVID-19 pandemic.

21. Of the amount appropriated in Provision 20, no more than 2.5 percent shall be available, upon order of the Department of Finance, for administrative costs of the Judicial Council or the State Bar. The balance of funds after the deduction of administrative costs shall be allocated through a competitive grant process developed by the Legal Services Trust Fund Commission, which shall award grants to qualified legal services projects and support centers to provide consumer debt civil legal services to low-income and underserved communities.

22. The grant process described in Provision 20 shall ensure that any qualified legal services project or support center receiving funds demonstrates that the funds received will not be used to supplant existing resources. The Legal Services Trust Fund Commission shall make the grant award determinations. In awarding these grants, preference shall be given to qualified legal service projects or support centers that serve rural or underserved communities. Any funding not allocated pursuant to this competitive grant process shall be distributed to qualified legal services projects and support centers pursuant to the formula set forth in Section 6216 of the Business and Professions Code.

23. Funds appropriated in Provision 20 are available for encumbrance or expenditure through December 31, 2025.