



# The State Bar of California

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## Legal Services Trust Fund Commission (LSTFC) Executive Committee Teleconference

Open Session Minutes  
Tuesday, June 13, 2023  
11:00 a.m.– 1:00 p.m.

**Time Meeting Commenced:**

The LSTFC Executive Committee meeting commenced in open session at 11:01 a.m.

**Time Meeting Adjourned:**

12:24 p.m.

**Chair:**

Chair Pro Tempore Erica Connolly

**Committee Coordinator:**

Doan Nguyen

**Members Present:**

Co-Vice Chair Amin Al-Sarraf, Co-Vice Chair Erica Connolly

**Members Absent:**

Chair Christian Schreiber

**Liaisons Present:**

Laura Brown, Lorin Kline, Zach Newman

**Liaisons Absent:**

None

### OPEN SESSION

#### 1. Call to Order

A motion for Co-Vice Chair Connolly to serve as Chair Pro Tempore was entertained.

*Moved by Al-Sarraf, seconded by Connolly.*

*Ayes – (2) Al-Sarraf, Connolly*

*Noes – (0)*

*Abstain – (0)*

*Absent – (1) Schreiber*

*Motion carries.*

Chair Pro Tempore Connolly called the meeting to order.

#### 2. Roll Call

Roll call was taken and a quorum was established.

#### 3. Approval of Minutes

##### 3.1 Open Session Minutes: April 25, 2023

**RESOLVED**, that the Legal Services Trust Fund Commission Executive Committee approves the minutes as posted on the agenda.

*Moved by Al-Sarraf, seconded by Connolly.*

*Ayes – (2) Al-Sarraf, Connolly*

*Noes – (0)*

*Abstain – (0)*

*Absent – (1) Schreiber*

*Motion carries.*

#### **4. Discussion and Action Items**

##### **4.1 Report on 2022–2025 California Housing Finance Agency (CalHFA) Foreclosure Prevention Grant Budget Revisions**

Program Supervisor Chris McConkey reported that State Bar staff (staff) received one request for a budget revision for a CalHFA grant. McConkey explained that Public Counsel volunteered to reduce their award by \$216,594 (from \$1,190,000 to \$973,406). Overall, Public Counsel requested a budget revision equal to 23.1 percent of the total award. Staff and CalHFA may recommend that the Committee and LSTFC reallocate the \$216,594 after all CalHFA grantees report at least one full year of spending data.

##### **4.2 Update on Governor’s May Revised State Budget**

Program Director Doan Nguyen briefed the Committee about the Governor’s May revised state budget. In January, the Governor proposed \$6.1 million for qualified legal services projects and support centers to participate in CARE Court. The May revision increased this funding to approximately \$22 million for the seven counties in the first cohort and Los Angeles County. The Governor also proposed over \$50 million for year two, and over \$60 million for year three and beyond. EAF funding will not change, it will remain at approximately \$35 million. There will not be new homelessness prevention or consumer debt distributions.

##### **4.3 Update on IOLTA Revenue Projections**

Nguyen updated the Committee on the Interest on Lawyers’ Trust Accounts (IOLTA) revenue projections. Staff will make recommendations at the June 23, 2023, LSTFC meeting. A LSTFC Rules Committee working group is in the process of codifying revisions to the IOLTA reserve policy and put forth a proposal for the 2024 IOLTA distribution. Through its research, the working group found that the distribution is not subject to the Board of Trustees’ policy, and that the LSTFC may adopt the working group’s recommendation while the codification process continues.

At the June 23, 2023, LSTFC meeting, staff will present three revenue projections: aggressive, moderate, and conservative. Staff typically recommends following the moderate recommendation and will do so this year. A moderate 2023 revenue projection would be \$131,266,411. The aggressive revenue projection would be over \$146 million. The conservative projection would be over \$116 million.

One of the working group's recommendations is to determine the following year's grant distribution based on net assets at the end of the previous year, rather than project revenue for two years. To smooth out fluctuations in future IOLTA distributions, the working group proposes to place \$25 million in reserves this year. This means distributing \$109,575,990 for IOLTA in 2024, which is an increase of approximately 115 to 116 percent from 2023. The working group also recommends that grantees be able to spend down the 2024 IOLTA distribution over two years, similar to the 2022 EAF awards that allowed for 12-month carryover requests. However, the 2024 IOLTA distribution should be a two-year grant by default, with the potential for a six-month carryover at the end of the grant period. The State Bar will still distribute IOLTA funds in 2025, so there will be overlapping IOLTA grants.

#### **4.4 Approve Recommendations Regarding Commission Oversight of IOLTA and EAF Funds, Including Developing Guidelines for the Use of a Loan Repayment Assistance Program (LRAP) and Other Activities to Strengthen Organizational Health**

Lead Program Analyst Erica Carroll reported that, following the removal of the LRAP from the Budget Act of 2022, the California Access to Justice Commission (CalATJ) proposed a program to request funding to administer LRAP themselves, and to allow State Bar grantees to use EAF funds to make loan repayments on behalf of employees. The proposal has gone to the Legislature and passed the Assembly and Budget Subcommittees. Staff expects the proposal will be included in the Budget Act of 2023. Importantly, LRAP working group, consisting of members from the LSTFC, Council on Access and Fairness, and CalATJ, did not reach consensus about the CalATJ proposal. Some working group members suggested that the LSTFC administer the program, and others raised questions about the program structure.

Staff proposes that the LSTFC create guidelines for CalATJ's LRAP. Specifically, the LSTFC should define the parameters for use of EAF funds for this program, what staffing classifications are eligible, and how to reflect these payments in grant budgets. The guidelines would apply to CalATJ's LRAP but would also apply to any use of State Bar funds for an LRAP—whether employer-run or administered by a third party. If the LSTFC approves the Committee's recommendation, staff proposes forming a working group. Staff will request volunteers from COAF and the LSTFC. Because LRAP is an important recruitment

and retention tool, if the final 2023 Budget Act does not include CalATJ's LRAP, the LSTFC should consider starting such a program.

**RESOLVED**, in anticipation of CalATJ securing a statutory change to allow EAF funds to be redirected to an LRAP program, the Executive Committee recommends the LSTFC develop guidelines regarding the use of IOLTA, EAF, and any other State Bar-administered funds.

And it is **FURTHER RESOLVED**, if CalATJ is unsuccessful in securing a statutory change, the Executive Committee recommends the LSTFC administer an LRAP program in addition to issuing guidelines regarding the use of IOLTA, EAF, and if applicable, any other State Bar-administered funds.

*Moved by Al-Sarraf, seconded by Connolly.*

*Ayes – (2) Al-Sarraf, Connolly*

*Noes – (0)*

*Abstain – (0)*

*Absent – (1) Schreiber*

*Motion carries.*

#### **4.5 Discuss Recruitment of New Legal Services Trust Fund Commissioners**

Nguyen enumerated the open positions for State Bar Board of Trustees, LSTFC, and Judicial Council appointments. The LSTFC appointment must be a client-eligible member. After a preliminary review, Nguyen sent her recommendations to Chair Schreiber. Nguyen suggested forming a working group to interview candidates and present recommendations to the LSTFC in August. The working group would consist of two commissioners and Nguyen. Because Co-Chair Al-Sarraf is an applicant, and Chair Pro Tempore Connolly recommended someone for appointment, neither should serve on the working group. Instead, staff should solicit volunteers.

#### **4.6 Preview June 23, 2023, Legal Services Trust Fund Commission Meeting Agenda**

Nguyen previewed the June 23, 2023, LSTFC meeting agenda.

No further discussion took place in open session.

**ADJOURN**