



The State Bar of California

OPEN SESSION

AGENDA ITEM

MARCH 2024

LEGAL SERVICES TRUST FUND COMMISSION 4.1

DATE: March 29, 2024

TO: Members, Legal Services Trust Fund Commission

FROM: Members, Legal Services Trust Fund Commission Eligibility and Budget Review Committee Working Group
Danielle MacRae, Lead Program Analyst
Angela O'Hara, Senior Program Analyst

SUBJECT: Action on California Women's Law Center and Coalition of California Welfare Rights Organizations' 2023 IOLTA/EAF Carryover and Budget Revision Requests

EXECUTIVE SUMMARY

Organizations that receive Interest on Lawyers Trust Accounts (IOLTA) and Equal Access Fund (EAF) grant funding may request a revision of their approved grant budget or request a carryover of their grant award. The 2023 IOLTA/EAF grant period ended on December 31, 2023, and requests to modify budgets or to carryover funds were due by January 31, 2024. State Bar staff (staff) reviews each budget revision and carryover request and calculates the percent the request represents of the total award.

During this year's review, California Women's Law Center (CWLC) submitted a timely carryover request of its entire 2023 EAF grant award amount. Eligibility & Budget Review (EBR) Committee members expressed concern during its March 1, 2024, meeting about CWLC's ability to spend down the grant funds in addition to its 2024 grant awards; however, the committee ultimately recommended approval of the request conditional on CWLC providing additional information on its spenddown plan. At the same EBR Committee meeting, staff also identified concerns with Coalition of California Welfare Rights Organizations' (CCWRO's) 2023 IOLTA/EAF budget revision and carryover requests, including incomplete and inaccurate information, lateness of the submissions, and inadequate explanation of its plan to spend down unspent

funds. The EBR Committee charged a working group to review the requests, considering CCWRO's history of noncompliance with other State Bar administered grant obligations.

This memo describes the additional information providing by CWLC related to its 2023 EAF carryover request as well as the working group's recommendations to the Legal Services Trust Fund Commission (LSTFC) related to CCWRO's 2023 IOLTA/EAF budget revision and carryover requests.

BACKGROUND

GOVERNING AUTHORITIES

Pursuant to the Functional Matrix approved by the State Bar's Board of Trustees, a grantee must request and receive approval for any budget deviation and/or carryover of funds that amounts to more than 10 percent of its grant award.¹ Requests between 10 and 25 percent of the grant amount may be approved by the Director of the Office of Access & Inclusion (OA&I); any request above 25 percent must be reviewed and approved by the LSTFC.

Last November, the LSTFC and State Bar Board of Trustees voted to release for public comment proposed revisions to the State Bar Rules regarding carryovers and budget revisions, but the rule changes have not yet gone into effect. The new rules would:

- maintain the current thresholds such that carryovers and budget revisions of up to 10 percent of the grant amount would not require review and approval, and staff could approve requests up to 25 percent of the grant amount;
- grant committees, rather than the full LSTFC, authority to approve budget modification requests greater than 25 percent of the grant amount to allow for timelier responses;
- disincentivize large carryovers by only allowing approval of carryovers equal to or greater than 50 percent of the grant amount in extraordinary circumstances; and
- introduce factors for staff and the commission to consider when evaluating carryover and budget revision requests.

These rules are pending State Bar Board of Trustees approval. It is however, appropriate for the LSTFC to consider these as guidance.

CURRENT PRACTICE

Staff reviews budget revision requests for both the amount of money and percentage of the deviation from the grantee's approved budget, for potential impact on services provided, and to ensure that the organization remains in line with recommended budgeting ratios (personnel

¹ Though administered on the same basis, IOLTA and EAF formula grants come from distinct funding sources, so any deviation or carryover percentage is calculated against the amount of the individual grant implicated, not the combined total of the two.

to non-personnel expenditures; program to administrative expenses, etc.). If so, staff will generally recommend approval to the LSTFC.

In evaluating carryover requests, staff looks at the carryover percentage (and the actual dollar amount, as the percentage may be high but the amount relatively low, depending on the size of the organization), determines if there is a pattern of recurring requests, and considers the reasonableness of the request. Grantees are asked to explain the circumstances leading to the carryover request and the steps they will take to spend their carryover funds in addition to the next year's grant allocation. If the explanation is reasonable and/or there is no history of repeated carryover, staff will generally recommend approval of these requests. However, with some of the very large requests in recent years, staff has deferred recommendations to encourage the committee to discuss and seek more information before approval.

Starting in 2021, the LSTFC has expressed some concern about large and repeated carryover requests from year to year, as the funds are not intended to create a reserve but rather typically intended to be spent to provide legal services to low-income Californians in the year awarded. Without setting a firm upper limit for carryover requests, the LSTFC indicated in discussion that requests above 50 percent of the grant award would less likely be approved, though each request would be analyzed on a case-by-case basis. This preference to disincentivize large carryover requests was incorporated into the rules revisions that are pending Board of Trustees approval. Those revisions would allow the commission to approve carryovers equal to or greater than 50 percent of the grant amount only in extraordinary circumstances.

DISCUSSION

Staff announced the availability of budget revision and/or carryover request forms for 2023 IOLTA/EAF grants starting November 16, 2023. The deadline for grantees to submit requests was January 31, 2024.

CALIFORNIA WOMEN'S LAW CENTER

CWLC submitted timely 2023 IOLTA/EAF budget revision and carryover requests.² CWLC's requests included a 100 percent carryover of their 2023 EAF grant award amount, or \$186,626. The organization indicated difficulty spending down its two-year 2022 EAF grant award amount and its 2023 EAF grant award amount simultaneously.³

CWLC had one of several large 2023 carryover requests reviewed and discussed during the March 1, 2024, EBR Committee meeting, but the organization's request was the largest (as a

² CWLC submitted an IOLTA budget revision request below 25 percent of the grant award amount that will be approved by the Director of OA&I.

³ Given unprecedentedly large 2022 EAF grant award amounts, the LSTFC allowed grantees a two-year spend-down period, through December 31, 2023.

percentage of total grant award amount). Both staff and the committee had concern about CWLC's ability to spend down the funds in the first six months of 2024 (if the carryover were to be approved) in addition to other grant funds the organization receives from the State Bar and must spend in 2024 including 2024 IOLTA and EAF funds and ongoing Homelessness Prevention (HP) grants. The EBR Committee therefore passed a resolution recommending approval of CWLC's carryover request conditional upon the organization providing more detailed information to staff regarding its spenddown plan for the 2023 carryover funds and other implicated State Bar grants.⁴

On March 14, 2024, CWLC provided the requested spenddown information and in doing so, revised its 2023 EAF carryover request amount to \$50,000 or 22 percent of the grant award amount. CWLC intends to return the remaining unspent funds. Staff finds CWLC's updated carryover request to be reasonable and the proposed spenddown plan to be realistic. As of March 15, CWLC had already spent \$46,192 of the 2023 EAF funds (in anticipation of the carryover being approved), primarily on staff previously funded by homelessness prevention 2 (HP 2) grant funds. Staff therefore recommends the commission approve CWLC's updated EAF carryover request of \$50,000.⁵

COALITION OF CALIFORNIA WELFARE RIGHTS ORGANIZATIONS

As of the deadline of January 31, 2024, CCWRO had yet to provide complete and accurate information detailing its requests to modify its 2023 IOLTA and EAF budgets or carry over funds not spent during the grant period. The organization did not submit a timely carryover request and the proposed budgets included in its budget revision requests far exceeded the grant award amounts. In absence of complete information, staff could not review the request to determine what percent of the total grant amount the deviations represented. Furthermore, staff was unable to present CCWRO's requests to the EBR Committee for review and approval at its March 1 meeting. In response and given CCWRO's history of noncompliance, the EBR Committee tasked a working group of two committee members to review CCWRO's requests and make a recommendation to the LSTFC.

⁴ The EBR Committee passed the following motion: "**RESOLVED**, that the Eligibility & Budget Review Committee recommends approval of 2023 EAF carryover requests equal to or in excess of 50 percent of the grant award but less than 70 percent of the grant award amount, as reflected in staff's March 1, 2024, presentation, to the Legal Services Trust Fund Commission;

AND IT IS FURTHER RESOLVED, that the Eligibility & Budget Revision Committee recommends approval of California Women's Law Center's 2023 EAF carryover request in excess of 50 percent of the grant award, as reflected in staff's March 1, 2024, presentation, to the Legal Services Trust Fund Commission conditional upon California Women's Law Center providing additional information to State Bar staff by March 15, 2024, demonstrating their ability to spend down the State Bar grant funds by relevant grant period end dates."

⁵ The Director of OA&I may approve a request of this size, but given it is a revision received after the deadline and EBR's concerns about the original spenddown plan, staff would prefer it be reviewed and approved by the commission.

CCWRO's Budget Revision Requests

CCWRO's proposed revised IOLTA budget originally totaled \$318,865 more than the grant award amount, resulting in a proposed budget nearly twice the size of the organization's grant allocation.⁶ Staff gave CCWRO multiple opportunities to correct its submission, but an accurate budget was not submitted prior to the EBR Committee meeting. Since the meeting, CCWRO has submitted a revised budget revision request. The proposed IOLTA budget now before the commission for consideration includes a deviation of \$68,923, equaling 19.1 percent of the grant amount. Because an accurate request was not submitted by the deadline, the request was marked as a late submission. While staff has the authority to approve this request given its size, staff brings this request to the commission given its lateness and CCWRO's pattern of inaccurate and incomplete reports.

Similarly, CCWRO's proposed revised EAF budget originally totaled \$68,293 more than the grant award amount;⁷ however, CCWRO staff corrected this submission on February 29, 2024, nearly a month after the deadline, but before the EBR Committee meeting. The proposed EAF budget now before the commission for consideration includes a deviation of \$69,906, equaling 31 percent of the EAF grant amount.

The reasoning CCWRO provided to explain the budget revisions for both IOLTA and EAF related to hiring challenges and lower than expected non-personnel spending (for example, travel and in-person training expenses). CCWRO therefore proposed to spend more on consultants.

The revised EAF budget also includes spending only 66.3 percent on personnel and 33.7 percent on non-personnel costs. These figures deviate from the budgeting guideline that grantees spend 75 percent or more on personnel costs. Again, CCWRO noted this deviation was due to proposing to spend more on contract services to pay for an external accountant and "other advocates/consultants."

During the public comment period of the EBR Committee meeting, Kevin Aslanian, CCWRO's executive director, stated that the consultants hired included an Information Technology consultant to help legal service providers navigate CalSAWS, the statewide application that supports eligibility and benefits determination and public assistance case management across California. In a call with staff, Mr. Aslanian confirmed this information and stated the organization originally budgeted to hire an IT specialist but was unable to do so and hired a consultant instead. The consultant supported CCWRO staff and legal services projects' understanding of CalSAWS. Mr. Aslanian also confirmed that the accountant referenced in the narrative is an external accountant that CCWRO hired in response to LSTFC feedback during the 2024 IOLTA/EAF eligibility review process.

⁶ CCWRO's 2023 IOLTA grant award totaled \$361,323.

⁷ CCWRO's 2023 EAF grant award totaled \$225,046.

CCWRO's Carryover Requests

CCWRO did not submit a carryover request for its IOLTA or EAF grants until February 29, 2024. The IOLTA amount requested for carryover was \$10,260, representing three percent of the grant amount. Because the amount is below 10 percent, this carryover is self-executing and does not require submission or approval from the commission; however, CCWRO also submitted an EAF carryover request of \$68,293, representing 30 percent of the total grant amount and requiring commission approval. Because the EAF carryover request was not submitted by the January 31, 2024, deadline, it was marked as a late submission. CCWRO staff communicated to staff that they were not aware a carryover request was required in addition to the budget revision request and thought one had already been submitted.

CCWRO's explanation for the carryover request mirrored the budget revision request explanation, referencing hiring challenges and lower than expected non-personnel costs. The organization's description of steps to be taken to spend down the funds was brief; CCWRO reported "We have developed a plan to assure that all of the carried over funds are used during 2024. We will get monthly reports from our accountants showing how much of the 2023 carry-over was used and what is left over." The plan referenced in this explanation was not provided.

CCWRO's History of Noncompliance

CCWRO has a history of providing inaccurate and incomplete materials and not complying with grant obligations. Staff identified problems with CCWRO's quality control procedures and Homelessness Prevention (HP) 2 and 3 formula grants through CCWRO's May 19, 2023, monitoring visit, the review of HP 2 services data, and the desk review of CCWRO's HP 3 formula grant. Findings from the monitoring visit included lack of performance evaluations for the Executive Director and staff, lack of attorney supervision, lack of documentation of board actions, noncompliance with by-laws, lack of succession planning, limited evaluation methods to measure impact and effectiveness, and inaccurate reports and fund accounting. Given the findings, a second monitoring visit was recommended.

CCWRO participated in an IOLTA/EAF Eligibility Review Conference (ERC) during the 2024 application cycle. As a result of the ERC and subsequent events, during its August 10, 2023, meeting, the EBR committee imposed several conditions and recommendations for CCWRO to follow in order to maintain eligibility for IOLTA/EAF funding in 2024:

- Require participation in a follow up fiscal and program monitoring visit in 2024.
- Require submission of complete, accurate, and timely reports for all Trust Fund Program grants.
- Require submission of complete, accurate, and timely documentation of successful implementation of its HP 3 Corrective Action Plan.
- Require submission of a complete, timely, and satisfactory response to the findings in the 2023 Monitoring Visit report.

- Require submission of a complete and accurate 2025 IOLTA and EAF application, including an audit, by the May 1, 2024, deadline. (See Attachment A).⁸

Specific to its HP grants, staff found that CCWRO was billing work to its HP 2 and 3 formula grants as if they were the same award, without segregating time or activities by grant. CCWRO also billed both grants for nonqualifying activities. Additionally, CCWRO did not keep time-by-fund records for these grants and could not demonstrate why it billed a certain amount of employee time to each of its grants. As a result, staff and the HP Committee were concerned that CCWRO was noncompliant with some federal requirements for its HP 3 formula grant. Staff provided extensive technical assistance to CCWRO to try to help CCWRO resolve these issues and bring its HP 3 formula grant into compliance. In December, LSTFC passed a resolution to address concerns with CCWRO's HP 3 grant award, requiring CCWRO to participate in a second desk review, revise several reports, and provide additional documentation. The resolution also required CCWRO to meet with staff, commissioners, and CCWRO's Board President to discuss their issues related to the organization's quality controls and HP 3 grant issues. (See Attachment B).⁹

⁸ At its August 10, 2023, meeting, the LSTFC passed the following resolution:

"RESOLVED, that the Legal Services Trust Fund Committee finds 110 applicants eligible for 2024 IOLTA/EAF funding as reflected in Attachment A to the August 10, 2023, meeting memorandum; and it is

FURTHER RESOLVED, that the Legal Services Trust Fund Committee finds California Coalition of Welfare Rights Organization, Legal Services for Prisoners with Children and Youth Law Center eligible contingent upon their continued work with staff to resolve issues raised during this year's application and eligibility review process prior to next year's application, as well as compliance with any conditions imposed by the Eligibility and Budget Review Committee; and it is

FURTHER RESOLVED, that the Legal Services Trust Fund Committee provides a formal warning to Coalition of California Welfare Rights Organizations that if it fails to comply with the conditions imposed, the Legal Services Trust Fund Committee may pursue any of the remedies available to it under the General Grant Provisions."

A letter sent to CCWRO on August 29, 2023, (Attachment A) outlines the conditions imposed and provides a formal warning to the organization.

⁹ At its December 13, 2023, meeting, the LSTFC passed the following resolution:

"RESOLVED, that the Legal Services Trust Fund Commission (LSTFC) determines that the materials submitted by Coalition of California Welfare Rights Organizations (CCWRO) confirm its 2022 expenditures are now considered allowable and as such CCWRO is not required to return any 2021–2024 Homelessness Prevention (HP 3) formula funds from 2022; and it is

FURTHER RESOLVED, that the LSTFC requires CCWRO to meet with commissioners, staff, and CCWRO's Board President to discuss issues related to CCWRO's HP 3 formula grant quality and internal controls; and it is

FURTHER RESOLVED, that the LSTFC requires CCWRO to participate in a second HP 3 desk review in 2024; and it is **FURTHER RESOLVED**, that the LSTFC requires CCWRO to revise its HP 3 formula grant on the quarter 8 expenditure report due January 31, 2024, to reflect its actual expenditures through 2023; and it is

FURTHER RESOLVED, that the LSTFC requires CCWRO to provide accurate and complete remaining supporting documentation (staff timesheets, allocation reports, and accounting reports) for 2023 to staff by January 31, 2024; and it is

FURTHER RESOLVED, that the LSTFC requires CCWRO to submit a revised spend down plan and a budget revision request for its HP 3 formula funding from January 1, 2024–December 31, 2024, to staff by January 31, 2024."

A letter sent to CCWRO on December 18, 2023, (Attachment B) outlines the requirements imposed by the resolution.

On January 11, 2024, commissioners and staff met with CCWRO staff and its Board President. Staff and commissioners raised concerns about CCWRO's timeliness, outstanding deliverables from the 2023 monitoring visit, and progress toward meeting a January 31, 2023, deadline for HP 3 deliverables. Commissioners and staff reiterated the importance of CCWRO submitting timely and accurate materials and offered suggestions on how CCWRO might enhance oversight to ensure compliance with grant requirements. During the meeting, CCWRO's Board President reiterated the organization's responsibilities to meet grant deadlines.

The next day, staff met with CCWRO to provide additional technical assistance to ensure the organization could submit all required HP deliverables by the January 31, 2024, deadline. CCWRO submitted timely, but inaccurate reports related to its HP 3 award, and as a result, the HP Committee voted on February 26, 2024, to recommend CCWRO submit revised documentation, corrections to HP 3 quarterly expenditure reports, and submit monthly allocation worksheets and staff timecards to receive its remaining HP 3 funds via monthly reimbursement.

Working Group Meeting, Discussion, and Recommendation

A working group of two EBR Committee members, Catherine Blakemore and Maria Morales, met on March 18, 2024, to review and discuss CCWRO's updated IOLTA and EAF carryover and budget revisions requests. During the meeting, the working group evaluated each request. Discussion focused on the lateness of the submissions, the multiple incomplete and inaccurate submissions requiring repeated staff follow up, CCWRO's deviation from the guidelines on spending ratios for EAF grants, unclear and inadequate explanations to support the revisions and how it plans to spend down remaining funds if a carryover were approved, and CCWRO's ongoing pattern of noncompliance and accounting concerns as well as the numerous actions the EBR, HP Committee, and staff have taken to obtain compliance.

Since CCWRO's IOLTA carryover request of three percent was below the threshold requiring approval by staff or the LSTFC, no action or recommendation was needed. The working group recommends the LSTFC approve CCWRO's IOLTA budget revision request of 19 percent despite its lateness because the amount is under 25 percent, the explanation is reasonable, and it conforms with spending ratio guidelines. However, the working group recommends denying CCWRO's EAF carryover request of 30 percent due to its lateness (unlike the budget revision requests, which were originally submitted on time but were inaccurate, no carryover request was submitted until nearly a month after the deadline) and the inadequate explanation of CCWRO's plan to spend down the remaining funds. CCWRO mentioned the organization had a plan to spend down the funds, but no plan was provided. Relatedly, the working group recommends denying the budget revision request of 31 percent, since the revision relates to how CCWRO planned to spend the carried over funds if approved. The working group formed these recommendations largely in response to CCWRO's noncompliance with past efforts to remedy its failure to adhere to grant requirements.

RECOMMENDATIONS

CALIFORNIA WOMEN'S LAW CENTER

Should the LSTFC concur with staff's recommendation related to California Women's Law Center's revised EAF carryover request, adoption of the following is advised:

RESOLVED, that the Legal Services Trust Fund Commission approves California Women's Law Center's 2023 EAF carryover request of \$50,000, as reflected in the March 29, 2024, memo to the Legal Services Trust Fund Commission.

COALITION OF WELFARE RIGHTS ORGANIZATIONS

Should the LSTFC concur with the working group's recommendations related to Coalition of California Welfare Rights Organizations' revised 2023 IOLTA/EAF budget revision and carryover requests, adoption of the following is advised:

RESOLVED, that the Legal Services Trust Fund Commission approves Coalition of California Welfare Rights Organizations' late 2023 IOLTA budget revision request as reflected in the March 29, 2024, memo to the Legal Services Trust Fund Commission;

AND IT IS FURTHER RESOLVED, that the Legal Services Trust Fund Commission denies Coalition of California Welfare Rights Organizations' late 2023 EAF budget revision and carryover request as reflected in the March 29, 2024, memo to the Legal Services Trust Fund Commission.

ATTACHMENTS

- A. August 29, 2023, Letter to Coalition of California Welfare Rights Organizations
- B. December 18, 2023, Letter to Coalition of California Welfare Rights Organizations



The State Bar of California

180 Howard Street, San Francisco, CA 94105

OFFICE OF ACCESS & INCLUSION

rocio.avalos@calbar.ca.gov

415-538-2231

August 29, 2023

SENT VIA EMAIL ONLY

Kevin Aslanian
Executive Director
Coalition of California Welfare Rights Organizations
1111 Howe Avenue, #635
Sacramento, CA 95825
Email: kevin.aslanian@ccwro.org

RE: Legal Services Trust Fund Commission Decision Regarding Coalition of California Welfare Rights Organizations' Eligibility for 2024 IOLTA/EAF Grants

Dear Kevin:

As you know, Coalition of California Welfare Rights Organizations (CCWRO) participated in an eligibility review conference (ERC) during the application review period for 2024 IOLTA/EAF grants. The ERC was scheduled in response to questions about CCWRO's internal and quality controls that were raised as part of CCWRO's recent Homelessness Prevention 3 (HP 3) grant desk audit and State Bar monitoring visit findings. Moreover, CCWRO recently missed a July 31 deadline for certain deliverables in relation to its HP 3 Corrective Action Plan.

As a result of the ERC and subsequent events, during its August 10, 2023, meeting, the Legal Services Trust Fund Commission's (LSTFC) Eligibility and Budget Review Committee imposed several conditions and recommendations for CCWRO to follow in order to maintain eligibility for IOLTA/EAF funding in 2024:

- Require participation in a follow up fiscal and program monitoring visit in 2024.
- Require submission of complete, accurate, and timely reports for all Trust Fund Program grants.
- Require submission of complete, accurate, and timely documentation of successful implementation of its HP 3 Corrective Action Plan.
- Require submission of a complete, timely, and satisfactory response to the findings in the 2023 Monitoring Visit report.
- Require submission of a complete and accurate 2025 IOLTA and EAF application, including an audit, by the May 1, 2024, deadline.

- Recommend staff inform CCWRO's Board of Directors about the ERC and keep the Board of Directors more informed generally.
- Recommend recruiting Board member(s) with a financial background.
- Recommend hiring a part-time or full-time accountant or bookkeeper.

Later that same day, in light of the Eligibility and Budget Review Committee's actions, the LSTFC passed the following resolutions (edited to reflect the portions that are applicable to CCWRO):

"RESOLVED, that the LSTFC finds 110 applicants eligible for 2024 IOLTA/EAF funding as reflected in Attachment A to the August 10, 2023, meeting memorandum; and it is

FURTHER RESOLVED, that the LSTFC finds California Coalition of Welfare Rights Organizations ... eligible contingent upon their continued work with staff to resolve issues raised during this year's application and eligibility review process prior to next year's application, as well as compliance with any conditions imposed by the Eligibility and Budget Review Committee; and it is

FURTHER RESOLVED, that LSTFC provides a formal warning to Coalition of California Welfare Rights Organizations that if it fails to comply with the conditions imposed, the LSTFC may pursue any of the remedies available to it under the General Grant Provisions."

Please note that, under the General Grant Provisions and the grant agreements executed for each grant, possible consequences of failing to adhere to grant requirements include, but are not limited to, grant disbursement in monthly, rather than quarterly, installments; termination of the grant; or mandatory return of grant funds spent on activities that were not in accordance with the approved budget. (See the Legal Services Trust Fund Program General Grant Provisions, Article IX, Provisions 9.01 and 9.02; see also grant agreement provisions regarding required notice of material changes to budgets and planned activities (Section 11 in most grant agreements) and regarding termination (Section 7 in most grant agreements).) Going forward, we encourage early communication with State Bar staff should you anticipate challenges in meeting any grant deadlines or submitting required materials.

If you have any questions about this letter, please do not hesitate to contact me or your assigned program and fiscal contacts. (This information can be found in your organizational profile on SmartSimple.) We look forward to continuing to work together.

Sincerely,



Rocio Avalos
Program Director

RA/EC

cc: Erica Carroll, Lead Program Analyst
Jennifer Zelnick, Senior Program Analyst
Angela O'Hara, Senior Program Analyst
Esteban Cano-Gutierrez, Senior Financial Analyst



The State Bar of California

180 Howard Street, San Francisco, CA 94105

OFFICE OF ACCESS & INCLUSION

rocio.avalos@calbar.ca.gov
415-538-2231

December 18, 2023

SENT VIA EMAIL ONLY

Kevin Aslanian
Executive Director
Coalition of California Welfare Rights Organizations
1111 Howe Avenue, #635
Sacramento, CA 95825
Email: kevin.aslanian@ccwro.org

RE: Legal Services Trust Fund Commission Decision Regarding Coalition of California Welfare Rights Organizations' 2021–2024 Homelessness Prevention (HP 3) Formula Grant

Dear Kevin:

As you know, the Legal Services Trust Fund Commission (LSTFC) and the LSTFC Homelessness Prevention Funds Committee (Committee) reviewed Coalition of California Welfare Rights Organizations' (CCWRO's) HP 3 formula grant to ensure CCWRO is complying with all grant requirements. Concerns about CCWRO's internal and quality controls emerged from the State Bar's monitoring visit and the desk audit of CCWRO's HP 3 formula grant. Following review by the Committee, the LSTFC discussed CCWRO's HP 3 formula grant on November 9, 2023, and December 13, 2023, to determine if CCWRO's HP 3 formula grant expenditures for 2022 and 2023 were allowable and whether CCWRO was in compliance with all HP related rules and responsibilities.

As a result of the LSTFC's review, on December 13, 2023, the LSTFC passed the following resolution:

"RESOLVED, that the Legal Services Trust Fund Commission (LSTFC) determines that the materials submitted by Coalition of California Welfare Rights Organizations (CCWRO) confirm its 2022 expenditures are now considered allowable and as such CCWRO is not required to return any 2021–2024 Homelessness Prevention (HP 3) formula funds from 2022; and it is

FURTHER RESOLVED, that the LSTFC requires CCWRO to meet with commissioners, staff, and CCWRO's Board President to discuss issues related to CCWRO's HP 3 formula grant quality and internal controls; and it is

FURTHER RESOLVED, that the LSTFC requires CCWRO to participate in a second HP 3 desk review in 2024; and it is

FURTHER RESOLVED, that the LSTFC requires CCWRO to revise its HP 3 formula grant on the quarter 8 expenditure report due January 31, 2024, to reflect its actual expenditures through 2023; and it is

FURTHER RESOLVED, that the LSTFC requires CCWRO to provide accurate and complete remaining supporting documentation (staff timesheets, allocation reports, and accounting reports) for 2023 to staff by January 31, 2024; and it is

FURTHER RESOLVED, that the LSTFC requires CCWRO to submit a revised spend down plan and a budget revision request for its HP 3 formula funding from January 1, 2024–December 31, 2024, to staff by January 31, 2024.”

The above resolution is consistent with Title 2 of the Code of Federal Regulations (CFR), §200.208, which allows the State Bar of California, as a pass-through entity, to adjust CCWRO’s HP 3 formula award conditions as needed to ensure grant compliance. While the LSTFC found that the most recent materials submitted by CCWRO confirms its 2022 HP 3 expenditures are now considered allowable, the LSTFC maintains serious concerns about CCWRO’s quality and internal controls. Therefore, the LSTFC is imposing these additional award conditions to ensure CCWRO’s compliance with the grant conditions. If CCWRO fails to satisfy these additional conditions, the LSTFC may exercise its authority under the CFR to impose remedial measures to address any noncompliance including temporarily withholding funds, determining costs are disallowed and must be returned, and/or suspending or terminating the award. (See Title 2 of the CFR § 200.339.)

Additionally, please note that after the grant period ends on December 31, 2024, CCWRO and all HP 3 grantees will be required to return any unspent funds.

If you have any questions about this letter, including whether CCWRO believes these conditions have been imposed in error, please do not hesitate to contact me. We look forward to continuing to work together.

Sincerely,



Rocio Avalos
Program Director I

cc: Doan Nguyen, Program Director II