



The State Bar *of California*

# 7.1 Review 2022 and 2023 IOLTA/EAF Grant Closure Process and Recommend Approval of Related Budget Deviations

Heidi Slater, Program Manager, Office of Access & Inclusion

LSTFC Eligibility & Budget Review  
Committee, November 1, 2024

# Agenda

## Agenda

- Background
- 2022 IOLTA and EAF Grant Closeout Update
- 2023 IOLTA and EAF Grant Closeout Update
- Unreported 2022 IOLTA and EAF Budget Deviations
- Unreported 2023 IOLTA and EAF Budget Deviations
- Proposed Resolution



# Background

## 2022 IOLTA

**Start Date**

January 1, 2022

**Original End Date**

December 31, 2022

**Carryover End Date**

December 31, 2023

(IOLTA 2022 was allowed a one-year carryover period to have parity with EAF)

## 2022 EAF

**Start Date**

January 1, 2022

**Original End Date**

December 31, 2023

**Carryover End Date**

June 30, 2024

(EAF 2022 was allowed to be a two-year gran with a six-month carryover period.)

## 2023 IOLTA

**Start Date**

January 1, 2023

**Original End Date**

December 31, 2023

**Carryover End Date**

June 30, 2024

## 2023 EAF

**Start Date**

January 1, 2023

**Original End Date**

December 31, 2023

**Carryover End Date**

June 30, 2024



# Report on 2022 IOLTA and EAF Grant Closeout

Table 1. 2022 IOLTA and EAF Grant Closeout

Grant type	Total grant	Total unspent and out-of-county funds	Percentage of funds unspent	Grantees with unspent funds	Grantees with budget deviations
IOLTA	\$35,487,856	\$52,812	0.15%	11 of 102	5 of 102
EAF	\$58,147,328	\$380,844	0.66%	15 of 102	6 of 102
Total	\$93,635,184	\$433,656	0.81%		



# Report on 2023 IOLTA and EAF Grant Closeout

Table 2. 2023 IOLTA and EAF Grant Closeout

Grant type	Total grant	Total unspent and out-of-county funds	Percentage of funds unspent	Grantees with unspent funds	Grantees with budget deviations
IOLTA	\$50,682,243	\$431,805	0.85%	14 of 101	4 of 101
EAF	\$31,626,571	\$964,033	3.05%	15 of 101	6 of 101
Total	\$82,308,814	\$1,395,838	1.70%		

# Unreported 2022 IOLTA and EAF Budget Deviations

**Table 3. Unreported 2022 IOLTA and EAF Budget Deviations**

Grantee	IOLTA or EAF	Deviation amount	Deviation percent	Impacted line items	Grantee explanation
Asian Americans Advancing Justice Southern California	EAF	\$93,098	10.01%	Increased Paralegals, decreased non-personnel expenditures	Rounding from 10.009%.
Community Lawyers Inc.	IOLTA	\$1,316	18.00%	Increased Lawyers, decreased Paralegals	Staff transitions, did not realize a revision was required.
	EAF	\$2,153	17.99%	Increased Lawyers, decreased Paralegals	Staff transitions, did not realize a revision was required.
Justice in Aging	EAF	\$108,164	27.28%	Increased Other Staff, decreased Lawyers	Limited Finance staff capacity, did not realize a revision was required.



# Unreported 2022 IOLTA and EAF Budget Deviations

Grantee	IOLTA or EAF	Deviation amount	Deviation percent	Impacted line items	Grantee explanation
La Raza Centro Legal	IOLTA	\$1,455	16.39%	Increased Paralegals, decreased Lawyers	Utilized more Paralegals than Lawyers, did not realize a revision was required.
	EAF	\$1,521	10.46%	Increased Paralegals, decreased Lawyers	Utilized more Paralegals than Lawyers, did not realize a revision was required.
Legal Aid of Marin	IOLTA	\$6,912	10.56%	Increased non-personnel expenditures, decreased Paralegals	Cited current General Grant Provisions re. material budget deviations, did not realize a revision was required.



# Unreported 2022 IOLTA and EAF Budget Deviations

Grantee	IOLTA or EAF	Deviation amount	Deviation percent	Impacted line items	Grantee explanation
Public Law Center	IOLTA	\$152,86	20.66%	Increased Lawyers and some non-personnel expenditures, decreased Paralegals and some non-personnel expenses	Did not realize a revision was required.
	EAF	\$204,780	16.89%	Increased Paralegals and some non-personnel expenditures, decreased some non-personnel expenses	Did not realize a revision was required.
Riverside Legal Aid	IOLTA	\$47,405	16.14%	Increased Lawyers and Other Staff, decreased non-personnel expenditures	Staff transitions, did not realize a revision was required.





# Unreported 2022 IOLTA and EAF Budget Deviations

Grantee	IOLTA or EAF	Deviation amount	Deviation percent	Impacted line items	Grantee explanation
San Luis Obispo Legal Assistance Foundation	EAF	\$14,306	14.08%	Increased Other Staff, decreased Paralegals	Miscategorized expenses for Paralegals and Other Staff, SmartSimple did not show approved revised budget.



# Unreported 2023 IOLTA and EAF Budget Deviations

**Table 4. Unreported 2023 IOLTA and EAF Budget Deviations**

Grantee	IOLTA or EAF	Deviation amount	Deviation percent	Impacted line items	Grantee explanation
Aids Legal Referral Panel	EAF	\$3,045	13.23%	Increased Other Staff - Coordinators, decreased Lawyers expenditures	Did not realize a revision was required.
Bet Tzedek Legal Services	EAF	\$152,636	14.80%	Increased Paralegals, Other Staff, and Other Non-Personnel, decrease to Lawyers and Non-Personnel Admin expenditures	Unexpected turn over of attorney staff and longer than expected back fill required a shift to Paralegals and Other Staff. Also, original budget erroneously excluded budget amounts for Paralegal staff. Did not realize a revision was required.



# Unreported 2023 IOLTA and EAF Budget Deviations

Grantee	IOLTA or EAF	Deviation amount	Deviation percent	Impacted line items	Grantee explanation
California Indian Legal Services	EAF	\$21,593	10.95%	Increased Lawyers expenditures, decrease to Paralegals, Other Staff, and Employee Benefits	Projects required added attorney staff hours to ensure completion.
La Raza Central Legal	EAF	\$3,483	19.39%	Increased Paralegals, decreased Other Staff	Utilized more Paralegals than Lawyers, did not realize a revision was required.
	IOLTA	\$5,592	19.38%	Increased Paralegals, decreased Other Staff	Utilized more Paralegals than Lawyers, did not realize a revision was required.



# Unreported 2023 IOLTA and EAF Budget Deviations

Grantee	IOLTA or EAF	Deviation amount	Deviation percent	Impacted line items	Grantee explanation
Legal Aid Foundation of Los Angeles	IOLTA	\$181,288	11.22%	Increased Lawyers, decreased Paralegals and Other Staff	Experienced understaffing in attorney positions which required a shift to paralegals and case managers with supervision by attorneys. Did not realize a revision was required.

# Unreported 2023 IOLTA and EAF Budget Deviations

Grantee	IOLTA or EAF	Deviation amount	Deviation percent	Impacted line items	Grantee explanation
Legal Aid Society of San Bernardino	IOLTA	\$122,467	22.06%	Increased Paralegals, decreased Lawyers, Other Staff, Employee Benefits, and Evaluation expenditures	Significant shift in expenditures to Paralegal staff to meet the increasing demand for legal services in rural San Bernardino and Riverside Counties. Mistakenly believed that the prior modification submitted in February 2024 for EAF also included the IOLTA revision.

# Unreported 2023 IOLTA and EAF Budget Deviations

Grantee	IOLTA or EAF	Deviation amount	Deviation percent	Impacted line items	Grantee explanation
Public Counsel	IOLTA	\$256,021	14.02%	Increased Lawyers, decreased Paralegals and Other Staff	Increased activity realized for Attorney time as well as increased salaries. There was a misunderstanding on how the budget deviation was measured.
Worksafe, Inc.	EAF	\$28,219	12.54%	Increased Other Staff, Admin – Non-Personnel, decreased Lawyers, and Employee Benefits expenditures	Difficulty in finding qualified staff, resulting in temp staff support and Admin personnel. In addition, due to the turnover of the operations team, did not have sufficient time to review records to meet the Budget Revision deadline.



# Unreported 2023 IOLTA and EAF Budget Deviations

Grantee	IOLTA or EAF	Deviation amount	Deviation percent	Impacted line items	Grantee explanation
Youth Law Center	EAF	\$58,280	25.90%	Increased Lawyers and Contract Services to Clients, decreased Paralegals	A carryover for EAF was submitted and approved. However, a budget revision for EAF was not completed as it was mistaken that this could be done at year end.

## Proposed Resolution

Should the committee concur, it is:

**RESOLVED**, that the Legal Services Trust Fund Commission (LSTFC) Eligibility and Budget Review Committee recommends that the LSTFC approve the ~~twelve~~ eleven unreported 2022 and ten unreported 2023 IOLTA and EAF grant budget deviations as described.







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## 7.2 Recommend Approval of 2024 IOLTA/EAF Budget Modifications

Heidi Slater, Program Manager, Office of Access & Inclusion

LSTFC Eligibility & Budget Review  
Committee, November 1, 2024

# Agenda

## Agenda

- Background
- 2024 EAF and IOLTA Budget Modification Requests
- 2022 and 2023 EAF Late Budget Modification Requests
- Proposed Resolution



# Report on 2024 IOLTA and EAF Budget Modification Requests Between 10-25 Percent

**Table 1. 2024 IOLTA and EAF Budget Modifications Between 10-25 Percent**

Organization	Grant	Grant award	Revision amount	Revision percent	Status
LACBA Counsel for Justice	2024 IOLTA	\$265,601	\$28,397	10.69%	Staff Approved
LACBA Counsel for Justice	2024 EAF	\$87,895	\$12,536	14.26%	Staff Approved
Los Angeles Center for Law and Justice	2024 IOLTA	\$326,580	\$43,594	13.35%	Staff Approved
Los Angeles Center for Law and Justice	2024 EAF	\$108,071	\$11,864	10.98%	Staff Approved
Center for Human Rights and Constitutional Law	2024 EAF	\$225,046	\$42,788	19.01%	Staff Approved
Law Foundation of Silicon Valley	2024 IOLTA	\$882,826	\$115,009	13.03%	Staff Approved
Law Foundation of Silicon Valley	2024 EAF	\$292,098	\$47,105	16.13%	Staff Approved



2024 EAF Budget Modification Requests  
Exceeding 25 Percent

Table 2. 2024 EAF Budget Modification Exceeding 25 Percent

Organization	Grant	Grant award	Revision amount	Revision percent	Explanation	Status
Elder Law and Advocacy	2024 EAF	\$111,316	\$37,870	34.02%	Decreases in lawyer salaries and associated employee benefits, with corresponding increases in contract services for clients and other administrative costs. This adjustment results in only 58% of ELA’s budget being allocated to personnel expenses.	Recommend Approval

# Late 2022 and 2023 EAF Budget Modification Requests

**Table 3. Late 2022 and 2023 EAF Budget Modification Submissions**

Organization	Grant	Grant award	Revision amount	Revision percent	Explanation	Status
Inland Empire Latino Lawyers Association	2022 EAF	\$111,400	\$26,588	23.87%	Decreases in lawyers, other staff, and administrative salaries, with corresponding increases in paralegal and non-personnel expenses such as space, technology, and other administrative costs	Recommend Approval
Inland Empire Latino Lawyers Association	2023 EAF	\$120,900	\$26,692	22.08%	Decreases in lawyers and administrative salaries, with corresponding increases in paralegal and non-personnel expenses such as space, office supplies, technology, contract services to clients and other administrative costs	Recommend Approval



# Proposed Resolution

Should the committee concur, it is:

**RESOLVED**, that the Legal Services Trust Fund Commission (LSTFC) Eligibility & Budget Review Committee recommends that the LSTFC approve the two late-submitted budget modification requests and the one budget modification request exceeding 25 percent, as described.





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## **7.3 Approve Pro Bono Allocation Test C Narratives for the 2025 IOLTA/EAF Grant Year**

Erica Carroll, Lead Program Analyst, Office of Access & Inclusion

LSTFC Eligibility & Budget Review  
Committee, November 1, 2024

## Changes to Pro Bono Allocation Rules

- Ten percent of funding in each county set aside for pro bono allocation recipients, distributed as pro rata share to eligible organizations
  - Must demonstrate recruitment of substantial numbers pro bono attorneys and that pro bono is the organization's principal means of service delivery
- Former threshold for substantial numbers requirement: 30 attorneys, 5 percent of attorneys in the county, or 1000 donated legal services hours from attorneys
  - Recent rule change removed threshold requirement (retroactive to July 18, 2024)
  - Substantial numbers and principal means now established through same test(s)





## Pro Bono Allocation Applicants

- Lawyers Committee for Civil Rights (Imperial County)
  - Did not meet old threshold, but number of donated attorney hours in the county far exceeds employee attorney legal services hours
- Veterans Legal Institute (Riverside and San Bernardino Counties)
  - Eligible in Los Angeles and Orange under what was formerly known as "Test C"
  - Riverside and San Bernardino added later, similar rationale



## Proposed Resolution

Should the Committee concur with staff recommendations, it is:

**RESOLVED**, that the Legal Services Trust Fund Commission Eligibility and Budget Review Committee recommends the following IOLTA/EAF pro bono applicants be found eligible for the 2025 pro bono allocation:

1. Lawyers Committee for Civil Rights (Imperial County); and
2. Veterans Legal Institute (San Bernardino County and Riverside County).





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## 7.4 Recommend Disposition of Requests for Reconsideration Of 2025 IOLTA/EAF Funding Denials

Erica Carroll, Lead Program Analyst, Office of Access & Inclusion

LSTFC Eligibility & Budget Review  
Committee, November 1, 2024

## Requests for Reconsideration

- State Bar Rule 3.680(E)(1): Audit or financial review conducted by independent CPA required as part of IOLTA/EAF application
- State Bar Schedule of Charges and Deadlines re: Rule 3.680(E)(1): Audits/financial reviews are due May 1, by approved staff extension through application deadline, by LSTFC extension thereafter
  - **"Under no circumstances shall such extension be granted beyond the date upon which grant allocations are determined."**
    - **Allocations were determined on August 14, 2024**
- Rule 3.691(B): Applicants denied funding may seek reconsideration



## Requests for Reconsideration

- Two organizations denied 2025 IOLTA/EAF funding for incomplete applications
  - United CORE Alliance
    - New applicant
    - Audit/financial statement extension through June 30
    - Request for reconsideration and reviewed financial statement submitted September 13
  - Yuba-Sutter Legal Center for Seniors
    - Returning applicant
    - Audit/financial statement extension through July 15
    - Request for reconsideration submitted September 23; no financial review



## Proposed Resolution

Should the Committee concur with staff recommendations, it is:

**RESOLVED**, that the Legal Services Trust Fund Commission (LSTFC) Eligibility and Budget Review Committee recommends the LSTFC affirm its denial of 2025 IOLTA/EAF eligibility for United CORE Alliance and Yuba-Sutter Legal Center for Seniors.





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# 7.5 Action on 2025 IOLTA/EAF Budget-Related Issues and Recommend Approval of 2025 IOLTA/EAF Budget Proposals

Erica Carroll, Lead Program Analyst, Office of Access & Inclusion

LSTFC Eligibility & Budget Review  
Committee, November 1, 2024



## Agenda

- Background
- Late/Incomplete Submissions
- Recommended Expense Ratios
- Capital Additions
- Budget Approvals





## 2025 IOLTA/EDF Budgets

- Late Submissions
  - California Advocates for Nursing Home Reform
  - Legal Aid Society of San Bernardino
  - Legal Assistance to the Elderly
  - Public Law Center
  - Q.Me Place
  - San Joaquin College of Law
  - Worksafe, Inc.
- Incomplete Submissions
  - California Collaborative for Immigrant Justice
  - La Raza Centro Legal
  - Social Justice Collaborative
  - Veterans Legal Institute



## 2025 IOLTA/EDF Budgets

- Recommended expense ratios
  - 75 percent Personnel / 25 percent Nonpersonnel
    - APILO: 53.19 percent / 46.81 percent (IOLTA)
    - JDC: 73.97 percent / 26.03 percent (IOLTA)
    - RLA: 68.05 percent / 31.95 percent (EDF)
    - SCIP: 7093 percent / 29.07 (IOLTA)
  - 75 percent Program / 25 percent Administration
    - FVAP: 74.92 percent / 25.08 percent (IOLTA) and 74.98 percent / 25.02 percent (EDF)
  - No more than 40 percent benefits compared to salaries
- Deviation requires justification and committee approval



## 2025 IOLTA/EAF Budgets

- Capital additions
  - APILO requested \$600,000 in IOLTA budget
    - \$500,000 for mortgage balloon payment
    - \$100,000 for infrastructure improvements
    - No documentation received
  - Real property purchases/expenditures require commission approval



## Proposed Resolution

Should the Committee concur with staff recommendations, it is:

**RESOLVED**, that the Legal Services Trust Fund Commission Eligibility and Budget Review Committee (Committee) approves the personnel/nonpersonnel expense ratio deviations submitted by Justice & Diversity Center of the Bar Association of San Francisco, Riverside Legal Aid, and Southern California Immigration Project; and the program/administration expense ratio deviations submitted by Family Violence Appellate Project, and it is

**FURTHER RESOLVED**, that the Committee denies the personnel/nonpersonnel expense ratio deviations and capital additions request submitted by Asian Pacific Islander Legal Outreach and recommends that the organization revise its budget to remove such expenditures, and it is

**FURTHER RESOLVED**, that the Committee recommends to the LSTFC approval of all 2025 IOLTA/EAF budgets from organizations listed in the November 1, 2024, meeting materials Attachment A, contingent upon satisfactory completion of any requested or required revisions by the time of the LSTFC's November 8, 2024, meeting.

