



The State Bar of California

OPEN SESSION

AGENDA ITEM

6.9 NOVEMBER 2024

LEGAL SERVICES TRUST FUND COMMISSION

DATE: November 8, 2024

TO: Members, Legal Services Trust Fund Commission

FROM: Members, Legal Services Trust Fund Commission Eligibility and Budget Review Committee

SUBJECT: Approve 2025 IOLTA and EAF Budget Submissions

EXECUTIVE SUMMARY

This memorandum provides the Eligibility and Budget Review Committee's (committee) recommendations to the Legal Services Trust Fund Commission (LSTFC) regarding approval of IOLTA and EAF budgets for grant year 2025. The committee recommends denying the capital additions request from Asian Pacific Islander Legal Outreach (APILO) and directing the organization to revise. It further recommends approving all IOLTA/EAF budgets after appropriate revisions.

RECOMMENDED ACTION

The committee recommends denial of APILO's capital additions request and further recommends that the LSTFC approve all submitted 2025 IOLTA/EAF budget proposals, provided that all staff- or committee-requested revisions have been made.

DISCUSSION

After eligibility determinations for IOLTA/EAF funding are made, the Office of Access & Inclusion prepares grant allocations for the coming year. Once allocations are released, grantees have 30 days to submit a budget proposal. Pursuant to statute, qualified legal services projects (QLSPs) must provide free civil legal services to indigent persons with the IOLTA and EAF funds, and support centers (SCs) must budget funds to provide legal training, technical assistance, and advocacy support to the QLSPs.

Staff reviewed all budget proposals and elevated issues requiring committee attention. The committee met to discuss 2025 IOLTA/EAF budgets on November 1, 2024. Issues discussed included late and incomplete proposals, deviations from recommended expense ratios,¹ and capital additions requests. The committee reviewed and approved all expense ratio deviations based on the explanations submitted by the relevant grantees, except APILO's personnel/nonpersonnel deviation.

APILO submitted a capital additions request for a balloon mortgage payment and infrastructure costs as part of its IOLTA budget. The request did not conform to the [Guidelines for Purchases of Real Property](#) as it lacked documentation or further justification for the expenses in support of the delivery of legal services. These proposed expenditures also skewed the organization's personnel and nonpersonnel expenses mentioned above. Consequently, the committee does not recommend approval of the expense ratio deviation or the capital additions. APILO should revise its budget to conform to standard budgeting requirements, and until it does so, the committee recommends only approving its IOLTA budget less the \$600,000 devoted to capital additions.

At the November 1 committee meeting, staff reported that some grantees were still making requested revisions that should be finalized by the time of the LSTFC meeting. The committee recommends approval of all remaining IOLTA/EAF budgets contingent upon their completion of requested revisions.

PREVIOUS ACTION

[Action on 2025 IOLTA/EAF Budget-Related Issues and Recommend Approval of 2025 IOLTA/EAF Budget Proposals](#) (LSTFC Eligibility and Budget Review Committee, November 1, 2024)

FISCAL/PERSONNEL IMPACT

None.

AMENDMENTS TO RULES

None.

AMENDMENTS TO BOARD OF TRUSTEES POLICY MANUAL

None.

¹ Standard expense ratios include requiring 75 percent or more of proposed expenditures to support program work (versus administration) and 75 percent or more of the budget to support personnel (versus nonpersonnel) expenditures. Finally, the ratio of benefits to overall salaries should be less than 40 percent. Deviations from these percentages requires committee approval.

STRATEGIC PLAN GOALS & IMPLEMENTATION STEPS

None – compliance

RESOLUTIONS

Should the Legal Services Trust Fund Commission concur, it is:

RESOLVED, that the Legal Services Trust Fund Commission denies the capital additions request submitted by Asian Pacific Islander Legal Outreach and directs the organization to revise its IOLTA budget to remove such expenditures and conform to standard budgeting requirements; and that until such time, the organization's IOLTA budget is only approved for the original award amount less the capital additions (\$600,000), and it is

FURTHER RESOLVED, that the Legal Services Trust Fund Commission approves all remaining 2025 IOLTA/EAF budgets from organizations listed in the November 1, 2024, meeting materials Attachment A.

ATTACHMENT(S) LIST

None.