



## **Minnesota Supreme Court Legal Services Advisory Committee**

FY13 Annual Report  
Submitted November 14, 2013

The Legal Services Advisory Committee shall work to ensure its grant making procedures promote statewide access to legal services for low-income Minnesotans and lead to effective use of funding by grantees.

## Letter from the Chair

On September 24, 2012, the Minnesota Supreme Court issued an order amending the charge for the Legal Services Advisory Committee (LSAC) and requesting an annual report regarding the work of the committee (see Appendix A). In compliance with that order, I am pleased to present this report on the work of LSAC from July 1, 2012 through June 30, 2013 (FY13).

Since its creation in 1982, LSAC has sought to enhance the availability of legal services to the poor through grants to legal services and alternative dispute resolution programs serving low-income clients in every county in Minnesota. This funding supports civil legal services and legal education for more than 50,000 low-income clients statewide each year.

The effects of the economic downturn over the last several grant cycles have been hard felt. This report will detail the dramatic declines in grant revenue and the increasing demand for civil legal services. LSAC worked to meet this challenge by ensuring that grantees had clear guidelines as to what types of programs could be funded and the standards by which grant applications would be measured. This was followed by the Minnesota Client Access, Barriers and Solutions Study ("MN-CABS Study"), a joint project of the Minnesota State Bar Association (MSBA), the Otto Bremer Foundation, the Minnesota Legal Services Coalition and LSAC. The purpose of the MN-CABS Study was to identify specific groups of legal services eligible clients around Minnesota, the barriers they face to obtaining legal services, and strategies for overcoming those barriers. The MN-CABS study was incorporated in to the most recent grant application.

As we look to the future, LSAC is embracing its additional role of planning and data collection previously conducted by the Legal Services Planning Committee. LSAC is currently undertaking a strategic planning effort to ensure that the committee is fulfilling the responsibilities entrusted to it by the court. Working with members of the legal services community, as well as members of the bench, bar, law libraries and many others, LSAC will continue to ensure that all Minnesotans have access to critically needed civil legal assistance.

Sincerely,



**Nicholas Slade**  
Chair

LSAC Membership: Mohamed Abdi, Cynthia Barrientos, Matthew Boos, Patrick J. Burns, Diane Dube, Katherine (Kit) Hadley, Nancy Kleeman, David Mueller, Penelope (Penny) Phillips, Nicholas Slade, Christopher Wendt

## Clients Served

LSAC focuses its grant making on disadvantaged Minnesotans facing critical legal needs. LSAC guidelines provide that grants can be used to serve clients at or below 200% of the federal poverty guidelines, defined as less than \$47,100 per year for a family of four.<sup>1</sup> There are more than 1.4 million Minnesotans living at or below 200% of poverty,<sup>2</sup> an 18% increase in LSAC eligible clients since 2007. Available LSAC grant funding has declined by 23% during that same period.

Because there are so many more eligible clients than available resources to serve them, the majority of civil legal services providers have lowered their income eligibility guidelines to 125% and set case priorities to determine clients with the highest level of need. A survey of Minnesota civil legal services providers in 2012 showed that only one of three eligible clients contacting legal aid was able to receive legal representation. The following statistics provide a picture of those clients whose cases were accepted.

Total cases closed by LSAC grantees in 2012: **49,911**

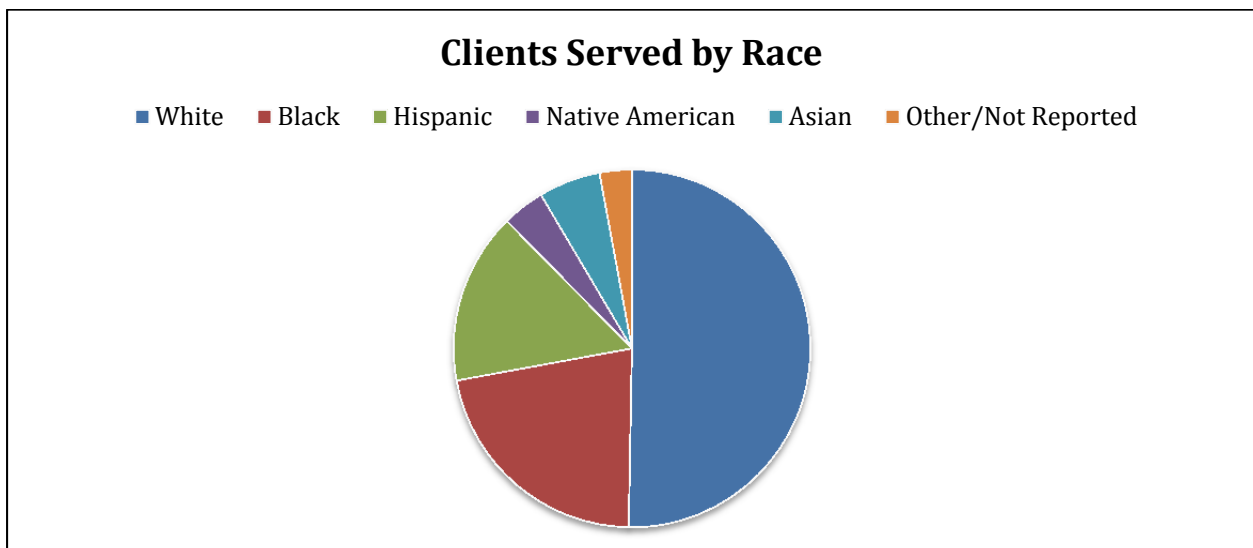
- 33,940 cases (68%) closed by staff attorneys at legal aid programs
- 15,971 cases (32%) closed by private attorneys through pro bono or Judicare

Total clients receiving direct legal representation by LSAC grantees in 2012: **49,438**

Gender – **65% Female, 35% Male**

Age – **5% Under 18, 81% 18-59, 14% Over 60**

Race – **50% White, 22% Black, 15% Hispanic, 4% Native American, 6% Asian, 3% Other**



<sup>1</sup> 2013 Poverty Guidelines, U.S. Dept. of Health and Human Services

<sup>2</sup> 2012 American Community Survey 3-Year Estimate.

## LSAC Funding Sources

LSAC is responsible for the management and distribution of grant funding from three primary<sup>3</sup> sources: an appropriation from the Minnesota legislature, the Interest on Lawyer Trust Account (IOLTA) revenue and a portion of the lawyer registration fee.

### FY13 Legislative Allocation – \$11,016,000

The Minnesota Judicial Branch has administered this legislative funding for civil legal services since 1982. The legislative appropriation was up to \$13,300,000 in FY08, then dropping 17% to \$11,016,000 per year in FY12-13. The legislature restored \$1.25 million of the \$2.284 million cut in the 2013 legislative session.

Sections 480.24 through 480.244 of Minnesota Statutes govern this appropriation. The statutory framework creates two pools of funding:

- LSAC distributes 85% of the appropriation based on a per poverty population formula to organizations that were eligible to receive federal legal services funding on July 1, 1982.
- The remaining 15% of the appropriation is distributed by LSAC in the form of discretionary grants.

Legislative rider language also dedicates \$877,000 of the total appropriation to family law services through the same per poverty population formula controlling the 85% funds. In FY13, the following organizations received per poverty population funding:

Anishinabe Legal Services	\$254,317
Judicare of Anoka County	\$300,359
Legal Aid Service of Northeast Minnesota	\$1,168,349
Legal Services of Northwest Minnesota	\$1,053,087
Mid-Minnesota Legal Aid	\$3,340,194
Southern Minnesota Regional Legal Services	\$3,378,839

After these formulaic distributions, LSAC had \$1,520,850 available from the 15% funds to add to the other discretionary grant funding sources. The discretionary grant awards are detailed in the next section.

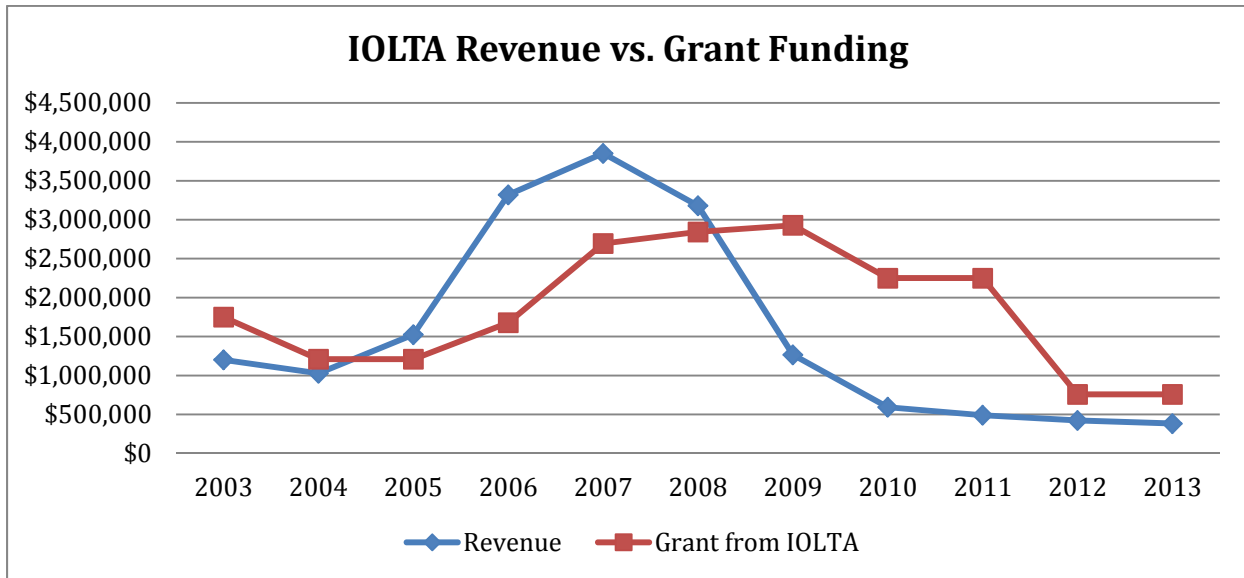
### FY13 IOLTA Revenue – \$382,686

In 1983, Minnesota was the first state to create a mandatory IOLTA program by court rule. As an interest rate dependent funding source, IOLTA revenue has fluctuated dramatically over the

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<sup>3</sup> The court has also tasked LSAC with the management of the Lawyer Assistance Program (LAP) portion of the lawyer registration fee. LSAC reports separately to the court every June on the LAP budget and the contract with Lawyers Concerned for Lawyers. The LAP funding is not included in this document.

past thirty years. The Lawyer Trust Account Board<sup>4</sup> recognized that the cyclical nature of the IOLTA revenue made it difficult to provide stable funding to civil legal services programs. The board adopted a reserve policy that worked to save money in the higher years to offset cuts in the lower interest years. The policy was successful in cushioning the blow of the drop in IOLTA funding for a few years, as seen in this graph.



Unfortunately, with interest rates at historic lows for an unprecedented amount of time, the reserve has been depleted and revenue shows no signs of increasing. If interest rates do not go up in this biennium, the IOLTA portion of discretionary grant funding will need to be cut again.

#### FY13 Lawyer Registration Fee Revenue – \$1,917,434

The Minnesota Supreme Court has dedicated a portion of the lawyer registration fee to civil legal services since 1997. In 2009, the court increased the fee to offset a portion of the IOLTA decline, which generated an additional \$600,000 per year. That increase was made permanent by court order in 2011. Under current court rule, \$75 from the full lawyer registration fee is allocated to LSAC to support civil legal services.

The lawyer registration fee is the most stable funding source for the civil legal services grant programs. The lawyer registration fee funding is used for all of the administrative costs needed to manage the civil legal services and alternative dispute resolution grants. At this time, LSAC manages the entirety of its grant funding sources with an administrative overhead of less than 2%. Administrative costs include one full-time staff person and one part-time data entry contractor, as well as meeting and travel costs. The committee has also set aside a small amount of administrative funding for special projects, including strategic planning, research and evaluation.

<sup>4</sup> The Lawyer Trust Account Board (LTAB) managed IOLTA funding from 1983 through 2010, when the court consolidated LTAB and LSAC to improve grant making efficiency.

## LSAC Grant Making

LSAC had \$4,539,400 available from all funding sources for FY13 discretionary grants.<sup>5</sup> The committee received grant applications from 34 eligible organizations requesting a total of \$6,230,972 in funding. LSAC adhered to the following funding priorities in deciding how to allocate the available funds. LSAC considered whether the applicant (1) leveraged LSAC resources, either through innovative programming or funding sources or both; (2) documented collaboration with other providers in their service area; and (3) demonstrated that the organization has effective budget planning and oversight. In addition, LSAC attempted to target some of its funding to protect access to civil legal services outside of the metro area and regional centers to ensure access to legal services in counties where there is no legal aid office.

Based on the information provided through the grant applications and an interview with each applicant organization, LSAC awarded the following FY13 grants:

Anishinabe Legal Services	\$57,529
Battered Women's Legal Advocacy Project	\$22,670
Central Minnesota Legal Services	\$160,000
Children's Law Center of Minnesota	\$48,932
Estate & Elder Law Services at Volunteers of America	\$26,981
Farmers Legal Action Group, Inc.	\$36,366
Immigrant Law Center of Minnesota	\$206,000
Indian Child Welfare Act Law Center	\$71,250
Judicare of Anoka County	\$358,470
Legal Assistance of Northeast Minnesota	\$264,291
Legal Assistance of Dakota County	\$116,250
Legal Assistance of Olmsted County	\$49,500
LegalCORPS	\$11,200

Legal Services of Northwest Minnesota	\$238,218
Minnesota AIDS Project	\$18,675
Minnesota Disability Law Center	\$164,765
Minnesota Justice Foundation	\$125,000
Minnesota Volunteer Attorney Program	\$46,500
Mid-Minnesota Legal Aid	\$755,583
Neighborhood Justice Center	\$9,000
Southern Minnesota Regional Legal Services	\$764,325
State Support Project	\$172,002
The Advocates for Human Rights	\$63,000
Tubman	\$99,000
Volunteer Attorney Program	\$271,894
Volunteer Lawyers Network	\$382,000

<sup>5</sup> LSAC makes two year grants, matching the biennium. The grants listed are one year of the FY12-13 cycle.

## Upcoming LSAC Projects in FY14

Although the focus of this report is on activities conducted in FY13, LSAC has several exciting initiatives this upcoming year.

Outcome Measures – Minnesota is one of the first IOLTA funders in the country to require outcome measures from all of its grantees. Starting January 1, 2014, attorneys will report on the case closing form in all extended representation cases about the benefits to the client of receiving legal services (Appendix B). This will improve reporting to all funding sources, giving a better picture of the difference lawyers can make in the safety, shelter and stability of low-income Minnesotans. LSAC has already been approached by the federal Legal Services Corporation to learn about these measures and is excited to be providing leadership in this area.

New Grant Management Policy – Effective July 1, 2013, the State Court Administrator has adopted a policy<sup>6</sup> formalizing the management requirements for Judicial Branch funded grant making. This policy provides for regular financial reconciliation of grant expenses, site visits to any grantee organization receiving \$250,000 or more, conflict checks for LSAC members, and other safeguards. Many of these procedures had already been in place, but having a clear policy brings the Judicial Branch in line with other state agencies entrusted with grant making.

Strategic Planning – When the court sunset the Legal Services Planning Committee and shifted planning responsibilities to LSAC, the committee decided it needed to go through a strategic planning process after the FY14-15 grant awards had been made. The committee met for a day long retreat in September 2013 and will be continuing the process of gathering information from other states and from grantees to set funding priorities going forward. LSAC is focusing on the charge from the court in its September 24, 2012 order (Appendix A) that the areas of focus should include:

- Projects to ensure a base level of access to civil legal services in all Minnesota counties.
- Coordination with Judicial Branch and law library self-represented litigant services to ensure that clients are being directed to the best available resources in the client's geographic area.
- Use of technology and other approaches to support integrated civil legal services infrastructure for staffed, pro bono and Judicare programs.

The results of this strategic plan will be documented in LSAC's next annual report to the court.

LSAC members have volunteered hundreds of hours reviewing grant applications and meeting with civil legal services programs. LSAC is working diligently to fulfill its mission to ensure its grant making procedures promote statewide access to legal services for low-income Minnesotans and lead to effective use of funding by grantees.

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<sup>6</sup> Outgoing Grant Management Procedures, Policy 204(b) can be found on CourtNet at the following link: [http://courtnet/Documents/100/docs/Judicial\\_Council/JC%20Finance/204\(b\)\\_grants\\_management\\_marked\\_up.docx](http://courtnet/Documents/100/docs/Judicial_Council/JC%20Finance/204(b)_grants_management_marked_up.docx)

SEP 24 2012

**FILED**

STATE OF MINNESOTA

IN SUPREME COURT

ADM10-8021

ADM10-8038

**IN RE MINNESOTA LEGAL SERVICES  
PLANNING COMMITTEE AND LEGAL  
SERVICES ADVISORY COMMITTEE**

**ORDER**

The Minnesota Legal Services Planning Committee was established by order of this Court dated June 9, 2005. The committee has worked to advance access to justice in Minnesota, including analyzing statewide data on civil legal services delivery and assisting the Legal Services Planning Committee in the creation of funding priorities. At the same time, the Legal Services Advisory Committee has been formalizing its procedures to improve management of the public grant funds administered by the Minnesota Judicial Branch as part of its access to justice duties. The Court has reviewed the current relationship between these committees and is fully advised in the premises.

**IT IS HEREBY ORDERED THAT:**

1. The Minnesota Legal Services Planning Committee shall sunset effective October 1, 2012.
2. The Legal Services Advisory Committee shall assume the planning, data collection, and priority setting functions previously conducted by the Minnesota Legal Services Planning Committee.
3. The Legal Services Advisory Committee shall solicit information from civil legal services stakeholders in setting funding priorities.




4. The Legal Services Advisory Committee shall work to ensure its grant making procedures promote statewide access to legal services for low-income Minnesotans and lead to effective use of funding by grantees. The Legal Services Advisory Committee's areas of focus shall include but are not limited to:

- a. Projects to ensure a base level of access to civil legal services in all Minnesota counties.
- b. Coordination with Judicial Branch and law library self-represented litigant services to ensure that clients are being directed to the best available resources in the client's geographic area.
- c. Use of technology and other approaches to support integrated civil legal services infrastructure for staffed, pro bono, and judicare programs.

5. The Legal Services Advisory Committee shall report to the Court in a written annual report on the work of the committee, including revenue received and grants made to civil legal services programs.

DATED: September 24, 2012

BY THE COURT:

  
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Lorie S. Gildea  
Chief Justice

## LSAC Outcome Measures Case Closing Form – Full Representation Cases Only

1. Please check the most appropriate box for each statement below. A blank line will be tallied as a “No” response. There can be more than one “Yes” response per case.

### AS A RESULT OF MY LEGAL SERVICES IN THIS CASE, MY CLIENT...

	Yes	No	Not Applicable
Has increased ability to pay for daily necessities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Is less likely to be harassed by creditors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Is in a better position to keep or find a job	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Is in a better position to keep or find housing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Has improved housing conditions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Has increased safety <sup>1</sup>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Has improved quality of life	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

2. Did your legal services protect<sup>2</sup> money/benefits for the client?

Yes

No

[IF YES, PLEASE PROVIDE AMOUNT AND TYPE BELOW]

**Amount**

Lump sum/back payment \$ \_\_\_\_\_

Ongoing monthly benefits \$ \_\_\_\_\_ x 12= \_\_\_\_\_

**Type**

Federal Money/Benefit  State Money/Benefit  Child Support  Other Money/Benefit

<sup>1</sup> Examples of legal services increasing safety include (but are not limited to) securing an OFP or safety plan; custody changes that eliminated or reduced risk to children; immigration cases that avoided deportation or secured U or T visas; improved access for people with disabilities.

<sup>2</sup> “Protect” is defined as keeping resources/income/benefit the client was already receiving. Examples include bankruptcy protection of assets, keeping a housing subsidy that was threatened, getting a child support modification appropriate to client income, keeping child support at appropriate level when faced with reduction, etc.

3. Did your legal services recover<sup>3</sup> money/benefits for the client?

Yes

No

[IF YES, PLEASE PROVIDE AMOUNT AND TYPE BELOW]

**Amount**

Lump sum/back payment \$ \_\_\_\_\_

Ongoing monthly benefits \$ \_\_\_\_\_ x 12= \_\_\_\_\_

**Type**

Federal Money/Benefit  State Money/Benefit  Child Support  Other Money/Benefit

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<sup>3</sup> "Recover" is defined as getting new resources/income/benefit for the client. Examples include having the court establish or increase child support, unpaid wage claims, lifting inappropriate garnishment, rent abatement, debt forgiveness, return of damage deposit, etc.