



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

FY18 Annual Report  
Submitted December 2018

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

I am pleased to present the annual report of the Minnesota Supreme Court's Legal Services Advisory Committee (LSAC) for activities between July 1, 2017 and June 30, 2018 (FY18). LSAC funding supports legal services to low-income Minnesotans in every county in the state, with more than 46,500 cases closed by LSAC grantees in 2017. This report details the distribution and impact of \$17,065,000 in funding administered by LSAC in FY18.

On the revenue side, FY18 was the first year in the past decade with a noticeable increase in Interest on Lawyer Trust Accounts (IOLTA). Looking forward interest rate increases will translate to more funding available for grants, especially when combined with bank compliance with the comparability provision in Rule 1.15 of the Minnesota Rules of Professional Conduct. The comparability provision was adopted in 2007 and requires that participating banks pay "the highest earnings rate generally available" or a safe harbor rate of 80% of the Federal Funds Target Rate on all accounts. This is the first time since the rule was enacted that interest rates are rising and LSAC has started a targeted initiative to increase revenue by ensuring that banks understand the rule.

In addition to grant making, LSAC continues to support statewide civil legal aid delivery system planning. In July 2017, the Minnesota Supreme Court directed LSAC to implement a series of recommendations designed to improve coordination between its grantees. As detailed in this report, LSAC is working with the civil legal aid providers to design a strategic plan that would include all grantees moving to the same case management system and centralized phone and online intake. Our goal is to improve client access and efficiency, while mitigating to the extent possible the potential for disruption inherent in any broad change initiative. These initiatives require hard work and flexibility on the part of all civil legal aid organizations, and all participants are committed to improving the system for all eligible Minnesotans.

The dedication, passion, and ability of the grantees, staff, and volunteers across the state who work to ensure access to justice inspire hope and humility, and in this spirit, I thank the court for the opportunity to present this report.

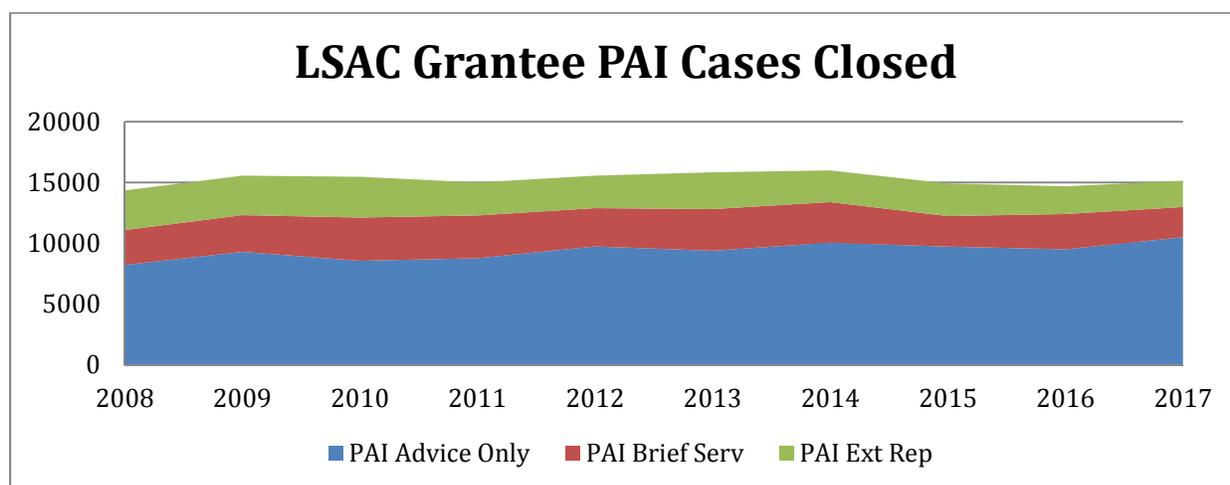
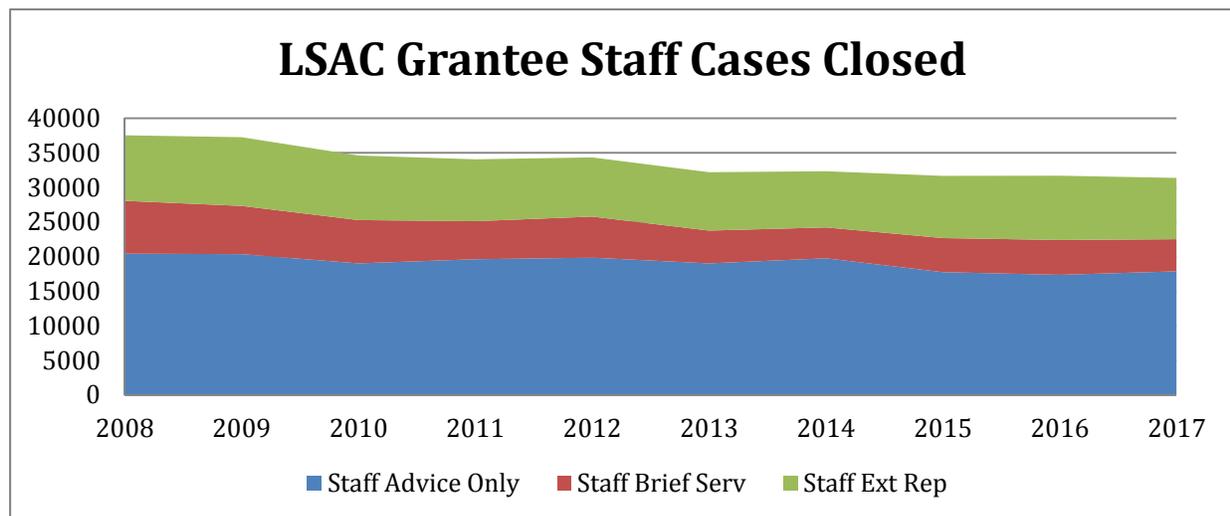


Sincerely,  
**Christopher L. Wendt**  
Chair

## Clients Served

LSAC focuses its grant making on programs that benefit low-income 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 \$49,200 per year for a family of four.<sup>1</sup> According to recent Census data, there are more than 1.27 million Minnesotans (almost a quarter of the state’s population) living at or below 200% of poverty.<sup>2</sup>

The following charts detail the number of cases closed by civil legal aid staff and private attorney involvement (PAI) programs over the past decade. The number of staff cases has stabilized after years of reductions caused by steep funding cuts during the economic downturn. After years of growth, pro bono case numbers have been mixed in recent years with increases in advice only service and decreases in extended representation. The overall level of private attorney involvement in Minnesota remains high, with almost one-third of services to civil legal aid clients statewide coming from the private bar.



<sup>1</sup> 2017 Poverty Guidelines, U.S. Dept. of Health and Human Services

<sup>2</sup> 2017 American Community Survey 1-Year Estimate.

## LSAC Grantee Calendar Year 2017 Case Data Summary

### Total Cases Closed: 46,521

- 31,382 cases (67%) closed by staff attorneys
- 15,139 cases (33%) closed by private attorney involvement (PAI) through pro bono or Judicare

### Total People in Households Benefitting from Service: 109,707

#### Client Demographics:

Gender – **66%** Female, **34%** Male

Age – **3%** Under 18, **78%** 18-59, **19%** Over 60

Race – **47%** White, **27%** Black, **13%** Hispanic, **4%** Native American, **4%** Asian, **5%** Other

#### Case Types:

**28%** Family, **24%** Housing, **13%** Immigration, **10%** Consumer, **11%** Income/Health Benefits, **14%** Other (includes employment, education, estate planning, expungement, tax, juvenile, etc.)

### Dollar Benefits Achieved for Clients: \$22,558,593

- \$11,056,363 in existing income or benefits protected for clients
- \$11,502,230 in new income or benefits established for clients

#### Major Non-Dollar Benefits Achieved for Clients:

##### **Major Benefit Was Achievement of Legal Objective through Extended Representation**

Clients better able to pay for daily necessities – **2,658**

Clients less likely to be harassed by creditors – **2,000**

Clients in a better position to keep or find a job – **1,849**

Clients in a better position to keep or find housing – **3,245**

Client has improved housing conditions – **1,338**

Client is physically safer (including OFP or safety plan) – **3,342**

Client has improved quality of life – **6,009**

##### **Major Benefit Was Access to Legal Information, Advice, or Brief Service**

Clients with access to legal advice – **28,364**

Clients with access to brief services – **7,130**

Individuals who received automated court form assistance through lawhelpmn.org – **3,410**

Individuals who were assisted with live chats to navigate lawhelpmn.org – **1,591**

Site visits to access legal information through lawhelpmn.org – **319,186**

## LSAC Funding Sources

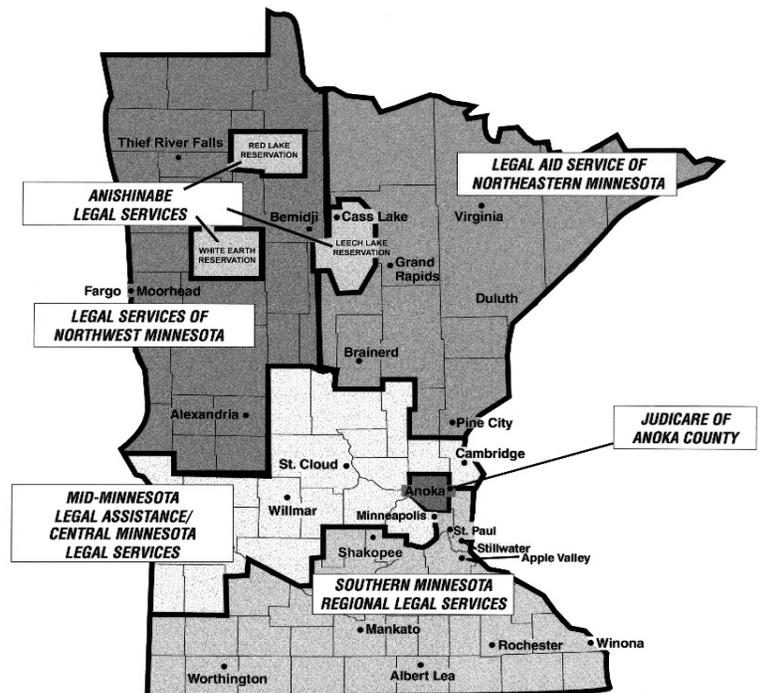
LSAC is responsible for the management and distribution of grant funding from three primary<sup>3</sup> sources: an appropriation from the Minnesota legislature, the Interest on Lawyer Trust Accounts (IOLTA) revenue and a portion of the lawyer registration fee. In addition, the committee also receives funding from donations and court settlement awards.

### FY18 Legislative Allocation – \$13,720,000

The Minnesota Judicial Branch has administered legislative funding for civil legal aid since 1982. Minnesota Statutes 480.24 through 480.244 directs the process for allocating the appropriation. In compliance with the statute, 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 added to other LSAC funding sources and awarded through a competitive grant process.

Legislative rider language dedicates a portion of the total appropriation to family law services through the same per poverty population formula controlling the 85% funds. The table below shows the organizations that received per poverty population funding with their FY18 formulaic awards and the map shows the corresponding service areas.

<b>Anishinabe Legal Services:</b> \$145,371
<b>Judicare of Anoka County:</b> \$500,365
<b>Legal Aid Service of Northeast Minnesota:</b> \$1,261,884
<b>Legal Services of Northwest Minnesota:</b> \$964,367
<b>Mid-Minnesota Legal Aid:</b> \$4,253,109
<b>Southern Minnesota Regional Legal Services:</b> \$4,536,104
<b>TOTAL \$11,662,000</b>

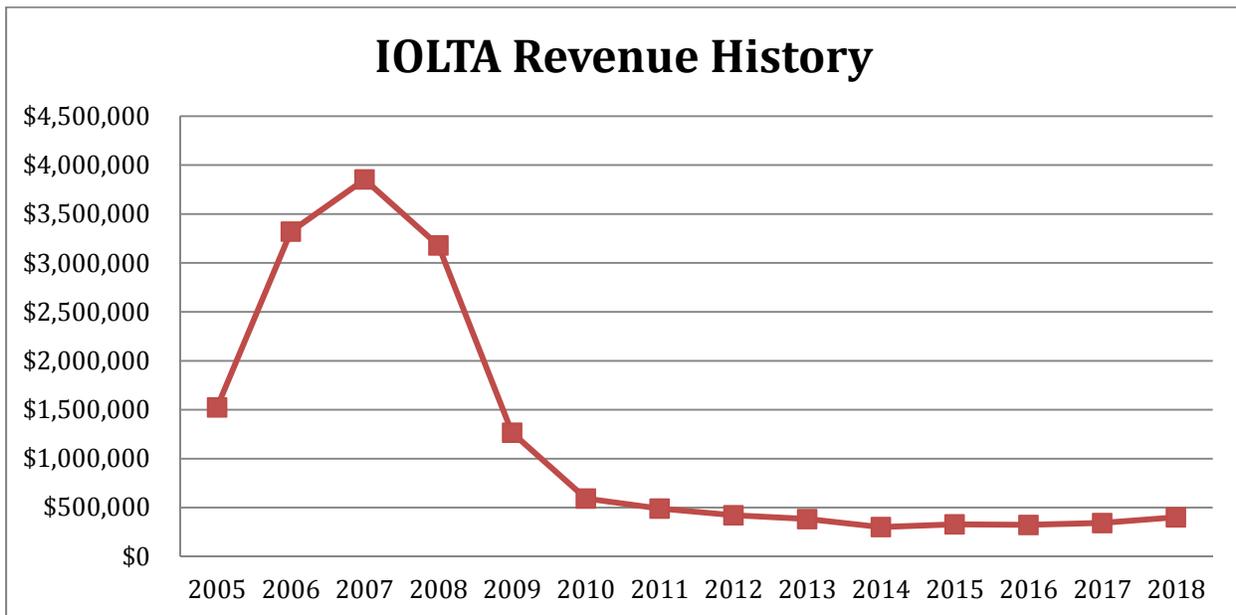


After these awards are calculated, LSAC added the remaining \$2,058,000 from the 15% funds to the additional grant funding sources detailed below. The total amount of the discretionary grant awards are detailed in the next section (LSAC Grant Making).

<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.

### FY18 IOLTA Revenue – \$400,778

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 time. 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 and adopted a reserve policy to save money in the higher interest years to offset cuts in the lower interest years. That reserve was used to offset revenue declines from 2009-2015, but the low interest rate environment has lasted so long that the reserve is now gone. Until interest rates rise and the reserve can be rebuilt, LSAC will have to carefully estimate revenue and only make grants in the amount that is received each year.



### FY18 Lawyer Registration Fee Revenue – \$2,012,779

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 3%. Administrative costs include one full-time grant manager and one full-time project assistant, 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.

### Bank of America Settlement Revenue Spent in FY18 Grants - \$1,000,000

As a result of a 2014 settlement between the federal Department of Justice and Bank of America, every state IOLTA program received funding to make grants for “foreclosure prevention legal assistance” and “community economic redevelopment legal assistance.” The Minnesota IOLTA Program received \$442,000 in 2015 and \$4,549,000 in 2016.

LSAC maintained a separate application for Bank of America grants and has budgeted \$1,000,000 per year through June 30, 2021 for dedicated grant awards. The FY18 Bank of America funded projects include:

- **Cancer Legal Care:** Grant to support legal services to income-eligible clients affected by cancer and in jeopardy of foreclosure due to medical debt and other financial hardship.
- **Farmers Legal Action Group:** General operating grant for legal services to low-income farmers statewide.
- **Immigrant Law Center of Minnesota:** In partnership with Ballard Spahr’s pro bono program, this grant supports legal services to immigrant businesses in southeast Minnesota.
- **LegalCORPS:** Grant to support their Entrepreneurs of Color program providing statewide pro bono legal assistance to small businesses and nonprofits.
- **Mid-Minnesota Legal Aid:** In partnership with the Northside Residents Redevelopment Council and Stinson Leonard Street’s pro bono program, this grant provides a broad range of legal services with the goal of reducing blight, retaining quality, affordable housing, and improving business development in North Minneapolis.
- **Mid-Minnesota Legal Aid:** Funding for one staff attorney to provide mortgage foreclosure prevention legal assistance.
- **Minnesota Asset Building Coalition:** Funding for legislative advocacy to advance initiatives that ensure equitable access to business financing for populations that have historically been underserved by banks and to support the development of new cooperative business models.
- **Southern Minnesota Regional Legal Services:** With a focus on the Frogtown neighborhood of St. Paul, this grant focuses on revitalization and stabilization of the community through preservation of wealth, preservation of homeownership and preservation of neighborhood vitality. Legal work will include estate planning, tax benefits and foreclosed and vacant properties.

### FY18 Minnesota Legal Aid Foundation Fund - \$149,680

The Minnesota Legal Aid Foundation Fund was established by the Minnesota Legal Services Coalition in 1998 to support legal services to Minnesota residents who are financially unable to afford legal assistance in civil matters. This is a donor-advised fund administered by Minnesota Philanthropy Partners. The Donor Advisory Committee has consistently directed an annual distribution to LSAC from interest earned on the foundation fund. A donation of \$149,680 was received in October 2017 and 100% of the funding was added to the other discretionary funding sources to supplement the FY18 grant awards.

## LSAC Grant Making

LSAC made \$5,403,000 in FY18 discretionary grants, including the Bank of America awards detailed above. FY18 was the first year of the two-year grant awards decisions made in June 2017. The committee received grant applications from 29 eligible organizations requesting \$7,022,812 in annual funding.

LSAC strives to be transparent in its priorities, scoring and deliberations. The application is separated into proposals for staff general operating, PAI general operating and project grants for the purpose of reviewing regional equity. Application scoring criteria is detailed in the grant materials and includes an evaluation of organizational capacity, community impact, delivery system impact and collaboration.

In the FY18-19 grant cycle LSAC updated its review process. After receiving the applications, the committee split into three cohorts that reviewed one-third of the applications. Each cohort interviewed the organizations whose applications they were reviewing and had an opportunity to discuss and calibrate scores after the interviews. The cohort scores were then brought to the full committee for the final grant decisions. The FY18 awards were as follows:

Anishinabe Legal Services	\$60,000
Call for Justice <sup>5</sup>	\$20,000
Central Minnesota Legal Services	\$164,400
Conflict Resolution Center	\$40,000
Farmers Legal Action Group	\$75,000
Immigrant Law Center	\$305,000
Indian Child Welfare Act Law Center	\$68,000
Legal Aid Service of Northeast Minnesota	\$235,000
Legal Assistance of Dakota County	\$95,000
Legal Assistance of Olmsted County	\$70,000
Legal Services of Northwest Minnesota	\$331,750
Legal Services State Support	\$303,500

LegalCORPS	\$43,000
Loan Repayment Assistance Program	\$6,000
Mid-Minnesota Legal Aid	\$742,000
Minnesota AIDS Project	\$17,000
Minnesota Disability Law Center	\$182,000
Minnesota Justice Foundation	\$110,000
Southern Minnesota Regional Legal Services	\$803,000
Standpoint	\$22,000
The Advocates for Human Rights	\$55,350
Tubman	\$100,000
Volunteer Attorney Program	\$273,000
Volunteer Lawyers Network	\$400,000

<sup>5</sup> Call for Justice FY18 contract was cancelled before any grant funds were expended when the organization closed.  
[www.mncourts.gov/lisac](http://www.mncourts.gov/lisac)

## LSAC Planning and Support Projects

Coordinated Infrastructure Project – After two years of study on ways to better coordinate infrastructure across civil legal aid programs, the Minnesota Supreme Court directed LSAC to move forward with the following recommendations:

- 1) Developing a clear referral policy and support mechanism.
- 2) Expanding intake hours and services to accommodate more people.
- 3) Improving marketing about availability of services.
- 4) Triage and channeling to better serve low-income Minnesotans through online, telephone and high volume advice systems.

LSAC formed a Coordinated Infrastructure Working Group to implement the short-term initiatives and plan for how to proceed with the long-term initiatives. The working group is comprised of grantees from across the state. Successes include the creation of a referral policy and new database to be used by all LSAC grantees for phone and online referrals, as well as agreement to move to a common case management system. In 2019, the redesigned online legal information and website will be launched and will include online intake for the legal aid programs in phases throughout the year. The overall plan for implementation of phone intake and advice systems will be presented to the court in the next month.

Justice for All Grant - LSAC has been coordinating the legal aid coordinated infrastructure project with the Justice for All grants from the National Center for State Courts. The Minnesota Justice for All Strategic Plan includes a recommendation for a unified online triage portal to include resources for people of all income levels facing civil legal needs, not just those who qualify for legal aid services. This implementation grant includes funds to increase services through the creation of a private bar unbundled legal services roster and connections to remote alternative dispute resolution services statewide.

## In Closing

LSAC has been charged by the court with ensuring its “grant making procedures promote statewide access to legal services for low-income Minnesotans and lead to effective use of funding by grantees.” Committee members are working diligently on this mission and are committed to continuous improvement of the civil legal aid system statewide.

### **Legal Services Advisory Committee 2017-2018:**

Timothy Auge (St. Cloud), Client Eligible Member  
Matthew Boos (Minneapolis), Attorney Member  
Patrick J. Burns (St. Paul), Attorney Member  
Nancy Kleeman (Minneapolis), Public Member  
Peter Knapp (St. Paul), Attorney Member  
Laurence McDonough (Minneapolis), Attorney Member  
David Moeller (Duluth), Attorney Member  
Deborah Peterson (Roseville), Public Member  
Randi Roth (St. Paul), Attorney Member  
Tamara Ward (Minneapolis), Client Eligible Member  
Christopher Wendt (Rochester), Attorney Member  
Bridget Gernander, LSAC Executive Director