



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

FY14 Annual Report  
Submitted November 14, 2014

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 July 1, 2013 through June 30, 2014 (FY14).

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 supported service to more than 48,000 low-income clients statewide in 2013.

LSAC has sought to focus its grant making procedures to promote statewide access to legal services for low-income Minnesotans and lead to effective use of funding by recipients. Over the last two grant cycles, LSAC has distributed the funding: 1) to ensure a base level of access to civil legal services in all Minnesota counties; 2) to further coordination with legal services providers, including court and law library self-help services; and 3) to further the innovative use of technology or other approaches to support integrated civil legal services infrastructure for staff, pro bono, and judicare programs.

LSAC and the legal service providers have continued to feel the effects of the economic downturn with increased demand for legal services and all sources of funding still significantly reduced from pre-recession levels. The challenge of doing more with less has lead LSAC to focus on creating clear guidelines as to what types of programs should be funded and the standards by which grant applications would be measured. LSAC conducted two stakeholder meetings to solicit input on grant priorities (February 21, 2014 and May 9, 2014) and is working to incorporate those comments for the next grant cycle.

As we look to the future, LSAC is working with members of the legal services community, members of the bench, bar, law schools and many others, to ensure that all Minnesotan's have access to critically needed legal assistance.

Sincerely,



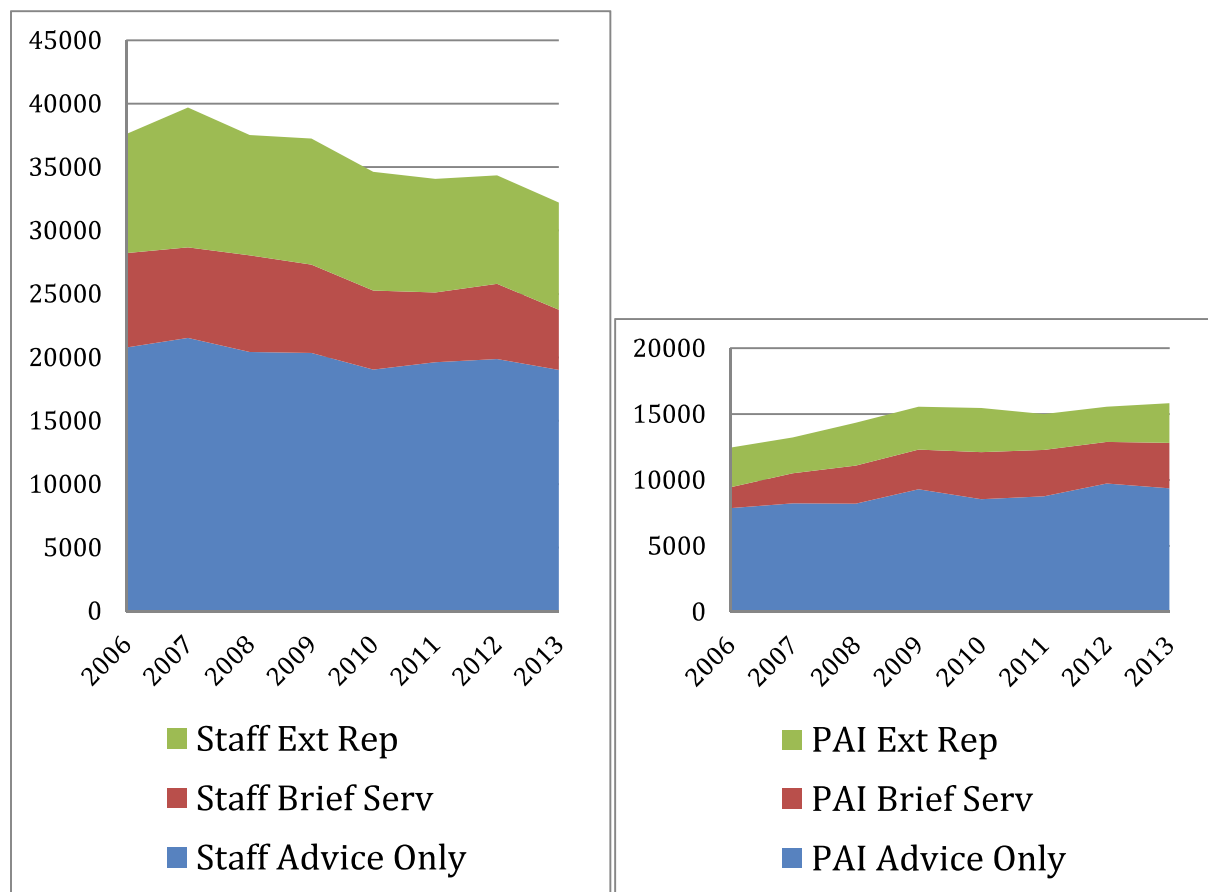
**Nicholas Slade**  
Chair

LSAC Membership 2013-2014: 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> According to the most recent Census data available, there are more than 1.38 million Minnesotans (27% of the state's population) living at or below 200% of poverty.<sup>2</sup> This poverty rate is slightly lower than last year as the economy slowly starts to improve from the Great Recession.

The economic downturn of the past six years has impacted the number of people that legal aid programs are able to serve. Before the drastic cuts in LSAC funding, legal aid programs were able to serve approximately 50% of the clients who contacted them with meritorious cases. After the cuts, legal aid could serve approximately 33% of these clients. During this same period, LSAC tried to sustain funding at pro bono programs to leverage the number of private attorneys serving low-income clients. The following charts show the decline in staff cases due to their decreased funding and the increase in pro bono cases as more private attorneys volunteered their services. The majority of the growth in pro bono has been in brief service and advice clinics, including partnerships with court self-help centers and law libraries.



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

<sup>2</sup> 2012 American Community Survey 5-Year Estimate.

### Calendar Year 2013 Case Data Summary

Total cases closed by LSAC grantees: **48,037**

- 32,198 cases (67%) closed by staff attorneys at legal aid programs
- 15,839 cases (33%) closed by private attorneys through pro bono or Judicare

#### Client Demographics:

Gender – **65% Female, 35% Male**

Age – **4% Under 18, 82% 18-59, 14% Over 60**

Race – **47% White, 27% Black, 15% Hispanic, 4% Native American, 4% Asian, 3% Other**

#### Case Types:

**26% Family, 24% Housing, 12% Consumer, 12% Immigration, 9% Income/Health Benefits, 17% Other (includes employment, education, estate planning, expungement, tax, juvenile, etc.)**

The statistics are informative and show trends over time, but the most important measure of the work of LSAC is the impact on the lives of individual clients. The following are just a few excerpts from the FY14 grant reports highlighting client stories.

- “A volunteer attorney successfully represented an aunt in getting temporary custody of her nieces after documenting sexual and physical abuse by their father. This order allowed her to enroll them in school and help the girls to access therapy and other resources.”
- “Our client was a mother of five and one of her children had cancer and needed treatment in the metro area. The attorney intervened so that client could “port” her Section 8 subsidized housing voucher to Minneapolis where she located housing. She signed a lease and paid a security deposit of \$1,500. The housing, however, failed to pass inspection, and landlord was very angry about it. He said he was going to evict her and he refused to refund the security deposit. The attorney was able to negotiate with the landlord and resolve the matter fully in the client’s favor.”
- “We worked with groups of immigrant farmers to make sure their legal rights were being protected, including negotiating and executing written leases. Prior to this year, none of those farmers had written leases for their farmland.”
- “Our client was disabled and had always lived with his mother. After his mother passed away, the client wanted to restructure the loan on the home in order to continue to afford making the house payments, but needed to have his name on the title. The home was saved for the client, who would have become homeless without the legal assistance.”

## 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.

### FY14 Legislative Allocation – \$12,266,000

The Minnesota Judicial Branch has administered legislative funding for civil legal services since 1982. 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 FY14, the following organizations received per poverty population funding:

Anishinabe Legal Services	\$133,813
Judicare of Anoka County	\$396,809
Legal Aid Service of Northeast Minnesota	\$1,155,716
Legal Services of Northwest Minnesota	\$948,274
Mid-Minnesota Legal Aid	\$3,890,057
Southern Minnesota Regional Legal Services	\$4,032,981

After these formulaic distributions, LSAC had \$1,708,350 available from the 15% funds to add to the other discretionary grant funding sources. The discretionary grant awards are detailed in the next section.

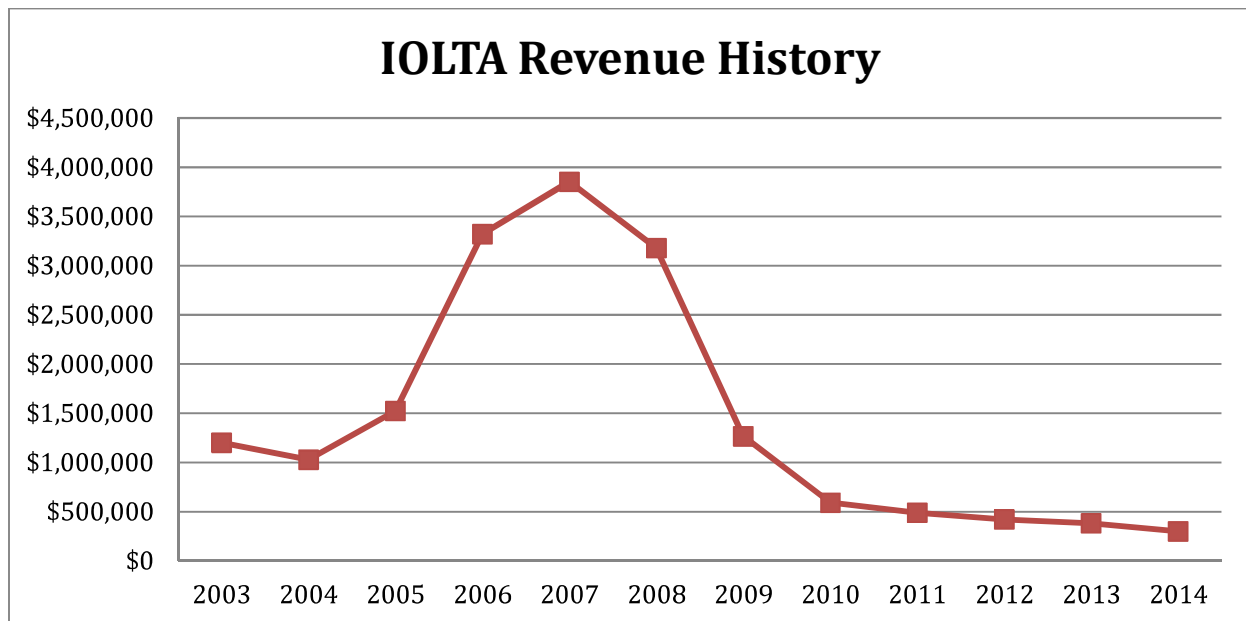
### FY14 IOLTA Revenue – \$301,187

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 past thirty years (see graph on next page). 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 last of the reserve is being used with the FY14-15 grants.

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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.

<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.



**FY14 Lawyer Registration Fee Revenue – \$1,967,686**

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.

## LSAC Grant Making

LSAC had \$4,028,350 available from all funding sources for FY14 discretionary grants.<sup>5</sup> The committee received grant applications from 30 eligible organizations requesting a total of \$5,087,256 in funding. LSAC set its funding priorities based on the 2013 court order redefining the charge to the committee. These priorities included grants that would: 1) ensure a base level of access to civil legal services in all Minnesota counties; 2) further coordination with legal services providers, including court and law library self-help services; and 3) further the innovative use of technology or other approaches to support integrated civil legal services infrastructure for staff, pro bono, and judicare programs.

Based on the information provided through the grant applications and an interview with each applicant organization, LSAC awarded the following FY14 grants:

Anishinabe Legal Services	\$26,000
Battered Women's Legal Advocacy Project	\$22,000
Central Minnesota Legal Services	\$160,000
Children's Law Center of Minnesota	\$43,000
Estate & Elder Law Services at Volunteers of America	\$25,000
Farmers Legal Action Group, Inc.	\$65,000
Immigrant Law Center of Minnesota	\$210,000
Indian Child Welfare Act Law Center	\$71,250
Legal Assistance of Northeast Minnesota	\$231,000
Legal Assistance of Dakota County	\$116,000
Legal Assistance of Olmsted County	\$49,000
LegalCORPS	\$10,000
Loan Repayment Assistance Project	\$6,000

Legal Services of Northwest Minnesota	\$189,000
Minnesota AIDS Project	\$17,000
Minnesota Disability Law Center	\$164,000
Minnesota Justice Foundation	\$110,000
Mid-Minnesota Legal Aid	\$730,000
Neighborhood Justice Center	\$9,000
Southern Minnesota Regional Legal Services	\$735,000
State Support	\$258,000
The Advocates for Human Rights	\$55,530
Tubman	\$96,000
Volunteer Attorney Program	\$252,000
Volunteer Lawyers Network	\$382,000

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<sup>5</sup> LSAC makes two year grants, matching the biennium. The grants listed are one year of the FY14-15 cycle.

## **Upcoming LSAC Projects in FY15**

Although the focus of this report is on activities conducted in FY14, 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. The data collection began as of January 1, 2014, with attorneys reporting about the benefits to the client of receiving legal services in all extended representation cases. LSAC will receive the first year of data in March 2015 and will be able to report with more detail on the difference lawyers can make in the safety, shelter and stability of low-income Minnesotans.

Partnership with Minnesota Council on Foundations – LSAC received a national grant to increase connections with private foundations in the state. LSAC used the grant funding to become the first government funder to join the Minnesota Council on Foundations (MCF) for one year. LSAC will work with MCF and the MSBA to host a symposium for foundation staff to share information about the impact of funding civil legal aid.

Ongoing Strategic Planning – LSAC has created a strategic planning subcommittee that will make recommendations on how LSAC implements the planning responsibility given to the committee by the 2013 court order. There will be more specifics to report in the FY15 annual report.

## **In Closing**

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.