



Minnesota Supreme Court Legal Services Advisory Committee

FY16 Annual Report
Submitted November 10, 2016

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, 2015 and June 30, 2016 (FY16).

LSAC funding supports legal services to low-income Minnesotans in every county in the state, with more than 48,000 clients served by LSAC grantees in 2015. This report details the distribution and impact of \$15,608,000 in funding administered by LSAC in FY16.

Grant making continues to be the core function of the committee, but the court has increasingly charged LSAC to engage with stakeholders through the grant process in a more purposeful way. With this direction, we have been collecting data, planning, and setting priorities to enable funding decisions which encourage an effective and innovative legal services delivery system. I am proud to report that LSAC has undertaken the following efforts to be responsive to this increased charge from the court.

- In preparing for the FY16-17 grant cycle, LSAC reviewed civil legal aid service and funding levels by county and found resource disparities in rural private attorney involvement (pro bono and judicare). The committee decided it could best meet its charge to support a "base level of legal services" throughout the state by changing to a regional funding structure. As a result, additional grants were made for programs in the northwest and southern regions of the state.
- LSAC held a business process analysis "LEAN" training for representatives of nearly all the grantee organizations in September 2015. Since the training, several grantees have partnered with corporations for pro bono projects in which civil legal aid organizations are using "LEAN" tools to improve their systems and free up resources for client service.
- As part of a national legal settlement, LSAC was the recipient of \$5 million in new funding for "foreclosure prevention legal assistance" and "community economic redevelopment legal assistance." LSAC hosted a community roundtable on June 29, 2016 to solicit input on grant priorities for this funding. More information about the settlement is detailed in this report.

In my time as chair of LSAC, I continue to be impressed by the quality of civil legal aid in Minnesota and by the commitment of grantees to continuously improve the system to the benefit of low-income Minnesotans. LSAC is focused on grant making and planning efforts to ensure that public funds flowing through the Minnesota Judicial Branch continue to be well managed and impactful statewide.



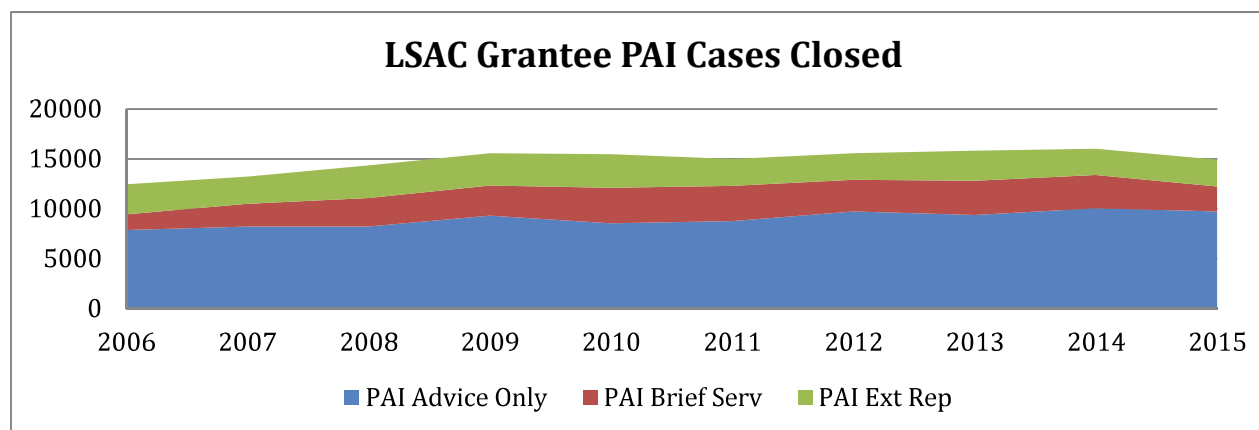
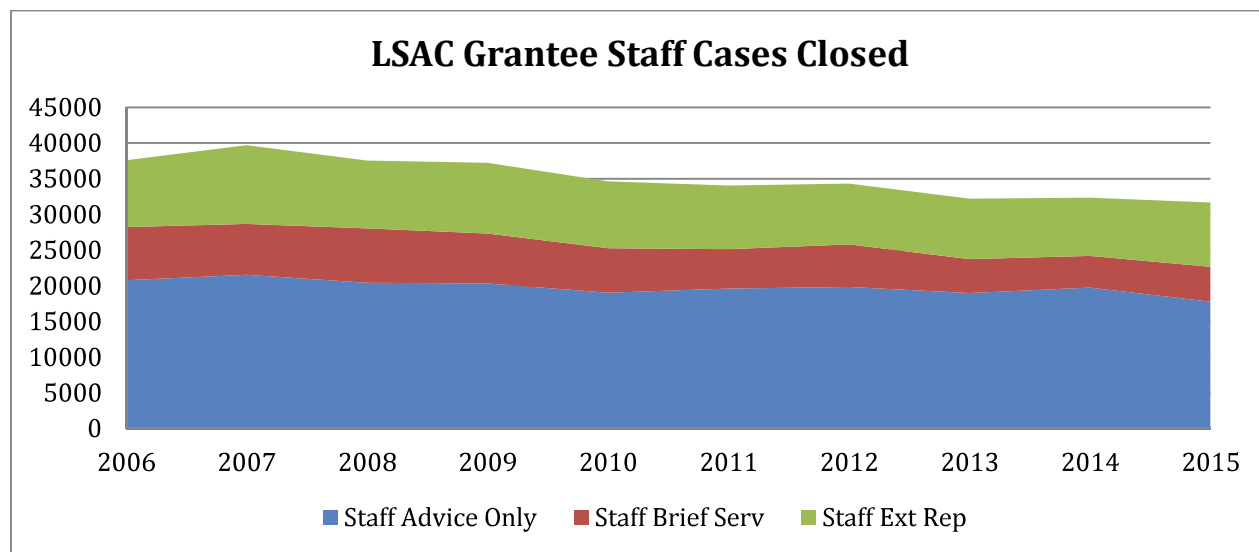
Sincerely,

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 \$48,500 per year for a family of four.¹ According to the most recent Census data available, there are more than 1.35 million Minnesotans (25% of the state's population) living at or below 200% of poverty.²

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 decline in staff cases was the result of steep reductions in available funding during the economic downturn. In the past three years the overall number of staff cases has stabilized, with important increases in extended representation cases. With growth in pro bono in recent years, almost one-third of all the civil legal aid cases in Minnesota are now provided through representation from the private bar.



¹ 2015 Poverty Guidelines, U.S. Dept. of Health and Human Services

² 2015 American Community Survey 1-Year Estimate.

LSAC Grantee Calendar Year 2015 Case Data Summary

Total Cases Closed: **46,881**

- 31,668 cases (68%) closed by staff attorneys
- 15,213 cases (32%) closed by private attorneys through pro bono or Judicare

Total People in Households Benefitting from Service: **114,121**

Client Demographics:

Gender – **65%** Female, **35%** Male

Age – **5%** Under 18, **77%** 18-59, **18%** Over 60

Race – **48%** White, **27%** Black, **13%** Hispanic, **4%** Native American, **4%** Asian, **4%** Other

Case Types:

25% Family, **24%** Housing, **12%** Immigration, **11%** Consumer, **11%** Income/Health Benefits, **17%** Other (includes employment, education, estate planning, expungement, tax, juvenile, etc.)

Dollar Benefits Achieved for Clients: **\$26,545,700**

- \$15,728,339 in existing income or benefits protected for clients
- \$10,817,361 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 – **4,559**

Clients less likely to be harassed by creditors – **2,676**

Clients in a better position to keep or find a job – **3,050**

Clients in a better position to keep or find housing – **4,211**

Client has improved housing conditions – **1,713**

Client is physically safer (including OFP or safety plan) – **3,910**

Client has improved quality of life – **9,985**

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

Clients with access to legal advice – **27,486**

Clients with access to brief services – **7,418**

Individuals who received automated court form assistance through lawhelpmn.org – **4,701**

Individuals who were assisted with live chats to navigate lawhelpmn.org – **1,364**

Site visits to access legal information through lawhelpmn.org - **448,842**

LSAC Funding Sources

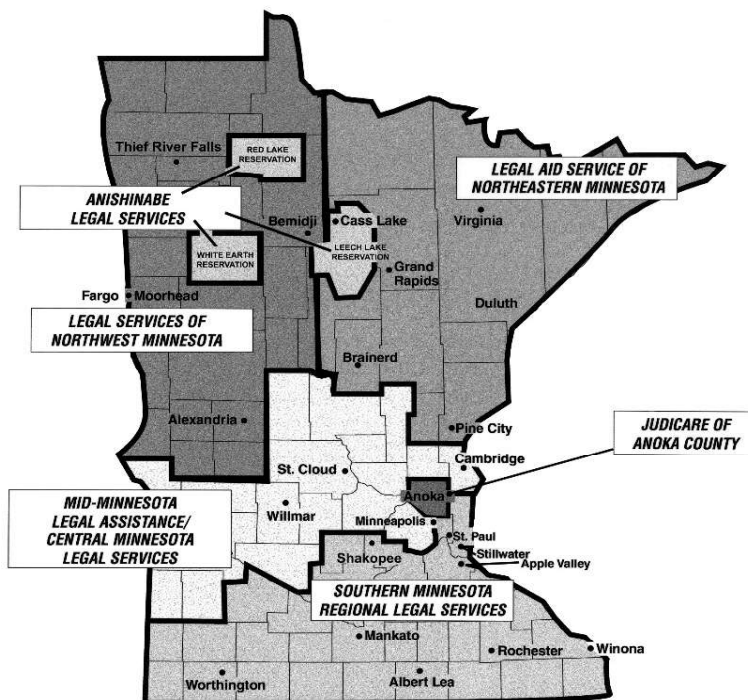
LSAC is responsible for the management and distribution of grant funding from three primary³ sources: an appropriation from the Minnesota legislature, the Interest on Lawyer Trust Account (IOLTA) revenue and a portion of the lawyer registration fee. In addition, the committee also receives funding from donations and court settlement awards.

FY16 Legislative Allocation – \$13,145,000

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 FY16 formulaic awards and the map shows the corresponding service areas.

Anishinabe Legal Services: \$147,247
Judicare of Anoka County: \$455,278
Legal Aid Service of Northeast Minnesota: \$1,225,708
Legal Services of Northwest Minnesota: \$971,005
Mid-Minnesota Legal Aid: \$4,153,100
Southern Minnesota Regional Legal Services: \$4,352,462
TOTAL \$11,304,800

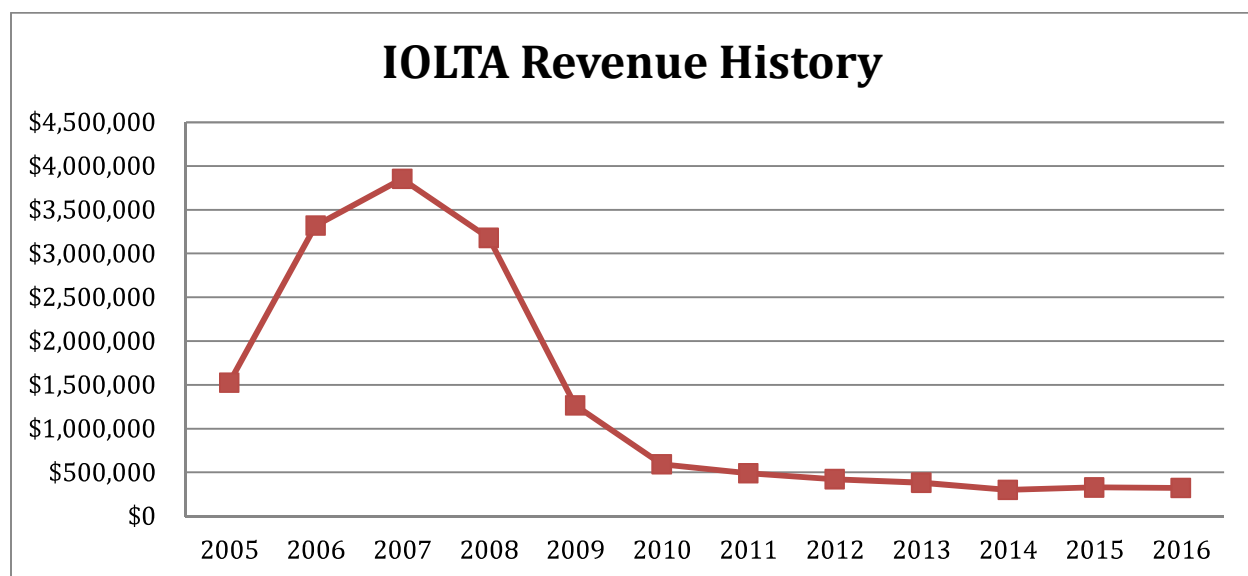


After these awards are calculated, LSAC added the remaining \$1,840,200 from the 15% funds to the additional grant funding sources detailed below. The total amount of the discretionary grant awards are detailed in the next section (LSAC Grant Making).

³ 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.

FY16 IOLTA Revenue – \$322,465

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 Board⁴ 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 go up again 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.



FY16 Lawyer Registration Fee Revenue – \$2,022,080

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.

⁴ 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 FY16 Grants - \$110,500

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 portion of the settlement was \$442,000 in 2015 and \$4,549,000 in 2016.

Because the bulk of the Bank of America funding arrived after the standard LSAC grant cycle, the committee issued a separate Letter of Inquiry (LOI) process and requested full proposals from the strongest applicants. This first round of Bank of America grant projects started in May 2016 and will run through June 2017. With just a few months in FY16 for grantees to incur costs for reimbursement, only \$110,500 was spent in this fiscal year and the majority of the first round project costs will be reported in the next annual report. These projects include:

- **Farmers Legal Action Group:** This grant will provide legal information and legal assistance to low-income immigrant farmers regarding Minnesota’s new Cottage Food Law. This will result in additional income from farming operations.
- **Immigrant Law Center of Minnesota:** In partnership with Latino Economic Development Center, HACER and Lindquist & Vennum, this grant will support legal services to immigrant businesses in and around the Austin community.
- **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, this grant will provide 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.
- **Southern Minnesota Regional Legal Services:** With a focus on the Frogtown neighborhood of St. Paul, this grant will focus 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.

FY16 Minnesota Legal Aid Foundation Fund and Other Donation Revenue - \$184,587

LSAC received some revenue from private philanthropic organizations to support the civil legal aid system. The Minnesota Legal Aid Foundation Fund was established in 1998 to create a mechanism for receiving cy pres awards and court settlements for the benefit of programs statewide rather than for one individual organization. The fund is managed by Minnesota Philanthropy Partners and LSAC is the dedicated recipient. The annual distributions are from interest earned on the foundation fund, which amounted to \$159,587 in FY16. In addition, this fiscal year LSAC received a \$25,000 donation from the Wells Fargo Foundation to offset fees charged on IOLTA accounts. LSAC will not receive this award in future years because Wells Fargo is no longer charging these fees. For both of these donations, 100% of the funding was added to the other discretionary funding sources and used to supplement the FY16 grant awards.

LSAC Grant Making

Totaling funding from all sources, LSAC made \$4,293,379 in FY16 discretionary grants. The committee received grant applications from 27 eligible organizations requesting a total of \$5,041,354 in funding. LSAC redesigned the application for the FY16-17 grant cycle, dividing the state in to regions to ensure that there was a more equitable funding distribution statewide. LSAC also separated general operating funding for staff programs and general operating funding for private attorney involvement (PAI) programs to have a better sense of how the grants would be used by the programs. Applications were scored based on overall organizational capacity combined with community impact, delivery system impact and collaboration. A full copy of the grant scoring metric and definitions is available on the website at www.mncourts.gov/lisac.

Based on the scores of each grant application and an interview with the director and board representative of each organization, LSAC awarded the following FY16 general operating grants:

Anishinabe Legal Services	\$30,000
Battered Women's Legal Advocacy Project	\$22,000
Call for Justice	\$20,000
Central Minnesota Legal Services	\$160,000
Children's Law Center	\$30,000
Estate & Elder Law Services at Volunteers of America	\$25,000
Farmers Legal Action Group	\$90,000
Immigrant Law Center	\$260,000
Indian Child Welfare Act Law Center	\$68,000
Legal Assistance of Dakota County	\$116,000
Legal Assistance of Northeast Minnesota	\$235,000
Legal Assistance of Olmsted County	\$49,000
Legal Services of Northwest Minnesota	\$315,929

LegalCORPS	\$10,000
Loan Repayment Assistance Program	\$6,000
Mid-Minnesota Legal Aid	\$742,000
Minnesota AIDS Project	\$17,000
Minnesota Disability Law Center	\$172,200
Minnesota Justice Foundation	\$110,000
Southern Minnesota Regional Legal Services	\$735,000
State Support	\$270,900
The Advocates for Human Rights	\$55,350
Tubman	\$96,000
Volunteer Attorney Program	\$273,000
Volunteer Lawyers Network	\$385,000

Upcoming LSAC Projects in FY16

Although the focus of this report is on activities conducted in FY16, LSAC is working on the following initiatives in the upcoming year.

Coordinated Infrastructure Project – LSAC is working with a team of consultants to analyze the current infrastructure of its grantee programs and receive recommendations for improvement in coordination across programs, including but not limited to centralized intake. The overall goal is to increase efficiency to maximize the amount of resources available for client service statewide. After consultation with the grantee programs, LSAC has directed that this project will be driven by the following values:

- Client focused service is at the core of this work. There should be “no wrong door” for clients to access services.
- Local connections build client trust, especially in rural areas. This is an important consideration for any statewide effort.
- Any centralized systems must not create conflicts of interest across programs and should preserve attorney client confidentiality in compliance with the Minnesota Rules of Professional Conduct.

The report and recommendations from this project will be complete in Spring 2017.

Review of Bank of America Projects and Plans for FY18-19 Grant Cycle – LSAC has solicited input from grantees and community members about how to best invest this one-time funding to contribute community economic development throughout the state. The next steps are for the committee to decide the pace of grant making from the settlement funds and to set grant priorities for the FY18-19 cycle.

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 2015-2016:

Mohamed Abdi (Minneapolis), Client Member
Cynthia Barrientos (Burnsville), Client Member
Matthew Boos (Minneapolis), Attorney Member
Patrick J. Burns (St. Paul), Attorney Member
Katherine Hadley (St. Paul), Public Member
Nancy Kleeman (Minneapolis), Public Member
Peter Knapp (St. Paul), Attorney Member
Laurence McDonough (Minneapolis), Attorney Member
David Moeller (Duluth), Attorney Member
Randi Roth (St. Paul), Attorney Member
Christopher Wendt (Rochester), Attorney Member
Bridget Gernander, LSAC Executive Director