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THE HAWAII JUSTICE FOUNDATION 2014 ANNUAL REPORT

In an economy that continues to present challenges to all, the best financial news for legal service providers is Act 180 that was passed in 2011 by the Legislature and signed by the Governor. Act 180 increases both the filing fee surcharges and the types of cases included in the Indigent Legal Assistance Fund (ILAF), which the Hawaii Justice Foundation (HJF) administers in cooperation with the Hawaii State Judiciary. The first step surcharge increase took effect January 1, 2012, and the final step increase took effect January 1, 2014. The Legislature, the Governor, the Judiciary, legal service providers, HJF, Gary Slovin, Mihoko Ito, and the Access to Justice Commission are to be commended for their efforts that resulted in Act 180. The funds from Act 180 will not be sufficient to replace losses from other funding streams, but certainly Act 180 is a major milestone in improving access to justice for Hawaii's low-income population.

In 2014, HJF experienced many of the same financial difficulties faced by other charitable foundations. HJF's primary source of income is through the Interest on Lawyer Trust Accounts (IOLTA) Program. The amount of income from IOLTA varies directly with interest rates, which have dropped from 5.25% in September 2007 to 0.25% in December, 2008. In late June 2008, the Hawaii Supreme Court adopted HJF's requested Rule 11 amendment, making Hawaii the twentieth state to have "rate comparability." This has helped with our income losses from IOLTA, but the reality is that until interest rates return to 1.00% or higher, IOLTA income will be severely impacted. We anticipate an increase in interest rates in 2015, but this is of course uncertain at this time.

Fortunately, previous actions of HJF have prepared us to meet these financial challenges. First, in 2003 HJF reduced its overhead to a minimum by eliminating our rented office and changing from two full-time staff with benefits to one part-time person who is an independent contractor. Second, we have set aside financial reserves for difficult times such as these. Third, HJF has diversified income streams and programs, so HJF is instrumental in the distribution of several sources of funds. Sums distributed through IOLTA in recent years are: 2003, \$68,500; 2004, \$70,000; 2005, \$70,000; 2006, \$155,000; 2007, \$278,000; 2008, \$410,000; 2009, \$345,000; 2010, \$175,000; 2011, \$152,050; 2012 \$124,650; 2013 \$104,000; and 2014 \$100,000. In addition to IOLTA grants, each year HJF distributes a total of \$100,000 to the ten Bretzlaff grantees. In FY 2013-14, in cooperation with the Hawaii State Judiciary, HJF distributed \$1,400,000+ to seven grantees through the Indigent Legal Assistance Fund (ILAF). The amount to be distributed to eight grantees in FY 2014-15 is \$1,425,000. In 2014, HJF received a grant of \$10,000 from The Cades Foundation to fund expenses of the Annual Summit Conference. In 2013, HJF received a grant of \$20,000 from the ABA for a project with the Access to Justice Commission regarding language access and implicit bias, and this project was completed in early 2014.

In 2009 HJF provided the necessary funding for the Access to Justice Commission and has actively participated in its various activities including the June 20, 2014 Access to Justice Summit held at the Richardson School of Law. James Sandman, President of the Legal Services Corporation, was the keynote speaker. HJF is also active on a national level with ABA Access to Justice initiatives and the National Association of IOLTA Programs. HJF continues to work cooperatively with Hawaii's low-income legal service providers. **Certainly we all wish that times were better economically for all groups attempting to increase access to justice. Please be assured that HJF has sufficient operating income and reserves to ensure our continued ability to work for access to justice. We ask you to join with us in these efforts, and we are very optimistic for the financial outlook for 2015.**

2014 BRETZLAFF FOUNDATION GRANTS

2014 Bretzlaff Foundation Grants Total \$100,000

Big Brothers/Big Sisters of Honolulu, Inc.

\$10,000 to fund school-based mentoring programs for 405 at-risk youth

Boys & Girls Club of Hawaii

\$10,000 to fund the Waianae Clubhouse Reporting Center for court-ordered youth under the Juvenile Detention Alternative Initiative

Community Association of Hawaii (formerly known as John Howard Association)

\$10,000 to assist and support youthful offenders and their families through the Hui Ola Residential Program and the Juvenile Anger Management Program

Foster Grandparents

\$9,000 to recruit foster grandparents in Maui County, including Molokai, Lanai, and rural Maui

Hale Kipa

\$10,000 for the Haloa Transition House for Young Females Transitioning out of Foster Care

Hawaii Foodbank

\$10,000 to help feed children statewide in 2013. These children either have learning disabilities, are from low-income, homeless, immigrant or native Hawaiian families, or come from families with a background of drug or alcohol abuse

Kids First Program (Through Friends of Kids First)

\$4,000 to promote peaceful co-parenting relationships and effective communication through mandatory parent education programs in divorce and paternity cases. Funds are used for needed equipment, costs for recognition of volunteers, honoraria for training, incentives for teens, and web design

The Mediation Center of the Pacific, Inc.

\$15,000 to support mediation training for the Paternity Mediation Program that assists unmarried couples agree to child custody and visitation

Court Appointed Special Advocates (CASA) Program (fka GAL Program)

\$10,000 to recruit, screen, train, and supervise volunteer citizen special advocates (fka guardians ad litem) who will protect the best interests of the children involved in court proceedings

Waikiki Health Center

\$12,000 to provide operational support to enable the Center to provide quality and affordable medical care, health education, and social services that are accessible to the needs of individuals and the community

2014 IOLTA GRANTS

2014 IOLTA Grants Total \$100,000

Advocates for Public Interest Law

Fund summer internships for law students working in public interest law firms

Big Island Mediation, Inc., dba West Hawaii Mediation Center

Provide quality mediation, conciliation, and advocacy services to individuals and organizations with limited access to legal-related services in West Hawaii

Domestic Violence Action Center

Provide legal advice and representation for low-income persons who are in imminent danger of harm in domestic abuse situations

Ethnic Education Foundation of Hawaii

Provide general legal information to large numbers of the ethnic poor by translating legal information into various languages and broadcasting the translations on KNDI Radio

Hale 'Opio Teen Court Project (Kauai)

Provide funding for a diversion program built on restorative justice principles for first-time misdemeanor or status offending youth.

Hawaii Appleseed Center for Law and Economic Justice (LEJ)

Provide funding for class action lawsuits and legislative advocacy on behalf of Hawaii's low-income people

Kauai Economic Opportunity, Inc., dba Mediation Services

Provide quality mediation, conciliation, and advocacy services to individuals and organizations with limited access to legal-related services in Kauai

Kuikahi Mediation Services (Hilo)

Provide quality mediation, conciliation, and advocacy services to individuals and organizations with limited access to legal-related services in East Hawaii

Legal Aid Society of Hawaii

Provide legal information, advice, and representation to low-income clients

Maui Mediation Services

Provide quality mediation, conciliation, and advocacy services to individuals and organizations with limited access to legal-related services in Maui

University of Hawaii Elder Law Program (UHELP) William S. Richardson School of Law

General support of legal services for Hawaii's low-income elderly

University of Hawaii Medical/Legal Partnership William S. Richardson School of Law

Establish a partnership between legal service providers and a medical clinic to provide legal assistance at early stages for low-income clients

2014 IOLTA GRANTS CONTINUED

Volunteer Legal Services Hawaii

Fund general operations to match pro bono attorney and paralegal volunteers with available cases and to provide other legal services for low-income clients

ACCESS TO JUSTICE COMMISSION

\$58,650 SPECIAL FUNDING (2009 UNTIL EXPENDED)

\$20,000 FROM THE ABA FOR A LANGUAGE ACCESS AND IMPLICIT BIAS PROJECT

\$10,000 FROM THE CADES FOUNDATION FOR THE ATJ CONFERENCE

\$58,650 was awarded by HJF in 2009 for special funding from reserves for the start-up and initial operating costs of the Access to Justice Commission. This grant provides funding for 2009 until funds are expended, and to date only half of these funds have been used. In 2013 HJF received a grant of \$20,000 from the ABA for a project with the Access to Justice Commission regarding language access and implicit bias, and the final report for this grant project was provided to the ABA in early 2014. Each year the ATJ Commission hosts an access to justice conference held at the Richardson School of Law. The Cades Foundation for the past several years, including 2014, has generously provided \$10,000 per year for funding this Conference. The keynote speaker this year was James Sandman, President of the Legal Services Corporation, and more than 250 attended the event.

2014 ILAF PROGRAM

2012-13 ILAF Grants Total \$472,039

2013-14 ILAF Grants Total \$1,400,000+

2014-15 ILAF Grants Total \$1,425,000

The Indigent Legal Assistance Fund (ILAF) is a process where surcharges are collected on certain filing fees in the State of Hawaii Judicial System. These funds are retained by the Judiciary for distribution to qualified low-income service providers. The Hawaii Justice Foundation acts as administrator for these funds. ILAF funds are distributed in cooperation with the Hawaii State Judiciary, the low-income service providers, and HJF.

The amount available in ILAF funds varies each year, depending upon the number of eligible cases filed and the rate of the surcharge. The ILAF program has seen tremendous growth, due to the increase in the surcharge rate. The final step increase took effect January 1, 2014. In FY 2012-13, the amount distributed to eight grantees was \$472,039, for FY 2013-14, \$1,400,000+, and for FY 2014-15 \$1,425,000.