

A Discussion Paper on Addressing Clinic Administrative Costs

Prepared by: Legal Aid Ontario

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Table of Contents

A Discussion Paper on Addressing Clinic Administrative Costs.....	1
Executive Summary	2
<i>Introduction / Purpose</i>	2
<i>LAO is leading by example</i>	2
<i>LAO is following a broader trend</i>	3
<i>We can improve how we administer poverty law services</i>	4
<i>Areas for Improvement</i>	4
<i>Conclusion</i>	5
Introduction / Purpose	6
<i>Legal Aid Ontario is looking for improvements</i>	6
<i>LAO's Commitment</i>	7
Background	8
<i>Our clients and our communities need us to improve and evolve</i>	8
<i>Our funders and our communities need us to improve accountability</i>	8
<i>LAO is leading by example</i>	9
<i>LAO is following a broader trend</i>	11
<i>Imperative to improve and evolve will continue</i>	16
<i>We can improve how we administer poverty law services in this region</i>	17
<i>Serving the Low-Income Population</i>	19
<i>Areas for improvement</i>	21
Conclusion	29
<i>How can we build on the strengths of the current system?</i>	29
<i>Ongoing assessment of organizational needs</i>	29
<i>LAO's goal</i>	29
End Notes	31

Abbreviations

CLW	Community Legal Worker
ED	Executive Director
LAO	Legal Aid Ontario
LFO	Law Foundation of Ontario
OM	Office Manager
OPS	Ontario Public Service
PHO	Provincial Head Office
SLASS	Student Legal Aid Services Societies
UK	United Kingdom
US	United States

Executive Summary

Introduction / Purpose

The goal of this paper is to identify improvements to the administration of clinic law that will save money while improving client service. We want to reduce overhead costs like rent, eliminate unnecessary time spent on administration, and create capacity to increase access to justice.

LAO, like most other organizations, is working to reduce the amount it spends on administration and focus more resources on service. Governments, hospitals, charities, service organizations, for-profit and not-for-profit agencies alike are all working to reduce overhead and administration costs.

Building on the lessons LAO has learned from its own experiences and the experiences of others, we will work with the clinics to improve how poverty law services are administered in Ontario so that we can focus on service and improve sustainability.

LAO is leading by example

Since 2007, LAO has leveraged technology, created new services, eliminated unnecessary costs and streamlined administration. By transforming our service delivery models, we are unlocking \$20 million that we used to spend each year on administration. This represents approximately 5% of LAO's total budget.

- LAO will save \$16.5 million per year by leveraging technology to improve intake and offer new services to clients and by moving its offices into courthouses across Ontario
- LAO is saving \$900,000 per year by moving its provincial head office to an open concept environment
- LAO is saving approximately \$3 million through provincial office administrative savings

These are only some of the ways that LAO is improving how it administers legal aid. Unlocking resources that were previously tied up in administration and redirecting some

of those resources to client service has allowed us to improve service and offer a wider spectrum of services:

- Using LAO's toll-free number, clients can now apply for legal aid and receive information and summary legal advice in 120 languages through simultaneous translation. Just over 24,000 people accessed these services between January 1 and April 29, 2010. In February and March 2010, almost 100 people accessed summary legal advice over the phone.
- LAO has streamlined administration and reduced the time required to complete an application for legal aid by 62%. Clients can now focus more of their energy on resolving their legal matters instead of navigating administrative processes.
- 71% of clients now receive a same-day decision about their legal aid application. (In 2008, only 53% of clients received a same-day decision.)
- Clients can apply for legal aid at the courthouse instead of having to travel to a separate location.
- LAO is piloting a simplified eligibility test that will further streamline the application process.
- Since the re-launch of LAO's improved website on November 29, 2009, there have been more than 280,000 visits to the website.
- LAO is offering alternative dispute resolution and public access computers to family law clients to ensure early access to the tools needed to appropriately resolve family law matters.

LAO is following a broader trend

LAO's transformation emphasizes service and maximizes the impact that our funding dollars have on our clients and our communities. LAO is following a path that many other non-profit and public service organizations are on. Service organizations across Ontario and elsewhere are looking at new ways to administer and deliver programs that emphasize service and sustainability instead of overhead and administration.

Some of the ideas that we explore in the paper include:

- Coordinating regionally
- Sharing space
- Sharing services or outsourcing non-core services like human resources
- New models and ways of partnering
- Leveraging technology
- Improving knowledge management
- Offering holistic services

We can improve how we administer poverty law services

Our efforts recognize that the legal needs of low-income Ontarians are different than those of the middle or upper class.

New investments in poverty law services have been used to keep up with inflation, to pay for increases in salaries and overhead, and to fund new clinics and new staff. These investments have not led to substantial increases in the number of services that are offered to low-income Ontarians. Between 1999 and 2009, LAO increased clinic funding by 57%. Adjusted for inflation, this represents a 30% increase. Between 1999 and 2009 the number of funded positions increased by 24%, but the number of assists went up by only 12%

LAO's experience with other service delivery models demonstrates that it is possible to provide more services within existing budgets when organizations are willing to evolve and improve.

Areas for Improvement

- If clinics reduced the rentable space per staff person to comply with OPS standards, \$2.2 million in savings would be realized.
- If clinics reduced the time and money spent on administration to match LAO, \$3.5 million in savings would be realized.

We believe that we can improve poverty law services in this region. We want to increase the proportion of funding that is spent on service and decrease the proportion of funding that is spent on administration. There are many benefits to generating administrative savings, including reduced costs, increased capacity, and better service. For example, unlocking \$1 million from administration could ultimately create the capacity to deliver more than 2000 new assists.

In this paper, we also discuss improvements and savings relating to audit and bookkeeping and vacation and lieu time, as well as service improvements that could be made by maximizing the effectiveness of websites.

Conclusion

The current community clinic system has many strengths. As the primary funder of poverty law services in Ontario, LAO is proud of the many achievements of the clinics.

LAO wants to build on its recent experience improving services, streamlining administration, eliminating unnecessary costs and increasing capacity in other service delivery models. To that end, this paper asks questions about how we administer poverty law services to find ways to unlock resources and increase capacity.

LAO is not asking these questions simply to cut costs. While LAO, like other public sector agencies, is facing a time of considerable restraint, we are not interested in under-investing in infrastructure and reducing the impact clinics have on their clients and their communities. To the contrary, we want to maximize the impact of clinic law funding by emphasizing service and sustainability. We want to build on our successes and create a better legal aid system for Ontario.

Introduction / Purpose

Legal Aid Ontario is looking for improvements

Since 2007, Legal Aid Ontario (LAO) has improved services, increased its capacity to serve low-income Ontarians, and increased access to justice. We are achieving this by dramatically reducing our administrative costs. We are unlocking resources that were previously spent on administration, and we are using those resources to create a more sustainable organization.

LAO, like most other organizations, is working to reduce the amount it spends on administration and focus more resources on services. Governments, hospitals, charities, service organizations, for-profit and not-for-profit agencies alike are all working to reduce overhead and administration costs.

LAO will work with clinics to improve clinic law services in Ontario. We will be working at a district and regional level to identify improvements to the administration of clinic law that will save money while improving service. In particular, we want to examine what we spend on rent, administration, bookkeeping and audit, overtime and websites.

LAO has leveraged technology, created new services, eliminated unnecessary costs, and streamlined our administrative processes. We are reducing the amount we spend on administration from \$55 million to approximately \$35 million - a reduction of \$20 million. LAO used to spend 15.5% of its total budget on administration. LAO's target is to reduce administrative spending to only 10.4% of its total budget by 2012.

Saving \$20 million increases LAO's capacity to provide services and to secure access to justice for low-income Ontarians. Introducing new services means clients have more choice and allows us to offer a range of services that can be tailored to meet the needs of clients. Streamlining administration not only saves money, it improves service. Clients can focus their time and energy on resolving their legal issues, not navigating administrative processes.

Because we have taken steps to improve service and reduce the actual costs of administering legal aid, the LAO of 2010 is better positioned to meet the needs of low-income Ontarians. This paper builds on LAO's recent experience and makes the point that improvements can also be made to clinic law services. Our goal is to work with the

clinics to increase our capacity to provide more and better service to low-income Ontarians by eliminating unnecessary expenditures.

LAO's Commitment

In recognition of the particular vulnerability of clients who need clinic law services, LAO will work with clinics to:

- Ensure that clients continue to receive high quality service
- Innovate to improve poverty law services
- Ensure that resources are focused on services and eliminate unnecessary administrative costs

Background

Our clients and our communities need us to improve and evolve

Ontario's poverty law services are frequently celebrated. The successes of the clinic system are many and suggestions for improvement do not detract from them. However, we cannot be content to keep doing what has worked in the past. If we are going to build a sustainable legal aid program, we must evolve.

The need for poverty law services is driven in part by long standing and systemic inequalities. New policies on social assistance, new patterns of immigration, and new rules around temporary workers also impact poverty law services. Needs evolve and the services we deliver evolve with them. Increasing our capacity to serve is important. We must be vigilant to ensure that our funding dollars are used for client service and not unnecessary administrative costs. Improving how we do business to streamline administration and unlock resources that can be dedicated to client service is good for our clients and good for our communities.

Our funders and our communities need us to improve accountability

LAO and the clinics have always been careful to make the best possible use of public funds. However, the landscape is evolving and being careful is no longer good enough. We must ensure that we are accountable – to our funders and to our communities.

There is a growing expectation that organizations receiving government funding identify the benefits and results that are being provided by these investments. LAO's primary funder, the Government of Ontario, has undertaken measures to modernize public services and create efficiencies. The government has focused on improving transparency, fiscal accountability and effective financial management of public funds.¹

In response, LAO, with the clinics, is developing performance measures and evaluation frameworks that demonstrate the value being provided by various programs and services. By showing that we are providing value for money, we will maintain the trust and confidence of our communities, our funders and Ontario's taxpayers. Improvements like these are needed to increase accountability and to demonstrate that the work we do provides value for money.

LAO is leading by example

LAO is improving service, increasing capacity and promoting access to justice by eliminating unnecessary costs. LAO has demonstrated that we can improve service and unlock resources that are tied up in administration. We have achieved success by focusing on innovation, prioritization, measurement, accountability and coordination.

- **Transformation of Service Delivery**

LAO is transforming its regional operations, reducing the number of administrative staff and increasing the number of front line service providers. As a result, LAO will have more points of access for clients, streamlined administrative processes and more resources focused on service delivery.

LAO has moved from a system involving 51 area offices to one involving 9 district offices. The area office system was transformed by streamlining administration and focusing resources on frontline staff and direct services. Fewer administrative staff are needed because LAO is leveraging technology and streamlining administration:

- In 2008, LAO introduced a new online application for clients who meet certain criteria. This new internet-based service increases access points for clients and reduces the time required to complete an application by 62%.
- Seventy one per cent of clients receive a same day decision on their legal aid application, which allows them to begin moving forward with their legal matters. (In 2008, only 53% of clients received a same-day decision.)
- LAO is also experimenting with a simplified financial eligibility test that further streamlines the application process.

Modernizing LAO's application process facilitated the relocation of LAO offices to more convenient locations in courthouses across Ontario.

- Clients who attend at court can now visit an LAO office at the same time instead of having to travel to a separate location to apply for legal aid.
- More staff are focused on delivering services instead of administration.

Streamlining administration helps clients resolve their legal issues faster by reducing the time spent applying for legal aid and making faster decisions about eligibility. LAO improved service, eliminated 170 administrative positions last year and is increasing the

number of front line service providers. Once LAO's transformation is fully realized it will unlock \$16.5 million per year.

- **Open Concept Office Space**

- LAO moved its provincial head office to an open concept space.
- LAO saved \$350,000 in the first year and will save approx. \$900,000 annually in future years with no impact on service.

- **Block Fees for Some Criminal Services**

- LAO is introducing block fees for certain criminal certificate matters.
- Block fees are a different way of paying lawyers that reduce LAO's administrative costs while improving or maintaining client service and lawyers' profitability.

- **Family Law Reform**

- LAO is improving the focus of its family law services to prioritize up front information, alternative dispute resolution and mediated settlements instead of litigation in alignment with the government's Four Pillars of Family Law Reform.
- LAO is investing new money in new services that will benefit clients, e.g. public access computers in court locations can be used by clients seeking information.
- These improvements will benefit LAO's family law clients, who are predominantly women, and their children by ensuring early access to the tools necessary to resolve family law matters appropriately.

- **New Services**

- LAO now takes application for legal aid through its toll-free number. Eligible clients can access new services over the phone, including summary family and criminal legal advice, information, and referrals to other social service agencies. All of these services are available in 120 languages through simultaneous translation. Just over 24,000 people contacted us toll-free for legal aid assistance between January 1 and April 29, 2010. In February and March 2010, almost 100 people accessed summary legal advice over the phone.
- LAO has also redesigned and re-launched our website (www.legalaid.on.ca), making improvements to make the site more user-friendly. The improved site provides access to information about legal aid services as well as other online resources and information. Since late November, there have been more than

280,000 visits to the website and over 1.2 million page views. On average, there are more than 1700 visits to the website each day.

We are working hard to build a more sustainable legal aid system. Improving how we do business increases access to justice and improves service. We recognize that our clients are vulnerable and we have taken care to protect their interests as we evolve. There have been challenges along the way, and we have learned lessons from those challenges that will help us move forward.

Ultimately, LAO has learned one lesson that stands out above all others: we can create capacity and improve service by streamlining administration and eliminating unnecessary costs. We can focus our limited resources where they belong – on meeting the needs of low-income Ontarians and increasing access to justice.

LAO is following a broader trend

LAO, like most other organizations, is working to reduce the amount it spends on administration and focus more resources on services. The Government of Ontario is focused on improving transparency and fiscal accountability while promoting efficiency and the effective financial management of public funds. Other non-profit organizations are also evolving in pursuit of service improvements, increased capacity and reduced expenses. Governments, hospitals, charities, service organizations, for-profit and not-for-profit agencies alike are all working to reduce overhead and administration costs.

In this section we briefly highlight some examples of how other agencies are evolving to improve service, increase capacity and reduce expenses. There is something to learn from each of these examples. We can learn from the successes that have been realized by others and also the challenges they have faced. As one author explains, in these difficult financial times:

“Many organizations are preparing more conservative budgets, undertaking further belt tightening and, in some cases, reducing or eliminating programs and services. Nearly all organizations speak of ‘being stretched to the limit’ and ‘doing more with less.’ This is what so many have become adept at when dealing with tough times in the past. But what is more positive is that most are re-examining their operations and finding different ways of doing things.”²

In other program areas, LAO has re-examined operations and found different ways of doing things in order to realize savings. We want to work with the clinics to find new ways to increase services and capacity while saving money.

Coordinating Regionally

- Law Foundation of Ontario (LFO): Building on its recent report on rural and linguistic access to justice, the LFO is supporting the creation of Connecting Regions in which “a consortium of legal and non-legal organizations work together to develop a coherent system for the delivery of legal information, referrals and services to linguistic minorities and / or residents of rural or remote areas.”³
- Legal Aid Ontario: LAO’s regional transformation involved a move from 51 area offices to 9 district offices. LAO now divides the province into four regions, each of which has its own vice-president who is responsible for all services delivered in that region. The regional model is designed to increase coordination and integration of services thus providing better service to clients. The regional model is complemented by centralized initiatives, such as the Client Service Centre, which emphasizes client access through multiple portals, including a new call centre and an improved website.
- Local Health Integration Networks (LHINs): LHINs were introduced in 2006 when the province was divided into 14 regions “because, it was thought, people living locally were better able to plan, fund and integrate health services in their own communities than people in Toronto.”⁴ LHINs set targets to measure progress on both local and provincial priorities. LHINs balance the “devolution of authority” with “increased accountability.”⁵ LHINs have experienced some successes and some challenges from which to learn.
- State Justice Communities (SJs): In response to funding cuts, the US Legal Services Corporation (LSC), a funder of legal aid services, required funding recipients to coordinate services at a statewide level.⁶ The LSC required grantees to “expand their horizons from ‘what’s best for the clients in my service area’ to ‘what is best for clients throughout the state.’”⁷ The goal was “the creation and maintenance of a system capable of providing equal justice for low-income people.”⁸ Enthusiasm for SJs is not universal, and there are many lessons, positive and negative, to learn from the US experience.⁹

Shared space

Many organizations benefit from sharing space with other organizations and realizing economies of scale (e.g. shared photocopiers, meeting rooms, etc.). Shared space also promotes collaboration. Organizations including the Centre for Social Innovation in downtown Toronto, Heartwood House in Ottawa, East Scarborough Storefront, and the Rexdale Multi-Service Community Hub are experiencing the benefits of shared space.

Shared space and co-located services can also benefit clients by creating “one-stop” access points. For example, ServiceOntario brings related information and services from different ministries together in one location to make it easier for Ontarians to find and access government information and services.

There are some challenges associated with sharing spaces. There may be issues with client confidentiality, and it may be inappropriate to co-locate poverty law services with agencies that are adverse in interest. Challenges like these are not insurmountable but point to a need for careful consideration of options.

Shared Services

Many organizations are exploring the role of shared services in reducing unnecessary costs, increasing capacity, and improving service. While LAO administers some shared services on behalf of the clinics, it may be advantageous to consider new ways of sharing services, e.g. outsourcing non-core services such as human resources or financial management.

In today’s environment, there is a need for greater expertise in a variety of specialized areas, including human resources, knowledge management, and accounting. Sharing services is one way to ensure high quality in these areas at a reasonable cost. It also makes it possible to provide continuity. Small organizations are unlikely to have backup for key roles, which means key functions depend on one person.

There are many examples of agencies that share services. The Black Coalition for AIDS Prevention (Black CAP) joined with six other AIDS service organizations to share human resources services. The Etobicoke Brighter Futures Coalition is a collaborative group of agencies that work together to share programming responsibilities.¹⁰

Both the federal and provincial governments are also improving the way services like human resources and finance are managed by sharing services.

New models and ways of partnering

Amalgamation is one way clinics are increasing capacity. In April 2010, three clinics in Hamilton amalgamated to form the Hamilton Community Legal Clinic. In the Northwest District, the Kenora Community Legal Clinic and the Rainy River District Community Legal Clinic amalgamated to become the Northwest Community Legal Clinic. Staff at the three locations share clients and manage workloads together.

Clinics are also exploring mergers with less traditional partners. For example, the Board of York Community Services is recommending a merger with New Heights Community Health Centres to its members. The anticipated benefits of the merger include improved and increased services delivered to the community, greater efficiencies and strengthened organizational capacity and a stronger voice in the provision of health and social services for marginalized populations in Toronto's West End.¹¹

One study found that "...nonprofits with less than \$1 million in annual expenditures face infrastructures challenges. Leadership of these organizations may wish to consider alternatives such as growing or merging to a scale where adequate infrastructure is affordable, outsourcing infrastructure services, or perhaps even restructuring to a smaller, more volunteer-centered organization where infrastructure issues tend to be less critical."¹² This study focused on understanding how nonprofits raise, spend, measure and report funds for both fundraising and administration. While it may not be directly on point, the observation was interesting.

The Canadian Partnership for Children's Health and the Environment is a group of agencies brought together by a mutual interest in a multi-disciplinary issue. The group developed a "constellation model" and used that model to raise awareness, reduce the number of children exposed to toxins like Bisphenol A, and effect policy changes.¹³

Leveraging Technology

The current model, in which LAO provides some IT support to the clinics, benefits from economies of scale, but improvements could be made and alternatives could be explored. Examples of leveraging technology to promote quality, increase service and find efficiencies include:

- Internet-based tools can be used to provide information, advice and other services to clients. Internet-based tools allow agencies to provide service to many more people at a fraction of the cost per person helped.¹⁴

- The Legal Services Corporation (LSC) in the US established Technology Initiative Grants to allow legal aid programs to innovate and experiment with new services.¹⁵
- Technology is being used to collaborate across jurisdictional boundaries in the US. For example, legal aid agencies in Iowa, Montana, Arkansas and Louisiana partner to provide legal information through live online texting.¹⁶
- More than 30 US states have a statewide website with information that can be used by both clients and legal aid workers.¹⁷

Knowledge Management

KnowledgeNOW, a joint initiative of the clinics and LAO, identified several “promising practices” that improve knowledge management and allow more services to be offered to clients. For example, one clinic shared a referral protocol, which LAO used to improve its own referral practices.¹⁸

Knowledge management could help improve effectiveness and efficiency in other ways, for example videoconferencing and other tools could be used to collapse the distance between locations and leverage staff expertise in other locations.¹⁹

Other examples of initiatives to promote knowledge sharing and management:

- LAO recently launched the “DC Thinktank”, a portal for LAO’s Duty Counsel. The portal acts as a single entry point to access information and resources related to the duty counsel program. On the portal, duty counsel can find a wide array of precedent materials and forms, manuals and job aids to assist them. The portal is interactive. Future plans include the development of a practice leaders forum by which SDCs and duty counsel can post questions for all to comment on, as well as for subject matter experts to provide more in depth or specific information.
- Federal Department of Justice is experimenting with a single knowledge portal and a single document repository to encourage information sharing and knowledge transfer.

Holistic Services

A number of clinics are innovating to provide better, more integrated service to clients. The Trebilcock Review highlighted the accomplishments of three legal clinics:²⁰

- Centre francophone de Toronto uses a global needs assessment and brings a variety of service providers, including lawyers, social workers and doctors, together in one location.
- Barbra Schlifer Commemorative Clinic²¹ provides counselling, legal, interpretation, information and referral services to women who are survivors of violence.
- Aboriginal Legal Services of Toronto (ALST) provides a wide range of services, including individual representation, representing families at inquests, participating in test case litigation, operating an Aboriginal court worker program, and using dedicated staff to prepare Gladue Reports.

Imperative to improve and evolve will continue

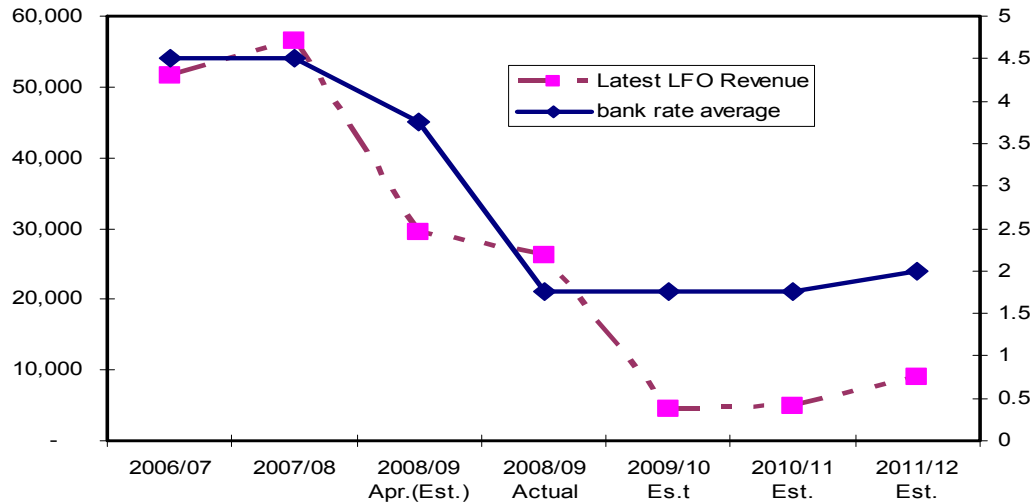
LAO, like other public sector agencies, is facing a time of considerable restraint. It is imperative that LAO work cooperatively with stakeholders, including clinics, to find better ways of doing things. Some think that this imperative will end once the economy turns around, but this is not the case.

LAO's focus on streamlining administration and increasing capacity will help in the short term, but it is also a long-term strategy designed to make LAO a more sustainable organization. Other short term strategies are necessary and LAO appreciates the spirit of community and common purpose that many stakeholders have demonstrated in these difficult times.

The Government of Ontario is LAO's primary funder, but LAO receives significant portions of its funding from other sources, including the Law Foundation of Ontario (LFO). LFO revenues are variable but usually account for 8% of LAO revenue.

In 2006/07 and 2007/08 LAO received significantly higher than average revenues from the LFO (\$51.5 and \$56.5 million respectively). In those two years, LFO revenue amounted to about 16% of LAO's total revenue. Those funds were used to replenish LAO's contingency reserve and enabled LAO to retain an accumulated surplus of \$14.7 million, which helped offset some of the deficit incurred in 2008/09 and 2009/10.

LFO revenues depend on the Bank of Canada rate and have fallen in the past three years. Given current trends, revenue from the LFO is likely to be low over the next several years.



LAO is currently developing a strategy to deal with the variable nature of LFO revenues.

While the current economic climate is one reason to evolve, LAO has many others. LAO is tasked with promoting access to justice for low-income Ontarians. To fulfill this mandate, LAO must ensure that it is maximizing its capacity to provide services. This is not just about a short-term crisis; it is about building a sustainable legal aid system and focusing as many resources as possible on client service.

We can improve how we administer poverty law services in this region

The goal of this paper is to help identify administrative savings. By finding savings, we build a better system that focuses more resources on client service. A better system can achieve the following:

- Greater capacity to deliver high quality client services
- Less money spent on administration and overhead
- More accountability to our clients, our communities, our funders and the taxpayers
- Increased access to justice and a more sustainable legal aid system

The clinic model developed in the 1970s and 1980s in response to an acknowledged need for poverty law services. Clinics emerged because “a different model was necessary to meet the particular legal needs of the poor”²² or, as Stephen Wexler famously wrote, “Poor people are not just like rich people without money...”²³

Those who have studied legal aid in Ontario emphasize that “the lives of low-income people are regulated in ways that are overarching, complex, intersecting, and intrusive.”²⁴ The legal needs of low-income Ontarians are different than those of the middle or upper class. While many middle- and high-income Ontarians have the luxury of discrete encounters with the law relating to, for example, a divorce or the sale of a house, low-income Ontarians “are subject to complex laws and obscure legal regulations when they seek the means to survive.”²⁵

Between 1999 and 2009, LAO has increased total clinic law funding by almost \$25 million dollars – an increase of 57% over 10 years. Adjusted for inflation, this represents an increase of 30% over 10 years.²⁶

	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	
Total Clinic Law Funding (\$M)	43.0	48.0	57.0	61.6	58.3	59.4	62.2	61.7	65.3	67.5	
Annual Increase	-	12%	18%	8%	-5%*	2%	5%	-1%*	6%	3%	
Increase since 1999/00	-	12%	33%	43%	36%	38%	45%	44%	52%	57%	
Funding Adjusted to 2009 Dollars (\$M)	52.0	56.5	66.0	68.2	64.1	63.9	65.5	63.7	66.3	67.5	
Annual Increase Adjusted		9%	17%	3%		-6%	0%	2%	-3%	4%	2%
Increase since 1999/00 Adjusted		9%	27%	31%	23%	23%	26%	23%	28%	30%	

* Decreases due to one-time expenditure increases in previous years for leasehold improvements, roll-out of IT infrastructure, etc.

LAO has made significant investments in poverty law services, but those investments have not resulted in significant increases in the number of services being provided.²⁷

	1999/00	2008/09	Change
Total Clinic Law Funding (\$ M)	43.0 67.5		+ 57%
Clinic Assists	140,242 156,588		+ 12%
Funded Positions	429 533		+ 24%

New investments have primarily been used for new clinics, new staff and increases to overhead and salaries. New clinics and new staff create new capacity but within the current model rising costs, like rent and salaries, frequently drive how new investments are spent.

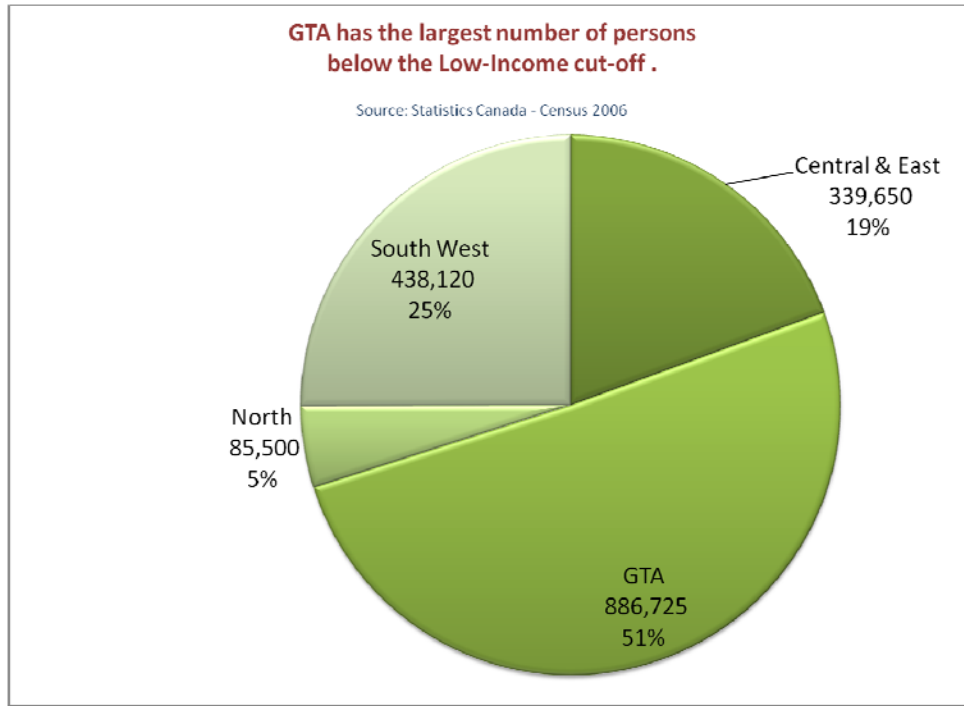
We believe that we can improve poverty law services in this region. We want to increase the proportion of funding that is spent on service and decrease the proportion of funding that is spent on administration. There are many benefits to generating administrative savings, including reduced costs, increased capacity, and better service. For example, unlocking \$1 million from administration could ultimately create the capacity to deliver more than 2000 new assists.

New investments should improve services. Through innovation and with cooperation, we can reduce administrative costs and focus more resources on service delivery.

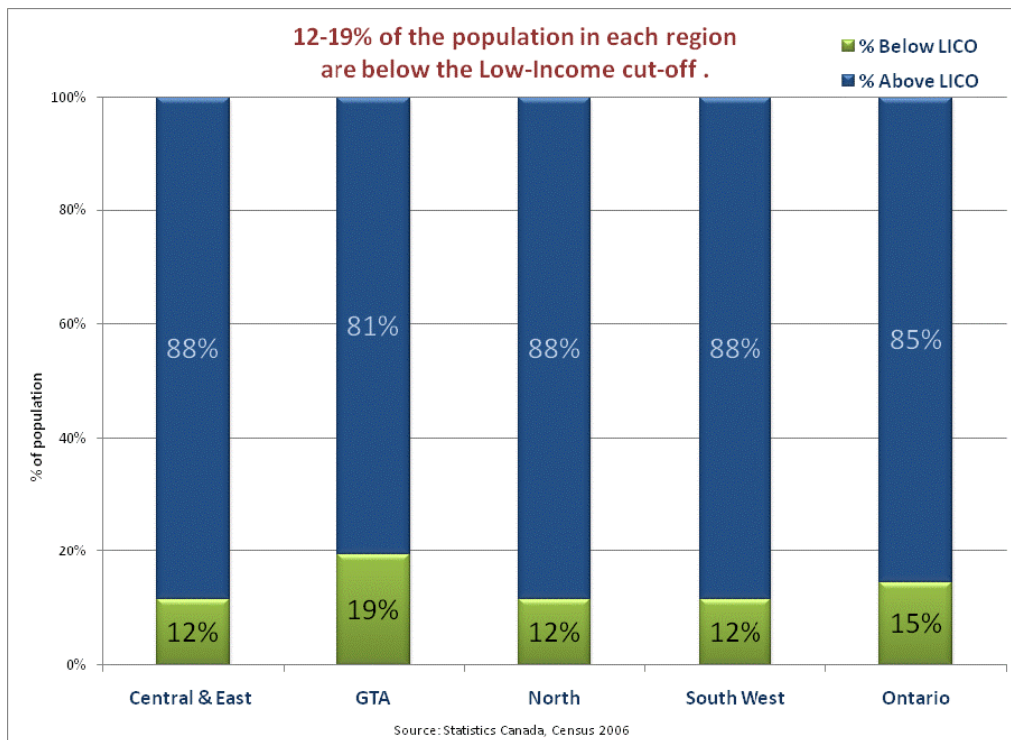
Serving the Low-Income Population

LAO funds 77 community legal clinics, including 13 specialty clinics. The clinics, along with dozens of satellite offices, provide service across the province. Information is not readily available about the number of Ontarians who meet LAO’s financial eligibility guidelines and we have chosen to use the Low-Income Cut-Off (which is substantially higher than LAO’s financial eligibility cut-off) as a proxy.

The GTA has the largest LICO population:



With the exception of the GTA, the regions have a similar ratio of LICO to non-LICO population:



Of the 77 clinics, 35 are based in the GTA. Thirteen of these are speciality clinics with a province-wide mandate and 22 serve GTA residents solely. There are 10 clinics in the North, 15 in the Southwest, and 17 in the Central & East.

Region Served	% of LICO Population	% of Clinics	# of LAO-Funded Staff	% of LAO Funded Staff
GTA 51%		28.6%	159	29.6%
North 5%		13%	64.5	12%
South West	25%	19.5%	106.5	20%
Central & East	19%	22%	97	18%
Specialty	N/A	16.9%	109.5	20.4%

The population density in the four regions varies dramatically. At one extreme, in the North, a smaller number of clients are dispersed across a large area that includes many remote communities. At the other extreme, in the GTA, a larger number of clients are concentrated in a densely populated urban environment. Distributing limited resources so as to ensure that the poverty law needs of both urban and rural populations are met is critical to the fulfilment of LAO’s mandate.

Demographics have shifted and locations that may have been ideal for serving low-income Ontarians at one point may no longer be ideal. Service providers must also consider the advantages of new initiatives, like community hubs, which gather a range of services and service providers together in one location to promote integrated services and allow clients to find holistic responses to problems that tend to occur in clusters.

We have included maps (at Appendix A) showing the location of clinics across each region, including the specialty clinics and the SLASS, as well as the density of the LICO population in each region.

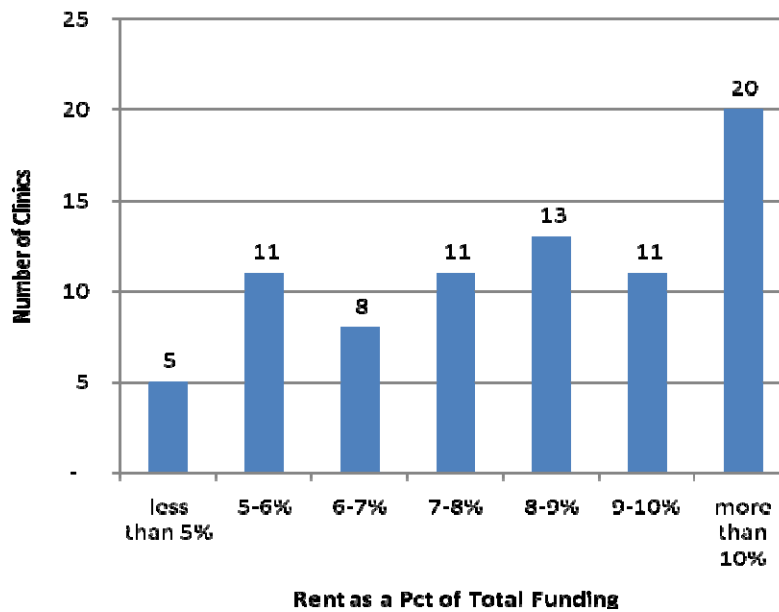
Areas for improvement

Office Space

The second most significant cost for the clinic system, after staffing costs, is rent.

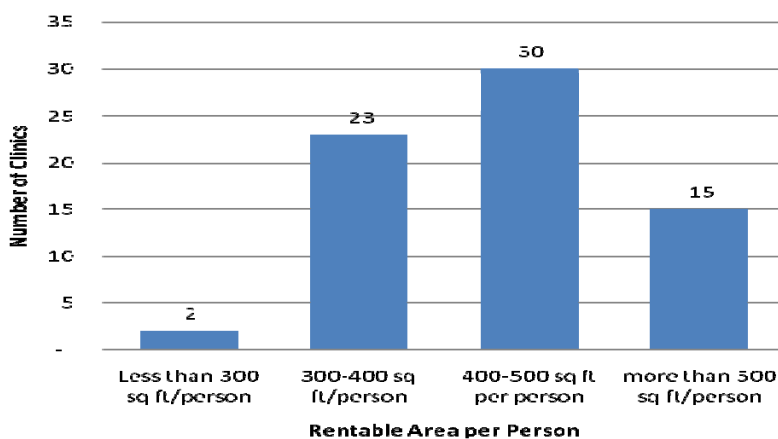
On average, office rent represents approximately 8.5% of a clinic’s total funding. Twenty clinics use more than 10% of total funding to pay rent. One clinic uses almost 17% of its funding for rent.

Funding for Rent as a Percentage of Total Funding



Recently, LAO moved its provincial head office to an open concept environment and achieved about \$900,000 in annual savings. LAO reduced the square footage per full time employee from 242 to 201. In the first year, even including the cost of the move, savings of \$350,000 were realized. LAO was able to find less expensive space in a building where other agencies that serve low-income Ontarians are located, thus reducing costs while maintaining client service.

Rentable Area per Funded Position



Only two clinics have less than 300 square feet per person. The most cost effective clinic in this respect has 275.6 rentable square feet per funded position – more than LAO’s provincial head office had before moving to its new location. Half the clinics have more than 417 rentable square feet per funded position in their principal offices.²⁸

The OPS standard is 200 rentable square feet per person. If clinics could achieve a target of 200 rentable square feet per person, we could reduce the rentable space required by over 100,000 square feet, resulting in savings of over \$2.2 million.²⁹

As would be expected, 19 of the 20 clinics with the greatest cost per square foot of rentable area are in the city of Toronto. In Toronto, the cost ranges from \$28.38 to \$40.46 per square foot. The median cost per square foot for clinics in the city of Toronto is \$28.50. If the cost per square foot of these 20 clinics was \$28.50, there would be savings of over \$250,000.

Questions:

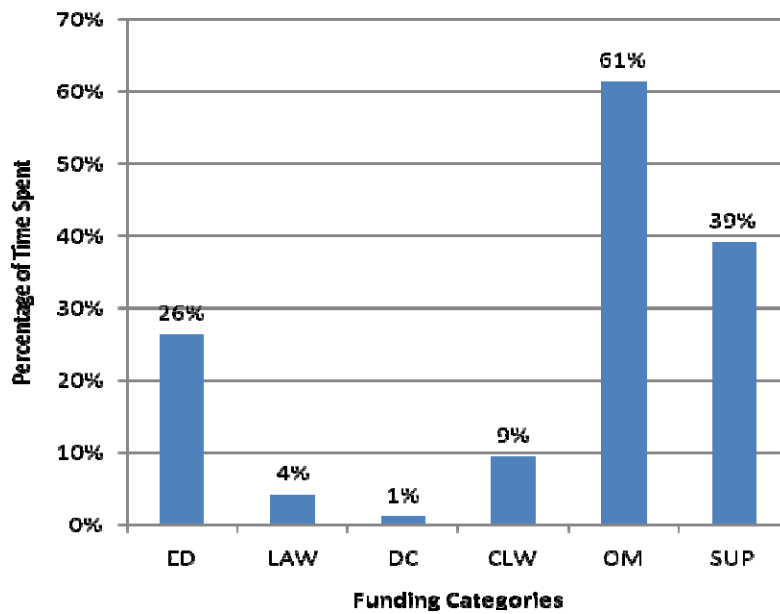
- How much space and what kinds of space are needed to deliver high quality poverty law services?
- What savings can be realized in this area?

Too much time and money spent on administration

Administration costs within the clinic system are high when compared to the broader public service. To manage 541 staff, the clinic system has 77 clinics, 76 executive directors, 74 office managers/directors of administration, and approximately 790 board members. Excluding Executive Directors, the average clinic has a staff of six.

As part of clinics' funding application each year, clinics estimate how much time was spent on certain activities, including administration. (There is no universal definition of “administration” and clinics determine what they count as administration.) Based on clinics' 2009-10 funding applications, on average 19.7% of clinic staff time is spent on administration.

Percentage of Time Allocated to Administration

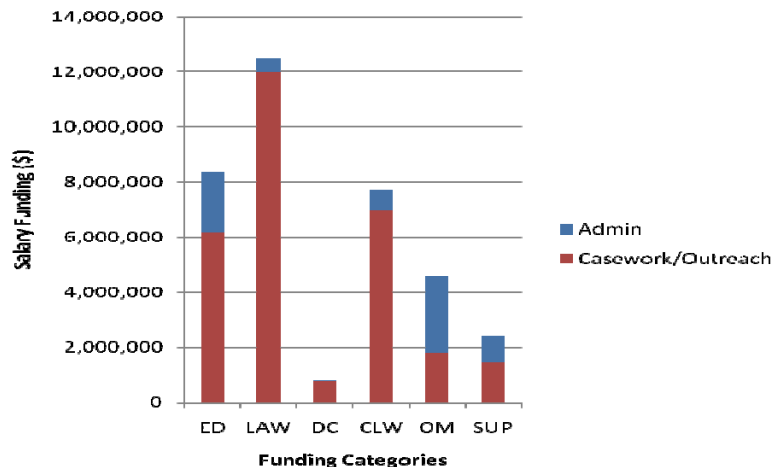


Category	Admin as a % of Time Spent
ED	26
LAW	4
DC	1
CLW	9
OM	61
SUP	39

Office managers and support staff spend the most time on administration, while Executive Directors spend just over 25% of their time on administration. Lawyers and CLWs spend less time on administration.

LAO provided clinics with over \$36.5 million in funding for salaries (excluding pay equity) in 2008-09. Using clinic estimates about how staff time is spent, we estimate that \$7.2 million of funding is used for administration.

Share of Salary Funding Spent on Administration



Category	Total Salary Funding	Allocated to Administration	Percentage
ED	8,365,340	2,201,530	26.32%
LAW	12,486,552	515,574	4.13%
DC	776,165	8,956	1.15%
CLW	7,705,818	721,722	9.37%
OM	4,564,975	2,799,257	61.32%
SUP	2,416,928	946,103	39.14%

To reduce administrative costs, LAO and the clinics must work together to improve how poverty law services are administered. Reducing time spent on administration to 10 - 12% of total funding would result in savings of \$2.8 million to \$3.5 million.

Questions:

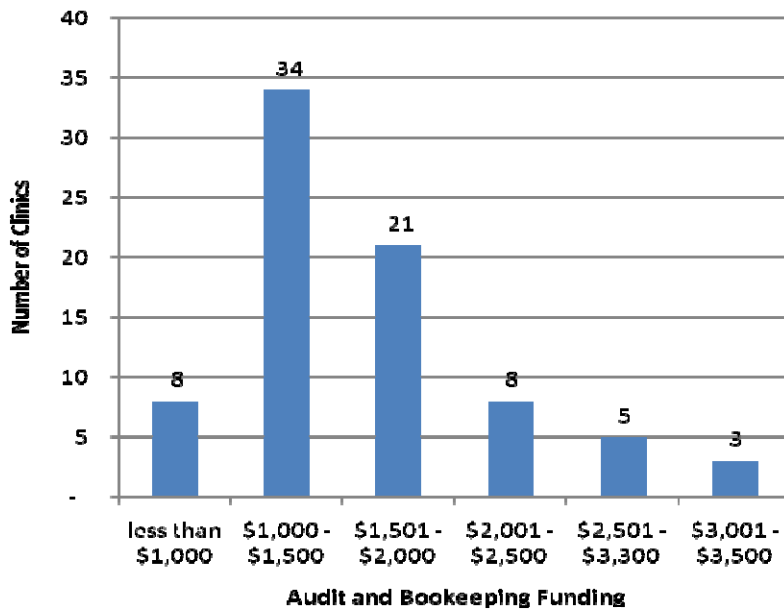
- How can we get the necessary administrative work done with fewer resources?
- Should lawyers / CLWs be lawyers / CLWs and administrators be administrators? Is there a role for professional administrators?

Audits and Bookkeeping

LAO provides funding of \$762,000 annually for audit and bookkeeping expenses. The cost per funded staff of audit and bookkeeping ranges from \$830 to \$3,300. Half of the clinics have audit and bookkeeping costs over \$1,473 per funded staff.

Together, clinics spend approximately \$300,000 each year to get their financial statements audited. In other words, 0.5% of the approximately \$58 million LAO provided directly to clinics in 2008 / 09 to provide poverty law services is spent on audits. (The rest of the funding for poverty law services is spent by LAO on shared services.) The cost of LAO's own audit is \$50,000 for financial statements showing revenues of \$337 million. In other words, LAO spends about approximately 0.01% of its revenue on its audit. Relative to revenues, clinic audits are 50 times more expensive than LAO's audit.

Audit and Bookkeeping Funding per Funded Staff



Each clinic requires an audit because it is an independent corporation that must comply with the requirements of the *Corporations Act*, R.S.O. c.C38.

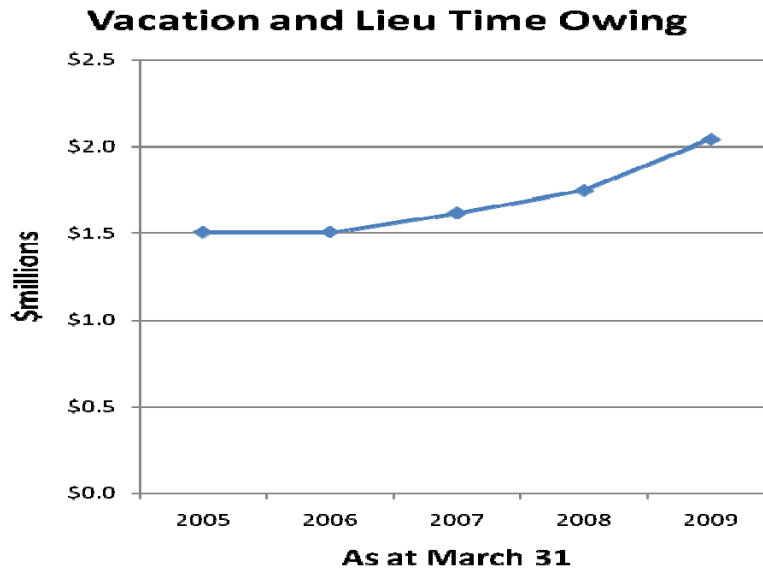
Questions:

- How can we improve audit or bookkeeping functions to find savings?

Overtime and Lieu time

One consequence of the current system is that clinic staff often cannot use all their vacation and lieu time within a fiscal year, and typically carry forward unused vacation and lieu time into future periods.

Vacation and lieu time owing to staff has increased significantly over the past 5 years. At March 31, 2009, clinics recorded accrued vacation time of over \$2 million.



If this time is used in subsequent years, there will be a reduction in client service; if it is not used, there may be a cash pay-out obligation to clinic staff. Aside from the risk to clients and the financial risk, there is also a risk that staff may burnout if they are not able to use vacation and lieu time.

Questions:

- How should we respond to the accrual of vacation and lieu time?
- How can the financial risks and the risks relating to client service and staff burnout be addressed?

Websites

Significant resources are dedicated to websites. A recent report by KnowledgeNOW,³⁰ a clinic and LAO initiative seeking to improve knowledge management, highlights some of the websites that support or are being managed within the clinic system:

- Clinic Resource Office
- CLEONet
- Sharing Advice – Gaining Expertise (SAGE)
- OPICCO
- Board Supports Working Group (BSWG)
- Association of Community Legal Clinics of Ontario (ACLCO)
- Various clinic websites

The report identifies the need for a “ ‘big picture’ vision of how the existing websites fit together.”³¹ These websites offer significant resources but struggle with sustainability. The challenges associated with developing new content, managing existing content, and integrating more interactive Web 2.0 features are significant. There are a number of problems arising from the proliferation of websites:

- Staffing: Many rely on volunteers to maintain and develop websites.
- Duplication of efforts: Multiple clinics may write, translate and / or post legal information on the same topic.
- Need for those using the various websites to keep track of multiple passwords and go to multiple locations to find resources.
- Low-income Ontarians looking for information online do not necessarily know who the experts are and may not easily find reliable information.

Other legal aid plans have developed centralized websites that include public legal education and self-help materials. One source states that “most [US legal aid] programs have a website, and more than 30 states have a statewide website with information useful both to advocates and clients (and almost every other state is in the process of building such a site).”³² Centralized websites were identified as a “leading technological tool” in a paper commissioned by LAO to explore the role of technology in client service.³³ The paper notes that “jurisdiction-wide websites are communicating to clients and the public that legal aid is a unified set of services.”³⁴

Questions:

- How do we maximize the effectiveness of poverty law websites?
- Can we realize efficiencies while improving online services?

Conclusion

How can we build on the strengths of the current system?

The current system has many strengths. As the primary funder of poverty law services in Ontario, LAO is proud of the many achievements of the clinics.

LAO wants to build on its recent experience improving services, streamlining administration, eliminating unnecessary costs and increasing capacity in other service delivery models. LAO will work with the clinics and other stakeholders to reduce the amount of money spent on administration and overhead and improve poverty law services in Ontario.

Ongoing assessment of organizational needs

Recently, many funders have been criticized for placing an undue emphasis on unrealistically low overhead costs. Many are concerned that pressure to lower overhead and administration costs leads to under-investing in necessary infrastructure and has unintended negative consequences for an organization's ability to have an impact.

LAO is not interested in making these kinds of mistakes. Infrastructure is important. Poor infrastructure contributes to poor financial and human resources management. A failure to invest in infrastructure contributes to technology gaps that marginalize service providers and leave them without necessary tools. We are interested in building capacity, not reducing it. But we must build capacity in a way that maximizes our impact and ensures that the infrastructure used to promote service delivery is flexible, responsive and appropriate. By building capacity and maximizing our impact, we ensure the long-term future of poverty law services in Ontario.

LAO's goal

LAO's goal is simple. We want to identify administrative savings. We want to reduce overhead costs like rent and eliminate unnecessary time spent on administration. Building on the lessons learned from its own experience, LAO wants to work with the clinics to improve the administration of clinic law services so that we can focus on

service, improve sustainability, promote accountability and ensure that we are providing value for money.

LAO has pursued improvements in all program areas except poverty law. We are reducing administrative spending from \$55 million to approximately \$35 million. Our goal is to reduce administration costs by 41%. In this paper we set out some of the reasons why we think we can improve how poverty law services are delivered in this region.

LAO wants to use this paper to start a conversation about the improvements we can make at a local and regional level to increase access to justice for low-income Ontarians.

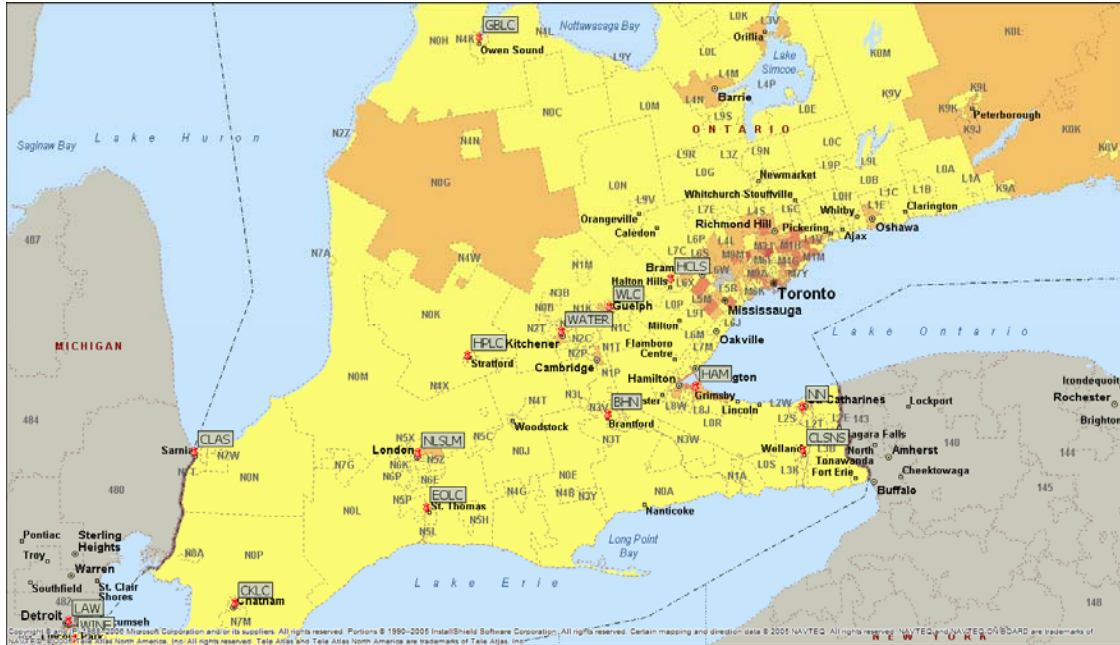
End Notes

- ¹ The Honourable Dwight Duncan, Minister of Finance, “Open Ontario: Ontario’s Plan for Jobs and Growth (2010 Ontario Budget)”, (Queen’s Printer for Ontario: 2010) at p. xix.
- ² Susan Carter, “Nonprofit Organizations in Tough Times: The View From Ground Level” (2010), Vol. 23 No. 1 *The Philanthropist* 75 at 76.
- ³ Law Foundation of Ontario, “The Connecting Report / Linguistic and Rural Access to Justice Project”, online: http://www.lawfoundation.on.ca/linguistic_rural_access.php
- ⁴ MOHLTC, “The First Full Year of LHINs in Ontario”, online: LHIN <http://www.lhins.on.ca/home.aspx?LangType=4105> [First Year]
- ⁵ See Don McGuiness (South East LHIN), “Local Health System Performance Indicators”, online: Ontario Community Support Association <http://www.ocsa.on.ca/Conference/2007seo/Don%20McGuinness.pdf>
- ⁶ Legal Services Corporation, “State Planning: A Five-Year Overview”, online: LSC http://www.lsc.gov/pdfs/030194_sp5yrrprt.pdf at p. 1 [SJC Five-Year].
- ⁷ SJC Five-Year at p. 5.
- ⁸ Legal Services Corporation, “Building State Justice Communities: A State Planning Report from the Legal Services Corporation (March 2001), online: LSC <http://www.lsc.gov/pdfs/BSTJCrpt.pdf>
- ⁹ See, for example, the discussion of SJCs in Alan W. Houseman and Linda E. Perle, “Securing Equal Justice for All: A Brief History of Civil Legal Assistance in the United States (Revised 2007)”, online: Center for Law and Social Policy <http://www.clasp.org/admin/site/publications/files/0158.pdf> [Houseman and Perle].
- ¹⁰ See also: Betty Ferreira, “Making the decision to outsource non-core services”, online: Charity Village www.charityvillage.come/cv/research/rom42.html
- ¹¹ Letter to community partners dated March 31, 2010.
- ¹² Non-Profit Overhead Cost Project, “Getting What We Pay For: Low Overhead Limits Nonprofit Effectiveness” (Center on Nonprofits and Philanthropy, Urban Institute Center on Philanthropy Indiana University: August 2004).
- ¹³ See: Tonya Surman and Mark Surman, “Open Sourcing Social Change: Inside the Constellation Model (Open Source Business Resource, September 2008)”, online www.osbr.ca/ojs/index.php/osbr/rt/printerfriendly/698/666.
- ¹⁴ Jeffrey Stutz and Lucille Narun, “Report for Legal Aid Ontario: Technology in Aid of Client Services” (August 12, 2008) at p. 9 [Stutz and Narun].
- ¹⁵ Stutz and Narun at p. 10; Legal Services Corporation, “Using Technology Innovations to Strengthen the Delivery Systems of State Justice Communities”, (Legal Services Corporation, Washington D.C.: 2003).
- ¹⁶ Stutz and Narun at p. 12.
- ¹⁷ Julia Gordon, “Equal Justice and the Digital Revolution: Using technology to meet the legal needs of low-income people” (Center for Law and Social Policy and National Legal Aid & Defender Association, Washington: 2002) at p. 2.[Gordon]
- ¹⁸ KnowledgeNOW, “Knowledge Management, Sharing and Creation: Building on Our Strengths and Enhancing Access to Justice – Phase 1 – Discussion Paper and Report of the KnowledgeNOW Project” (Provincial Learning Community on Knowledge Management and Transfer: March, 2010) at p. 12 [KnowledgeNow].
- ¹⁹ Stutz and Narun at p. 5.
- ²⁰ Michael Trebilcock, “Report of the Legal Aid Review 2008”, online: Ministry of the Attorney General http://www.attorneygeneral.jus.gov.on.ca/english/about/pubs/trebilcock/legal_aid_report_2008_EN.pdf at pp. 105 – 107 [Trebilcock Review].

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- ²¹ The Schlifer Clinic is not an LAO-funded clinic.
- ²² Lenny Abramowicz, “The Critical Characteristics of Community Legal Aid Clinics in Ontario”, online: ACLCO http://www.aclco.org/f/Critical_Characteristics.pdf at p. 2.
- ²³ “Practicing Law for Poor People” (1970) Vol. 79, No. 6 Yale L.J. 1049.
- ²⁴ Trebilcock Report at p. 8, quoting John D. McCamus, “Ontario Legal Aid Review: A Blueprint for Publicly Funded Legal Services” (1997), online: MAG <http://www.attorneygeneral.jus.gov.on.ca/english/about/pubs/olar/> at p. 59 [McCamus Review].
- ²⁵ McCamus Review at Chapter 4.
- ²⁶ Bank of Canada, Inflation Calculator, online: Bank of Canada http://www.bankofcanada.ca/en/rates/inflation_calc.html
- ²⁷ “Assists” or “services” include all clinic law services from law reform efforts to brief services.
- ²⁸ LAO does not have rentable area figures for 9 clinics.
- ²⁹ LAO provides an average of \$22 per square feet for clinic gross rents.
- ³⁰ KnowledgeNOW
- ³¹ Knowledge Now at p. 1.
- ³² Gordon at p. 2.
- ³³ Stutz and Narun at p. 2.
- ³⁴ Stutz and Narun at p. 3.

Appendix A: LICO Population and Clinic Locations

2006 LICO Population by South West Region and Clinic Locations



LICO Population 2006

- 15,001 to 20,000
- 10,001 to 15,000
- 5,001 to 10,000
- 0 to 5,000

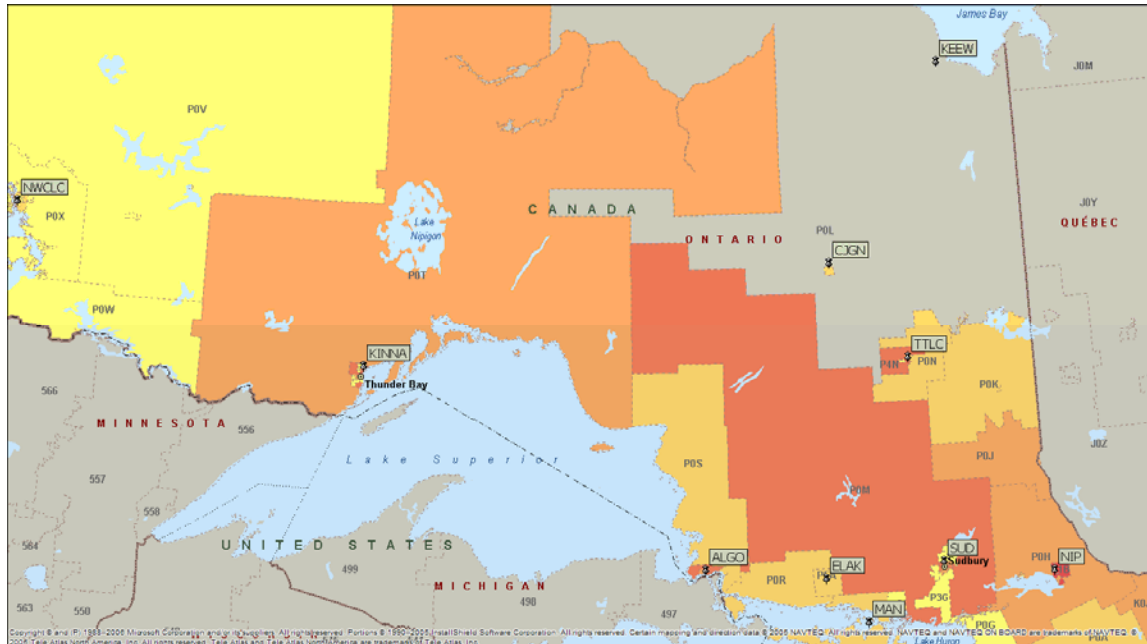
Pushpins

- South West Clinic Areas

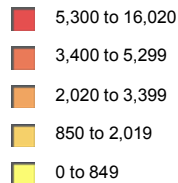
List of South West Region Clinic Areas

BHN	CLC Brant, Haldimand, Norfolk (Brantford)
CKLC	Chatham-Kent LC
CLAS	Community Legal Assistance Sarnia
CLSNS	CLS Niagara South
EOLC	LC Elgin-Oxford (St. Thomas)
GBLC	Grey-Bruce CLC (Owen Sound)
HAM	Hamilton Community Legal Clinic
HCLS	Halton CLC (Georgetown)
HPLC	Huron Perth CLC (Stratford)
LAW	Legal Assistance Windsor
WINE	Windsor/Essex Bilingual Legal Clinic
NLSLM	Neighbourhood LS (London & Middlesex)
NN	Niagara North CLC (St. Catharines)
WATER	Waterloo Region CLS (Kitchener)
WLC	LC Guelph and Wellington County (Guelph)

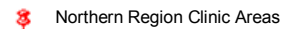
2006 LICO Population by Northern Region and Clinic Locations



LICO Population 2006



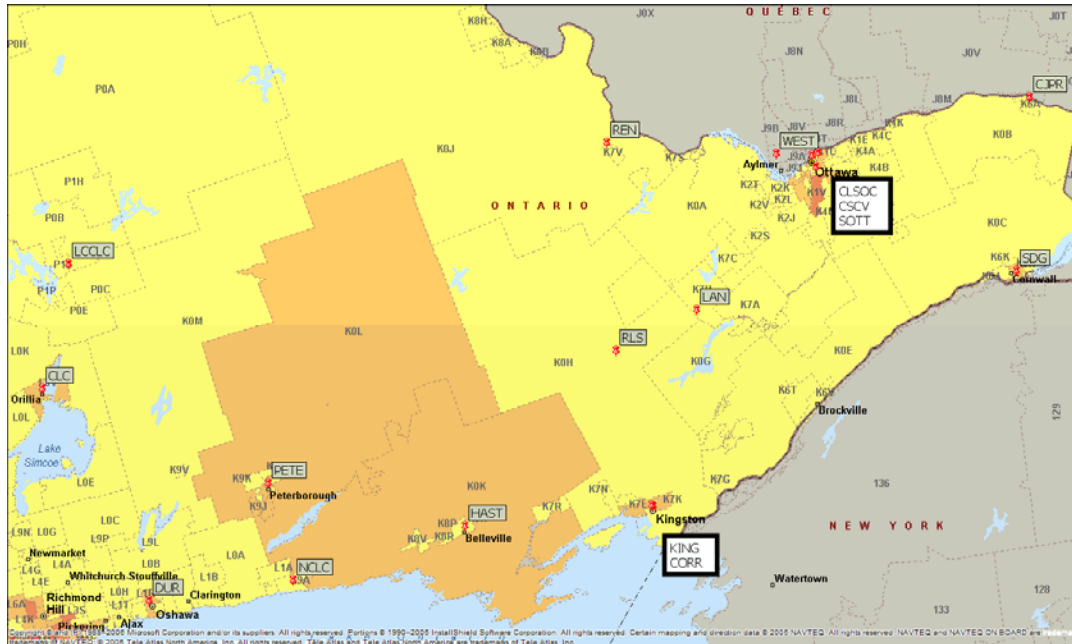
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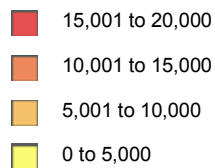
List of Northern Region Clinic Areas

ALGO	Algoma CLC
CJGN	Clinique Juridique Grand Nord Legal Clinic
ELAK	Elliot Lake & Northshore CLC
KINNA	Kinna-aweya CLC (Thunder Bay)
MAN	Manitoulin LC
NIP	Nipissing CLC
NWCLC	Northwest Community Legal Clinic
SUD	Sudbury CLC
TTLC	Clinique Juridique Communautaire Timmins-Temiscamingue
KNLS	Keewaytinok Native Legal Services

2006 LICO Population by Central & East Region and Clinic Locations



LICO Population 2006



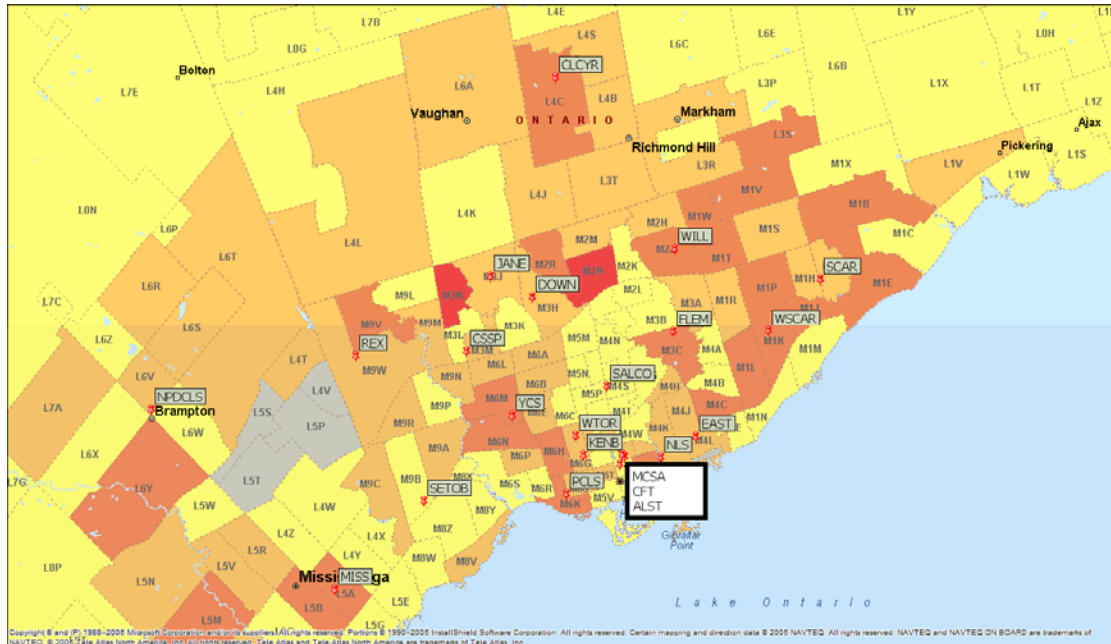
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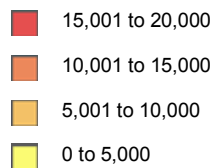
List of Central East Clinic Areas

CLC	CLC Simcoe, Haliburton & Kawartha Lakes (Orillia)
CORR	Correctional Law Project (Kingston)
CSCV	Vanier Community Service
DUR	Durham CLC (Oshawa)
LCCLC	Lake Country CLC (Bracebridge)
NCLC	Northumberland CLC (Cobourg)
PETE	Peterborough CLC
HAST	Hastings Prince Edward LS (Belleville)
KING	Kingston CLC
RLS	Rural Legal Services (Sharbot Lake)
CJPR	Clinique Juridique Populaire Prescott et Russell
LAN	Lanark Leeds & Grenville LC
REN	Renfrew County LC (Renfrew)
SDG	Stormont, Dundas & Glengarry LC
CLSOC	Community Legal Services Ottawa Centre
SOTT	South Ottawa CLS
WEST	West End LS (Ottawa)

2006 LICO Population by GTA and Clinic Locations



LICO Population 2006



Pushpins

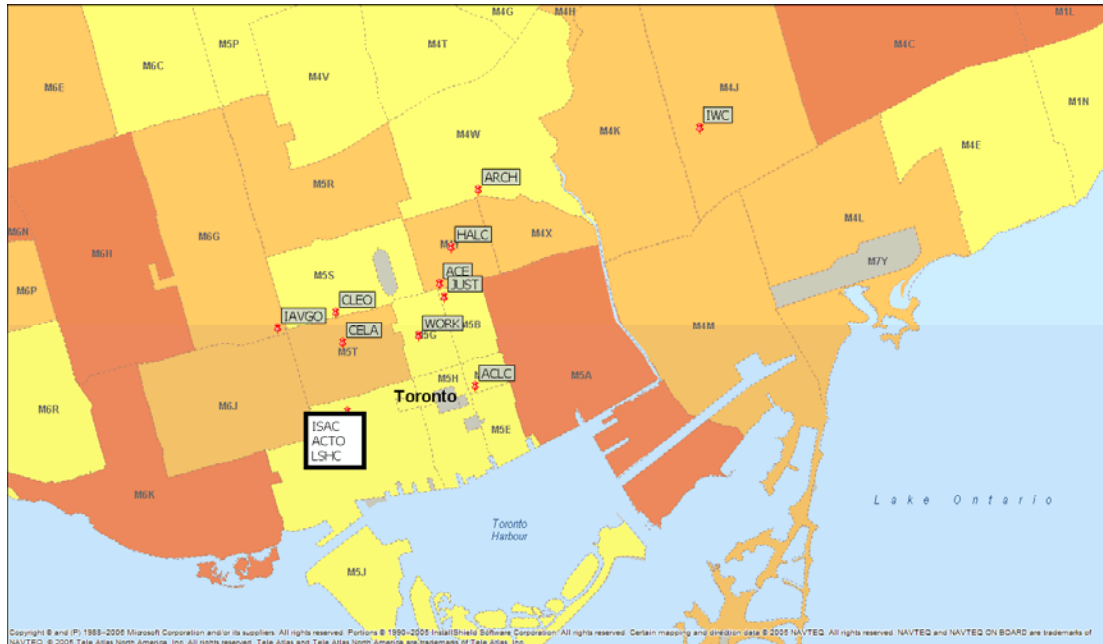


List of GTA Clinic Areas

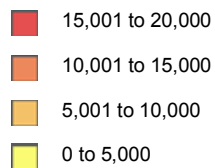
ALST	Aboriginal Legal Services Toronto
CFT	Centre Francophone de Toronto
CLCYR	Community Legal Clinic of York Region
CSSP	Centre for Spanish-Speaking Peoples
DOWN	Downsview Community Legal Services
EAST	East Toronto Community Legal Services Inc.
FLEM	Flemingdon Community Legal Services
JANE	Jane Finch Community Legal Services
KENB	Kensington-Bellwoods Community Legal Services
MCSA	Metro Chinese & South Asian Legal Clinic
MISS	Mississauga Community Legal Services
NLS	Neighbourhood Legal Services
NPDCLS	North Peel & Dufferin Community Legal Services
PCLS	Parkdale Community Legal Services, Inc.
REX	Rexdale Community Legal Clinic
SALCO	South Asian Legal Clinic of Ontario
SCAR	Scarborough Community Legal Services
SETOB	South Etobicoke Community Legal Services

WILL Willowdale	Community Legal Services
WSCAR	West Scarborough Community Legal Services
WTOR	West Toronto Community Legal Services
YCS	York Community Services

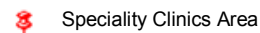
2006 LICO Population by Specialty Clinic Locations



LICO Population 2006



Pushpins



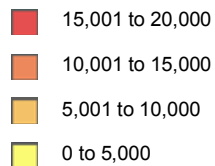
List of Specialty Clinics

ACE	Advocacy Centre for the Elderly
ACLC	African Canadian Legal Clinic
ACTO	Advocacy Centre for Tenants - Ontario
ARCH	ARCH Disability Law Centre
CELA	Canadian Environmental Law Association
CLEO	Community Legal Education Ontario
HALC	HIV and AIDS Legal Clinic (Ontario)
IAVGO	Industrial Accident Victims Group of Ontario
ISAC	Income Security Advocacy Centre
IWC	Injured Workers' Consultants
JUST	Justice for Children and Youth
LSHC	Landlord's Self-Help Centre
WORK	Toronto Workers' Health & Safety Legal Clinic

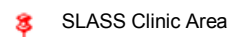
2006 LICO Population by SLASS Locations



LICO Population 2006



Pushpins



List of SLASS

UOTTAWA	University of Ottawa Community Legal Clinic
UWINDSOR	Community Legal Aid - University of Windsor
WWO	Community Legal Services, University of Western Ontario
UTORONTO	Downtown Legal Services
QUEENSU	Queen's Legal Aid
CLASP	Community & Legal Aid Services Programme