



# MLSC

MARYLAND LEGAL SERVICES CORPORATION

IOLTA - INTEREST ON LAWYER TRUST ACCOUNTS

## **Senate Bill 154**

### **Senate Budget and Taxation Committee (primary) and Senate Judicial Proceedings Committee (secondary)**

**Hearing Date: January 12, 2025**

**Position: Favorable**

Maryland Legal Services Corporation (MLSC) requests a favorable report on support of Senate Bill 154, which seeks to remove the sunset provision on funding for MLSC's Access to Counsel in Evictions (ACE) program. ACE is an indispensable lifeline for low-income Marylanders facing eviction, and this funding ensures that the program can continue its critical work without disruption.

The ACE program, established by HB 18/Ch. 746 in 2021, has already transformed Maryland's housing landscape, ensuring legal representation for tenants and providing significant economic and social benefits.

## Background

### The Maryland Legal Services Corporation

MLSC's mission is to ensure low-income Marylanders have access to stable, efficient and effective civil legal assistance through the distribution of funds to nonprofit legal services organizations. It currently funds 50 organizations to work toward that mission across the entire state. The Maryland General Assembly created MLSC in 1982 and since that time MLSC grantees have assisted well over 4 million Marylanders with a wide variety of civil legal needs.

MLSC is grateful to the Maryland General Assembly for recognizing, time and again, the significance of civil legal services providers. The work our grantees perform touch all facets of life, including evictions and foreclosures; protection from domestic violence and elder abuse; bankruptcy and debt collection; child support and custody; and access to unemployment, health and other benefits. Having an experienced advocate can make a tremendous difference for a low-income Marylander who, if not for civil legal aid, would be forced to navigate the legal system alone.

A common legal issue seen by civil legal services provider is eviction. Maryland has historically had one of the highest eviction filing rates in the country, with 48% of renter households at risk annually. For every 100 households, there have been 84 eviction filings, more than seven times the national average. The consequences of eviction are devastating and include family displacement, homelessness, job loss, and educational disruptions; economic instability, an increased demand for public assistance, adding pressure to state resources. A lack of legal

representation exacerbates these outcomes, as landlords have historically been represented in 96% of eviction cases, compared to 1% of.

## The Access to Counsel in Evictions Program

In 2021, in response to the rippling effect of Maryland's high eviction filing rate, the Maryland General Assembly created the Access to Counsel in Evictions program ("ACE") via HB 18/Ch. 746 (the "ACE statute") and designated Maryland Legal Services Corporation ("MLSC") as the administrator. The ACE statute provided parameters for ACE, including tenant eligibility, implementation timing and prioritization, case types applicable for legal representation, and tenant outreach and education requirements. It also created the ACE Task Force and the ACE Special Fund. While the ACE statute went into effect October 1, 2021, no funding was designated for the program for fiscal year 2022, so services were not launched until funding was allocated in FY23.

MLSC has been phasing in ACE over a three-year period, with a statutory goal of full implementation by October 1, 2025. Other components of ACE include tenant outreach and education, and a robust independent evaluation. After allowing time for the participating legal services organizations to hire staff and develop their ACE programs, the ACE program launched the first phase in 11 jurisdictions in FY23 and expanded to the remaining 13 jurisdictions across the state in FY24.

Coordinated intake for ACE is now operational statewide. Tenants can contact 211 for intake and referral to legal services providers in their jurisdiction. Tenants can also apply online at [www.legalhelpmd.org](http://www.legalhelpmd.org). The Coordinated Intake system plays a critical role, streamlining tenant referrals to appropriate legal services providers and reducing rejection rates due to case misalignment. It has resulted in improved case matching, ensuring tenants received timely assistance and reducing redundancies in provider referrals.

The ACE Task Force has outlined key principles for tenant outreach and education. Trusted messengers with established community relationships lead efforts, which are focused on tenants who are most likely eligible for ACE legal services. MLSC has contracted with nine different organizations that use multi-modal outreach methods to address the digital divide, combining print, digital, in-person outreach, and door-to-door canvassing. The organizations coordinate efforts with legal service providers and other organizations serving at-risk populations, including housing departments, social services, care coalitions, schools, faith-based groups, tenant groups, food pantries, and libraries. **Outreach and education efforts have reached over 115,000 tenants in FY24** through direct and digital methods, significantly increasing tenant awareness of ACE services.

# The Impact of ACE

## Impact on Individuals

Since its implementation, ACE has provided tangible benefits to thousands of Marylanders, with more than 14,000 individuals benefited directly from the ACE program in FY24. In FY2024, ACE legal service providers closed **8,894 cases**, representing a **124% increase** over FY2023. As ACE moves forward with the final year of implementation, those numbers continue to increase. During the first quarter of fiscal year 2025 ACE closed 2,986 cases, representing a **13% increase over last quarter**. Overall, Stout reported that **84% of ACE clients achieved case goals**, reflecting the program's effectiveness in preventing disruptive displacement. Significantly, **88% of tenants who wished to remain in their homes successfully did so due to ACE intervention**. The legal services providers helped **Maryland residents receive more than \$66,000 in housing judgments and avoid more than \$1,679,000 in direct costs**. Additionally, grantees are carrying 1,722 ongoing cases into the next quarter.

## The People Being Served

The ACE program addresses significant racial and gender disparities in eviction cases. Approximately 73% of ACE clients identify as Black or African American (86% of ACE clients are non-white), indicating significant racial disparities in housing vulnerability. Clients living in public or subsidized housing were more likely to receive pre-trial intake support, representing 97% of pre-trial intakes, compared to 30% of tenants in private market housing. Seventy-two percent of ACE clients are women, 56% of whom had at least one child in the household. Additionally, 33% of ACE clients have, or have someone in their household who has, a disability.

The goal of ACE is to avoid a disruptive displacement, and 25% of tenants entering the program state they would experience homelessness if they had to move and another 36% would not know where they would go if they were evicted. The primary reason for an eviction proceeding (87%) was failure to pay rent. The remaining 13% of cases were for tenant holding over, breach of lease, or other eviction-related matters.

CASA represented an indigenous woman living with her three children in Montgomery County who had received a 60 day notice to vacate. Attorneys at CASA determined that the tenant resided in a Low Income Housing Tax Credit (LIHTC) property subject to good cause protections and warranting a jury trial. The landlord alleged that the tenant had an unauthorized dog living in the apartment that barked constantly. On a visit to their client's home, CASA staff took a video showing that the constant barking was actually coming from an apartment across the hall. After receiving this evidence in discovery, the landlord rethought their position and agreed to allow the client to stay in their home.

Another example of the work conducted through the ACE program involves a client of Disability Rights Maryland. DRM represented an elderly Black woman with disabilities living in scattered site public housing in Baltimore City. The housing authority had filed a failure to pay rent case against the tenant for retroactively assessed rental increases following her receipt of disability benefits three years prior. Upon investigation by DRM, however, documentation established that their client had only begun receiving disability benefits three months prior – not three years. DRM succeeded in arguing for the dismissal of the eviction complaint in court; in dismissing the case, the judge noted that the housing authority was inappropriately misusing the failure to pay rent process.

In Anne Arundel County, a tenant facing a breach of lease action was able to remain in their home after ACE attorneys disproved the claims made by the landlord, avoiding homelessness for a family of three.

## The Systemic Impact

MLSC funds **support legal services for over 82,000 Marylanders, directly benefiting over 160,000 individuals.** According to the Administrative Office of the Courts' most recent [study on the economic impact of civil legal aid](#), Maryland civil legal services programs generate \$190 MILLION PER YEAR in economic activity, cost savings, and increased productivity as a result of their advocacy. In FY24 alone, ACE has helped Maryland residents avoid **over \$6 million in direct costs** and secured **\$650,000 in housing judgments** in FY2024. **For every dollar spent on the ACE program, Stout estimates that Maryland sees roughly \$4.00 in economic benefits.** According to their report, Maryland likely realized economic benefits and fiscal impacts of \$46.7 million. The estimated quantifiable benefits were related to:

- Housing social safety net responses: \$21.6 million
- Additional Medicaid spending on health care: \$6.8 million
- Economic value preserved by retaining residency in Maryland: \$5.7 million
- Economic benefits of employment stability: \$3.5 million
- Fiscal impacts of responding to crimes: \$3.2 million
- Out-of-home foster care placements: \$2.2 million
- Economic benefits of increased educational attainment: \$2.2 million
- Fiscal impacts of the criminalization of homelessness: \$1 million

The Legal Services Corporation (LSC) released a report in June 2023 using existing studies and data from the over 180 LSC-funded legal services organizations, determining that the national average cost to provide representation in an eviction case is \$2,000-\$2,500. This quarter, the average cost of an eviction case through the ACE program is approximately \$1,063. This also does not account for the 1,722 opened and ongoing cases reported by grantees.

# The Path Forward

## MLSC Funding

MLSC's main funding source, the MLSC fund, obtains revenue from interest on IOLTA accounts, surcharges from civil filing fees in both Circuit and District Court, and a state appropriation. Those funds are all allocated to general operating grants to civil legal services organizations. Special grants, that are statutorily restricted in their usage and have their own funding sources, include ACE, the Affordable Life, Wills, and Estate Planning for Seniors Grant Program, and the Judicare program. Since FY23, ACE has received an annual appropriation of \$14 million dollars, which is statutorily scheduled to sunset in after FY27. The actual costs of operating and administering the ACE program has been closer to \$20 million dollars, and expected to increase as grantees build up infrastructure and capacity. MLSC has supplemented the state's allocation with federal grants and other resources.

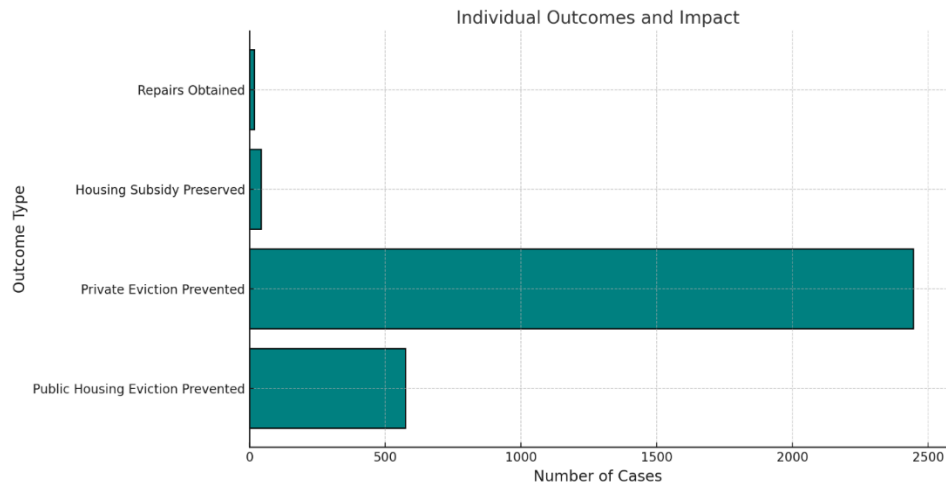
The ACE program is on track for full statewide implementation by October 1, 2025. However, achieving this goal depends on uninterrupted funding. Senate Bill 154, which will eliminate the sunset provision of ACE funding and terminates the ACE Taskforce at the end of full implementation, ensures that MLSC can continue this essential program, expanding access to justice and protecting Maryland's most vulnerable residents. Without ACE, thousands of families will face eviction without legal support, leading to increased homelessness, public assistance costs, and economic instability.

## Conclusion

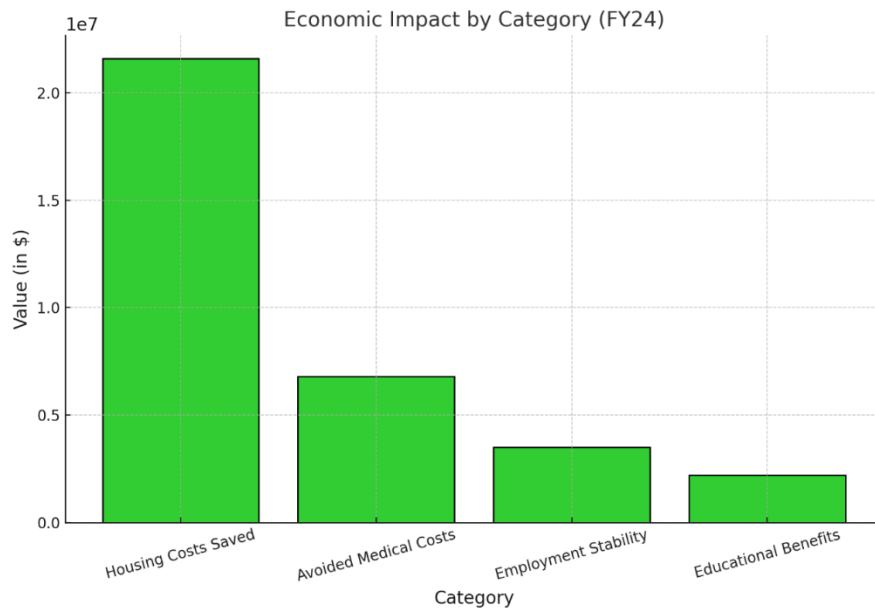
For over three years, multiple sectors across the state have come together and put in time, funding, and resources into the ACE program. Senate Bill 154 remains a wise investment in Maryland's families, communities, and economy. By ensuring the continuation of the ACE program, the General Assembly can solidify its commitment to justice, equity, and opportunity for all Marylanders. For all the foregoing reasons, MLSC strongly supports Senate Bill 481 and urges a favorable report. If we can provide any further information or assistance, please do not hesitate to contact Michelle Siri, Executive Director, at 410-576-9494 x1009, or [msiri@mlsc.org](mailto:msiri@mlsc.org).

# Visualizations

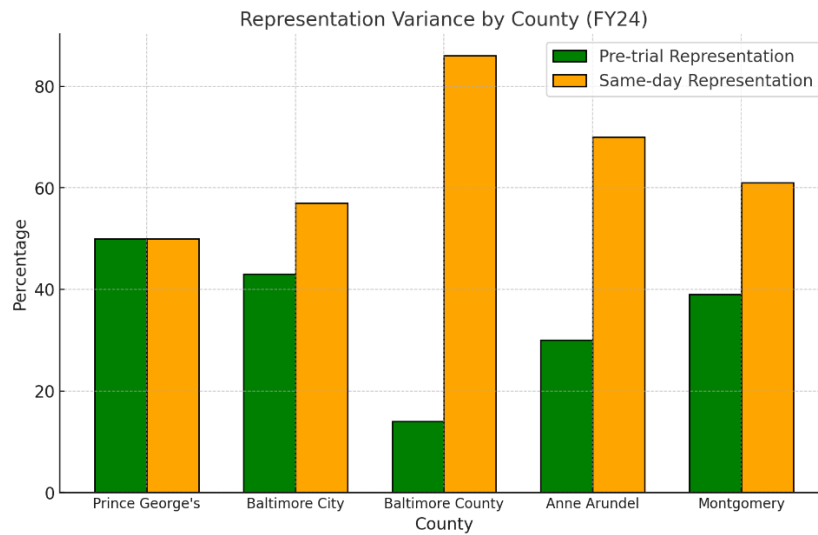
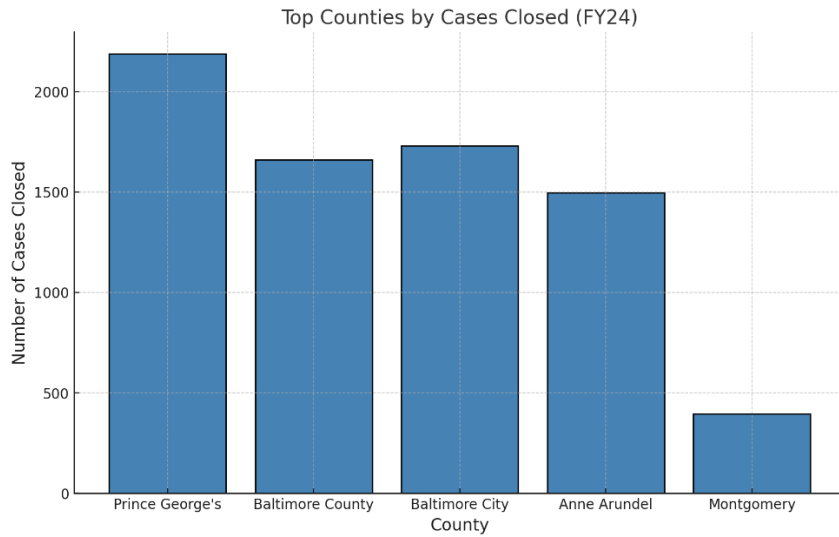
## Eviction Case Outcomes in FY2024



## Economic Impact of ACE



## County-Specific Data



County / Baltimore City	% of Same Day Intakes	% of Pre-trial Intakes
Prince George's	50%	50%
Baltimore City	57%	43%
Baltimore	86%	14%
Anne Arundel	70%	30%
Montgomery	61%	39%

## Securing Maryland's Housing Stability

Senate Bill 154 / House Bill 103

Access to Counsel in Evictions – Task Force Termination and Special Fund

**An eviction crisis:** More than 50% of Maryland renters are cost-burdened, paying 30% or more of their wages on housing-related costs. Eviction rates have returned to nearly as high as pre-pandemic levels, destabilizing families, disrupting communities, and straining public resources through increased demand for emergency shelters, health care, and social services.

## The Issue



**Access to Justice:** Approximately 96% of landlords are represented in court, while only 1% of tenants are. Overall, 92% of low-income Marylanders with civil legal issues can't find the legal help they need.

## The ACE Program

The Maryland Access to Counsel in Evictions Program (ACE) provides free attorneys to tenants in eviction cases, preventing disruptive displacement, enhancing judicial efficiency and saving the state millions of dollars.

## The Impact

**Fiscal Savings:** For every \$1 invested in ACE, Maryland realizes a return of \$3.50-\$4.80 in fiscal and economic benefits, amounting to an estimated \$46.7 million in FY2024.



**Reducing Costs:** Legal representation through ACE costs approximately \$1,100 per case, significantly lower than the estimated \$9,700 per household for homelessness interventions.

**Preventing Evictions:** Of the tenants who wished to remain in their homes, an outstanding 88% were able to do so at the conclusion of their case with ACE representation.



**Preserving Housing Stability:** Prevented eviction in 3,018 cases, secured additional time to transition housing in 2,559 cases, and closed 8,894 cases statewide, benefitting over 14,000 people directly.

**Improving Outcomes:** Tenants avoid homelessness, retain employment, and maintain stability, reducing the fiscal impact on social services and criminal justice systems.



**Cost Avoidance:** Legal services avoided over \$6 million in direct costs for Maryland residents.

**Permanent funding is essential for ACE to continue providing life-changing benefits to Maryland's most vulnerable residents.**

**Invest in Maryland's Future:**

Maryland can't afford to stop funding ACE.

Support Senate Bill 154/ House Bill 103 to allocate

\$14 million in permanent funding, ensuring the continuation of the ACE Program.

## The ASK

**Support ACE. Support Maryland.**

Maryland Legal Services Corporation

[ace@mlsc.org](mailto:ace@mlsc.org)

[www.legalhelpmd.org](http://www.legalhelpmd.org)

