



Legal Services Corporation

BUDGET REQUEST
FISCAL YEAR 2013

FY13

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BACKGROUND

Legal Services Corporation

Established by the Congress in 1974, LSC is the single largest funder of civil legal assistance for low-income Americans in the nation. LSC is the bedrock on which our national system of access to civil justice stands—and its foundation for the future.

LSC distributes nearly 94 percent of its funding to 135 independent, nonprofit legal aid programs with more than 900 offices. The programs provide civil legal assistance to low-income individuals and families in every congressional district. The matters these programs handle often involve safety, subsistence, and family stability—such as domestic violence, foreclosures, evictions, and child custody. Every day, the attorneys, paralegals and support staff at LSC-funded programs are making America's promise of access to justice real to the most vulnerable among us.

to fully fund LSC's request of \$516.5 million for FY 2012. Also, in a June 2011 letter, **34 Senators** supported increasing LSC's FY 2012 funding to at least \$450 million, the same amount requested by President Obama. In a separate joint letter, the **Senators from Colorado** wrote in support of LSC's funding because of the important role it has in ensuring that the most basic legal needs of the poor do not go unmet.

In 2011, leaders from **state bar associations and the Access to Justice Commissions** of 22 states urged the Congress to support LSC's then-current funding levels and to oppose efforts to reduce legal aid to low-income Americans. They emphasized that funding cuts would exacerbate the effects of the foreclosure crisis and put at greater risk Americans struggling to provide shelter, food, medical care, and physical safety for their families.

The **Conference of Chief Justices** adopted a resolution in 2011 in support of LSC and called on all members of Congress to live up to the nation's promise of equal justice under law, to oppose any efforts to cut LSC's funding, and to support increased funding to the level necessary to provide

“If we are to keep our democracy, there must be one commandment: thou shalt not ration justice.”—Judge Learned Hand, 1951

LSC awards grants to legal services providers through a competitive grants process; conducts compliance with statutory and regulatory requirements, fiscal controls and funding restrictions; conducts program visits to oversee program quality; and provides training and technical assistance to legal aid programs.

LSC encourages programs to leverage limited resources through partnerships with pro bono programs, bar associations, state and local governments, Access to Justice Commissions, Interest on Lawyers' Trust Accounts (IOLTA) funders, private funders, and concerned private parties.

Nationwide Support

LSC receives support from a broad spectrum of public and private interests in our nation. This includes support from federal, state and local governments, court systems, national and state bar associations, private organizations, and others in the legal community.

LSC has long enjoyed broad bipartisan support in both houses of Congress. In a May 2011 letter, **53 Members of the House of Representatives** urged the Chairman and Ranking Member of the Appropriations Subcommittee on Commerce, Justice, Science and Related Agencies (CJS)

critically needed legal services to low-income Americans. The Conference emphasized that LSC is “essential to the guarantee of equal justice and to the efficient operation of the courts.” Founded in 1949, members of the Conference are the highest judicial officers of the 50 states, the District of Columbia, and the five territories.

Finally, nine members of the **Corporate Advisory Committee** of the National Legal Aid and Defender Association, consisting of general counsels of leading corporations, sent a letter in March 2011 to the Congress in support of LSC's funding. The signatories stressed the importance of LSC as the primary lifeline to millions of Americans in times of need and as among the most successful public-private partnerships in the nation.

LSC Leadership

LSC is headed by a bipartisan Board of Directors whose 11 members are appointed by the President and confirmed by the Senate. In January 2011, the Board of Directors named James J. Sandman as LSC's President. Mr. Sandman is a former Arnold & Porter LLP managing partner, General Counsel of the District of Columbia Public Schools, and is a past President of the D.C. Bar.

OVERVIEW

Access to justice is a fundamental American value, reflected in the very first line of our Constitution and in the closing words of our Pledge of Allegiance. Access to civil legal assistance is essential to the proper functioning of our legal system, and to the preservation of the rule of law.

LSC requests a total of \$470,000,000 for FY 2013. Ninety-four percent, or \$440,300,000, is for basic field grants to fund local legal aid programs that provide critical civil legal assistance to low-income Americans. The following chart shows LSC's appropriations for FY 2010, FY 2011, FY 2012 and the Board's FY 2013 request. From FY 2010 to FY2012, basic field grants, which support the legal aid programs around the country that actually provide legal services, were reduced by 18 percent.

Budget Category	FY 2010 (PL 111-117)	FY 2011 (PL 112-10)	FY 2012 (PL 112-284)	FY 2013 Request
Basic Field Grants	\$394,400,000	\$378,641,200	\$322,400,000	\$440,300,000
Technology Initiative Grants	\$3,400,000	\$3,393,200	\$3,400,000	\$5,000,000
Loan Repayment Assistance Program	\$1,000,000	\$998,000	\$1,000,000	\$1,000,000
Management and Grants Oversight	\$17,000,000	\$16,966,000	\$17,000,000	\$19,500,000
Office of Inspector General	\$4,200,000	\$4,191,600	\$4,200,000	\$4,200,000
TOTAL	\$420,000,000	\$404,190,000	\$348,000,000	\$470,000,000

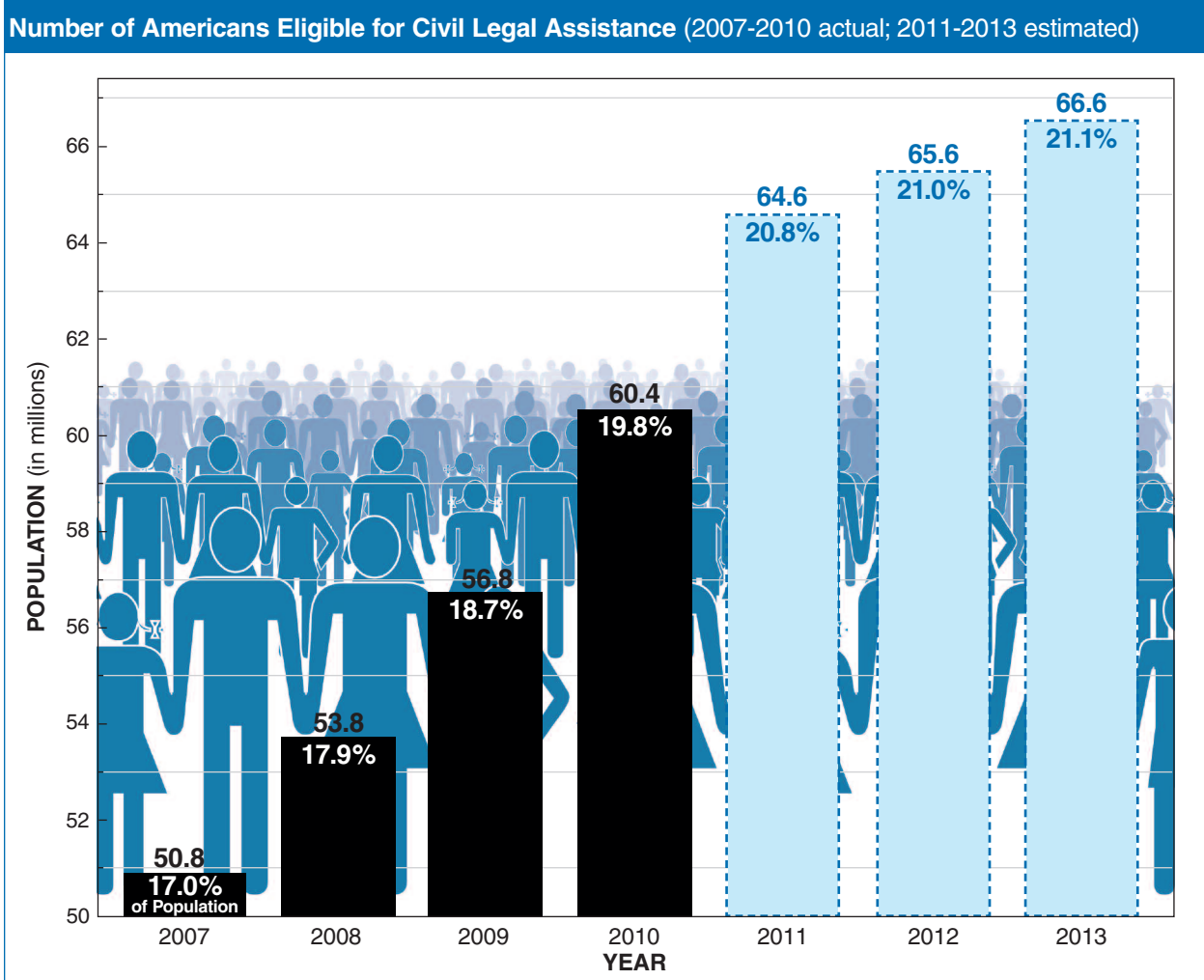
Note: LSC's budget request for FY 2012 is identical to its FY 2011 request.

In adopting its FY 2013 budget request, the Board of Directors considered information on non-LSC funding for legal aid programs; the impact of funding reductions absorbed by LSC grantees; the impact of proposed census adjustments in 2013 and 2014, which because of shifts in the location of the poverty population since 2000, will result in significant reductions in funding in a number of areas; and the projected demand for civil legal services among the poverty population in 2013. The Board weighed its responsibility to meet the increased legal needs of the most vulnerable against the imperative for federal deficit and debt reduction.

Demand for Services in 2013

The size of the population eligible for legal assistance has increased dramatically from 2007 and is projected to grow through 2013. The U.S. Census Bureau's 2010 statistics on poverty show that nearly one in five—60 million Americans—qualified for civil legal assistance funded by LSC. This represents an increase of 3.6 million people from the previous year. These 60 million Americans

had incomes at or below 125 percent of the federal poverty line—\$13,963 for an individual and \$28,813 for a family of four.

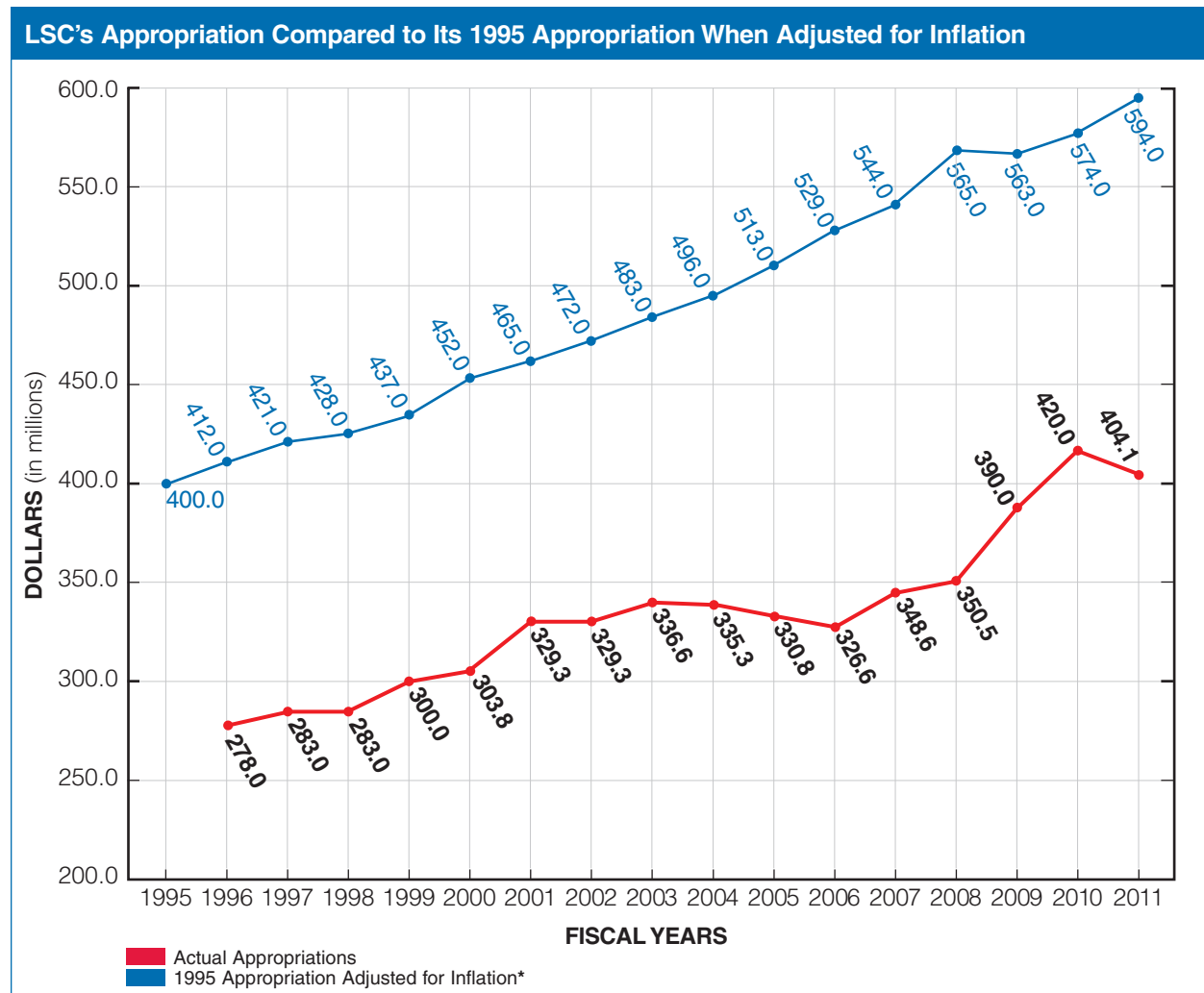


Source: *People Below 125 Percent of Poverty Level and the Near Poor: 1959 to 2009*. U.S. Census Bureau. Accessed January 31, 2011. <http://www.census.gov/hhes/www/poverty/data/historical/hstpov6.xls>

Based on recent data from the Brookings Institute and Congressional Budget Office (CBO), LSC estimates that from 2010 to 2013, six million more Americans will be added to the eligible population, an increase of 10 percent.¹ In January 2012, CBO released its estimated employment rates for 2011, 2012, and 2013.² Given the size of the U.S. population, these estimates will result in increases in the eligible poverty population.³

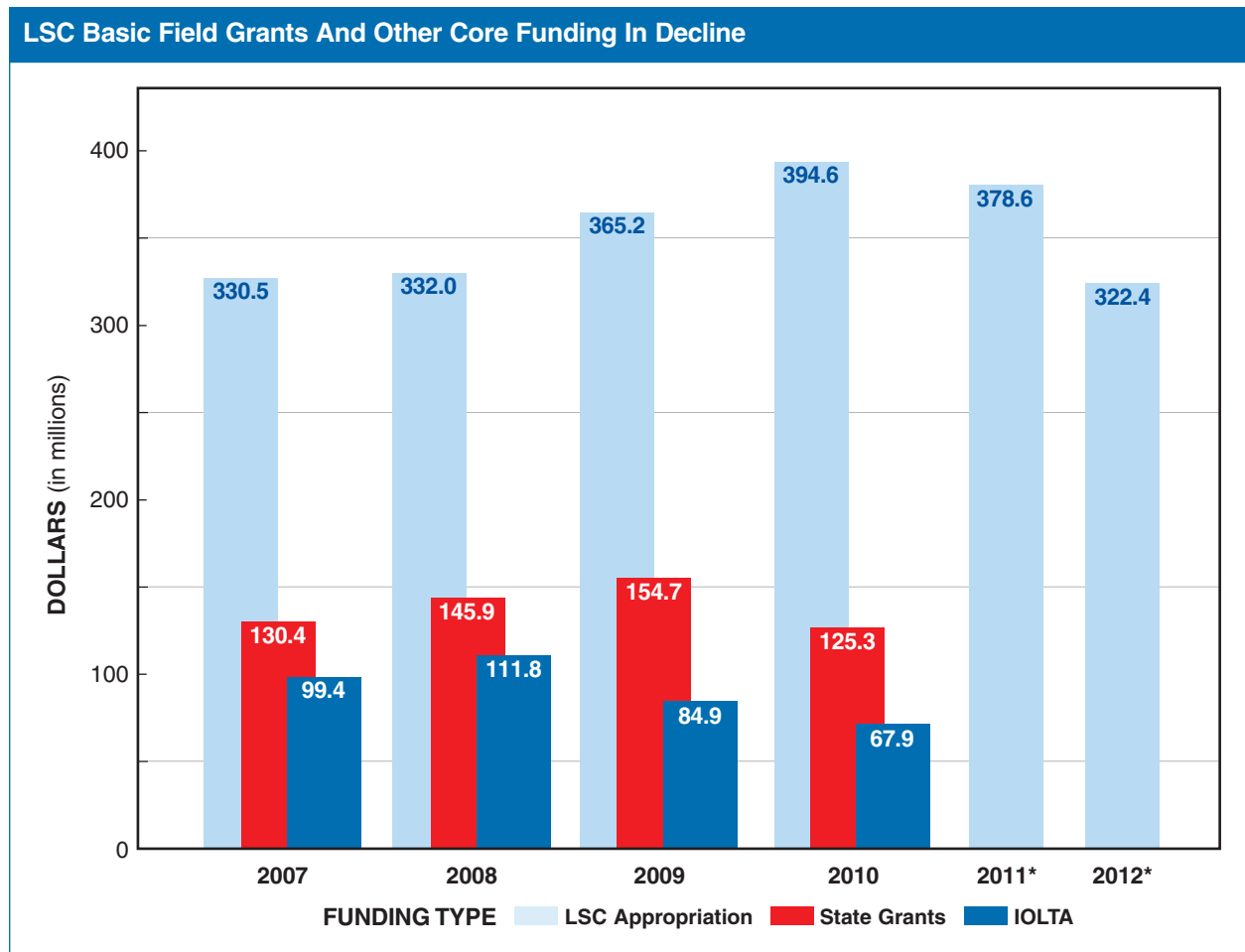
Funding Sources Continue to Drop

LSC's funding has gone from \$420 million in FY 2010, to \$404 million in FY 2011, to \$348 million in FY 2012—a reduction of \$72 million, or 17 percent. LSC's current appropriation is equivalent to its FY 2007 funding levels. If LSC's funding had kept pace with inflation when compared to its 1995 appropriation of \$400 million, LSC's FY 2011 funding would have been nearly \$600 million. The chart below illustrates LSC's funding history from 1995 to 2011 compared to its 1995 appropriation when adjusted for inflation.



*Note: The inflation-adjusted figures in this table were derived using the Consumer Price Index (CPI) Inflation Calculator on the Bureau of Labor Statistics website (http://www.bls.gov/data/inflation_calculator.htm) on January 9, 2012. Adjusted figures are rounded to the nearest million.

In addition to the cuts in grants from LSC, the legal aid programs that LSC funds have seen revenue from non-LSC sources continue to drop as well. Funding from Interest on Lawyers' Trust Accounts (IOLTA), from state and local government appropriations, and from other federal sources have all declined. In 2010, state and local grants dropped by 15 percent, IOLTA funds were down by 20 percent, and donations from private sources declined by nearly 6 percent. The following chart illustrates the change in funding from LSC, state grants and IOLTA to LSC grantees from 2008 to 2012.



*IOLTA and State grants data for 2011 and 2012 not available at this time.

Impact of Funding Cuts

In December 2011, LSC requested its 135 grantees to respond to questions regarding the impact of funding cuts from federal and non-federal sources. The data collected included recent layoffs, furloughs, salary freezes, benefits reductions, office closures, and similar developments about the grantee's current budgetary circumstances, as well as projected layoffs in 2012. The 132 programs responding reported significant reductions in staffing and operations.

Highlights of the responses:

- Programs project a total loss of 1,226 full-time employees between December 31, 2010 and 2012. This includes 582 attorneys, 250 paralegals, and 394 support staff.
- 833 employees had already been lost by the end of 2011—half of whom were attorneys.
- Grantees are planning to lay off another 393 employees in 2012 due to reduced funding resources.
- Programs project closing 24 offices in 2012, many of them in rural areas.
- 67 percent of the responding grantees project budget deficits totalling \$37 million in 2012.
- More than 60 percent of the programs will freeze salaries in 2012, and nearly half anticipate reducing employee benefits. Legal aid lawyers were already the lowest-paid group in the legal profession.

Going Forward

As part of its mission, LSC works to promote the rule of law, and enhance respect for the nation's civil legal system. The legal needs of low-income Americans should not be abandoned.

“Some consider this Court conservative. Conservative principles do not call for the rule of law to be denied the most vulnerable members of our community. The civil justice system is where people can claim for themselves the benefits of the rule of law. It is where the promises of the rule of law become real. A society that denies access to the courts for the least among us denigrates the law for us all.”⁴

—Texas Supreme Court Chief Justice Jefferson and Justice Hecht

In FY 2013, LSC will continue to work with its grantees to maximize their efficiency, effectiveness, and quality; to promote innovation in the delivery of legal services, and to serve as many people as possible. Enhanced oversight and additional training will help ensure LSC funds are accounted for and efficiently spent to provide civil legal assistance to clients and to help grantees improve their program effectiveness. Increased funding will help meet the critical needs of grantees.

Impact of New Census Data and Proposed Legislative Changes

Since 1996, LSC's annual appropriation has mandated that the Corporation distribute funds for basic field programs—grants to legal aid programs around the country—so as to provide an equal figure per individual in poverty for each LSC-defined geographic service area. The appropriations bill has further mandated that the number of individuals in poverty for each geographic area be determined by the Bureau of the Census “on the basis of the most recent decennial census.” The 2010 decennial census, however, did not collect poverty data for the 50 states, the District of Columbia, or Puerto Rico. A change in the language of LSCs' appropriations legislation is therefore needed regarding how the number of individuals in poverty should be determined and how frequently the distribution of basic field grant funds should be reallocated. Changes in the location of the poverty population since the last funding redistribution in FY 2003 will result in significant reallocations among service areas. Preliminary estimates show that 25 states, including Alaska, California, Hawaii, Louisiana, Maryland, Mississippi, New York and Pennsylvania, will experience reductions in their share of LSC funds because of poverty population shifts. Other states will see significant increases in their share of LSC funding.

LSC Management presented recommendations for changes in appropriations language regarding poverty population data to the LSC Board of Directors in July 2011. In August, LSC published a Federal Register notice seeking public comments on the proposed statutory changes. On September 19, the Board, after carefully considering the comments received, voted to adopt Management's recommendations. The recommendations are:

- **Eliminate the decennial census reference in the appropriations legislation.** The determination of the number of individuals in poverty in each geographic area should be made by the U.S. Census Bureau, without any reference to the decennial census as the basis for that determination. The Census Bureau has other data from which it can calculate the number of individuals in poverty in LSC-funded services areas.
- **Redistribute every three years.** Instead of reallocating every 10 years based on decennial census, LSC funding should be reallocated among geographic areas every three years based on updated poverty population data determined by the Census Bureau.
- **Two-year phase in.** The first reallocation should be phased in during FY 2013 and FY 2014, one-half in each year.

LSC recommends that Section 501(a)(2)(A) of the Omnibus Consolidated Rescissions and Appropriations Act of 1996 (Pub. L. 104-134, 110 Stat. 1321) be amended as follows:

(A) except as provided in subparagraph (B), an equal figure per individual in poverty for all geographic areas, as determined triennially by the Bureau of the Census on the basis of the most recent decennial census of population conducted pursuant to section 141 of title 13, United States Code (or, in the case of the Republic of Palau, the Federated States of Micronesia, the Republic of the Marshall Islands, Alaska, Hawaii, and the United States Virgin Islands, on the basis of the adjusted population counts historically used as the basis for such determinations), except that the first redistribution of funds pursuant to this section among all geographic areas will be phased in over 2013 and 2014, with only 50% occurring in 2013.

The following table shows LSC's estimated distribution of basic field grants based on the states' share of the poverty population as determined by the 2010 American Community Survey.

Impact of Census Adjustment on LSC Grantee Funding by State (in order of percentage change)				
State	Current Funding (FY 2012)	Change in Poverty Population Share- 2000 - 2010	Estimated Funding Based on Full Census Adjustment ¹	Change in Funding ²
Puerto Rico	\$15,809,729	-31.9%	\$10,778,787	(\$5,030,941)
Louisiana	\$7,398,670	-27.7%	\$5,358,534	(\$2,040,136)
DC	\$951,876	-25.4%	\$671,661	(\$280,215)
West Virginia	\$2,745,177	-22.9%	\$2,120,356	(\$624,821)
New York	\$23,403,138	-21.8%	\$18,322,793	(\$5,080,345)
Montana	\$1,115,782	-18.1%	\$915,461	(\$200,321)
Wyoming	\$476,173	-16.1%	\$399,885	(\$76,288)
Hawaii	\$1,307,757	-15.9%	\$923,358	(\$384,399)
North Dakota	\$638,557	-13.8%	\$551,313	(\$87,244)
Mississippi	\$4,764,415	-12.4%	\$4,181,414	(\$583,001)
Rhode Island	\$1,046,256	-12.0%	\$923,377	(\$122,878)
South Dakota	\$833,653	-11.5%	\$738,764	(\$94,888)
Alaska	\$698,955	-10.3%	\$449,902	(\$249,054)
California	\$40,910,085	-8.3%	\$37,555,424	(\$3,354,661)
Maine	\$1,227,816	-7.9%	\$1,086,079	(\$141,737)
Oklahoma	\$4,270,274	-6.4%	\$4,004,302	(\$265,972)
New Mexico	\$2,859,393	-6.1%	\$2,687,573	(\$171,820)
Pennsylvania	\$11,336,605	-5.7%	\$10,703,404	(\$633,201)
New Jersey	\$6,082,169	-5.7%	\$5,745,872	(\$336,297)
Massachusetts	\$4,969,073	-5.7%	\$4,709,122	(\$259,952)
Maryland	\$3,813,382	-5.2%	\$3,618,100	(\$195,282)
Alabama	\$6,068,512	-5.1%	\$5,768,608	(\$299,904)
Kentucky	\$5,399,147	-3.9%	\$5,196,715	(\$202,432)
Arkansas	\$3,579,551	-3.1%	\$3,473,659	(\$105,892)
Virginia	\$5,708,138	-2.1%	\$5,597,678	(\$110,460)
Illinois	\$11,230,908	0.0%	\$11,245,834	\$14,926
New Hampshire	\$673,311	0.5%	\$686,981	\$13,669
Connecticut	\$2,240,282	0.7%	\$2,273,862	\$33,580
Vermont	\$474,895	2.6%	\$495,834	\$20,939
Missouri	\$5,545,145	3.9%	\$5,770,426	\$225,281
Texas	\$27,101,174	5.6%	\$28,667,901	\$1,566,727
Nebraska	\$1,401,901	6.4%	\$1,493,134	\$91,233
Iowa	\$2,242,847	7.1%	\$2,406,094	\$163,247
Washington	\$5,323,293	8.3%	\$5,771,387	\$448,094
Kansas	\$2,241,291	9.2%	\$2,451,702	\$210,411
Tennessee	\$6,491,789	9.4%	\$7,114,021	\$622,232
Delaware	\$607,645	10.4%	\$710,599	\$102,955
South Carolina	\$4,762,590	11.1%	\$5,297,561	\$534,971
Ohio	\$10,176,802	13.4%	\$11,553,139	\$1,376,337
Oregon	\$3,379,292	14.5%	\$3,873,109	\$493,817
Florida	\$16,974,078	16.4%	\$19,789,626	\$2,815,548
Arizona	\$6,073,485	16.8%	\$7,106,118	\$1,032,633
Minnesota	\$3,307,453	17.6%	\$3,893,292	\$585,839
Michigan	\$8,880,746	18.2%	\$10,509,057	\$1,628,310
Wisconsin	\$3,925,191	20.9%	\$4,750,268	\$825,077
Idaho	\$1,292,918	21.5%	\$1,573,329	\$280,411
Georgia	\$8,986,696	21.9%	\$10,968,024	\$1,981,328
Colorado	\$3,381,135	26.6%	\$4,284,689	\$903,555
North Carolina	\$8,333,630	26.7%	\$10,569,744	\$2,236,113
Indiana	\$4,863,558	28.4%	\$6,252,318	\$1,388,760
Utah	\$1,793,596	29.9%	\$2,332,939	\$539,343
Nevada	\$1,788,006	44.4%	\$2,584,811	\$796,804

¹ Estimated funding based on FY 2012 appropriation level.

² LSC proposes to phase-in the full census adjustment over two years; 50% in FY 2013, 50% in FY 2014.

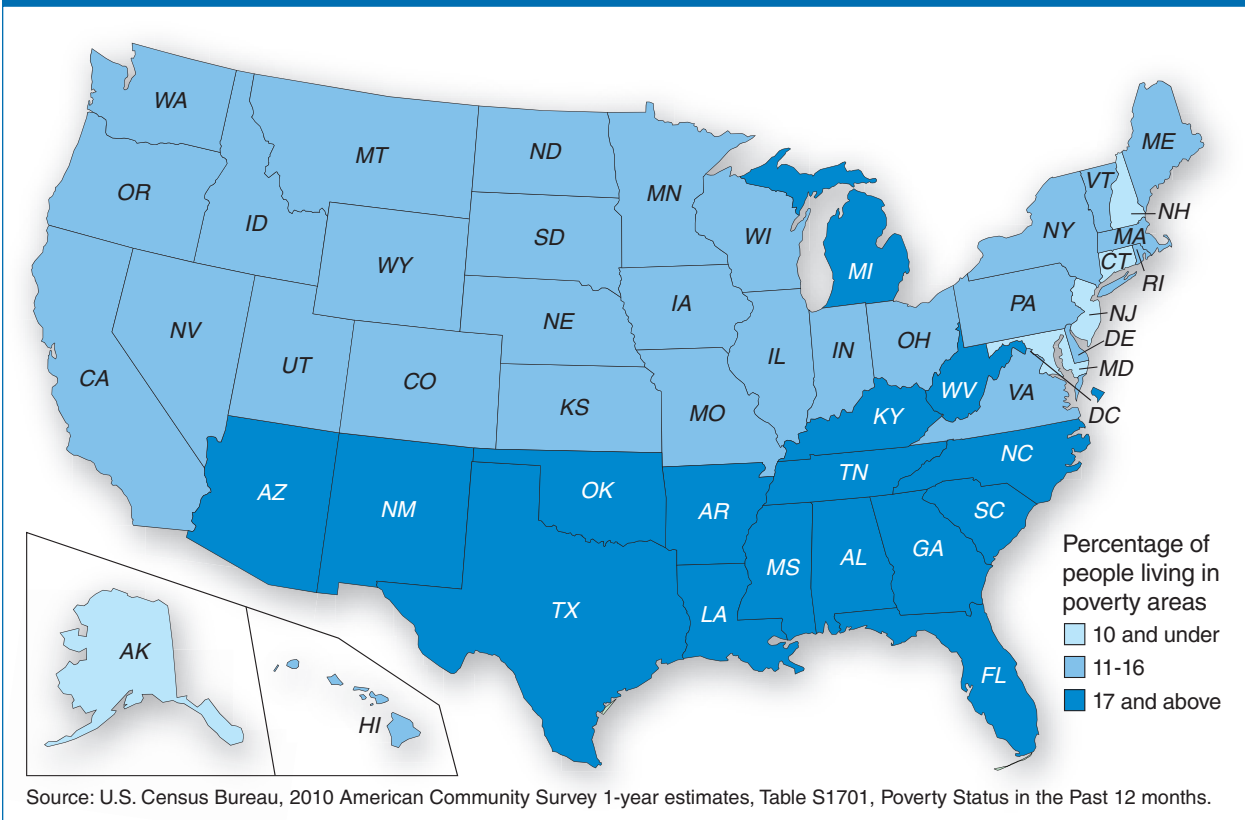
Source: U.S. Bureau of the Census, Poverty: 1999, Census 2000 Brief, May 2003, Table 3 U.S. Bureau of the Census, Poverty: 2009 and 2010, American Community Survey Briefs, October 2011, Table 1.

BASIC FIELD GRANTS

LSC requests \$440,300,000 for basic field grants for FY 2013. This represents approximately 94 percent of the overall budget request. The field grants are distributed to 135 nonprofit legal aid organizations with offices in every state, the District of Columbia, Puerto Rico, and every territory with the current exception of American Samoa, to help address the civil legal problems of low-income Americans.

In the aftermath of the 2008 recession, millions of Americans have lost their jobs and have slipped into poverty. As noted elsewhere, the U.S. Census Bureau data show that more than 60 million Americans were eligible for LSC-funded services in 2010,⁵ and LSC estimates the number of people who qualify for civil legal assistance will reach 66 million in 2013. From 2007 to 2010, the number of individuals eligible for legal services jumped by 19 percent, according to Census Bureau data.

Percentage of People Living in Poverty Based on 2010 American Community Survey



Civil Legal Assistance Is a Good Investment

For low-income Americans, legal aid improves their chances of keeping their home rather than moving into a shelter, retaining custody and support of their children rather than losing them to foster care,

State-by-State Basic Field Grants (FY 2013 State Estimates Based on 2000 Decennial Census)

State	FY 2011 Appropriation	FY 2012 Appropriation	FY 2013 Request
Alabama	7,127,137	6,068,512	8,287,735
Alaska	1,419,097	1,208,313	1,650,186
American Samoa	354,725	302,036	412,489
Arizona	10,724,439	9,131,491	12,470,830
Arkansas	4,203,987	3,579,550	4,888,574
California	49,023,913	41,742,183	57,007,080
Colorado	4,077,186	3,471,584	4,741,124
Connecticut	2,648,405	2,255,027	3,079,678
Delaware	713,646	607,645	829,857
District of Columbia	1,117,927	951,876	1,299,973
Florida	19,935,130	16,974,077	23,181,410
Georgia	10,554,384	8,986,696	12,273,084
Guam	355,205	302,445	413,047
Hawaii	1,789,266	1,523,499	2,080,634
Idaho	1,590,324	1,354,107	1,849,296
Illinois	13,190,087	11,230,907	15,337,992
Indiana	5,711,984	4,863,559	6,642,136
Iowa	2,634,101	2,242,847	3,063,044
Kansas	2,632,274	2,241,291	3,060,919
Kentucky	6,341,004	5,399,148	7,373,588
Louisiana	8,689,334	7,398,670	10,104,326
Maine	1,513,298	1,288,521	1,759,727
Maryland	4,478,609	3,813,382	5,207,916
Massachusetts	5,835,905	4,969,073	6,786,237
Michigan	10,612,039	9,035,789	12,340,129
Micronesia	1,820,506	1,550,098	2,116,961
Minnesota	4,148,768	3,532,533	4,824,362
Mississippi	5,687,495	4,842,706	6,613,659
Missouri	6,512,470	5,545,146	7,572,976
Montana	1,486,551	1,265,747	1,728,624
Nebraska	1,683,019	1,433,033	1,957,086
Nevada	2,247,003	1,913,246	2,612,911
New Hampshire	790,767	673,311	919,538
New Jersey	7,143,175	6,082,170	8,306,386
New Mexico	3,897,281	3,318,402	4,531,923
New York	27,485,709	23,403,138	31,961,544
North Carolina	10,028,803	8,539,181	11,661,916
North Dakota	1,047,911	892,260	1,218,555
Ohio	11,952,098	10,176,801	13,898,406
Oklahoma	5,920,891	5,041,436	6,885,063
Oregon	4,172,986	3,553,154	4,852,524
Pennsylvania	13,314,224	11,336,605	15,482,342
Puerto Rico	18,567,663	15,809,728	21,591,264
Rhode Island	1,228,770	1,046,256	1,428,866
South Carolina	5,593,401	4,762,590	6,504,244
South Dakota	2,011,874	1,713,042	2,339,493
Tennessee	7,624,252	6,491,789	8,865,802
Texas	31,863,468	27,130,651	37,052,189
Utah	2,197,482	1,871,081	2,555,326
Vermont	557,738	474,895	648,562
Virgin Islands	356,624	303,653	414,697
Virginia	6,703,897	5,708,136	7,795,574
Washington	6,567,018	5,591,591	7,636,407
West Virginia	3,224,060	2,745,177	3,749,074
Wisconsin	4,781,507	4,071,291	5,560,139
Wyoming	750,383	638,925	872,576
TOTAL	\$378,641,200	\$322,400,000	\$440,300,000

receiving early medical care and avoiding costly hospitalization, and escaping an abusive relationship rather than suffering further injury or death. The federal contribution to civil legal assistance ensures that low-income Americans have the opportunity for self-sufficiency and stability in securing their basic necessities.

Recently, three of the largest states—New York, California and Texas—have studied the benefits of civil legal services. In November 2011, New York's Task Force to Expand Access to Civil Legal Services issued a report determining that civil legal services can generate \$200 million in annual savings in the state, including \$85 million to avert expenses from domestic violence and \$116 million by preventing evictions and shelter costs.⁶

The New York study found that no more than 20 percent of the legal needs of low-income families and individuals are met due to inadequate resources for civil legal services. As reported in the Task Force's study in 2010, more than 2.3 million New Yorkers navigate the state's civil justice system each year without an attorney. Beyond harming vulnerable low-income families and individuals, the crisis of the unrepresented burdens the courts and represented parties. The study determined that with increased numbers of unrepresented New Yorkers in court, the overall quality of justice suffers, because courts are less efficient when resources have to be diverted from matters involving represented parties to assist unrepresented parties. Ensuring that more people are represented with an attorney in court helps the economic bottom line for private businesses, government and represented parties.⁷

Recent hearings in California on the civil justice crisis found that cuts in funding for the civil justice system undermine the efficient and effective use of taxpayer dollars and the protection of rights, create barriers for businesses, and jeopardize access to basic necessities of life for low-income Californians. The hearings were sponsored by the California Commission on Access to Justice, the California Chamber of Commerce, and the State Bar of California. A report will be presented at state legislative hearings this year.⁸

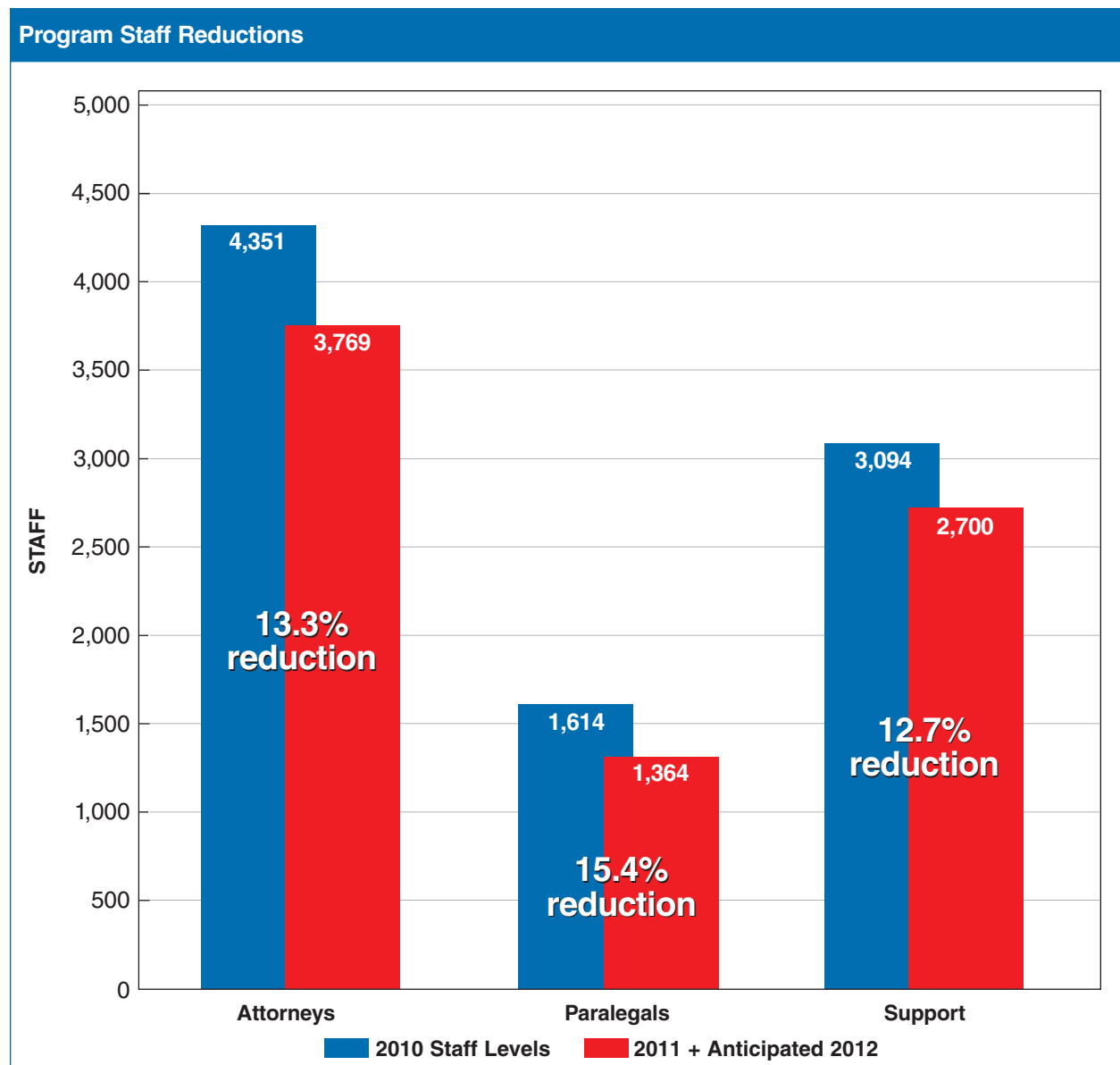
Similarly, the Supreme Court of Texas underscored our nation's obligation to ensure access to justice during its discussions on civil legal aid funding with the state's legislature. "For its own integrity's sake, the civil justice system must be available to every Texan victimized by domestic violence, to each veteran wrongly denied the benefits our country has promised, and to all families who have paid their bills but are nevertheless evicted from their homes. These situations occur in Texas. But under current funding sources, we can reach less than one-fourth of those in need."⁹

Impact of Funding Cuts on LSC Grantees

Reductions in federal, state, and Interest on Lawyers' Trust Accounts (IOLTA) funding have led to staff cuts at LSC-funded programs and a retrenchment in client services. The basic field appropriation alone declined by 18 percent between FY 2010 and FY 2012. Because of inadequate resources, LSC-funded programs are turning away far too many people who qualify for legal services.

While LSC grantees receive funding from a variety of sources, LSC is the nation's single largest funder of civil legal assistance. LSC received its largest appropriation in FY 2010 at \$420 million, with \$394.4 million provided to local legal aid organization to provide civil legal assistance to low-income Americans. The LSC budget in FY 2012 is \$348 million, with \$322.4 million for basic field grants.

In late December 2011 and early January 2012, LSC surveyed its 135 grantees about the impact of funding cuts. Ninety-eight percent of the programs responded. Largely because of budget constraints at the federal and state levels, many LSC-funded programs in 2012 expect to downsize, close offices, limit intake and screening of new clients, and reduce the level of civil legal assistance provided to low-income Americans. Low morale is common at many programs, and the uncertain funding outlook has raised concerns about their ability to recruit and retain attorneys.



Layoffs and Staff Reductions

According to the survey, LSC-funded programs anticipate laying off 393 employees, including 163 attorneys, in 2012. The reductions continue a staffing downturn that began about a year ago. In December 2010, LSC-funded programs employed 4,351 attorneys—1,614 paralegals and 3,094 support staff. During 2011, LSC programs reduced their staffing by 833 positions through layoffs and attrition. They now anticipate a new round of layoffs this year, bringing the staffing loss to 1,226 full-time personnel.

In addition to the reductions in staff personnel, LSC programs have been forced to reduce employee benefits and freeze or reduce salaries. In 2011, nearly half of the programs had to freeze salaries. For 2012, 65 percent of the respondents plan to freeze salaries, and 47 percent anticipate they will reduce employee benefits. As described elsewhere, civil legal aid attorneys are the lowest-paid group in the legal profession. Sixty-seven percent of the programs project budget deficits of nearly \$37 million in 2012.

Office Closures

With reductions in funding, some LSC programs have had to close offices. Twenty-four of the respondents to the survey anticipate closing or consolidating offices. Office closures in rural areas are particularly troubling; in some instances, a person might have to drive three hours round-trip for a 30-minute meeting with a lawyer. Below are some examples from various programs:

- **California Rural Legal Assistance** has had to close offices in Santa Barbara, Monterey, Santa Cruz, and Gilroy (which had been open for more than 40 years).
- **Florida Rural Legal Services** has closed 2 offices.
- **Legal Aid of Western Michigan** is closing an office in Big Rapids after 30 years of operation.
- **Legal Services Alabama** has closed 2 offices and plans to close another office in 2012.
- **New Mexico Legal Aid** closed a rural office in 2011.

The following excerpts are from the comments included in survey responses:

- **Bay Area Legal Services, Tampa:** “Our 2012 budget was more than \$1 million less than our 2011 budget because we received cuts at all levels of government and because we received drastic cuts from the organization that provides IOLTA funding. Reductions in funding in 2012 will directly affect client service because 85 percent of our expenses are in the personnel line item. Each attorney, on average, closes about 300 cases a year. The loss of eight attorneys in 2011 will result in Bay Area serving about 2,400 fewer clients per year. Because of the 2012 reduction, we will lose more attorneys resulting in even less service.”
- **Blue Ridge Legal Services, Va.:** “By March 2012, we will have lost 26 percent of our entire staff, compared to the end of 2010 (from 23.5 down to 18), and we will have lost 36 percent of the attorney staff we had at the end of 2010, 15 months earlier (from 12.5

down to 8). These cuts are hollowing out our program. While we are still maintaining four small offices, they will now have skeleton staffs. Our costs per case are increasing dramatically as we will have lost all benefits of economies of scale. For example, we still have to maintain our Harrisonburg office infrastructure at the same costs as previously, yet we have only three attorneys there rather than six.”

- **Legal Aid Society of Orange County, Calif.:** “The domestic violence programs in the Compton and Norwalk courthouses have been reduced to morning appointments only with afternoon appointments being eliminated. The office appointments in the Santa Ana office have been reduced by 40 percent from the previous year. These reductions have decreased access for clients with very serious legal problems.”
- **Pine Tree Legal Assistance, Maine:** “Ironically, Pine Tree will mark its 45th anniversary as a legal aid provider in 2012 with a lower staffing level than the program had in 1972 at its 5th anniversary.”

Keeping Families in Homes

LSC programs closed 23,984 foreclosure cases in 2010, an increase of 20 percent from 2009. More than 40 LSC programs have established foreclosure units. Foreclosure and predatory-lending cases are complex and labor-intensive, and LSC programs expect to continue handling them in the coming years.

For some low-income homeowners, foreclosure may be unavoidable. But many borrowers have legitimate legal defenses to foreclosure that require the skills of a legal aid attorney. LSC programs can help homeowners trying to save their homes through loan modifications. LSC programs have also trained *pro bono* lawyers and have partnered with statewide groups to ensure that low-income homeowners rights are protected during foreclosure actions.

Many people face foreclosure without a lawyer, and are not represented in court cases and mediation sessions. A 2011 report by the Brennan Center for Justice at the New York University School of Law found:¹⁰

- In Philadelphia, more than 95 percent of homeowners in the city’s nationally recognized foreclosure mediation program did not have legal representation.
- In New Jersey, 93 percent of defendants in foreclosure cases had no attorney of record in 2010.
- In Franklin County, Ohio, homeowners in 87 percent of cases scheduled for mediation did not have legal representation in 2009 and 2010.

The **Legal Assistance Foundation of Metropolitan Chicago** has long represented homeowners, especially the elderly, who were tricked or pressured into unaffordable loans with oppressive terms and who ended up, almost inevitably, in foreclosure.

- One of the Legal Assistance Foundation of Metropolitan Chicago’s recent cases

involved a family with three children living in a southern suburb of Chicago. The father serves in the Illinois National Guard and has been deployed overseas, including to Afghanistan. As the economy became more difficult, the father's hours at a trucking company were reduced and the family soon could not make their mortgage payments. They filed for bankruptcy to try to save their home, and then were contacted by a home rescue company that offered to help them out of bankruptcy and into a new affordable home loan. The company did not tell the family they were actually transferring title to their home, or selling it, and that the family would lose everything—the home and their equity. When the family realized they had lost their ownership, they came to the Legal Assistance Foundation. Just as the program accepted the case, the father was redeployed to Afghanistan. During the litigation, the family saved money, and was able to reach a settlement that included an \$11,000 payment to the family. They used that as a down payment on a new home and were able to move on with their lives. None of this would have been possible without legal aid attorneys to help them navigate the process.

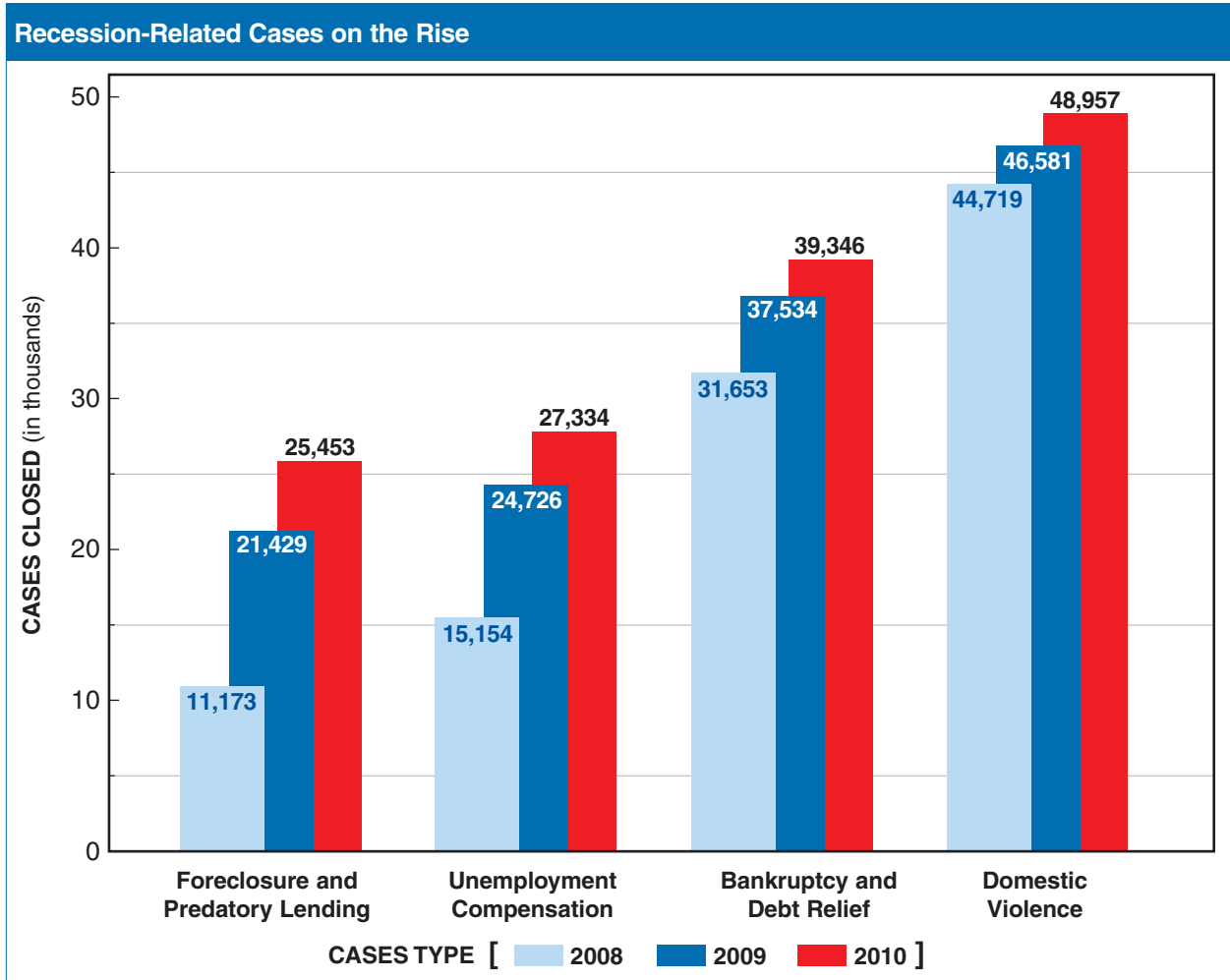
LSC-funded attorneys help ensure the legal process is followed properly, help low-income Americans renegotiate their loans, raise claims to protect homeowners from lenders who may have violated law, and help tenants when a landlord's property is in foreclosure. LSC programs also help guard against predatory lending scams.

The **Atlanta Legal Aid Society** has for worked for years to assist low-income homeowners who may have been targeted for predatory mortgage lending or servicing practices, and/or who may be eligible for loan modifications under the Home Affordable Modification Program (HAMP). Many of the Atlanta program's clients are longtime homeowners, elderly and/or disabled, living on very modest retirement or disability checks, as well as families experiencing layoffs or substantially reduced wages because of the economy.

The Atlanta program has saved clients' homes by stopping or rescinding foreclosure sales; restructuring mortgage loans with lower balances, interest rates; and monthly payments, and negotiating short payoffs of mortgage loans using reverse mortgage proceeds for senior homeowners. Since November 2005, Atlanta Legal Aid attorneys have obtained almost \$3.7 million in mortgage balance reductions (through loan modifications, cancellations, or reverse mortgage short payoffs for seniors). Between September 2007 and October 2011, the program's attorneys have obtained loan modifications that on average have reduced the monthly mortgage payments by 38 percent.

- One of the homes saved belonged to a 58-year-old woman, who had lived in her house in Decatur, Georgia, for 30 years and had received Social Security widow's and/or disability benefits since 1988. Her mental and physical health is poor and she requires an extensive medication regime. Her adult daughter, who lives with her, is profoundly mentally retarded and suffers from seizures. In 2006, a large national mortgage company made the woman two loans that should never have been made. The combined monthly payments were 200 percent of her monthly income. Inevitably,

the homeowner was not able to keep up the mortgage payments. She contacted Atlanta Legal Aid for legal assistance. The program investigated her loans, determined she had a number of legal claims, attempted to settle her claims outside of court (without success), and then filed a lawsuit on her behalf. After several years in court, the case settled. The second mortgage loan was cancelled. The balance of the first loan, the interest rate, and the monthly payments were all reduced substantially. The woman and her daughter are now able to live in their home with mortgage payments they can afford.



Unemployment

Jobs are still hard to find, especially for the long-term unemployed. LSC-funded programs assist unemployed clients who are in economic distress. If grantees are able to help clients assert their legal rights and obtain unemployment benefits, the workers can pay rent, mortgages, consumer debt, provide for their families, and not be forced to seek other public benefits. Many LSC programs participate in community events to provide brief advice to jobless persons and develop materials to assist clients in filing appeals challenging improper administrative or procedural hurdles. For example:

- **Community Legal Services** in Phoenix, Arizona, recently helped a Spanish-speaking client with limited English proficiency appeal a denial of unemployment insurance after he lost his job. The client had missed his hearing because the Arizona Department of Economic Security had transposed his address numbers and put the wrong apartment number on his correspondence. Initially denied unemployment insurance because he had missed the hearing, the client prevailed before the Appeals Board and received a check for more than \$12,000 for one year's unemployment insurance. The award allowed him to pay his bills and get a fresh start. Legal aid is often the only recourse for low-income individuals with limited English proficiency who believe they have not been treated fairly.
- **Legal Aid of NorthWest Texas** recently won an unemployment benefits case in state court. The case involved an employee dismissed by her employer without warning and with conflicting testimony about the circumstances that led to the employee's firing. Legal Aid of NorthWest Texas successfully demonstrated to the court that a decision by the Texas Workforce Commission was improper, leading the court to award \$5,000 in back benefits to the client. It allowed the client to pay housing and other bills, as she sought a new job.

Innovative Project Seeks to Help Qualified Individuals Find Work

While the Texas unemployment rate is lower than the national average, some Texans are unable to find work no matter how hard they try. Removing impediments to employment is the principal mission of an innovative program operated by Legal Aid of NorthWest Texas.

Implemented in 2010, Project HIRED was founded on the principle that being employed is the primary vehicle through which individuals and families can escape or avoid poverty. HIRED, an acronym for Helping Individuals Remove Employment Disadvantages, helps job seekers remove legal obstacles to their employment, such as the inability to obtain a driver's license based on problems with a driving record. Since its inception, Project HIRED has received 158 applications for legal services.

Protecting Victims of Domestic Violence

Family law cases represent about a third of the cases closed by LSC-funded programs each year, and the legal services provided to victims of domestic violence are among the most important in this category. Studies show that domestic violence occurs more frequently in households facing economic stress.¹¹ In 2010, domestic violence cases at LSC-funded programs increased by 5 percent, to 48,957.

LSC's programs are on the front lines with law enforcement authorities in protecting those facing family violence and abuse. For example:

- **Georgia Legal Services Program** received a referral from a battered women's shelter for a client seeking a protective order. The woman lived in rural north Georgia and had given birth to twins who required a two-month hospitalization. When the mother and infants came home, her husband held a gun to her head and forced her to lie motionless under a blanket for several hours. The infants and another child, their 3-year-old son, were in

the room. Then her husband left, and she had no food and no car. At the hearing, the husband accused his wife of being crazy and sought custody of the children. But with the help of a legal aid lawyer, the mother was granted full custody and awarded child support. Today, she is working, has an apartment, and is supporting her family.

- **Kansas Legal Services** last year was contacted by a mother of two children for assistance in obtaining a divorce from her husband, who had mental health and drug abuse problems. With the divorce process underway, her husband began sending threatening text messages to his wife, told her that he was thinking of killing law enforcement officers, and refused to return the children when his visitation time was over. His threats led to a 20-hour standoff with police as he refused to release the children. Kansas Legal Services helped the mother obtain sole custody. The children are in counseling, and the father's visits must be supervised by an outside party.

Medical-Legal Partnerships

Medicine alone cannot solve the health problems of people who struggle with chronic hardships like hunger and safety. To help address non-medical issues that may be affecting an individual patient's health, more than 50 LSC-funded programs have formed medical-legal partnerships (MLPs) with providers such as hospitals and community health centers. MLPs aim to improve the health and well-being of vulnerable individuals, children and families by integrating legal assistance into the medical setting. Just as a referrals are made to cardiologists for heart problems, a healthcare provider can refer a patient to an on-site attorney when an underlying legal circumstance, such as a violation of a housing code, is impairing a patient's health.

Helping Military Veterans

The need for civil legal assistance is growing among the nation's veterans and military families. With troops returning from Iraq and Afghanistan, LSC and its grantees have geared up to better serve our veterans. A report prepared by the Chairman's staff of the U.S. Congress Joint Economic Committee found that 12.4 percent of post-9/11 veterans in 2010 lived in poverty. **The percentage of all veterans in poverty has increased significantly in recent years, rising from 5.4 percent in 2007 to nearly 7 percent in 2010.** In all, more than 1.4 million veterans are living in poverty, with more than 1 million more veterans at risk of slipping into poverty, according to the report.¹²

Local legal aid offices are gateways for veterans in need of civil legal assistance with such matters as child custody, unemployment, debt collection, and homelessness. LSC grantees have established networks with bar association pro bono programs, law school clinics, and social service agencies to serve veterans.

- The **Legal Aid Society** in Louisville, Kentucky, came to the assistance of a Marine stationed in Thailand. He had allowed his parents, who had poor credit, to purchase a home in his name with a power of attorney. When his dad lost his job, the couple fell behind on their mortgage and the home went into foreclosure. The Marine worried that

the foreclosure would lead to a revocation of his security clearance and result in a discharge, perhaps affecting his eligibility for veterans' benefits. Through the advocacy of the Legal Aid Society, the bank agreed to dismiss the foreclosure action.

In November 2010, **Pine Tree Legal Assistance**, in Portland, Maine, used a technology grant from LSC to launch StatesideLegal.org—the first website in the nation to focus exclusively on federal legal rights and legal resources important to veterans. In 2011, the website recorded more than 70,000 unique visitors and 249,100 page views, with the visitors coming from every state and 100 countries worldwide. This free resource for veterans covers an array of topics, including disability benefits and legal protections for service members confronted with foreclosure proceedings. Content on the website is updated regularly. The Department of Veterans Affairs, in a directive, encouraged use of the website in connection with service to homeless veterans.¹³

Traditionally, there has been little collaboration between legal aid programs and military legal assistance providers or the non-lawyer advocacy provided by veteran's service organizations. While StatesideLegal.org is starting to build bridges between legal aid and the military community, more needs to be done. LSC grantees are reaching out to VA Readjustment Counseling Centers to share information about legal services and to create appropriate referral procedures at the local level to minimize veterans' frustration in obtaining advice and representation on civil legal problems.

Responding to Disasters

LSC-funded programs provide low-income disaster victims with legal assistance on matters ranging from temporary housing, to disaster benefits, to consumer fraud, to family issues, such as child-custody agreements affected by a parent's death and child-support payments that have not been made because of disaster-related issues. In 2011, three LSC-funded programs in particular rose to the challenges posed by major natural disasters:

- **Legal Services Alabama (LSA)** - When the largest outbreak of tornadoes in U.S. history ripped through the South in April 2011, Alabama was the hardest hit state, with more than 200 deaths and more than 6,000 homes destroyed. In the first days following the tornadoes, LSA conducted a thorough assessment of the impact, set up a hotline, and dispatched staff members to disaster assistance centers across the state. They also produced informational fliers on how to deal with contractors for repairs, what kinds of benefits are available to victims, and how to terminate a lease because of storm damage. (In Alabama, tenants have 14 days to give notice that they are terminating a lease on destroyed or damaged rental property or they could be liable for rent). LSA coordinated its efforts with the four volunteer lawyer projects in the state, all of which receive funding from LSA, with the state bar's Young Lawyers Division, as well as with the Federal Emergency Management Agency (FEMA) and the American Red Cross.
- **Legal Aid of Western Missouri (LAWMO)** - A deadly tornado devastated Joplin, Missouri, destroying a hospital and more than 8,000 homes and apartments and killing more than 150 people. LAWMO immediately began working with FEMA, the American Red Cross,

National Voluntary Organizations Active in Disaster, AmeriCorps, the state bar, community organizations, and churches. In addition to more common post-disaster legal issues, one of the biggest challenges facing Joplin residents in the months since the disaster has been a severe housing shortage and massive rent increases and rent gouging. LAWMO has handled a number of cases involving fraud related to clean-up and repairs, illegal evictions, and rent-gouging.

- **Law Line of Vermont (Law Line)** - When back-to-back hurricanes in August 2011 caused massive flooding in Vermont, LSC-funded Law Line quickly responded in coordination with other legal services programs, the private bar, FEMA, and the Red Cross. Law Line has dedicated a full-time attorney to provide legal assistance to persons affected by the flooding. In addition to assisting flood victims, the attorney is advising pro bono attorneys and working with local, state, and federal agencies addressing the needs of flood victims. The attorney also will be available as a resource for Vermont's Long Term Recovery Task Force.

Debt Relief and Bankruptcy

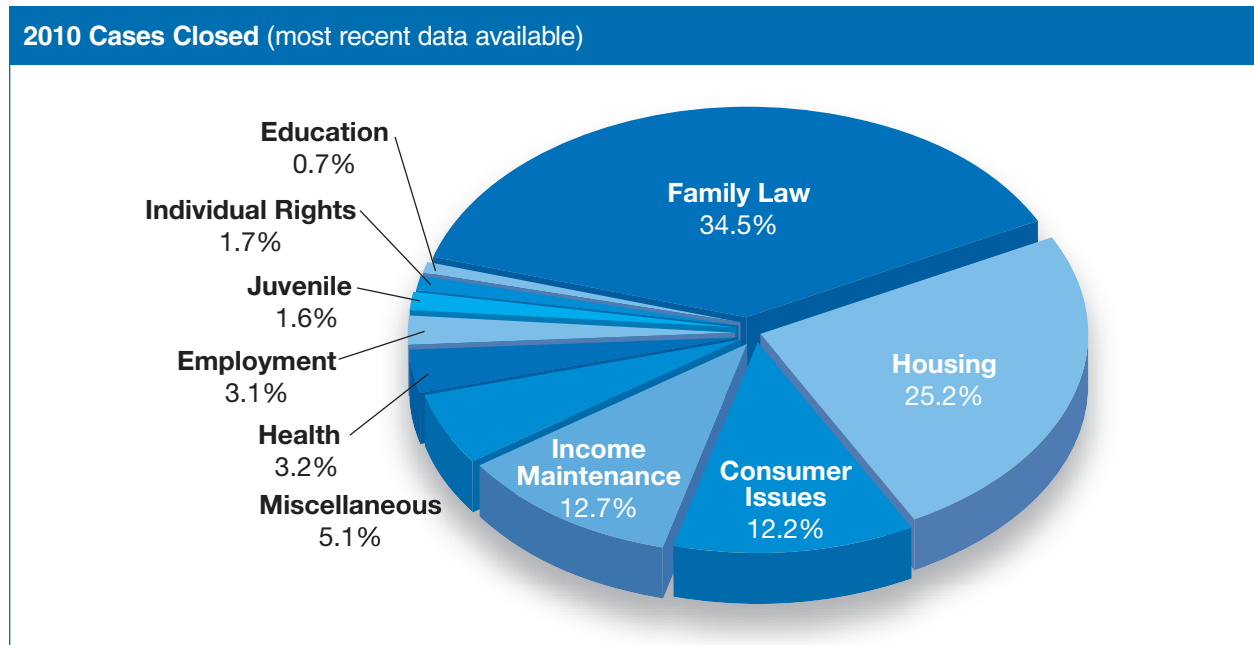
LSC-funded programs closed nearly 5 percent more debt relief, bankruptcy, and consumer finance cases in 2010 compared to the previous year.

LSC programs have obtained relief for elderly couples who were duped by scams that have left them in debt and at risk of losing their homes, helped homeowners obtain loan modifications, and have filed for bankruptcy on behalf of clients who lacked the income to pay their bills. For example:

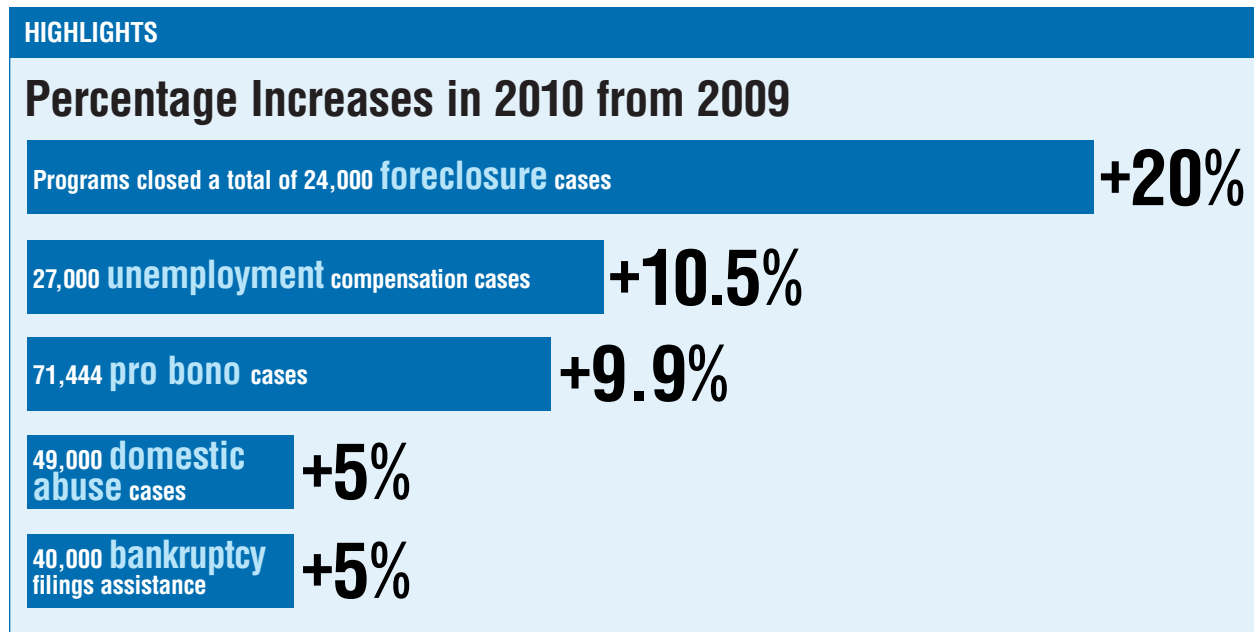
- **Legal Aid of Southeastern Pennsylvania** came to the rescue of a divorced mother of five children who had once served in the military. The mother was a military veteran. After her divorce, she purchased a mobile home for \$2,300. But she was laid off and forced to rely on unemployment compensation, child support, and food stamps. She fell behind on her bills, and her electricity was scheduled to be shut off because she was in arrears for \$1,371. The legal aid program filed an emergency Chapter 7 bankruptcy petition for her, which prevented her electricity from being cut off, kept her and the children together in the home, and provided the woman with an opportunity to get back on the job market.
- **Indiana Legal Services** represented a client with disabilities whose sole income was Social Security Disability benefits. A former landlord had won a judgment against the client in small claims court, and over a period of years urged the court to hold the client in contempt because she was unable to pay the judgment. A magistrate judge sentenced her to 30 days in jail when she could not pay \$110. The client avoided jail when a stranger paid the debt. In a subsequent proceeding, Indiana Legal Services challenged a Superior Court rule that permitted plaintiffs in judgment cases to file contempt citations because the defendant had not made payments. The Indiana Supreme Court found the court's rule to be in violation of a state constitutional provision prohibiting incarceration for debt. The state Supreme Court also ruled that the client could not be repeatedly brought back to court absent a showing that she had non-exempt income.

Cases Closed by Grantees in 2010

The client population served by LSC grantees is diverse, encompassing all races, ethnic groups and ages, including the working poor, military veterans, homeowners and renters facing foreclosures or evictions, families with children, farmers, people with disabilities, victims of domestic violence, the elderly, and victims of disasters.



LSC-funded programs closed 932,406 cases in 2010, an increase of nearly 12,000 cases, or 1.3 percent, from the previous year. Below are among the key highlights of increases from 2009 to 2010:



Encouraging and Expanding Pro Bono

In March 2011, the LSC Board of Directors established a Pro Bono Task Force to identify and recommend to the Board new and innovative ways to promote and enhance pro bono initiatives throughout the country. The Task Force convened its inaugural meeting on August 1, 2011 at Harvard Law School. Led by Martha Minow, Vice Chair of the LSC Board and Dean of the Harvard Law School, and Harry J.F. Korrell III, a member of the LSC Board and a partner in the Seattle office of Davis Wright Tremaine LLP, the Task Force has 56 members and includes prominent judges, law firm leaders, law school deans, legal services lawyers, bar association leaders, and pro bono experts. The Task Force will be reviewing reports from its working groups and is expected to report recommendations in spring 2012. The working groups are focused on:

- Best practices for expanding pro bono in urban and rural settings.
- Best practices for enhancing pro bono through the use of technology.
- Obstacles that hamper or discourage pro bono service.
- “Big ideas” for breakthroughs in pro bono in the context of civil legal assistance.

LSC also is collaborating with the American Bar Association and others in the legal profession on new ways to enhance and expand pro bono. Members of the Task Force and LSC staff participated in the National Pro Bono Summit, held in Washington in October 2011, sponsored by the ABA Standing Committee on Pro Bono and Public Service. The Summit was convened to facilitate a national dialogue regarding new approaches for the pro bono legal services delivery system throughout America. LSC is committed to expanding pro bono services to low-income Americans who qualify for assistance at LSC-funded programs. LSC's most recent data, from 2010, show that pro bono attorneys closed 71,444 cases at LSC-funded programs that year, a 9.9 percent increase from 2009. This significant contribution of volunteer time underscores LSC's success as a public-private partnership.

LSC and its grantees celebrate the contributions of lawyers and firms providing pro bono services to low-income clients. Some examples in 2011 include:

- More than 800 attorneys and law firms, including attorneys from large corporations, were recognized for their volunteer service by **Prairie State Legal Services** in Illinois.
- **Texas RioGrande Legal Aid** recognized more than 2,500 private attorneys who helped in the program's access to justice efforts.
- In Virginia, the LSC Board last year received a presentation from Firms in Service, a consortium of large law firms in Richmond that meet regularly to share information about their respective pro bono and community service initiatives and their partnerships with LSC-funded programs.

Pro bono efforts to assist low-income Americans require a strong legal aid infrastructure. “Although pro bono is a model public/private partnership that can leverage large contributions of donated service and expertise, it simply cannot function effectively in the absence of fully funded programs that specialize in legal services to the poor,” Esther F. Lardent, president and chief executive officer of the Pro Bono Institute, wrote in the *National Law Journal* in February 2012. “The reality is that pro bono can supplement but never supplant legal aid.” Without a strong core of full-time advocates, pro bono simply does not work.”¹⁴

TECHNOLOGY INITIATIVE GRANTS

LSC requests \$5,000,000 for Technology Initiative Grants (TIG) in FY 2013. Currently, the TIG program is funded at \$3,400,000.

To date, TIG has made 457 grants totaling more than \$39.7 million. Through the TIG program, LSC-funded programs are leading the use of technology to develop self-help forms and online information—assisting people in navigating the legal system and improving the efficiency of the courts. By promoting technology initiatives on a national level, LSC encourages state and local projects and partnerships, including projects with state courts that can be replicated in other areas, and creates coordinated, national resources, such as a system of statewide websites, and A2J Author—a software program that creates guided online interviews to collect information needed for intake, forms, and legal problem assessments.

The FY 2013 funding request for TIG would enable LSC to continue expanding access to legal services through online intake systems so that those in need can apply “24/7.” Online intake systems allow applicants’ information to go directly into case management systems, which saves time for legal services staff, meaning more time to help clients. Also, these systems help users assess their legal needs, and to find immediate help through online information, such as videos and automated forms, so that they may be able to help themselves.

Another of LSC’s efforts through TIG expands e-filing systems that deliver the efficiencies and cost savings sought by courts without creating new cyber-barriers for the disadvantaged seeking access to those courts. LSC is working to make online document automation system compatible with case management systems used by the courts and to build into these systems the safeguards needed for low-income filers, such as the ability to request fee waivers online.

A 2010 Pew Research Center study found that 71 percent of adults earning under \$30,000 per year had cell phones. To help bridge the digital divide, TIG has been working to ensure that information on LSC grantee websites and intake systems are available to the client population through their cell phones, mobile browsers, and text messaging. In addition, TIG continues to invest in improving access for persons with limited English proficiency by adding more resources in other languages and by exploring technology solutions to make translations less costly.

Finally, TIG has been working to improve the understanding of materials available online by improving the readability through training and tools for plain language. TIG created the Plain Language Library, which is available to legal aid programs, courts, administrative agencies, and all who desire to make their forms and materials more easily understood. Part of this project included the creation of the Online Plain Language Gadget to help those creating content to check language for its readability.

TIG Accomplishments in 2011

LSC awarded 36 grants totaling \$3.4 million in 25 states.

LSC grantees operate client intake using systems that often depend on telephone hotlines and in-person interviews. With the sharp rise in demand for legal services, the most recent round of technology grants continues efforts to develop new, user-friendly online intake systems for clients who need alternatives that permit the filing of applications for legal assistance outside normal business hours. Six LSC grantees were awarded TIG funds to develop online intake systems that can be accessed around the clock to help clients.

Other examples of TIG grants in 2011 include a grant to enhance access to legal aid resources for Spanish-speaking, limited English proficient, clients nationally with a LiveHelp “chat” feature, and a project for a one-stop, easy-to-understand information source to merge self-help forms and information about the state court systems.

New Initiatives for 2012 and 2013

As legal services programs and the courts are asked to do more with less, it is becoming critically important to efficiently connect those seeking help with the right resources. TIG plans to partner with others to create access points that can, through a series of automated diagnostics questions, direct persons to the best available resource to assist them. The goal is to help everyone seeking assistance with the highest level of service that resources will allow.

LSC plans to create a “Statewide Online Access System” that allows all legal services programs in a state (whether funded by LSC or not), the courts, volunteer lawyer projects, law school clinics, and any other partners to join together and form one single point of online entry for those seeking legal assistance. Website users will answer a series of questions, and based on those answers, the system will direct users to the most appropriate resources for their legal problem. For one user this could mean a connection to self-help guides and automated form preparation tools on a website; while another user would be referred to a court self-help center; and yet another would be directed to an online intake system for a legal services program or volunteer lawyers’ project that can provide full representation. The key is to provide the most appropriate level of assistance available to all who seek it using an automated, coordinated system that frees scarce human resources.

An increase in TIG funding will enable LSC-funded programs to expand legal information available for mobile viewing, enable low-income users to complete automated forms on such devices, and even expand the availability of online intake to cell phones. Coupled with TIG’s integration with e-filing, this means that a low-income self-represented litigant will be able to learn about his/her legal problem, complete the automated court forms needed for the case, and file these forms, all from a smart phone. In its continuing efforts to help programs deal with doing more with less, TIG plans to pilot projects that leverage technology resources across multiple programs. This might be the creation of a legal services cloud that can store information for multiple programs, saving staff and infrastructure

2011 TIG Grants (Total Funding Awarded = \$3,445,546)

State	Award Amount	Key Grant Project
Arkansas	\$43,100	Develop a court channel on statewide website to provide comprehensive information about state court system and court proceedings
California	\$354,800	Update the I-CAN! E-file software in English, Spanish & Vietnamese; expand case management system to e-file complex array of domestic violence restraining and protective orders; install a comprehensive IP desktop video conferencing system for all program offices.
Colorado	\$36,293	Implement a web-based screening tool and training modules to assist attorney and clients with bankruptcy issues.
Florida	\$82,325	Provide automated templates to create legal forms on domestic violence, housing and public benefits law for use by pro-se users; improve online intake system.
Georgia	\$170,735	Develop information access project for a one-stop online portal for document sharing and information; improve statewide website.
Idaho	\$388,475	Upgrade guided interviews for end-users on any internet browsers including mobile devices and provide training & support; create an online intake system.
Illinois	\$127,467	Develop statewide online access system available on the statewide website that involves all three LSC grantees in the state.
Iowa	\$22,269	Upgrade database for volunteer lawyers to enter data securely.
Kentucky	\$51,600	Use mobile technologies to implement a legal assessment tool for medical/legal partnerships.
Louisiana	\$51,617	Provide touch-screen monitors at local senior centers to access legal education information.
Maine	\$192,200	Funding to use video technology to increase access to civil legal information, tools, and assistance to rural clients; expanding and improving Statesidelegal.org for women veterans and service members.
Massachusetts	\$70,205	Develop a statewide pro bono website.
Michigan	\$41,600	Expand content on the new statewide website to assist self-represented litigants.
Minnesota	\$177,100	Implement a nationwide access-friendly e-filing system for pro-se users.
Montana	\$104,778	Integrate VOIP telephone system and smartphones with its case management system.
Nebraska	\$91,600	Develop a one-stop web portal resource on statewide website with comprehensive legal information, including an online "help chat" feature.
New York	\$161,975	Create audio/video website content for limited-English-proficient clients, including online intake interviews in English & Spanish.
Ohio	\$532,500	Funding to continue support of the national server legal services programs use to generate automated legal documents and guided interviews for self-represented individuals.
Pennsylvania	\$78,546	Implement online intake system in English & Spanish; upgrade case management system and automatic statistical data.
Tennessee	\$83,976	Implement electronic document management system, create desktop faxing, upgrade a unified communications system and computer hardware and software upgrades; develop online intake system.
Texas	\$72,600	Create a one-stop, user-friendly automated system for pro-se users, including guidance in English, Spanish and Vietnamese.
Utah	\$42,700	Expand the HotDocs library with court information and docs for contested domestic cases for volunteer attorneys and pro-se users.
Virginia	\$91,285	Improve intake system with VOIP telephone system and call center software.
Washington	\$300,400	Continue funding for the Legal Services National Technology Assistance Project; implement document management system.
Wisconsin	\$51,600	Implement a secure, disaster-ready central repository.

resources. It might be the sharing of IT staff across multiple programs by the creation of a joint helpdesk that can provide remote assistance from any location using a shared computer desktop and remote administration.

OIG Audit Report on TIG

In December 2010, the Office of Inspector General (OIG) issued a report on the TIG program, which included 36 recommendations. Based on actions taken by LSC, the OIG has closed 13 recommendations. Of the remaining 23 open items, LSC Management has submitted reconciliation requests to close 12 recommendations, 9 of which were submitted in September 2011. The OIG reviewed Management's reconciliation requests and sought additional information regarding four recommendations, provided Management with additional information regarding seven recommendations, and left open one recommendation pending resolution of the others. LSC Management will continue to work with the OIG to conclude all recommendations in the near future.

LOAN REPAYMENT ASSISTANCE PROGRAM

LSC requests \$1,000,000 for the Herbert S. Garten Loan Repayment Assistance Program (LRAP) for FY 2013, the same amount as the current level. Starting as a pilot program in 2005, LRAP has enabled LSC grantees to recruit and retain high-quality attorneys. Evaluations of the program show that large law school loan debts of legal aid attorneys, coupled with low salaries, constitute major barriers for programs in hiring and keeping talented lawyers. The evaluations found that LSC's LRAP mitigates the economic hardships confronting grantee attorneys and increases their ability and willingness to stay with their legal services program.

LSC's LRAP provides participants up to \$5,600 per year for up to three years—a maximum of \$16,800. Since the program's inception, LSC has provided loan repayment assistance to a total of 325 attorneys at 90 programs. In 2011, LSC provided loan repayment assistance to 198 attorneys, including 77 new LRAP participants. The FY 2013 request for \$1 million would permit LSC to assist an additional 89 attorneys for three years.

To qualify for LSC's Loan Repayment Assistance Program, an attorney must:

- Be a full-time employee of an LSC grantee.
- Have a tenure of no more than five years with the LSC-funded organization.
- Have at least \$50,000 in qualifying law school debt.
- Have a total income (from all sources) of no more than \$55,000 (\$61,300 for employees of Alaska Legal Services Corporation).
- Have a total net worth of no more than \$35,000.

In 2011, LSC's LRAP received 257 applications (new and renewal) from attorneys at 85 programs in 42 states. The average law school debt of all 2011 applicants was \$96,567. For first-year attorneys starting at LSC-funded programs, the average law school debt was higher, at \$113,037. Based on the National Association for Law Placement (NALP) 2010 study, civil legal aid lawyers continue to be the

lowest paid group in the entire legal profession, earning less than public defenders and other public interest lawyers.¹⁵ The gap between private sector and public interest lawyer salaries remains large. While LSC grantees cannot compete with attorney salaries and benefits in the private sector, the competitive disadvantage with other public sector organizations is evident. For example, a junior attorney earning an annual salary of \$50,000 at a LSC-funded program in Los Angeles left in 2011

Legal Industry Salary Scale	
Category	Salary
Private Lawyers	\$115,000
Local Prosecutors	\$50,000
Public Defenders	\$45,700
Other Public Interest Lawyers	\$45,000
Civil Legal Aid	\$42,000

to obtain a job in the Public Defender's office in Sacramento, for an annual salary of \$80,000.

According to the NALP study, entry-level civil legal aid lawyers earn a median salary of \$42,000, while the median starting salary of a first-year lawyer at a private firm is \$115,000.¹⁶ Even among attorneys in public service, civil legal aid lawyers are earning on average \$3,000 to \$8,000 less annually than public defenders and prosecuting attorneys. NALP's findings are consistent with LSC's own salary surveys, which show that first-year staff attorneys at LSC grantees earn an average of \$43,000 a year and can expect to earn about \$59,000 a year after 10-to-14 years of experience.

While the Congress has established other loan repayment assistance programs for civil legal attorneys, Congress did not appropriate funds to the Civil Legal Assistance Attorney Student Loan Repayment Program (CLAARP) authorized in the Higher Education Act for FY 2012. Although another federal program forgives the student debt of civil legal attorneys after 10 years of service, LSC's LRAP program remains a critical tool for grantees in hiring and retaining qualified lawyers.

MANAGEMENT AND GRANTS OVERSIGHT

LSC requests \$19,500,000 for FY 2013 for Management and Grants Oversight (MGO), the same amount LSC requested last year, a \$2.5 million increase from the current level. As in past years, this request represents a very low administrative cost (4 percent) of the total LSC budget request. Grants oversight, one of the Corporation's main functions, represents more than 50 percent of the overall MGO request.

The recommended amount is necessary to continue LSC's oversight of grantee compliance with regulations and congressional restrictions, to expand training, to help enhance the quality of civil legal services provided to clients, and to improve fiscal oversight.

The Office of Compliance and Enforcement (OCE) has primary responsibility for monitoring grantee compliance with the LSC Act, congressional restrictions on LSC funds, and LSC regulations. In carrying out its responsibilities, OCE conducts oversight reviews of compliance with the LSC Act and other LSC guidance, including fiscal-related regulations; enforces LSC's Accounting Guide; initiates questioned-cost proceedings; identifies required corrective actions and necessary follow-ups; and provides technical assistance and training.

LSC's Office of Program Performance (OPP) continues to invest resources in program quality visits, capability assessment visits, technical assistance, and other initiatives for program support. OPP has the primary responsibility for implementing the competitive grants application and awards process, sharing best practices for providing high-quality civil legal services, and promoting innovative uses of technology by grantees. These initiatives are led by OPP staff. Temporary employees with expertise in legal services delivery systems supplement staff resources on program visits.

If approved, the MGO funding would permit LSC to increase the number of visits to programs. Enhanced oversight and additional training will help ensure that LSC funds are accounted for and efficiently spent to provide civil legal assistance to clients and to help grantees improve their program effectiveness. The FY 2013 request would set aside \$450,000 to implement other web-based and in-house training initiatives to:

- Expand the provision of grantee board member training and the dissemination of best practices on board governance and oversight in order to support better prepared and engaged board members who can conduct more informed oversight of their programs;
- Expand grantee staff and board training on fiscal oversight and management best practices to produce better internal controls and more effective management;
- Expand grantee staff and board training on LSC regulatory compliance requirements;

- Provide other assistance on managing private attorney involvement, leadership mentoring, technology and program development.

MGO Accomplishments in 2011

The Corporation continued to enhance its capacity to perform grantee oversight. In 2011, OPP and OCE staff completed 67 program performance and oversight visits in the following states and U.S. territories: Alabama, Alaska, Arizona, Arkansas, California, Connecticut, District of Columbia, Florida, Georgia, Hawaii, Illinois, Kansas, Kentucky, Louisiana, Maryland, Massachusetts, Michigan, Minnesota, Micronesia, Mississippi, New Jersey, New York, Ohio, Oklahoma, Oregon, Pennsylvania, South Carolina, Tennessee, Virginia, Washington and Wyoming. Approximately 70 program performance and oversight compliance visits are planned for 2012.

LSC continues to take corrective actions against programs that do not comply with the LSC Act and other laws and regulations. Questioned-cost proceedings were completed against two programs in 2011, and LSC recovered \$192,000 as a result of those cost proceedings and/or investigations of disallowed costs from grantees. LSC placed special grant conditions with rigorous reporting requirements on 11 grantees for the 2011 grant awards.

In November 2011, LSC launched its newly redesigned website, www.lsc.gov. The redesign emphasizes the importance of LSC's mission—providing equal access to justice and ensuring the delivery of high-quality civil legal assistance to low-income Americans. The redesign keeps pace with changes in web technology to meet visitor expectations and provides easy-to-use navigation tools for visitors seeking legal assistance, including translations in Spanish.

LSC's Fiscal Oversight Task Force

The Special Task Force on Fiscal Oversight (Task Force), established by the LSC Board of Directors in July 2010, completed its review of how the Corporation performs fiscal oversight of its grantees and presented its report and recommendations to the Board on August 1, 2011. Subsequently, the Board sought public comment on the report for a 30-day period, ending September 30, 2011.

Members of the Task Force included business leaders, attorneys, certified public accountants, grant makers, former Inspectors General, and four LSC Board members with expertise in nonprofit organization, internal controls, and financial operations. The aim of the Board was to ensure that LSC was establishing a “gold standard” for conducting fiscal oversight. At its January 2012 quarterly meeting, the LSC Board adopted the recommendations of the Task Force and directed management to begin implementation.

Below is a summary of the Task Force recommendations:

- Strengthen cooperation and information sharing among the Board, Management and the Office of Inspector General.
- Consolidate all of LSC's oversight responsibilities into a single office.

- Conduct a unified, comprehensive LSC risk assessment process that includes financial risks and current best practices for addressing such risks.
- Improve on identifying and monitoring conflicts of interest related to staff and grantees.
- Establish training programs for LSC staff, grantees—including grantee Board members—and Independent Public Accountants (IPA).

GAO Recommendations

In addition to focusing its resources on initiatives to improve the Corporation's fiscal oversight responsibilities, LSC made significant strides in implementing the recommendation of the Government Accountability Office (GAO) June 2010 report on *LSC's Grant Awards and Grantee Program Effectiveness*. Based on actions taken by LSC to date, the GAO has determined that LSC has implemented 9 of the 17 recommendations. A number of the remaining recommendations are being taken up as part of the LSC Board's recently commenced strategic planning efforts. LSC will continue to work with the GAO to implement and complete all the recommendations to their satisfaction in a timely manner.

Disaster Preparation and Response

In the six years since Hurricane Katrina, LSC has worked to build a network of experience and expertise—comprising both legal services and other organizations—to help its grantees better serve clients when disaster strikes. The fruit of that effort was evident in 2011, when LSC assisted grantees in more than 28 states with disaster preparation and response. After the largest outbreak of tornadoes in U.S. history ripped through Alabama, Arkansas, Georgia, Kentucky, Mississippi, North Carolina and Tennessee, the Office of Program Performance shared information and made connections that helped programs respond effectively. After a deadly tornado devastated Joplin in May, LSC staff traveled there to provide technical assistance to Legal Aid of Western Missouri. When back-to-back hurricanes caused massive flooding in Vermont and other eastern seaboard states, LSC was there with expertise and contacts. Alabama Legal Services, Legal Aid of Western Missouri, and Legal Services Law Line of Vermont were approved to receive emergency grants from LSC to help meet the additional demand for services resulting from the disasters. LSC staff maintained regular communication with the American Red Cross and FEMA to ensure coordination of response in all disaster zones. LSC also hosted quarterly National Disaster Update and Networking calls during FY2011.

OFFICE OF INSPECTOR GENERAL (OIG)

(As submitted without change)

The OIG is an independent office within LSC whose statutory mission is to promote economy and efficiency and to combat fraud and abuse in the programs and operations of LSC and its grantees. The OIG has a dual reporting responsibility, charged with keeping the Board of Directors and the Congress fully informed about significant issues affecting LSC. Additionally, as set out in the LSC's annual appropriation acts, the OIG assists in monitoring grantee compliance with congressional restrictions through its oversight of the annual financial and compliance audits of LSC grantees performed by the independent public accountants (IPAs). The Act also specifies the OIG's authority to conduct its own reviews of grantee operations. The OIG is funded through a separate budget line to help ensure OIG independence.

The requested funding will enable the OIG to continue to perform its statutorily mandated functions and to provide relevant, timely and professional reporting to LSC and the Congress on core management and oversight issues, identifying opportunities for LSC to be more effective and efficient in carrying out its mission and increasing public confidence in the expenditure of scarce LSC funds.

In FY 2013, the Office of Inspector General is requesting \$4,200,000, the same amount appropriated (pre-rescission) since FY 2009. The OIG request is less than 1 percent of the total LSC budget request and considers the existing constraints on LSC funding as well as anticipated expenditure of funds carried over as a result of operational savings. The request provides for 28 full time equivalent positions and will enable the OIG to continue vigorous reviews of LSC programs and operations and audit quality checks to help assure proper financial stewardship and compliance with statutory and regulatory requirements. It provides for a robust OIG presence in the field, auditing and investigating the functions and operations of the 135 federally-funded grantees, an important deterrent to fraud, waste and abuse. Additionally, the request will enable continuing investments in the OIG's information support systems to improve office effectiveness and efficiency.

FY 2011 Highlights

OIG highlights from FY 2011 activities include the delivery of:

- 67 recommendations for improvements to Management/Grantees;
- \$1,178,836 in questioned costs;
- 59 IPA findings referred to LSC Management for action; and,
- \$2,296,781 in court ordered investigative recoveries.

The activities of the office are presented in detail in the OIG's Semiannual Reports to Congress, posted to the OIG website at <http://www.oig.lsc.gov/>.

FY 2013 Plan

In FY 2013, as guided by our Strategic Plan, the OIG will use its risk to determine the assignment of OIG resources. As much as practical, the OIG sets the highest priority to the following areas of work: governance and accountability, fraud prevention and detection, statutory and regulatory compliance, effectiveness of LSC grants administration, and grantee operations, with special focus on internal controls and oversight of the grantee audit process.

The request will fund the OIG's operation of the LSC audit program. The program assesses internal LSC operations as well as reviews all of LSC grant recipients' audits produced by the IPAs annually. Each IPA report reviews the grantee's financial condition, internal controls, and compliance with mandated restrictions and prohibitions. The OIG refers significant audit findings to LSC Management for resolution, and tracks the progress of corrective actions. The review of grant recipients' fiscal condition and compliance with law is an explicit Congressional requirement. The request will support the mandated OIG oversight of the IPA audit process, including an expanded audit quality control review program providing for quality control reviews of each IPA on a four-year cycle. Additionally, the OIG will continue to conduct reviews of grantees' internal controls and will oversee the annual audit of LSC's financial statements.

The OIG also conducts investigations of criminal and civil fraud against LSC and LSC grant recipients, as well as administrative inquiries, and operates a national fraud, waste and abuse reporting hotline. The OIG conducts compliance investigations, fraud vulnerability assessments and prevention briefings, issues fraud alerts, and as resources allow evaluates practices to improve effectiveness and efficiency in the administration of legal services to low-income persons. Separately, the OIG issues advisories, as warranted, to the Board and LSC regarding compliance and regulatory assessments. The OIG also provides comments and proposals on significant legislative, regulatory, and policy initiatives affecting LSC.

As required by the Inspector General Act of 1978, as amended, I, Jeffrey E. Schanz, Inspector General of the Legal Services Corporation, certify that the amount requested satisfies foreseeable OIG training needs for FY 2013 and includes the OIG's pro rata share for support of the Council of Inspectors General on Integrity and Efficiency. I am pleased to note for the Congress that the LSC Board adopted the full OIG FY 2013 request without amendment. The submitted budget level is necessary for the OIG to adequately perform the core missions required by the Inspector General Act (as amended), and remain fully responsive to requests from the Congress, the LSC Board of Directors, Management, grant recipients and the public.

ENDNOTES

¹ “Simulating the Effect of the ‘Great Recession’ on Poverty,” Emily Monea and Isabel Sawhill, The Brookings Institution, September 13, 2011, Figure A.

² Congressional Budget Office, *The Budget and Economic Outlook: Fiscal Years 2012 to 2022*, January 2012, Table E-1.

³ Projections of the Population and Components of Change for the United States: 2010 to 2050 Constant Net International Migration Series (NP2009-T1-C), U.S. Census Bureau, Population Division, Release Date: December 16, 2009, Table 1-C.

⁴ Letter to Sen. Royce West, Texas State Senate, from Chief Justice Wallace B. Jefferson and Justice Nathan L. Hecht of the Supreme Court of Texas, June 1, 2011.

⁵ “Income, Poverty and Health Insurance Coverage in the United States: 2010,” U.S. Census Bureau, September 2011; <http://www.census.gov/hhes/www/poverty/data/incpovhlth/2010/index.html>

⁶ “Report to the Chief Judge of the State of New York,” The Task Force To Expand Access to Civil Legal Services in New York, November 2011. <http://www.nycourts.gov/ip/access-civil-legal-services/>

⁷ In the New York hearings, business leaders testified to the urgent need for civil legal services for low-income New Yorkers. The witnesses included the general counsel of GE Global Research, the regional vice president of Coca-Cola Refreshments USA, the chairman and CEO of Carver Federal Savings Bank, the president and CEO of Albany Medical Center, and the president and CEO of the Center for Economic Growth.

Craig L. Reicher, vice chairman of CB Richard Ellis, testified that “a well-functioning judicial system that works for everyone regardless of income encourages employment growth, and therefore City personal income, corporate, business, sales and use, real property, commercial rent, mortgage recording, transfer, and hotel tax revenue.”

Donna Cirolia, regional vice president of Coca-Cola Refreshments, said, “When the least fortunate among us are unable to gain access to the judicial system because they cannot obtain legal help with their civil legal problems, the impact is broad in our community and in the stability of that community. When a family, struggling to get by, is not aware of their civil legal rights, or unable to exercise those rights, it can tear into their economic future.”

⁸ www.californiahearings.org

⁹ Letter to Sen. Royce West, Texas State Senate, from Chief Justice Wallace B. Jefferson and Justice Nathan L. Hecht of the Supreme Court of Texas, June 1, 2011.

¹⁰ “Facing Foreclosure Alone: The Continuing Crisis in Legal Representation,” Nabanita Pal, Brennan Center for Justice at New York University School of Law, November 2011; http://www.brennancenter.org/content/resource/facing_foreclosure_alone_the_continuing_crisis_in_legal_representation/

¹¹ “Explaining the Recent Decline in Domestic Violence,” Amy Farmer and Jill Tiefenthaler, Oxford University Press, 2003; “When Violence Hits Home: How Economics and Neighborhoods Play a Role,” National Institute of Justice, 2004.

¹² “Broken Promise: The Need to Improve Economic Security for Veterans,” U.S. Congress Joint Economic Committee Chairman’s Staff, November 2011; http://jec.senate.gov/public//index.cfm?a=Files.Serve&File_id=628ca26b-7433-4fca-8f53-aa713eb3e756

¹³ VHA Directive 2011-034; www.va.gov/vhapublications/ViewPublication.asp?pub_ID=2449

¹⁴ “The Crisis in Legal Services Funding: Pro Bono Is Not a Panacea,” Esther F. Lardent, *The National Law Journal*, February 28, 2011.

¹⁵ "Public Sector & Public Interest Attorney Salary Report," National Association for Law Placement, August 2010.

¹⁶ Ibid.

Appendix—FY 2013 Budget Request Tables

BUDGET REQUEST — FISCAL YEAR 2013

(dollars in thousands)

	(1)	(2)	(3)
	FY 2012 Request	FY 2012 Continuing Resolution	FY 2013 Request
I. DELIVERY OF LEGAL ASSISTANCE	491,700	382,034	445,300
A. PROGRAM SERVICES TO CLIENTS	484,900	378,641	440,300
B. TECHNOLOGY INITIATIVES	6,800	3,393	5,000
II. LOAN REPAYMENT ASSISTANCE PROGRAM	1,000	998	1,000
III. MANAGEMENT & GRANTS OVERSIGHT	19,500	16,966	19,500
IV. OFFICE OF INSPECTOR GENERAL	4,350	4,192	4,200
TOTAL	516,550	404,190	470,000

BUDGET IN BRIEF — FISCAL YEAR 2013

(dollars in thousands)

	<u>2011 Budget</u>		<u>2012 Budget</u>		<u>2013 Estimate</u>		<u>Change from 2012 to 2013</u>	
	Amount	Perm Posn's	Amount	Perm Posn's	Amount	Perm Posn's	Amount	Perm Posn's
I. CLIENT SERVICES	389,249		334,302		445,300		110,998	
Appropriation	382,034		325,800		445,300		119,500	
Funds Carried Forward from Previous Year	4,255		5,493		-		(5,493)	
US Court of Veterans Appeals Funds	2,315		2,280		-		(2,280)	
Funds Carried Forward from Previous Year	533		4		-		(4)	
Other Funds Available	112		725		-		(725)	
A. PROGRAM SERVICES TO CLIENTS	382,519		327,076		440,300		113,224	
Appropriation	378,641		322,400		440,300		117,900	
Funds Carried Forward from Previous Year	918		1,667		-		(1,667)	
US Court of Veterans Appeals Funds	2,315		2,280		-		(2,280)	
Funds Carried Forward from Previous Year	533		4		-		(4)	
Other Funds Available	112		725		-		(725)	
B. TECHNOLOGY INITIATIVES	6,730		7,226		5,000		(2,226)	
Appropriation	3,393		3,400		5,000		1,600	
Funds Carried Forward from Previous Year	3,337		3,826		-		(3,826)	
II. LOAN REPAYMENT ASSISTANCE PROGRAM	3,162		2,182		1,100		(1,082)	-
Appropriation	998		1,000		1,000		-	-
Funds Carried Forward from Previous Year	2,164		1,182		100		(1,082)	
III. MANAGEMENT & GRANTS OVERSIGHT	21,406	97	21,320	101	21,800	104	480	3
Appropriation	16,966	97	17,000	101	19,500	104	2,500	3
Funds Carried Forward from Previous Year	4,423		4,210		2,280		(1,930)	
Other Funds Available	17		110		20		(90)	
IV. OFFICE OF INSPECTOR GENERAL	6,344	28	6,432	28	5,200	28	(1,232)	-
Appropriation	4,192	28	4,200	28	4,200	28	-	-
Funds Carried Forward from Previous Year	2,152		2,232		1,000		(1,232)	
TOTAL - REQUIREMENTS	420,161	125	364,236	129	473,400	132	109,164	3
Appropriation	404,190	125	348,000	129	470,000	132	122,000	3
Funds Carried Forward from Previous Year	12,994		13,117		3,380		(9,737)	
US Court of Veterans Appeals Funds	2,315		2,280		-		(2,280)	
Funds Carried Forward from Previous Year	533		4		-		(4)	
Other Funds Available	129		835		20		(815)	

APPROPRIATION REQUEST IN RELATION TO FUNDS AVAILABLE

(dollars in thousands)

	Positions	Amount
1. Total Funds Available in Fiscal Year 2012		
Appropriation, FY 2012	129	348,000
Funds Carried Forward from Previous Year		13,117
US Court of Veterans Appeals Funds		2,280
Funds Carried Forward from Previous Year		4
Other Funds Available, FY 2012		835
Total available in FY 2012	129	364,236
2. Request for Fiscal Year 2013 – Summary of Changes		
Appropriation, FY 2012	129	348,000
Adjustment to Base	3	122,000
Appropriation, FY 2013	132	470,000
3. Total Funds Available in Fiscal Year 2013		
Requested Appropriation	132	470,000
Funds Carried Forward from Previous Year		3,380
Other Funds Available		20
Total available in FY 2013	132	473,400

PROGRAM AND FINANCING FOR FEDERAL APPROPRIATIONS — FISCAL YEARS 2011, 2012, & 2013

(dollars in thousands)

	2011 Budget	2012 Budget	2013 Estimate
I. CLIENT SERVICES			
A. Program Services to Clients	382,519	327,076	440,300
B. Technology Initiatives	6,730	7,226	5,000
II. LOAN REPAYMENT ASSISTANCE PROGRAM			
	3,162	2,182	1,100
III. MANAGEMENT & GRANTS OVERSIGHT			
	21,406	21,320	21,800
IV. OFFICE OF INSPECTOR GENERAL			
	6,344	6,432	5,200
Total program costs, funded	420,161	364,236	473,400
Change in Selected Resources:			
Funds Carried Forward from Previous Year	(12,994)	(13,117)	(3,380)
US Court of Veterans Appeals Funds	(2,315)	(2,280)	-
Funds Carried Forward from Previous Year	(533)	(4)	-
Other Funds Available	(129)	(835)	(20)
Total obligations (object class 41)	404,190	348,000	470,000
Financing:			
Budget Authority (appropriation)	404,190	348,000	470,000
Relation of obligations to outlays:			
Obligations incurred, net	404,190	348,000	470,000
Obligated balance, start of year	83,595	80,126	65,963
Obligated balance, end of year	(80,126)	(65,963)	(80,983)
Outlays	407,659	362,163	454,980

ACTIVITIES IN BRIEF

(dollars in thousands)

	2012 Budget		2013 Base		2013 Estimate		2013 Base to 2013 Est.	
	Amount	Perm	Amount	Perm	Amount	Perm	Amount	Perm
		Posn's		Posn's		Posn's		Posn's
								Inc. (+) or Dec. (-)
I. CLIENT SERVICES								
Total	334,302		325,800		445,300			119,500
Appropriation	325,800		325,800		445,300			119,500
Funds Carried Forward from Previous Year	6,218		-		-			-
US Court of Veterans Appeals Funds	2,280		-		-			-
Funds Carried Forward from Previous Year	4		-		-			-
Other Funds Available	-		-		-			-
A. PROGRAM SERVICES TO CLIENTS								
Total	327,076		322,400		440,300			117,900
Appropriation	322,400		322,400		440,300			117,900
Funds Carried Forward from Previous Year	2,392		-		-			-
US Court of Veterans Appeals Funds	2,280		-		-			-
Funds Carried Forward from Previous Year	4		-		-			-
1. Basic Field Programs								
Total	324,067		322,400		440,300			117,900
Appropriation	322,400		322,400		440,300			117,900
Funds Carried Forward from Previous Year	1,667		-		-			-
2. Grants from Other Funds Available								
Total	725		-		-			-
Appropriation	-		-		-			-
Funds Carried Forward from Previous Year	725		-		-			-
3. US Court of Veterans Appeals Funds								
Total	2,284		-		-			-
Appropriation	-		-		-			-
US Court of Veterans Appeals Funds	2,280		-		-			-
Funds Carried Forward from Previous Year	4		-		-			-

ACTIVITIES IN BRIEF

(dollars in thousands)

	2012 Budget		2013 Base		2013 Estimate		Inc. (+) or Dec. (-) 2013 Base to 2013 Est.	
	Amount	Perm Posn's	Amount	Perm Posn's	Amount	Perm Posn's	Amount	Perm Posn's
B. TECHNOLOGY INITIATIVES								
Total	7,226		3,400		5,000		1,600	
Appropriation	3,400		3,400		5,000		1,600	
Funds Carried Forward from Previous Year	3,826		-		-		-	
II. LOAN REPAYMENT ASSISTANCE PROGRAM								
Total	2,182		1,100		1,100		4,960	-
Appropriation	1,000		1,000		1,000		-	-
Funds Carried Forward from Previous Year	1,182		100		100		-	
III. MANAGEMENT & GRANTS OVERSIGHT								
Total	21,320	102	19,320	104	21,800	104	2,480	-
Appropriation	17,000	102	17,000	104	19,500	104	2,500	-
Funds Carried Forward from Previous Year	4,210		2,300		2,280		(20)	
Other Funds Available	110		20		20		-	
IV. OFFICE OF INSPECTOR GENERAL								
Total	6,432	28	5,200	28	5,200	28	-	-
Appropriation	4,200	28	4,200	28	4,200	28	-	-
Funds Carried Forward from Previous Year	2,232		1,000		1,000		-	
TOTAL	364,236	130	351,420	132	473,400	132	121,980	-
Appropriation	348,000	130	348,000	132	470,000	132	122,000	-
Funds Carried Forward from Previous Year	13,842		3,400		3,380		(20)	
US Court of Veterans Appeals Funds	2,280		-		-		-	
Funds Carried Forward from Previous Year	4		-		-		-	
Other Funds Available	110		20		20		-	

APPROPRIATION BUDGET BY ACTIVITY — FISCAL YEARS 2012 & 2013

(dollars in thousands)

	2011 Funds Carried Forward to 2012		2012 Budget		2013 Base		2013 Estimate	
	Amount	Perm Posn's	Amount	Perm Posn's	Amount	Perm Posn's	Amount	Perm Posn's
Loan Repayment Asst Program	1,182		1,000		1,000		1,000	
Funds Carried Forward from FY 2012 to FY 2013	-		-		-		100	
Management & Grants Oversight	4,210		17,000	101	17,000	104	19,500	104
Funds Carried Forward from FY 2012 to FY 2013	-		-		-		2,280	
Other Funds Available	110		-		-		20	
Office of Inspector General	2,232		4,200	28	4,200	28	4,200	28
Funds Carried Forward from FY 2012 to FY 2013	-		-		-		1,000	
SUBTOTAL	7,734		22,200	129	22,200	132	28,100	132
Program Activities	6,218		325,800		325,800		445,300	
Funds Carried Forward from FY 2012 to FY 2013	-		-		-		-	
Veterans Appeals Funds	4		2,280		-		-	
TOTAL	13,956		350,280	129	348,000	132	473,400	132

MANAGEMENT & GRANTS OVERSIGHT, & INSPECTOR GENERAL TOTAL SUMMARY — FISCAL YEARS 2012 & 2013

(dollars in thousands)

SUMMARY TOTALS	Mgt. & Grants Oversight, & Inspector General		Program Authorities		Totals		CHANGE
	2012	2013	2012	2013	2012	2013	
Management & Grants Oversight	21,320	21,800	-	-	21,320	21,800	480
Office of Inspector General	6,432	5,200	-	-	6,432	5,200	(1,232)
Grants and Contracts	-	-	334,302	445,300	334,302	445,300	110,998
Loan Repayment Asst. Prgm.	-	-	2,182	1,100	2,182	1,100	(1,082)
Total Summary	27,752	27,000	336,484	446,400	364,236	473,400	109,164

Sources of Funds for the Delivery of Legal Assistance

Appropriation	325,800	445,300
Funds Carried Forward from Previous Year	5,493	-
US Court of Veterans Appeals Funds	2,280	-
Funds Carried Forward from Previous Year	4	-
Other Funds Available	725	-
Total	334,302	445,300

Sources of Funds for the Loan Repayment Assistance Program

Appropriation	1,000	1,000
Funds Carried Forward from Previous Year	1,182	100
Total	2,182	1,100

Total Sources of Funds

Appropriation	348,000	470,000
Funds Carried Forward from Previous Year	13,117	3,380
US Court of Veterans Appeals Funds	2,280	-
Funds Carried Forward from Previous Year	4	-
Other Funds Available	835	20
Total	364,236	473,400

MANAGEMENT & GRANTS OVERSIGHT BUDGET BY OBJECT CLASS — FISCAL YEARS 2012 & 2013

(dollars in thousands)

OBJECT CLASS	Management & Grants Oversight		Program Authorities		Totals		CHANGE
	2012	2013	2012	2013	2012	2013	
Personnel Compensation	10,050	10,548			10,050	10,548	498
Employee Benefits	3,332	3,941			3,332	3,941	609
Other Personnel Services	615	966			615	966	351
Consulting	1,057	791			1,057	791	(266)
Travel and Transportation	1,299	1,290			1,299	1,290	(9)
Communications	152	176			152	176	24
Occupancy Costs	1,759	1,762			1,759	1,762	3
Printing and Reproduction	91	92			91	92	1
Other Operating Expenses	2,576	1,918			2,576	1,918	(658)
Capital Expenditures	389	316			389	316	(73)
Total for Management & Grants Oversight	21,320	21,800	-	-	21,320	21,800	480

Sources of Funds for Management & Grants Oversight

Appropriation	17,000	19,500
Funds Carried Forward from Previous Year	4,210	2,280
Other Funds Available	110	20
Total	21,320	21,800

INSPECTOR GENERAL BUDGET BY OBJECT CLASS — FISCAL YEARS 2012 & 2013

(dollars in thousands)

OBJECT CLASS	Office of Inspector General		Program Authorities		Totals		CHANGE
	2012	2013	2012	2013	2012	2013	
Personnel Compensation	3,033	2,953			3,033	2,953	(80)
Employee Benefits	857	773			857	773	(84)
Other Personnel Services	40	30			40	30	(10)
Consulting	660	844			660	844	184
Travel and Transportation	385	336			385	336	(49)
Communications	34	34			34	34	-
Occupancy Costs	6	1			6	1	(5)
Printing and Reproduction	10	10			10	10	-
Other Operating Expenses	1,332	154			1,332	154	(1,178)
Capital Expenditures	75	65			75	65	(10)
Total for Inspector General	6,432	5,200	-	-	6,432	5,200	(1,232)

Sources of Funds for Inspector General

Appropriation	4,200	4,200
Funds Carried Forward from Previous Year	2,232	1,000
Total	6,432	5,200

STAFF POSITIONS — FISCAL YEARS 2011, 2012, & 2013

	2011 Budget	2012 Budget		2013 Estimate	
	Number of Positions*	Change From 2011	Number of Positions*	Change From 2012	Number of Positions*
OFFICE					
Executive Office	2	3	5	2	7
Legal Affairs	8	0	8	1	9
Government Relations / Public Affairs	6	0	6	0	6
Human Resources	6	0	6	0	6
Financial & Administrative Services	9	0	9	0	9
Information Technology	9	0	9	0	9
Program Performance	27	1	28	0	28
Information Management	6	0	6	0	6
Compliance & Enforcement	24	0	24	0	24
	97	4	101	3	104
Inspector General	28	0	28	0	28
TOTAL	125	4	129	3	132

* Full-time equivalents

STAFF SALARIES — FISCAL YEARS 2011, 2012 AND 2013

MANAGEMENT AND GRANTS OVERSIGHT SALARY RANGES	2011 Budget	2012 Budget		2013 Estimate	
	Number of Positions*	Change From 2011	Number of Positions*	Change From 2012	Number of Positions*
LSC BAND I \$31,681 - \$58,540	5	(1)	4	0	4
LSC BAND II \$52,493 - \$93,642	30	3	33	0	33
LSC BAND III \$83,310 - \$135,715	51	1	52	2	54
LSC BAND IV \$118,445 - \$159,654	8	0	8	0	8
LSC BAND V \$138,841 - \$168,348	2	1	3	1	4
Unclassified Positions	1	0	1	0	1
TOTAL	97	4	101	3	104

* Full-time equivalents

STAFF SALARIES — FISCAL YEARS 2011, 2012 AND 2013

OFFICE OF INSPECTOR GENERAL

SALARY RANGES	2011 Budget	2012 Budget		2013 Estimate	
	Number of Positions*	Change From 2011	Number of Positions*	Change From 2012	Number of Positions*
LSC BAND I \$31,681 - \$58,540	0	0	0	0	0
LSC BAND II \$52,493 - \$93,642	6	0	6	0	6
LSC BAND III \$83,310 - \$135,715	16	0	16	0	16
LSC BAND IV \$118,445 - \$159,654	5	0	5	0	5
LSC BAND V \$138,841 - \$168,348	0	0	0	0	0
Unclassified Positions	1	0	1	0	1
TOTAL	28	0	28	0	28

* Full-time equivalents

FOR MORE INFORMATION

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Legal Services Corporation

BUDGET REQUEST FISCAL YEAR 2013

FY13