



# Legal Services Corporation

## **BUDGET REQUEST**

**FISCAL YEAR 2010**

**FY10**



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## Background

### Legal Services Corporation

LSC is the single largest provider of civil legal aid for the poor in the nation. Established by Congress in 1974, LSC operates as a private, nonprofit corporation that promotes equal access to justice and provides grants for high-quality civil legal assistance to low-income Americans. LSC distributes more than 95 percent of its total funding to 137 independent nonprofit legal aid programs with 923 offices that provide legal assistance to low-income individuals and families in every congressional district.

The people who come to LSC-funded programs for help are the most vulnerable among us: women seeking protection from abuse, mothers trying to obtain child support, families facing unlawful evictions or foreclosures that could leave them homeless, disaster victims trying to obtain federal emergency assistance or insurance payments to restart their lives.

LSC promotes equal access to justice by awarding grants to legal services providers through a competitive grants process; conducting compliance reviews and program visits to oversee program quality and compliance with statutory and regulatory requirements as well as restrictions that accompany LSC funding; and by providing training and technical assistance to programs.

While ensuring that programs operate in the manner prescribed by Congress, LSC encourages programs to leverage limited resources by partnering and collaborating with other funders of civil legal aid, including state and local governments, IOLTA, access to justice commissions, the private bar, philanthropic foundations, and the business community.

### Bipartisan Support

LSC continues to receive broad bipartisan support in both houses of Congress, as evidenced by the most recent votes in support of increased funding for the delivery of civil legal services to the poor. In October 2007, the Senate, including Appropriations Committee leaders Robert Byrd, Thad Cochran, Barbara Mikulski and Richard Shelby, voted 62 to 31 to oppose an amendment seeking to cut \$20 million from LSC's FY 2008 appropriation.<sup>1</sup> It was the Senate's first direct vote on LSC funding in more than 10 years. In 2006, the House voted 237 to 185 in favor of increasing LSC's FY 2007 appropriation by \$25 million.<sup>2</sup>

For FY 2009, 55 senators, including then-Senators Barack Obama and Joseph R. Biden Jr., signed a letter to the leaders of the Appropriations subcommittee responsible for funding LSC, requesting an increase for LSC in FY 2009. The letter noted that LSC's budget would have to increase by more than \$200 million just to equal, in real dollars, what LSC received in 1995, the year before LSC received a 30 percent funding cut. Similar support letters were sent to Appropriations leaders in the House and Senate in previous funding cycles. The FY 2009 funding cycle also marked the first time that the presidents of all 50 state bar associations, and two territorial bars, signed a letter to congressional appropriators in support of a funding increase for LSC.

### LSC Leadership

The Corporation is headed by a bipartisan board of directors whose 11 members are appointed by the president and confirmed by the Senate. The board is chaired by Frank B. Strickland. Helaine M. Barnett, a career legal aid lawyer, has served as president of LSC since January 2004.

## Overview

LSC requests a total of \$485,100,000 for FY 2010. Consistent with prior years, \$460,000,000 or 95 percent of the request is for basic field grants to programs that provide high-quality civil legal assistance to low-income Americans.

The chart below illustrates LSC's FY 2008 appropriations, FY 2009 Omnibus bill, and LSC's funding request for FY 2010.

Budget Category	FY 2008 Budget*	FY 2009 Omnibus	FY 2010 LSC Request
<b>Basic Field Grants</b>	\$322,390,000	\$365,800,000	\$460,000,000
<b>Technology Initiative Grants</b>	\$2,100,000	\$3,000,000	\$3,400,000
<b>Loan Repayment Assistance Grants</b>	\$500,000	\$1,000,000	\$1,000,000
<b>Management &amp; Grants Oversight</b>	\$12,500,000	\$16,000,000	\$17,200,000
<b>Office of Inspector General</b>	\$3,000,000	\$4,200,000	\$3,500,000
<b>TOTALS</b>	<b>\$350,490,000</b>	<b>\$390,000,000</b>	<b>\$485,100,000</b>

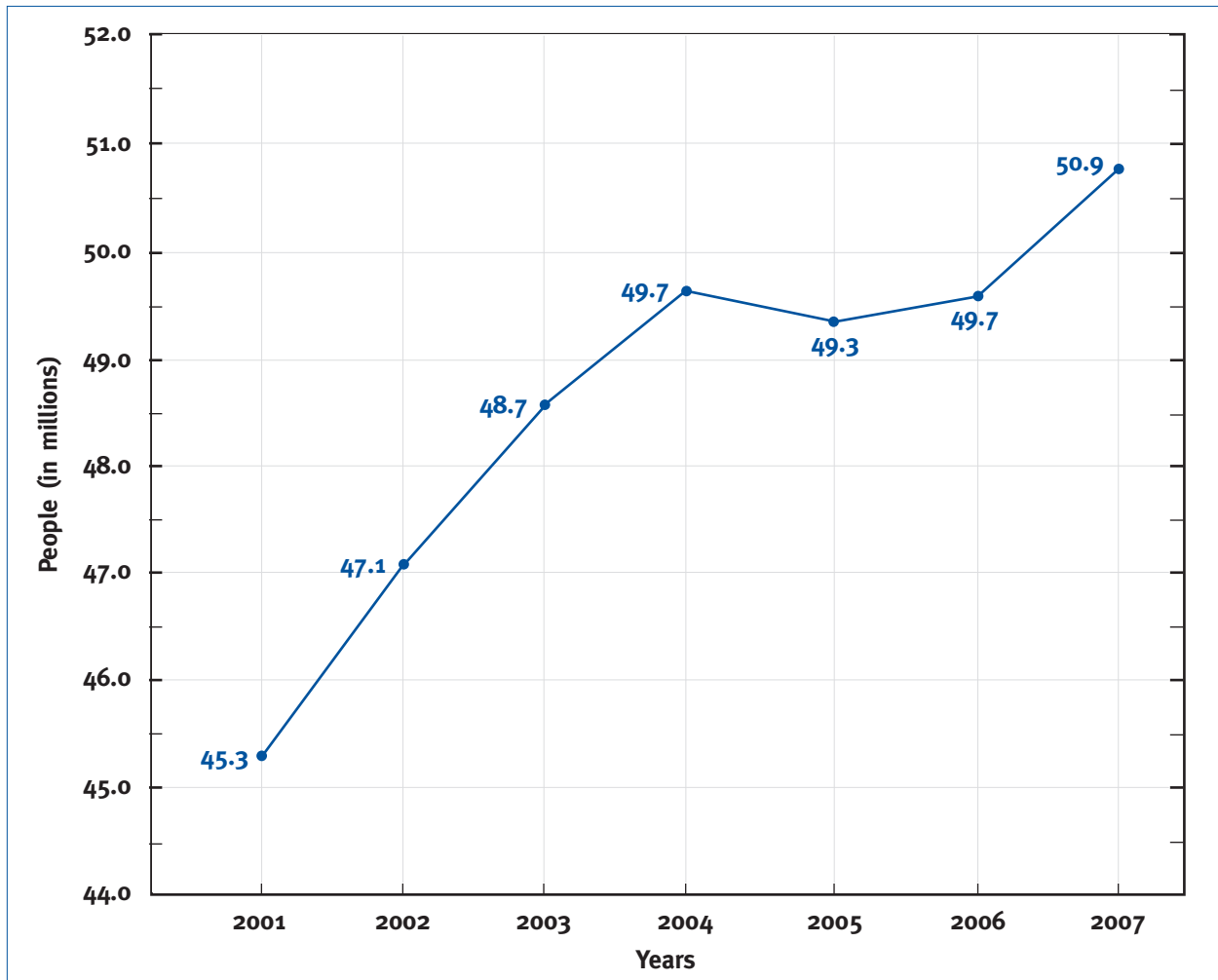
\*LSC continues to be funded at FY 2008 levels under a continuing resolution signed into law on Sept. 30, 2008. Public Law 110-329.

In adopting its FY 2010 budget resolution, the LSC Board of Directors recognized the impact of the current economic recession and the difficult fiscal constraints the 111th Congress will face. They weighed their responsibility to meet the needs of the most vulnerable to obtain civil legal assistance against the nation's financial crisis and made the following determinations:

- LSC is a program in vital need of additional funding to provide for the civil legal services needs of people in poverty.
- LSC's appropriations since the release of LSC's *Justice Gap Report* in 2005 have not been sufficient to close the justice gap.
- The Board recognizes the serious financial condition facing the country as a whole and poor people in particular.
- The Board believes that it should revise its timetable to adopt a four-year period for closing the justice gap but should not abandon that goal.
- The current economic downturn disproportionately affects the poor, resulting in the loss of jobs, housing, and access to health care.

According to recently released 2007 census data, nearly 51 million people—including 17.6 million children—are eligible for LSC-funded services. That represents an increase of 1.18 million from 2006. This new poverty snapshot does not reflect the impact of the recession, suggesting that even more people are eligible for LSC-funded services than have shown up thus far in official counts.

### Total Population Below 125% of Poverty: 2001 – 2007



Source: U.S. Census Bureau. Historical Poverty Tables – People Index. <http://www.census.gov/hhes/www/poverty/histpov/hstpov6.xls>

Congressional appropriations to LSC represent the largest single source of funding for civil legal services, and federal funds represent nearly 42 percent of the total funding that LSC grantees receive nationwide. Interest on Lawyers' Trust Accounts (IOLTA) programs have provided a significant source of funding for legal services organizations in recent years, and LSC-funded programs received \$99.3 million in IOLTA funds in 2007. But IOLTA funds have been dramatically shrinking in the last year because of declining interest rates, and the Federal Reserve, in fighting the recession, lowered the federal funds rate to a range of zero to 0.25 percent in mid-December. The decision to cut the federal funds rate to a record low will push IOLTA funds

to unprecedented lows and require LSC-funded programs to lay off attorneys and support staff. That, in turn, will put eligible applicants at greater risk of being turned away when they seek services.

IOLTA funders, at the end of 2008, projected programs would lose income during the 2009 and 2010 grant cycles. For example:

- **Legal Services of New Jersey**, which distributes the funds to the state's six LSC grantees, received \$15 million fewer IOLTA dollars in 2008 than in the previous year, and is expecting an additional \$25 million cut in 2009. The Camden-based South Jersey Legal Services announced that it would have to layoff five attorneys and close two offices due to the shortfalls—moves the group predicts will result in 3,000 fewer clients served.
- **South Carolina Legal Services**, the statewide LSC-funded program, has been notified that it could face a \$900,000 reduction in IOLTA funding in 2009 because of the economy and decline in interest rates. The program has cut its budget by \$439,000, has closed one office and plans to reduce staffing.
- **The Massachusetts Legal Assistance Corporation (MLAC)** is reducing its general support grants to 18 legal aid programs by nearly 40 percent, from \$22 million last year to \$13.5 million this year. The cuts were required because MLAC projects a 54 percent decrease in income from IOLTA revenues.
- **The Legal Aid Society of Columbus** in Ohio expects to lay off from a quarter to a third of its staff in 2009-2010 because of the IOLTA crisis.
- **The Texas Access to Justice Foundation** reported that IOLTA revenues in 2007 were \$20 million, \$12.1 million in 2008 and are projected to sink to less than \$1.5 million in 2009. This represents a 90 percent drop in IOLTA funding over a three-year period.

Many states are forecasting revenue shortfalls because of the recession and cannot be counted on to fill funding gaps in legal aid.<sup>3</sup> Charitable organizations also will be unlikely to contribute as much to legal aid as in the past. At a time when major non-federal funding sources are declining, and programs likely will suffer substantial financial losses, it is more important than ever that federal funds for LSC increase.

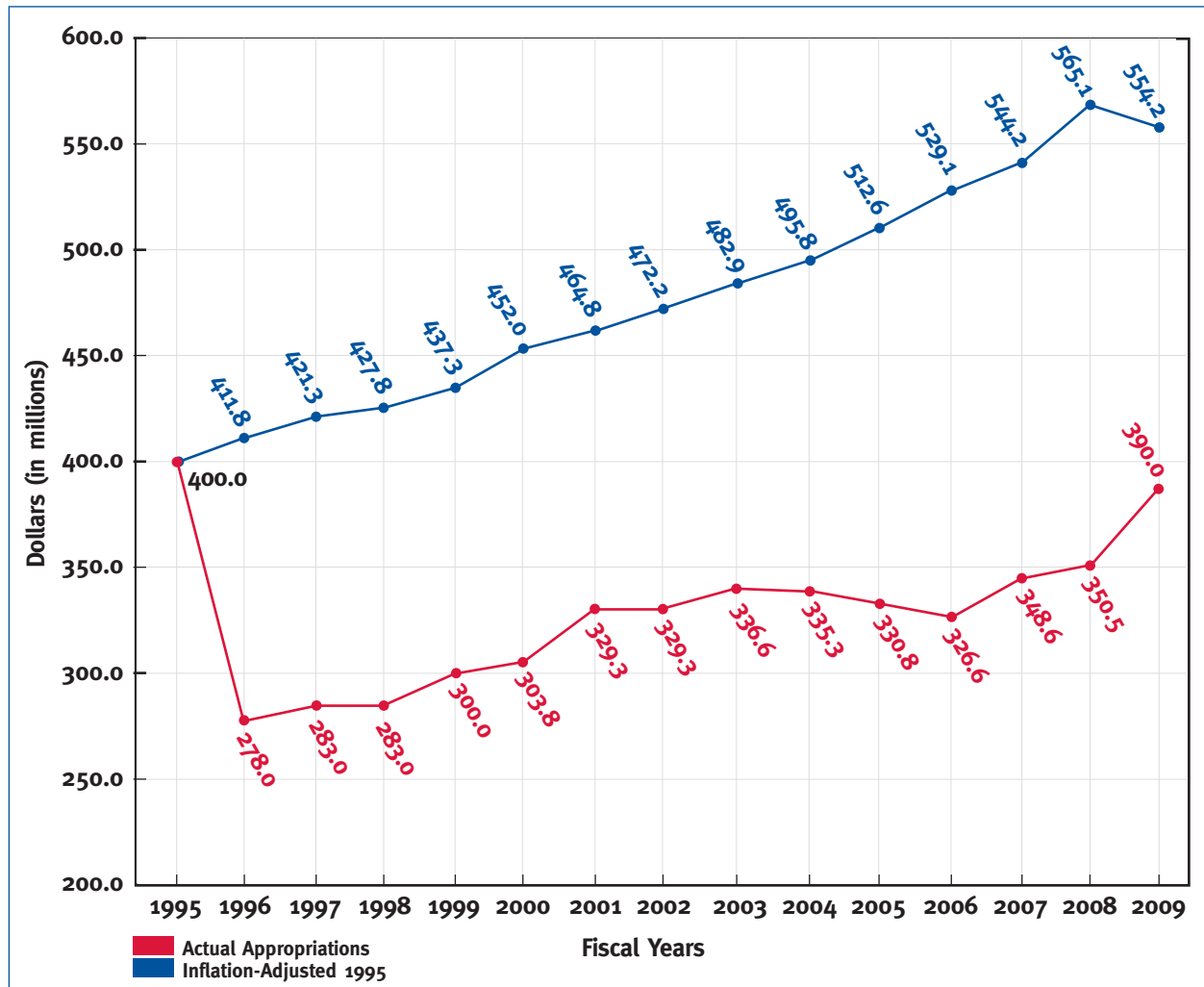
Many programs have been besieged with requests for foreclosure assistance because of the subprime mortgage crisis. Research has shown that predatory lenders targeted low-income Americans, especially people in minority communities and the elderly, with unaffordable mortgage schemes. Many LSC grantees have seen a sharp increase in the demand for services from low-income homeowners and renters with foreclosure-related matters. Often, low-income individuals and families who rent face imminent eviction because they are the last to know that their landlord is in foreclosure.

Furthermore, LSC grantees continue to help victims of natural disasters, such as Hurricanes Ike and Gustav as well as other disasters, such as wildfires in California and Texas, snowstorms in Ohio and

Wisconsin, and floods in Iowa. Poor people affected by natural disasters face numerous legal issues simultaneously, such as loss of homes, jobs, and health care. Legal services programs are best suited to help these people with their legal problems and are an important part of the recovery process.

LSC is currently funded in a Continuing Resolution that holds LSC FY 2009 funding at FY 2008 levels until March 6, 2009. The FY 2009 Omnibus Appropriations bill currently working its way through the Congress provides a \$40 million increase to LSC's funding, from \$350 million to \$390 million. LSC received its largest appropriation in FY 1995, when Congress appropriated \$400 million. Today, LSC's FY 2009 funding would have to be more than \$550 million to equal what it received in 1995. Therefore, LSC's 2009 funding represents a 30 percent cut from its 1995 appropriation when adjusted for inflation. The chart below shows LSC's funding history from 1995 to 2009 compared with LSC's 1995 appropriation when adjusted for inflation.

### LSC's Appropriation Compared to Its 1995 Inflation-Adjusted Appropriation





There are some things that only the government can do. Chief among them is administering justice under the law for all people and promoting equal access to justice. LSC requires a budget that continues to address the justice gap and invests for the future—in more effective oversight of programs and grants, in the people who deliver legal services to eligible clients, in technology, and in initiatives that leverage federal dollars to promote partnerships and collaborations.

*In a time of uncertain resources, decreasing IOLTA funds and a severe economic recession, funding for LSC is even more vital and necessary to avoid further declines in the delivery of legal services to the nation's poor.*

In a time of uncertain resources, decreasing IOLTA funds and a severe economic recession, funding for LSC is even more vital and necessary to avoid further declines in the delivery of legal services to the nation's poor. At a time when poor Americans are struggling to keep their jobs, homes and basic necessities for their families, it is crucial for the federal government to address the civil legal needs of these vulnerable people as a national priority. The table on the following page illustrates the federal funding distribution for each state and U.S. territories based on the FY 2008 budget, FY 2009 Omnibus Appropriations bill and LSC's FY 2010 funding request.

## State-by-State Comparison of LSC's FY 2010 Budget Request to FY 2009 Omnibus

State	FY 2008 Appropriation Basic Field Funding (\$)	FY 2009 Omnibus Basic Field Funding (\$)	FY 2010 LSC Request Basic Field Funding (\$)	FY10 Request vs. FY09 Omnibus
Alabama	6,256,553	6,885,428	8,658,547	+ 1,773,119
Alaska	1,245,754	1,370,970	1,724,019	+ 353,048
American Samoa	311,395	342,694	430,945	+ 88,250
Arizona	9,414,443	10,360,731	13,028,803	+ 2,668,072
Arkansas	3,690,468	4,061,413	5,107,300	+ 1,045,886
California	43,035,620	47,361,320	59,557,704	+ 12,196,383
Colorado	3,579,156	3,938,912	4,953,253	+ 1,014,340
Connecticut	2,324,902	2,558,589	3,217,470	+ 658,881
Delaware	626,474	689,443	866,987	+ 177,544
District of Columbia	981,372	1,080,014	1,358,136	+ 278,122
Florida	17,500,042	19,259,049	24,218,598	+ 4,959,549
Georgia	9,265,161	10,196,444	12,822,209	+ 2,625,765
Guam	311,816	343,159	431,528	+ 88,639
Hawaii	1,570,707	1,728,587	2,173,727	+ 445,140
Idaho	1,396,065	1,536,390	1,932,038	+ 395,648
Illinois	11,578,913	12,742,760	16,024,248	+ 3,281,488
Indiana	5,014,263	5,518,269	6,939,320	+ 1,421,052
Iowa	2,312,344	2,544,769	3,200,092	+ 655,323
Kansas	2,310,741	2,543,003	3,197,872	+ 654,869
Kentucky	5,566,446	6,125,955	7,703,498	+ 1,577,543
Louisiana	7,627,929	8,394,646	10,556,416	+ 2,161,770
Maine	1,328,448	1,461,976	1,838,461	+ 376,485
Maryland	3,931,545	4,326,723	5,440,930	+ 1,114,207
Massachusetts	5,123,047	5,637,986	7,089,869	+ 1,451,882
Michigan	9,315,774	10,252,141	12,892,252	+ 2,640,111
Micronesia	1,598,130	1,758,765	2,211,679	+ 452,914
Minnesota	3,641,993	4,008,066	5,040,214	+ 1,032,148
Mississippi	4,992,765	5,494,610	6,909,570	+ 1,414,960
Missouri	5,716,969	6,291,607	7,911,808	+ 1,620,201
Montana	1,304,967	1,436,136	1,805,966	+ 369,831
Nebraska	1,477,438	1,625,942	2,044,651	+ 418,709
Nevada	1,972,530	2,170,798	2,729,817	+ 559,019
New Hampshire	694,175	763,950	960,680	+ 196,730
New Jersey	6,270,633	6,900,922	8,678,032	+ 1,777,110
New Mexico	3,421,227	3,765,110	4,734,693	+ 969,583
New York	24,128,318	26,553,563	33,391,575	+ 6,838,012
North Carolina	8,803,780	9,688,688	12,183,697	+ 2,495,009
North Dakota	919,908	1,012,372	1,273,075	+ 260,703
Ohio	10,492,145	11,546,757	14,520,251	+ 2,973,495
Oklahoma	5,197,651	5,720,091	7,193,115	+ 1,473,025
Oregon	3,663,254	4,031,464	5,069,637	+ 1,038,174
Pennsylvania	11,687,883	12,862,687	16,175,057	+ 3,312,370
Puerto Rico	16,299,615	17,937,962	22,557,305	+ 4,619,344
Rhode Island	1,078,675	1,187,098	1,492,797	+ 305,699
South Carolina	4,910,165	5,403,707	6,795,259	+ 1,391,552
South Dakota	1,766,124	1,943,644	2,444,167	+ 500,523
Tennessee	6,692,946	7,365,683	9,262,478	+ 1,896,794
Texas	27,971,331	30,782,854	38,709,985	+ 7,927,131
Utah	1,929,058	2,122,956	2,669,657	+ 546,700
Vermont	489,610	538,823	677,580	+ 138,757
Virgin Islands	313,062	344,529	433,252	+ 88,723
Virginia	5,885,011	6,476,540	8,144,365	+ 1,667,825
Washington	5,764,853	6,344,305	7,978,076	+ 1,633,771
West Virginia	2,830,240	3,114,720	3,916,816	+ 802,096
Wisconsin	4,197,444	4,619,348	5,808,912	+ 1,189,564
Wyoming	658,722	724,933	911,616	+ 186,683
<b>TOTAL</b>	<b>\$332,390,000</b>	<b>\$365,800,000</b>	<b>\$460,000,000</b>	<b>+ \$94,199,999</b>

## Basic Field Programs

LSC requests \$460,000,000 for basic field grants for FY 2010. This represents 95 percent of the overall budget request.

### The Impact of Recession

The prospect of a lengthy, downward shift in the economy strongly suggests that the number of low-income Americans eligible for LSC-funded services will markedly increase in coming months. Economic downturns affect the poor disproportionately and add to the pressures on the nation's public health and safety, child welfare, housing and job programs.

Legal aid can facilitate solutions and help clients who have nowhere else to turn. Ensuring that the poor are adequately represented in the civil judicial system greatly improves their chances of keeping or securing basic necessities—the keys to stability and self-sufficiency. It also helps keep communities healthy.

The nation's recession, entering into its second year, is already the longest in a quarter-century, and is projected to continue at least through 2010.<sup>4</sup> Unemployment reached 7.6 percent in January 2009, the highest level in 16 years. Since the start of the recession in December 2007, the economy lost a net total of 3.6 million jobs. Persons who worked part time because they could not find a full-time job rose to 7.8 million in January 2009, up by 3.1 million over the last 12 months. In addition to job loss, employers also cut work hours. The average work week in January fell to 33.3 hours, the lowest level on record dating to 1964.<sup>5</sup>

The fact that the country is battling a housing collapse, a lockup in lending and the worst financial crisis since the 1930's is likely to substantially increase the number of eligible clients for LSC-funded services—persons with incomes of less than 125 percent of the federal poverty guideline. Historical trends indicate that from 2007 to 2009 the size of the client eligible population will increase by 21.8 percent, from 50.9 million to 62 million, according to an estimate prepared by LSC program staff.<sup>6</sup>

The impact of the recession on programs funded by the LSC will be large. Legal aid programs will be hard pressed to meet the growing demand for legal services from low-income individuals and families. With shrinking IOLTA and state budgets, non-LSC resources are also unlikely to meet the demand for assistance from the poor. Because of these funding shortfalls, congressional appropriations for legal services are more important than ever before.

### Foreclosure Crisis Increases Pleas for Help

The weakening of the economy is directly related to the rise in foreclosures flowing from the subprime mortgage crisis. There were an estimated 1.5 million foreclosures in the United States in 2007, and 3.2 million foreclosure filings were reported in 2008.<sup>7</sup> The ongoing decline in the housing market continually leads to revised estimates. The nonprofit Center for Responsible Lending projects at least two million

American families will lose their homes to foreclosures on subprime loans, most of them in late 2008 through the end of 2009. The Center, in congressional testimony, cited industry estimates that one in eight homes with outstanding mortgages will be lost to foreclosure over the next five years.<sup>8</sup>

An increasing number of low-income Americans are in danger of losing their homes, and foreclosures often force families out of their communities and devastate once thriving neighborhoods.<sup>9</sup> These low-income Americans may be victims of predatory lenders, or may be in financial distress because they lost a job, have become disabled, or lost a spouse who contributed to their household income.

Many LSC programs report a dramatic increase in requests for help from low-income Americans facing foreclosure actions.<sup>10</sup> Foreclosure laws vary by state, and LSC programs are well-suited to help low-income homeowners, especially with foreclosures that can be traced to predatory lending schemes. With legal assistance, low-income Americans can renegotiate the terms of their loans or assert truth-in-lending protections in court.

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Many of the properties in foreclosure create housing problems for renters who are especially vulnerable because of unwritten month-to-month leases, missing receipts from rent or security deposits, or because they fall through the cracks of Section 8 housing assistance.

Legal representation of low-income Americans with foreclosure actions requires time and resources, in large part because foreclosures involve complex sets of state and federal laws. Assisting and advising low-income homeowners and renters is difficult because LSC-funded programs have many more eligible clients to help than they can handle. As the foreclosure crisis developed, many programs did not have the resources to increase staffing for foreclosure cases and took a triage approach in serving their communities. As a result, any current tally of cases by LSC-funded programs will underestimate the overall housing and mortgage disruptions in their communities.

LSC-funded programs have adopted innovative approaches to the foreclosure crisis:

- **The Legal Aid Foundation of Los Angeles** convened the Advocates for Consumer Justice Foreclosure Response Team, a coalition to address the subprime mortgage crisis, and is a leader in the California Reinvestment Coalition Network, a statewide group addressing mortgage and housing issues.
- **Neighborhood Legal Services of Los Angeles County** has partnered with several lenders, including Wells Fargo, Bank of America, JPMorgan Chase and Citigroup, to explore work-outs that will keep low-income families in their homes.

- **Legal Services NYC** operates two foreclosure prevention projects in Brooklyn, a foreclosure project in the Bronx and a homeowner defense project on Staten Island. The Legal Support Unit of Legal Services NYC was recently named the Legal Services Program Partner to provide expertise to the Center for NYC Neighborhoods, the largest initiative in the country to coordinate and support services to homeowners facing foreclosure.
- **Maryland Legal Aid Bureau** sponsors a Foreclosure Assistance Project to help that state's poor resolve foreclosure actions.
- **Atlanta Legal Aid** sponsors a Home Defense Project and a Senior Citizens Law Project; both have been using reverse mortgages to help the elderly modify or write down loans that threaten them with the loss of homes often owned for decades.
- **Legal Aid of North Carolina** works with creditors to negotiate solutions that permit families to remain in their homes.

Other LSC-funded programs have efforts underway to avert foreclosures in Florida, Maine, Ohio and other states. Data from LSC-funded programs in states with high foreclosure rates show increased demand for legal assistance. For example:

- **California:** Telephone calls on foreclosure-related issues jumped 214 percent at the Legal Aid Foundation of Los Angeles in 2008, compared to 2007. The Legal Aid Society of San Deigo saw a similar increase—a 250 percent increase in the number of foreclosure cases it opened in 2008, compared to the previous year. The Legal Aid Society of Orange County recorded a more than 200 percent increase in the number of foreclosure calls during the 2007-2008 period.
- **Florida:** Legal Services of Greater Miami has seen a steady climb in the number of housing cases—about 20 percent over the last two years. Legal Services of North Florida is handling many more foreclosure cases—recording a 160 percent increase over a 12-month period ending in October 2008.
- **Georgia:** Requests for foreclosure and home protection assistance are up 70 percent from 2006 at the Atlanta Legal Aid Society.
- **Michigan:** The Legal Aid and Defender Association in Detroit is opening more foreclosure and predatory lending cases, up 19 percent in 2008 compared to 2007.
- **Ohio:** The Legal Aid Society of Cleveland recorded a 28 percent increase in foreclosure applications in 2007. In 2008, Cleveland Legal Aid had an increase of nearly 90 percent.

LSC has taken steps to ensure coordination among legal services organizations on foreclosure issues. LSC has assembled a list of resources for programs, such as training materials and manuals. LSC also has worked with NeighborWorks on the National Foreclosure Legal Assistance Program. The Corporation

sponsors teleconferences to enhance the sharing of knowledge and information among legal aid programs, consumer rights groups and other interested parties.

### **Financial Stress Perpetuates Domestic Violence**

Domestic violence is a serious and pervasive problem across the nation, especially in low-income communities. Studies show that domestic violence is more severe in disadvantaged neighborhoods and occurs more often in households facing economic distress. A 2004 study found that women living in disadvantaged neighborhoods were more than twice as likely to be the victims of domestic violence compared with women in more advantaged neighborhoods.<sup>11</sup> Couples who faced extensive financial strain had a rate of violence more than three times that of couples with low levels of financial stress.

*The most effective public service that reduces domestic abuse in the long term is women's access to legal aid, according to research by two economists.*

About 38 percent of all cases handled by LSC-funded programs in 2007 involved family law issues, including domestic violence. The most effective public service that reduces domestic abuse in the long term is women's access to legal aid, according to research by two economists.<sup>12</sup> The study found that while shelters, hotlines, safe homes, counseling and emergency transportation services provide short-term assistance, legal services provide tangible, long-term economic help and safety. Legal services help women facing critical matters, such as protective orders, custody and child support.

LSC programs need more resources to adequately address this growing need, and this is an area where the provision of legal assistance makes the greatest difference in the lives of low-income individuals and families. For example, Legal Aid of West Virginia (LAWV) is a leader in West Virginia's Legal Assistance Partnership and provides court-based advocacy and legal services to survivors of domestic violence. To help victims, the partnership designates local teams that include an advocate from 14 licensed domestic violence programs and a local legal aid attorney. These teams provide comprehensive, coordinated services to assist victims in attaining long-term self-sufficiency and independence from abuse. In 2006-2007, these teams assisted 2,411 victims, most of whom also had impacted children in their homes.<sup>13</sup>

Congress, through the Department of Justice Legal Assistance for Victims grant program—which is administered by the Office of Violence Against Women using Violence Against Women Act (VAWA) funds—provides for the delivery of legal services to domestic violence victims. The statewide legal services program in West Virginia works in partnership with the West Virginia Coalition Against Domestic Violence to obtain VAWA funding. Under a two-year funding cycle, the Coalition's funding has been cut. These funding cuts have an even greater impact on the legal services program proportion of VAWA funds. With decreasing VAWA and other state funds, LSC's funding is even more important than before in combating domestic violence.

In 2008, 21 LSC programs received VAWA legal assistance funds totaling \$9 million. While these funds help provide victims of domestic violence with legal assistance, VAWA funding alone is not enough. A 2005 government study found that while the VAWA is successful, there remains a “chronic unmet need for attorneys and other personnel to assist and represent domestic violence victims who cannot pay legal fees.”<sup>14</sup> Furthermore, VAWA legal assistance funding has varied year to year since 2004.

### **Legal Aid Improves Health Outcomes**

LSC-funded programs close more than 30,000 cases each year that involve helping low-income individuals and families gain access to health care or that resolve eligibility and benefit problems with Medicare and Medicaid. Low-income workers are especially vulnerable to becoming uninsured, since they typically have little savings to pay health insurance premiums when they are unemployed, according to the Henry J. Kaiser Family Foundation.<sup>15</sup> Without insurance, low-income individuals are more likely to forgo needed medical care. They are also at risk of having their health problems treated as pre-existing conditions if they later regain employer-sponsored coverage.

Just as importantly, LSC-funded programs are building partnerships aimed at improving the health outcomes of low-income children, individuals and families. Thirty-nine LSC-funded programs participate in medical-legal partnerships that focus on health care for children.

In 2008, for example, the Legal Aid Society of Orange County and the University of California Irvine Medical Center Family Health Center combined forces to create a MedLaw Project. It will help the children of Santa Ana, California, and surrounding areas to obtain their basic needs, such as food, education and housing, by improving the capacity of health-care staff to refer low-income families for legal services. This medical-legal project has been instrumental in strengthening partnerships with the local bar so that more private attorneys can get involved with legal aid work.

### **Natural Disasters Spawn Long-Term Demand for Services**

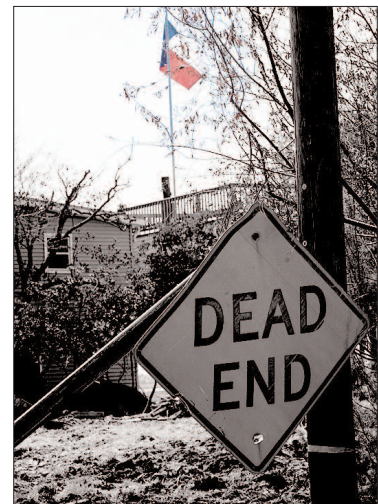
Long after the initial devastation of a natural disaster, victims turn to legal aid lawyers for help in rebuilding their lives. LSC-funded programs are a critical part of the nation’s disaster response and recovery. Legal aid lawyers staff legal services desks at disaster recovery centers operated by the Federal Emergency Management Agency and at disaster sites run by the American Red Cross.<sup>16</sup> LSC-funded programs distribute brochures with information on emergency resources and sponsor or staff emergency hotlines after disasters, usually in cooperation with state bar associations and the Young Lawyers Division of the American Bar Association.

In 2008, for example, Texas and Louisiana programs funded by LSC launched efforts to ensure civil legal aid was available to persons displaced or affected by hurricanes Ike, Gustav and Dolly. In Texas, Lone Star Legal Aid opened more than 1,700 new cases related to Ike, Gustav and Dolly, and Texas RioGrande Legal Aid opened more than 500 new cases because of Ike and Dolly. These new cases were absorbed by the two programs without extra funding.

Ike slammed into Texas on September 12, 2008 causing flooding, property damage and widespread power outages from the coast through the Houston area, and knocked out the Galveston and Beaumont offices of Lone Star Legal Aid. Gustav roared across Louisiana on September 1st, and walloped the four LSC-funded programs in the state. Program officials in Texas and Louisiana moved quickly to reroute services and resume operations.

Gustav hit Louisiana almost three years to the day after Hurricane Katrina demolished New Orleans and other parts of the Gulf Coast. LSC-funded programs in Louisiana, Texas and other parts of the region continue to handle cases related to Katrina and another 2005 hurricane, Rita. In the aftermath of hurricanes, legal aid programs find many clients need assistance with:

- Resolution of landlord-tenant disputes, such as challenges to rent-gouging by unscrupulous landlords and faulty rental housing repairs.
- Legal issues related to temporary housing in mobile homes.
- Home repair and contractor disputes.
- Consumer fraud, which runs the gamut from problems with small appliances to major insurance complaints.
- Health problems arising from the clean-up of homes and other environmental issues.
- Increased family law issues, including child abuse and domestic violence from disaster-related stress.



Britney Jackson / Lone Star Legal Aid

The Texas flag flies high over a building in Omega Bay, Texas, a small town to the northwest of Galveston Island, which sustained heavy damage from Hurricane Ike.

Other natural disasters, such as fires in California and Texas and the worst flooding in a century in the Midwest, increased the demand for services from local legal aid programs in 2008. Since the five-state, Midwest flooding in late June, Iowa Legal Aid processed 268 flood-related applications for legal assistance. Initially, many of the problems involved housing and landlord/tenant relationships. More recently, the issues involved problems with ensuring proper federal benefits and insurance payments are provided. Although the flooding receded in July, Iowa Legal Aid continued to receive flood-related requests for help on a daily basis. Large-scale disasters also often disrupt the operations of legal aid programs. During 2008, buildings that house legal aid offices were destroyed or condemned because of hurricanes in Texas and Louisiana. Iowa Legal Aid's Cedar Rapids Regional Office had to relocate to temporary quarters when flooding damaged the downtown office's ground floor.

### **Expanding Services to Military Veterans**

Requests from veterans and military personnel, especially those who have recently returned from overseas, for help on housing, debt and employment issues appear to be rising. LSC programs are working towards better capturing data on the services provided to veterans and military personnel.



The Legal Aid Foundation of Los Angeles, for example, has expanded its homeless veterans project to address an increased demand for services. Homeless veterans make up 25 percent of the 73,000 homeless individuals in Los Angeles County. If not homeless, many veterans live in cheap hotels and overcrowded or substandard housing, despite benefits available through the Department of Veterans Affairs. In addition to helping improve the living standards for veterans, the Legal Aid Foundation helps veterans file claims for benefits, for post-traumatic stress disorder, for Agent Orange disabilities and other VA benefits. The project also helps family members of living or deceased veterans apply for VA benefits.

The Legal Assistance Foundation of Metropolitan Chicago sponsors the Veterans Rights Project to train pro bono attorneys to assist veterans in filing initial claims and help them with re-employment rights, housing accommodations for the disabled and consumer protections.

LSC also continues to provide guidance to the Veterans Consortium Pro Bono Program, established in 1992. The Consortium has trained and supported thousands of pro bono attorneys who have represented thousands of veterans before the U.S. Court of Appeals for Veterans Claims, prevailing in more than 70 percent of their cases, ensuring that veterans and their families receive 100 percent of eligible benefits.

### The Growing Justice Gap

An overwhelming unmet demand already existed for civil legal services before the economic downturn and natural disasters in 2008. In 2005, LSC's *Justice Gap Report*, the Corporation's first comprehensive national statistical study, established that for every client who received service from an LSC-funded office, one eligible applicant was turned away. Fifty percent of eligible potential clients requesting assistance from LSC grantees were turned away for lack of adequate program resources. The findings understate the need, because LSC did not count persons who do not contact a program either because they are unaware they have a legal problem, or they do not know that the program can help them.

Since LSC distributed its FY 2009 Budget Request to Congress in early 2008, groups in three states and the District of Columbia have released reports detailing the unmet legal needs of the poor in their area. All the reports suggest that the actual number of low-income Americans in need of civil legal services, but without access, is far higher than outlined in LSC's *Justice Gap Report*. For example:

- **Arizona**, where 75 percent of people who reported facing a civil legal problem received no assistance from a person or agency.<sup>17</sup>
- **Hawaii**, where 77 percent of the civil legal needs of low- and moderate-income residents are unmet.<sup>18</sup>
- **Alabama**, where a soon-to-be-released study by the Alabama Law Foundation found that 84 percent of the civil legal needs of low-income households are unmet.<sup>19</sup>
- **Washington, D.C.**, where court data shows that 98 percent of parties in domestic violence cases are unrepresented by a lawyer and 97 percent of defendants in Landlord/Tenant Court are unrepresented.<sup>20</sup>

In addition, reports issued since LSC's *Justice Gap Report* in six other states also demonstrate that LSC's data was understated. For example:

- **Wisconsin**, where 80 percent of poor households facing a legal problem do so without an attorney.<sup>21</sup>
- **California**, where more than 66 percent of the civil legal needs of low-income Californians is unmet.<sup>22</sup>
- **Nebraska**, where 86 percent of eligible clients with a legal problem are unable to receive help from Legal Aid of Nebraska.<sup>23</sup>
- **Utah**, where 87 percent of poor households facing a legal problem do so without an attorney.<sup>24</sup>
- **New Mexico**, where more than 80 percent of the legal needs of low-income New Mexicans are unmet.<sup>25</sup>
- **New Jersey**, where 99 percent of defendants in eviction cases are unrepresented by a lawyer.<sup>26</sup>

The LSC *Justice Gap Report* concluded that federal funding and non-federal funding would have to at least double from the 2005 level just to serve those who actually sought help and were eligible to receive it. As discussed earlier, the LSC Board of Directors has adjusted the timeline for closing the justice gap but has maintained the goal of equal justice for all.

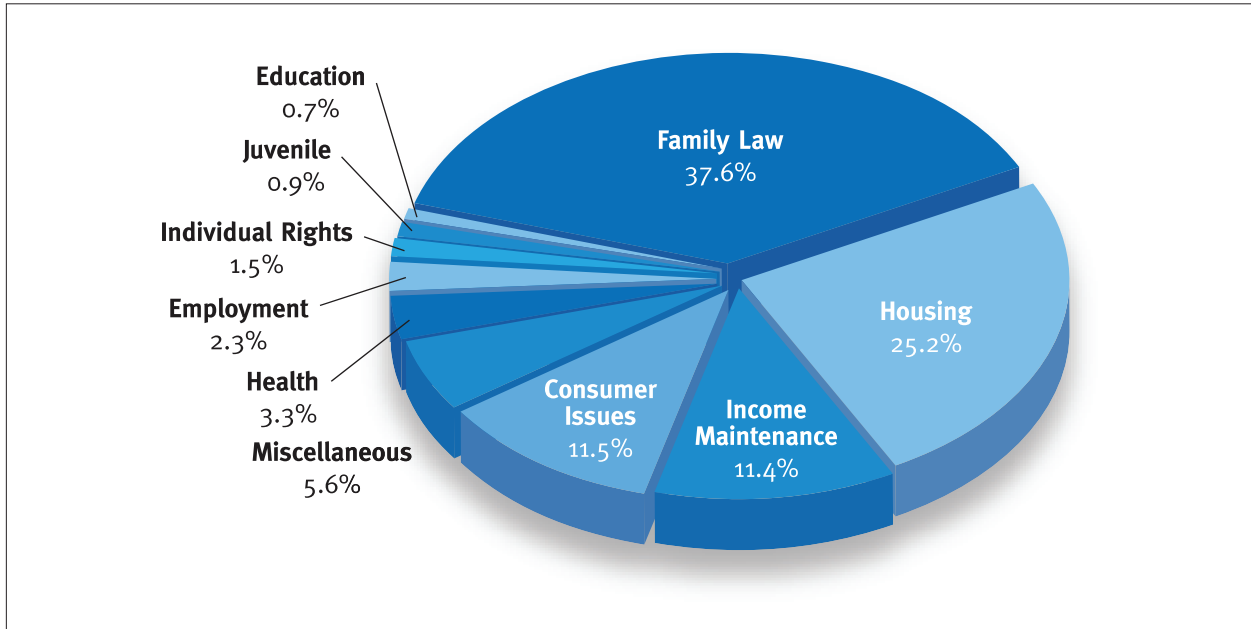
### Use of Funds—Program Data

In 2007, LSC grantees closed 906,507 cases, an increase of 11,000 more cases than the previous year. This increase was made possible in part by the \$22 million funding increase from Congress. More than 10 percent, or 97,531, of the cases closed in 2007 were assisted by pro bono attorneys. In fact, pro bono attorneys helped close 3,600 more cases in 2007 than the previous year. By LSC policy, grantees are required to spend at least 12.5 percent of their basic field grants to recruit and assist private attorneys to represent clients, usually on a pro bono basis.

LSC grantees provide a wide range of civil legal services to their clients. The majority of the cases handled involve family law, housing, and consumer-related cases. Consistent with previous years, 73 percent of the people served are women, many of whom are struggling to keep their children safe and their families together.

Overall, the client population is as diverse as our nation, encompassing all races, ethnic groups and ages, including the working poor, veterans, homeowners and renters facing foreclosure or evictions, families with children, farmers, people with disabilities, victims of domestic violence, the elderly and victims of natural disasters.

**2007 Cases Closed** (most recent data available)



LSC grantees remain committed to serving the most basic civil legal needs of the poor. The most frequent cases involve:

- **Family law:** LSC grantees continue to help victims of domestic violence by obtaining protective and restraining orders, helping parents obtain and keep custody of their children, helping family members obtain guardianship for children without parents, and other family law matters. As in prior years, nearly 38 percent of all cases closed by local programs are family law cases.
- **Housing & Foreclosure Cases:** More than 25 percent of cases involve helping to resolve landlord-tenant disputes, helping homeowners prevent foreclosures or renegotiating their loans, assisting renters with eviction notices whose landlords are being foreclosed on, and helping people maintain federal housing subsidies when appropriate.
- **Consumer Issues:** Nearly 12 percent of cases involve protecting the elderly and other vulnerable groups from being victimized by unscrupulous lenders, helping people file for bankruptcy when appropriate and helping people manage their debts.
- **Income Maintenance:** Approximately 11 percent of cases involved helping working Americans obtain promised compensation from private employers, helping people obtain and retain government benefits such as disability benefits to which they are entitled.

## Technology Initiative Grants

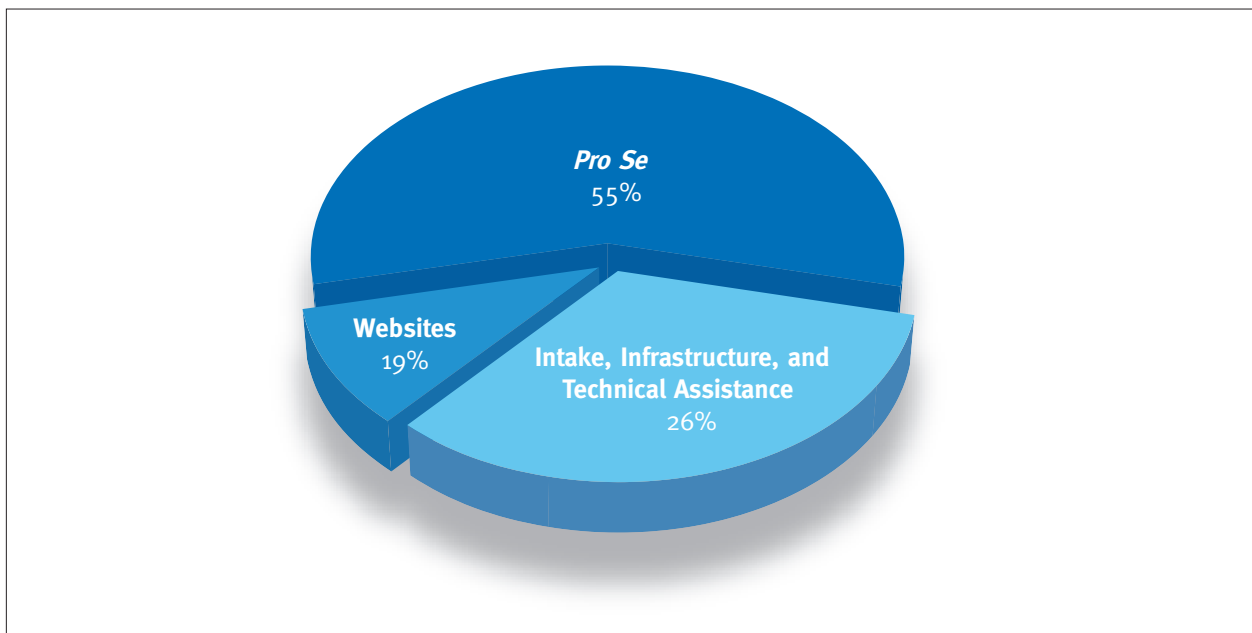
LSC requests \$3,400,000 for its Technology Initiative Grants (TIG) program for FY 2010. Since 2000, LSC's TIG program has awarded nearly \$30 million in grants to fund innovative technology projects that improve services to clients, enhance efficiency at LSC-funded programs, and increase access to information. The TIG program ensures efficient use of federal dollars by funding projects that can be easily replicated throughout the country and that provide clients with the tools and information they need to help themselves.

The \$3.4 million requested for TIG in FY 2010 would enable LSC to improve existing successful projects by expanding:

- **Pro bono and pro se assistance:** Statewide legal services websites will be furnished with more information, forms, document-assembly tools, and client-friendly webcasts and searchable databases.
- **Resources for Families Facing Foreclosure:** Providing resources for clients facing foreclosure. This would include more web-based legal information on the subject, plus automated letters and forms to help them deal with creditors and courts. These efforts would be coordinated nationally to provide an economy of scale. Each state would not need to duplicate efforts but could share and adapt for local differences.
- **Resources for Veterans and their Families:** Research done by LSC and its programs have determined there are considerable gaps in the information available both to “individuals with a military connection” (e.g., veterans, active duty personnel, reservists) and legal services advocates who would like to provide services to these individuals. LSC proposes to use TIG funding to build upon our network of statewide websites by creating web-based resources that would enable veterans and their families to more effectively identify and apply for the benefits to which they are entitled.
- **I-CAN! tax-filing module:** A greater number of low-wage workers will be able to secure the tax refunds and credits to which they are entitled.
- **Centralized intake systems:** Existing systems will be enhanced and new systems will be developed.
- **Service to clients in remote areas:** More clients who are unable to travel to the offices of LSC-funded programs will be able to tap into LiveHelp, a web-based system pilot-tested in Iowa and Montana this past year that provides real-time legal assistance via chat windows.
- **Partnerships and outreach:** LSC-funded programs will encourage the use of TIG-developed tools wherever Internet access is available—for example, on computers in libraries, schools and community centers.

In 2008, LSC awarded 33 grants—totaling \$2.3 million—to 26 grantees. The total includes \$300,000 in matching funds from the State Justice Institute to support TIG projects that emphasize pro se assistance and coordination with state courts. LSC expects to continue this partnership in FY 2010. TIG and SJI funding continue to expand the number of states with automated court forms available using the national HotDocs server and delivering pro se friendly interviews using A2J Author software (free to legal services programs and the courts). Usage of these tools continues to grow. In the first three quarters of 2008 there were over 84,000 documents delivered from the server, an increase of 47 percent from 2007.

### 2008 TIG Funding—Project Area



TIG funding will also increase access to assistance in filing earned income tax credit (EITC) applications for low-income workers. EITC is the largest federal income supplement program; it means real dollars put back into the pockets of low-income workers. Many eligible low-income people fail to utilize it either because they do not know they are eligible or because they do not know how to apply for the benefit. These dollars make a significant difference to low-income families and can substantially improve a family's resources.

Through a grant to the Legal Aid Society of Orange County, the I-CAN! E-file program (free to users) returned over \$33 million in refunds to users in all 50 states. Of this, nearly \$12 million was for EITC credits. TIG funding for 2008 will continue this project and work to expand usage even more, thus returning more money to the pockets of the nation's working poor.

LSC continues to leverage TIG funding through the replication of previously successful projects. In 2008 LSC awarded funding to Legal Services NYC to replicate the "LiveHelp" (real-time live chat online assistance)

initiative with a specific focus on the needs of New York's Spanish speaking and limited English proficiency (LEP) users. Grantees can build on the success of LiveHelp projects in other states, and expand LiveHelp in several innovative areas. Grantees will engage existing law schools and law firms in pro bono participation and pilot the provision of LiveHelp assistance to LEP users. The New York LiveHelp project will extend the impact of the resources already on LawHelp by providing value-added, tailored multilingual support to visitors who need help obtaining access to justice.

LSC's Google Adwords Campaign continues to use nearly all of the \$10,000 per month in free advertising provided by the grant, sending over 13,000 people per month to LSC's websites to locate the LSC-funded legal services program in their area.

## Loan Repayment Assistance Program

LSC requests \$1,000,000 to continue the newly named Herbert S. Garten Loan Repayment Assistance Program (LRAP), the same amount requested for the past three years.

Over the past 25 years, legal aid salaries have failed to keep pace with other public service salaries. According to a recent study in Florida, one out of five of civil legal aid attorneys in the state are leaving their jobs due to low salaries and high educational debts.<sup>27</sup> Many of these attorneys did not want to leave but felt they had no choice and indicated that a modest increase in compensation and loan repayment assistance would enable them to stay with their legal aid program. Likewise, in Illinois, a recent study found that almost half of Illinois legal aid attorneys plan to leave their legal aid jobs within the next three years.<sup>28</sup> Losing legal aid attorneys results in a significantly lower number of individuals receiving help to deal with important issues affecting their safety and independence. According to the Illinois study, losing 10 percent of legal aid attorneys in one year can result in over 9,000 fewer legal aid clients across the state being served.

Civil legal aid attorneys continue to be the lowest-paid public service attorneys in the legal profession. The National Association for Law Placement's 2008 study found that the median entry-level salary for legal service attorneys was \$40,000, compared to \$47,000 for public defenders and \$50,000 for state prosecuting attorneys. The disparities in comparison to private attorneys are even more dramatic, with starting salaries averaging \$80,000 in small firms and \$145,000 in large firms.<sup>29</sup>

*Civil legal aid attorneys continue to be the lowest-paid public service attorneys in the legal profession.*

The purpose of LSC's pilot LRAP was to determine if loan repayment assistance to legal services attorneys would improve the recruitment and retention of high-quality attorneys at LSC grantees through the relief of crushing law school debt burdens. The pilot program is now in its fourth year and our evaluation demonstrates that loan repayment assistance substantially enhances attorneys' ability to work in legal services and gives programs greater ability to recruit and retain staff. In fact, 80 percent of the Executive Directors of the legal services program participating in the pilot reported that LSC's LRAP significantly improved their ability to hire new staff while 94 percent reported that loan repayment assistance significantly enhanced their ability to retain staff. LSC's pilot program has proved to be successful and participants in the program report that the assistance significantly increased the likelihood that they would stay with their program.

The newly hired attorneys participating in the LSC pilot LRAP had an average law school debt burden of \$84,150. In 2007, the average starting salary for staff attorneys at an LSC-funded program was \$40,000.

Participating attorneys rated inadequate compensation as the most important factor, by far, to lead them to leave their legal services program.

An additional \$1 million will allow LSC to provide loans to additional attorneys. In 2008, nearly 300 attorneys from 55 programs applied to participate in the LSC pilot program. LSC has funding for approximately 41 of those attorneys. Additional funding will enable LSC to help more attorneys and provide a larger pool to evaluate the impact of loan assistance on the ability of civil legal aid programs to recruit and retain attorneys.

### Salaries and Educational Debt

\$57,000 TO \$88,000	Average Amount Borrowed for Law School in 2006-2007 <sup>30</sup>
\$120,000	Median Entry-Level Salary of Associate at Private Firm <sup>31</sup>
\$50,000	Median Entry-Level Salary of State Prosecutor <sup>32</sup>
\$47,435	Median Entry-Level Salary of Public Defender <sup>33</sup>
<b>\$40,000</b>	<b>Median Entry-Level Salary of Civil Legal Aid Lawyer<sup>34</sup></b>

LSC's evaluation of the pilot program's first two years found that:

- Many participants in the program will require decades to pay off their debts.
- Law school debts, combined with low salaries at legal aid programs, severely restrict attorney's employment options, financial well-being, ability to plan and save for the future, and plans to have families.
- Loan repayment assistance substantially enhances attorneys' ability to work in legal services, and gives programs greater ability to recruit and retain staff.
- Participants in the program report that an LRAP significantly increases the likelihood that they will stay with their program.
- Financial pressure will force many attorneys to leave their legal services programs, even though they are strongly committed to the mission and highly satisfied with their work.

The U.S. Department of Education has recently published final regulations implementing the College Cost Reduction and Access Act. This Act will help civil legal aid lawyers by completely forgiving their debt on certain student loans after 10 years of service and would lower monthly loan payments for all holders of federally guaranteed student loans. While this law will help alleviate some of the debt burden civil legal aid attorneys carry, the law is not a panacea. Many of these attorneys have private loans in addition to their federally subsidized loans. This law does not affect the private loan payments. In addition, many attorneys cannot afford to wait 10 years before their debt is forgiven. They need debt relief now. Also, the Higher Education Act of 2007 included a provision to create a program administered by the Department of Education to provide loan repayment assistance to civil legal aid attorneys. To date there is no appropriation to implement this Act. The severity of the recruitment and retention crisis at legal aid programs requires a concerted effort by a variety of actors—Congress, LSC, bar associations, law schools—to address the problem. LSC's pilot Loan Repayment Assistance Program is vitally important to mitigating this problem in the short-term.



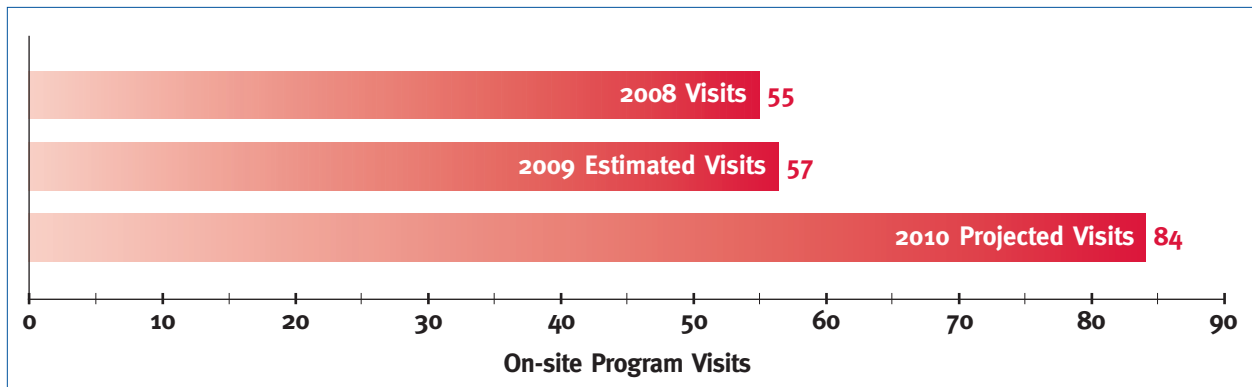
# Management and Grants Oversight

LSC recommends that the Management and Administration account be renamed as Management and Grants Oversight (MGO) because funding for the Corporation's grant oversight operations represents more than half of this item. We believe the name change is necessary and represents a better description of one of the Corporation's main responsibilities.

LSC requests \$17,200,000 for MGO for FY 2010. This represents a 3.5 percent administrative cost compared to the total request, well below the 4 percent average for fiscal years 2005-2007.

The increase is necessary to expand LSC's oversight of grantee compliance with regulations and congressional restrictions and to help enhance the quality of grantee services. The Office of Compliance and Enforcement (OCE) reviews grantee compliance with the LSC Act, with congressional restrictions on LSC funds and with LSC regulations and instructions; the Office of Program Performance (OPP) administers the competition for LSC grants and provides oversight to ensure LSC-funded programs provide high-quality legal services that are responsive to the needs of clients. If the requested funding increase is approved, the number of programs visits will increase from 57 in 2009 to 84 in 2010.

## Oversight (OCE & OPP) Program Visits



In 2008, OCE/OPP conducted oversight visits at 55 programs in Alabama, Arkansas, California, Colorado, District of Columbia, Florida, Georgia, Illinois, Kansas, Kentucky, Louisiana, Massachusetts, Minnesota, Missouri, Nebraska, Nevada, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, South Dakota Tennessee, Texas, Utah, Vermont, Virginia, Wisconsin, and Wyoming.

## Investing in Oversight and Governance

For the past two years, LSC has emphasized the improvement of the Corporation's operations, including its internal controls and grants management procedures. The Corporation has:

- strengthened financial accountability procedures;

- established a new code of conduct and ethics and trained all staff and directors;
- modernized Board governance;
- documented and updated all internal operating procedures;
- improved internal controls;
- tightened report on program visits turnaround;
- improved coordination and communication between LSC's program, compliance and inspector general offices.

*For the past two years, LSC has emphasized the improvement of the Corporation's operations, including its internal controls and grants management procedures.*

Reviews by the Government Accountability Office served as a catalyst for these changes, and the Corporation has fully implemented GAO's recommendations. These steps have enhanced LSC's ability to fulfill its mission to ensure that grantees deliver high-quality civil legal assistance to eligible clients in the most effective and efficient means, in conformity with federal rules and regulations. LSC intends to evaluate and update its oversight processes on a continual basis.

### **2009 Competitive Grants**

LSC received 41 grant applications for service areas in competition for 2009 and 98 grant renewal applications. Final funding decisions by the LSC President were made in December 2008 for all service areas with the exception of Wyoming. Grant proposals for the Wyoming service area will be submitted in March 2009 with a final decision expected in July 2009.

### **Quality Initiative**

LSC launched the Quality Initiative in 2004 to enhance and promote high-quality legal assistance to eligible clients of LSC-funded programs. The Initiative serves as LSC's vision for supporting, building and institutionalizing strategies within legal services programs to increase the capacity for the delivery of high-quality legal services.

The centerpiece of the Quality Initiative is the revised LSC *Performance Criteria*, which reflects a collective view of best practices to promote the delivery of high-quality legal services. The LSC *Performance Criteria*, the ABA *Standards for the Provision of Civil Legal Aid* and data from program visits and grantee reports have made it possible to provide more effective and efficient legal services, self-assessments, needs assessments and strategic planning.

The LSC *Performance Criteria* challenges LSC-funded programs to identify the most pressing civil legal needs of low-income people in their service areas, to effectively engage and serve those populations, to improve the effectiveness of legal representation and other program activities that benefit low-income individuals and families, and to more effectively evaluate their governance, leadership and internal operations.

Other components of the Initiative include:

- Encouraging and disseminating creative and innovative approaches to engage private attorneys in the delivery of legal services to low-income individuals and families.
- Piloting and providing guidance for leadership mentoring programs.
- Conducting a Pilot Loan Repayment Assistance Program to determine whether such a program strengthens the quality of legal assistance through effective recruitment and retention of attorneys by grantees.
- Implementing an improved system of data collection and reporting, in accordance with a revised *Case Service Report Handbook*, so that LSC and programs better capture the work they do for eligible clients.
- Developing a strategic technology plan to increase the efficiency and effectiveness of programs.

## Office of Inspector General

In FY 2010, the Office of Inspector General (OIG) is requesting \$3,500,000. This amount represents less than one percent of LSC's total budget request. This budget level is necessary for the statutorily independent OIG to adequately perform the core missions required by the Inspector General Act and updated in the Inspector General Reform Act of 2008, and to remain fully responsive to requests from the Congress. As required by the Inspector General Reform Act this request includes a request to support OIG training of \$25,000. I, Jeffrey E. Schanz, certify as the Inspector General of the Legal Services Corporation that the amount I have requested for training satisfies all foreseeable OIG training needs for fiscal year 2010. The request also includes \$9,500, which we anticipate will be needed to support the Council of Inspectors General on Integrity and Efficiency. It is a pleasure to note the LSC Board approved the OIG FY 2010 budget request as offered, without amendment, which will allow the office to complete the duties of the OIG for FY 2010.

The FY 2010 request will enable the OIG to continue reviews of LSC operations and to help improve LSC's grantee oversight by expanding the number of grantee operations reviewed, resulting in more available information for management decision-making in the competitive grant-making process. Grantee oversight was identified as an area of concern in a recent Government Accountability Office (GAO) report. The request will result also in more productive, timely and professional reporting to LSC and the Congress on LSC OIG work, more investigative support to assist the Department of Justice in prosecuting perpetrators of fraud against LSC and its grantees as well as enhanced interaction with the newly formed Council of the Inspectors General on Integrity and Efficiency, thereby increasing public confidence in the expenditure of scarce LSC funds.

The request includes amounts for training and the requisite cost-of-living, locality, and periodic pay increases for salaries and benefits for 24 full-time positions, which includes one additional investigator required by the volume of activity. This approach will allow OIG work at LSC headquarters to continue and will provide a more robust OIG presence in the field, an important deterrent to fraud, waste and abuse.

### Background

The OIG contributes to the Corporation's success in fulfilling the LSC mission by providing objective information to promote good management, inform sound decision-making, and increased accountability. The OIG operates independently from LSC Management, and is funded by Congress through a separate budget line to ensure its independence and effectiveness. The OIG's principal missions, like all other federal OIGs, are to assist in identifying ways to promote economy, efficiency and effectiveness in the Corporation's programs and operations; to prevent and detect fraud, waste and abuse; and to keep the Board of Directors and the Congress fully informed about problems relating to the activities and operations of LSC and its grant recipients. In addition to the missions shared by all OIGs, the Congress has given the LSC OIG a direct role in monitoring grant recipient compliance with legal requirements whereby

the OIG oversees and provides guidance to the Independent Public Accountants (IPAs) that conduct the annual financial and compliance audits of all LSC grant recipients. The OIG also conducts investigations of criminal and civil fraud against LSC and LSC programs and performs on-site reviews of LSC grantees.

During FY 2008, the OIG performed a variety of audits, investigations and other reviews in carrying out the Inspector General mission. Externally focused OIG projects included audits of selected internal control weaknesses at LSC grant recipients identified in the GAO's grantee oversight report; reviews of all 137 LSC grant recipient audit reports, referring significant findings to LSC management for resolution; audit quality reviews of selected grantees' audits performed by the IPAs; investigations related to compliance matters, theft, or embezzlement of grantee funds, and fraud vulnerability reviews to proactively spot any weaknesses in grantees' internal controls and operations. Internally focused projects addressing LSC management operations and activities included fact-finding in response to Congressional inquiries; oversight of the annual LSC corporate audit; an advisory role on a number of key corporate governance initiatives and comments on significant LSC regulatory items. Additionally, the OIG continued involvement in two significant litigation efforts: seeking subpoena enforcement in a review of the legal practices of a grant recipient, and participating in the discovery phase of a lawsuit challenging LSC's program integrity regulation.

### **FY 2010 Plan**

In FY 2010, in implementing the OIG Strategic Plan for 2007-2011, the OIG will conduct a risk assessment at the beginning of the fiscal year to create an annual work plan. Since much of the OIG work responds to current issues and program priorities, as well as requests from Congress, the Board of Directors and the public, the OIG must maintain the flexibility and discretion to redirect resources—when and where needed—to be a truly timely, relevant, and effective resource. Generally, the OIG will set the highest priority to the following areas of work: LSC grant recipient operations to ensure efficient and effective management and LSC's grant administration and oversight.

The OIG's mandatory work includes oversight of the annual audit of LSC's financial statements, the LSC OIG core audit program, operation of a national fraud, waste and abuse hotline, performing investigations of potential crimes and referral of evidence for prosecution, and review of existing and proposed legislation and regulations. The OIG reviews the audit reports on all LSC grant recipients produced by the IPAs annually. Each 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, and tracks the progress of corrective actions.

The OIG's work will include reviews of LSC's grant administration and oversight as well as its internal administrative functions. Because the review of grant recipients' fiscal condition and compliance with law is critical to the success of LSC, the OIG's work in FY 2010 will include an increased presence in field locations to include enhanced oversight of the IPAs. The OIG will continue reviews of the financial and internal control reviews of grant recipients by continuing use of its risk-based approach to ensure adequate

review of all IPAs work on a multiyear cycle. Separately, the OIG will continue to conduct investigations of criminal and civil fraud against LSC and LSC programs. The OIG will evaluate processes and identify best practices to improve effectiveness and efficiency in the delivery and administration of LSC-funded legal services to low-income persons.

## Endnotes

<sup>1</sup> Roll Call Vote 368, 110th Congress.

<sup>2</sup> Roll Call Vote 326, 110th Congress.

<sup>3</sup> "The Fiscal Survey of States," National Governors Association and National Association of State Budget Officers December 2008.

<sup>4</sup> The National Bureau of Economic Research, in a report dated December 1, 2008, determined that that the U.S. economy has been in a recession since December 2007.

<sup>5</sup> "The Employment Situation," Bureau of Labor Statistics, January 2009. "Job losses were large and widespread across nearly all major industry sectors," BLS said.

<sup>6</sup> This projection is based on the increases in unemployment and the corresponding increases in poverty during the most recent economic downturns: 1979-1983, 1989-1992, and 2000-2003. The projection assumes that the unemployment rate in 2009 will be 8 percent, a conservative estimate, and is similar to an estimate by the Center on Budget and Policy Priorities, Nov. 24, 2008. "The current downturn is likely to cause significant increases both in the number of Americans who are poor and the number living in 'deep poverty,'" the Center said.

<sup>7</sup> "Foreclosure Activity Increases 81% in 2008," RealtyTrac, January 15, 2009.

<sup>8</sup> Michael D. Calhoun, president, Center for Responsible Lending, "Helping Families Save Their Homes: The Role of Bankruptcy Law," Senate Judiciary Committee, November 19, 2008.

<sup>9</sup> Fifteen percent of all homeowners and 42 percent of all renters have median family incomes of less than \$20,000, according to the National Low Income Housing Coalition. "Housing at the Half: A Mid-Decade Progress Report." Danilo Pelletiere and Keith E. Wardrip. February 2008.

<sup>10</sup> In recognition of the growing workload at programs, LSC added a new data code to track foreclosure cases in early 2008; data collection and analysis will be completed in mid-2009. Some LSC-funded programs caution that a change to new case coding makes it difficult to precisely compare the number of foreclosure cases from year to year.

<sup>11</sup> Michael L. Benson and Greer Litton Fox, "When Violence Hits Home: How Economics and Neighborhoods Play a Role," National Institute of Justice 2004.

<sup>12</sup> Amy Farmer, Jill Tiefenthaler, "Explaining the Recent Decline in Domestic Violence," Oxford University Press 2003.

<sup>13</sup> In December 2008, the partnership was recognized by the Mary Byron Project with a Celebrating Solutions Award presented at the governor's mansion in Charleston, West Virginia.

<sup>14</sup> "National Evaluation of the Legal Assistance for Victims Program," Institute for Law and Justice January 24, 2005.  
<http://www.ncjrs.gov/pdffiles1/nij/grants/208612.pdf>

<sup>15</sup> Karyn Schwartz, "Health Coverage in a Period of Rising Unemployment," Kaiser Commission on Medicaid and the Uninsured December 2008.

<sup>16</sup> LSC and the Red Cross entered into a memorandum of understanding on September 9, 2008 that provides a framework for cooperation between the two organizations in rendering assistance to disaster victims.

<sup>17</sup> "Voicing a Need for Justice: Survey Results on Legal Aid Access in Arizona," Arizona Foundation for Legal Services and Education January 24, 2008.

- <sup>18</sup> “Achieving Access to Justice for Hawaii’s People,” Access to Justice Hui [Group] November 2007.
- <sup>19</sup> “An Assessment of the Legal Needs of Low-Income Alabamians,” Alabama Law Foundation (study not yet released. For more information, go to [www.alfinc.org](http://www.alfinc.org))
- <sup>20</sup> “Justice for All?: An Examination of the Civil Legal Needs of the District of Columbia’s Low-Income Community,” District of Columbia Access to Justice Commission October 7, 2008.
- <sup>21</sup> “Bridging the Justice Gap: Wisconsin’s Unmet Legal Needs,” State Bar of Wisconsin Access to Justice Committee March 2007.
- <sup>22</sup> “Action Plan for Justice,” California Commission on Access to Justice April 2007.
- <sup>23</sup> “State Needs Assessment,” Legal Aid of Nebraska February 15, 2007.
- <sup>24</sup> “The Justice Gap: The Unmet Legal Needs of Low-Income Utahans,” Utah Legal Services January 31, 2007.
- <sup>25</sup> Report to the Supreme Court of New Mexico. New Mexico Commission on Access to Justice 2006.
- <sup>26</sup> “People Without Lawyers: The Continuing Justice Gap in New Jersey,” Legal Services of New Jersey October 2006.
- <sup>27</sup> Kelly Carmody and Associates, “The Quest for the Best: Attorney Recruitment and Retention Challenges for Florida Civil Legal Aid,” September 2007.
- <sup>28</sup> “Investing in Justice: A Framework for Effective Recruitment and Retention of Illinois Legal Aid Attorneys,” Chicago Bar Foundation and Illinois Coalition for Equal Justice November 2006.
- <sup>29</sup> “New Findings on Salaries for Public Interest Lawyers,” National Association for Law Placement September 2008.
- <sup>30</sup> American Bar Association Section of Legal Education and Admissions to the Bar, Legal Education Statistics, Average Amount Borrowed from Law School 2001-2006. <http://www.abanet.org/legaled/statistics/charts/stats%20-%202020.pdf>
- <sup>31</sup> National Association for Law Placement, 2008 Associate Salary Survey. <http://www.nalp.org/press/details.php?id=78>
- <sup>32</sup> Ibid.
- <sup>33</sup> Ibid.
- <sup>34</sup> National Association for Law Placement, 2008 Public Sector and Public Interest Attorney Salary Report. <http://www.nalp.org/press/details.php?id=79>



## Appendix—FY 2010 Budget Request Tables

### BUDGET REQUEST — FISCAL YEAR 2010

(dollars in thousands)

	(1)	(2)	(3)
	FY 2009 Request	FY 2009 Continuing Resolution Budget	FY 2010 Request
I. DELIVERY OF LEGAL ASSISTANCE	450,200	334,490	<b>463,400</b>
A. PROGRAM SERVICES TO CLIENTS	445,200	332,390	<b>460,000</b>
1. Basic Field Programs	445,200	332,390	<b>460,000</b>
A. Census Adjustment	-	-	-
B. Disaster Relief	-	-	-
B. TECHNOLOGY INITIATIVES	5,000	2,100	<b>3,400</b>
II. MANAGEMENT & ADMINISTRATION	17,000	12,500	<b>17,200</b>
III. LOAN REPAYMENT ASSISTANCE PROGRAM	1,000	500	<b>1,000</b>
IV. OFFICE OF INSPECTOR GENERAL	3,162	3,000	<b>3,500</b>
<b>TOTAL</b>	<b>471,362</b>	<b>350,490</b>	<b>485,100</b>

**BUDGET IN BRIEF — FISCAL YEAR 2010**

(dollars in thousands)

	<u>2008 Budget</u>		<u>2009 Budget</u>		<u>2010 Estimate</u>		<u>Change from 2009 to 2010</u>	
	Amount	Perm Posn's	Amount	Perm Posn's	Amount	Perm Posn's	Amount	Perm Posn's
<b>I. CLIENT SERVICES</b>	339,512	-	338,068	-	463,400	-	125,332	-
Appropriation	334,490	-	334,490	-	463,400	-	128,910	-
Funds Carried Forward from Previous Year	3,495	-	2,364	-	-	-	(2,364)	-
US Court of Veterans Appeals Funds	1,210	-	1,210	-	-	-	(1,210)	-
Funds Carried Forward from Previous Year	17	-	4	-	-	-	(4)	-
State Justice Project	300	-	-	-	-	-	-	-
Other Funds Available	-	-	-	-	-	-	-	-
<b>A. PROGRAM SERVICES TO CLIENTS</b>	337,102	-	335,585	-	460,000	-	124,415	-
Appropriation	332,390	-	332,390	-	460,000	-	127,610	-
Funds Carried Forward from Previous Year	3,485	-	1,981	-	-	-	(1,981)	-
US Court of Veterans Appeals Funds	1,210	-	1,210	-	-	-	(1,210)	-
Funds Carried Forward from Previous Year	17	-	4	-	-	-	(4)	-
Other Funds Available	-	-	-	-	-	-	-	-
<b>B. TECHNOLOGY INITIATIVES</b>	2,410	-	2,483	-	3,400	-	917	-
Appropriation	2,100	-	2,100	-	3,400	-	1,300	-
State Justice Project	300	-	-	-	-	-	-	-
Funds Carried Forward from Previous Year	10	-	383	-	-	-	(383)	-
<b>II. MANAGEMENT &amp; ADMINISTRATION</b>	14,875	87	14,247	85	17,800	99	3,553	14
Appropriation	12,500	87	12,500	85	17,200	99	4,700	14
Funds Carried Forward from Previous Year	1,950	-	1,647	-	500	-	(1,147)	-
Other Funds Available	425	-	100	-	100	-	-	-
<b>III. LOAN REPAYMENT ASSISTANCE PROGRAM</b>	1,296	-	971	-	1,655	-	684	-
Appropriation	500	-	500	-	1,000	-	500	-
Funds Carried Forward from Previous Year	796	-	471	-	655	-	184	-
<b>IV. OFFICE OF INSPECTOR GENERAL</b>	3,815	23	3,838	23	3,900	24	62	1
Appropriation	3,000	23	3,000	23	3,500	24	500	1
Funds Carried Forward from Previous Year	815	-	838	-	400	-	(438)	-
<b>TOTAL - REQUIREMENTS</b>	359,498	110	357,124	108	486,755	123	129,631	15
Appropriation	350,490	110	350,490	108	485,100	123	134,610	15
Funds Carried Forward from Previous Year	7,056	-	5,320	-	1,555	-	(3,765)	-
US Court of Veterans Appeals Funds	1,210	-	1,210	-	-	-	(1,210)	-
Funds Carried Forward from Previous Year	17	-	4	-	-	-	(4)	-
State Justice Project	300	-	-	-	-	-	-	-
Other Funds Available	425	-	100	-	100	-	-	-

**BUDGET SUMMARY — FISCAL YEARS 2008, 2009 AND 2010**

(dollars in thousands)

	<u>2008 Budget</u>		<u>2009 Budget</u>		<u>2010 Estimate</u>		<u>Change from 2009 to 2010</u>	
	Amount	Perm Posn's	Amount	Perm Posn's	Amount	Perm Posn's	Amount	Perm Posn's
<b>I. CLIENT SERVICES</b>	339,512	-	338,068	-	463,400	-	125,332	-
Appropriation	334,490	-	334,490	-	463,400	-	128,910	-
Funds Carried Forward from Previous Year	3,495	-	2,364	-	-	-	(2,364)	-
US Court of Veterans Appeals Funds	1,210	-	1,210	-	-	-	(1,210)	-
Funds Carried Forward from Previous Year	17	-	4	-	-	-	(4)	-
State Justice Project	300	-	-	-	-	-	-	-
Other Funds Available	-	-	-	-	-	-	-	-
<b>II. MANAGEMENT &amp; ADMINISTRATION</b>	14,875	87	14,247	85	17,800	99	3,553	14
Appropriation	12,500	87	12,500	85	17,200	99	4,700	14
Funds Carried Forward from Previous Year	1,950	-	1,647	-	500	-	(1,147)	-
Other Funds Available	425	-	100	-	100	-	-	-
<b>III. LOAN REPAYMENT ASSISTANCE PROGRAM</b>	1,296	-	971	-	1,655	-	684	-
Appropriation	500	-	500	-	1,000	-	500	-
Funds Carried Forward from Previous Year	796	-	471	-	655	-	184	-
<b>IV. OFFICE OF INSPECTOR GENERAL</b>	3,815	23	3,838	23	3,900	24	62	1
Appropriation	3,000	23	3,000	23	3,500	24	500	1
Funds Carried Forward from Previous Year	815	-	838	-	400	-	(438)	-
<b>TOTAL - REQUIREMENTS</b>	359,498	110	357,124	108	486,755	123	129,631	15
Appropriation	350,490	110	350,490	108	485,100	123	134,610	15
Funds Carried Forward from Previous Year	7,056	-	5,320	-	1,555	-	(3,765)	-
US Court of Veterans Appeals Funds	1,210	-	1,210	-	-	-	(1,210)	-
Funds Carried Forward from Previous Year	17	-	4	-	-	-	(4)	-
State Justice Project	300	-	-	-	-	-	-	-
Other Funds Available	425	-	100	-	100	-	-	-

**APPROPRIATION REQUEST IN RELATION TO FUNDS AVAILABLE**

(dollars in thousands)

	Positions	Amount
<b>1. Total Funds Available in Fiscal Year 2009</b>		
Appropriation, FY 2009	108	350,490
Funds Carried Forward from Previous Year		5,320
US Court of Veterans Appeals Funds		1,210
Funds Carried Forward from Previous Year		4
Other Funds Available, FY 2009		100
<b>Total available in FY 2009</b>	<b>108</b>	<b>357,124</b>
<b>2. Request for Fiscal Year 2010 – Summary of Changes</b>		
Appropriation, FY 2009	108	350,490
Adjustment to Base	15	134,610
Appropriation, FY 2010	123	485,100
<b>3. Total Funds Available in Fiscal Year 2010</b>		
Requested Appropriation	123	485,100
Funds Carried Forward from Previous Year		1,555
Other Funds Available		100
<b>Total available in FY 2010</b>	<b>123</b>	<b>486,755</b>

**PROGRAM AND FINANCING FOR FEDERAL APPROPRIATIONS — FISCAL YEARS 2008, 2009, AND 2010**

(dollars in thousands)

	2008 Actual	2009 Budget	2010 Estimate
<b>I. CLIENT SERVICES</b>			
A. Program Services to Clients	337,102	335,585	460,000
B. Technology Initiatives	2,410	2,483	3,400
<b>II. MANAGEMENT &amp; ADMINISTRATION</b>			
	14,875	14,247	17,800
<b>III. LOAN REPAYMENT ASSISTANCE PROGRAM</b>			
	1,296	971	1,655
<b>IV. OFFICE OF INSPECTOR GENERAL</b>			
	3,815	3,838	3,900
Total program costs, funded	359,498	357,124	486,755
Change in Selected Resources:			
Funds Carried Forward from Previous Year	(7,056)	(5,320)	(1,555)
US Court of Veterans Appeals Funds	(1,210)	(1,210)	-
Funds Carried Forward from Previous Year	(17)	(4)	-
State Justice Project	(300)	-	-
Other Funds Available	(425)	(100)	(100)
Total obligations (object class 41)	350,490	350,490	485,100
Financing:			
Budget Authority (appropriation)	350,490	350,490	485,100
Relation of obligations to outlays:			
Obligations incurred, net	350,490	350,490	485,100
Obligated balance, start of year	67,001	67,450	65,276
Obligated balance, end of year	(67,450)	(65,276)	(83,567)
Outlays	350,041	352,664	466,809

## ACTIVITIES IN BRIEF

(dollars in thousands)

	2009 Budget		2010 Base		2010 Estimate		Inc. (+) or Dec. (-) 2009 Base to 2009 Est.	
	Amount	Perm Posn's	Amount	Perm Posn's	Amount	Perm Posn's	Amount	Perm Posn's
<b>I. CLIENT SERVICES</b>								
Total	338,068		334,490		463,400		128,910	
Appropriation	334,490		334,490		463,400		128,910	
Funds Carried Forward from Previous Year	2,364		-		-		-	
US Court of Veterans Appeals Funds	1,210		-		-		-	
Funds Carried Forward from Previous Year	4		-		-		-	
Other Funds Available	-		-		-		-	
<b>A. PROGRAM SERVICES TO CLIENTS</b>								
Total	335,585		332,390		460,000		127,610	
Appropriation	332,390		332,390		460,000		127,610	
Funds Carried Forward from Previous Year	1,981		-		-		-	
US Court of Veterans Appeals Funds	1,210		-		-		-	
Funds Carried Forward from Previous Year	4		-		-		-	
<b>1. Basic Field Programs</b>								
Total	333,436		332,390		460,000		127,610	
Appropriation	332,390		332,390		460,000		127,610	
Funds Carried Forward from Previous Year	1,046		-		-		-	
<b>2. Grants from Other Funds Available</b>								
Total	935		-		-		-	
Appropriation	-		-		-		-	
Funds Carried Forward from Previous Year	935		-		-		-	
<b>3. US Court of Veterans Appeals Funds</b>								
Total	1,214		-		-		-	
Appropriation	-		-		-		-	
US Court of Veterans Appeals Funds	1,210		-		-		-	
Funds Carried Forward from Previous Year	4		-		-		-	

## ACTIVITIES IN BRIEF

(dollars in thousands)

	2009 Budget		2010 Base		2010 Estimate		Inc. (+) or Dec. (-) 2009 Base to 2009 Est.	
	Amount	Perm Posn's	Amount	Perm Posn's	Amount	Perm Posn's	Amount	Perm Posn's
<b>B. TECHNOLOGY INITIATIVES</b>								
Total	2,483		2,100		3,400		1,300	
Appropriation	2,110		2,100		3,400		1,300	
Funds Carried Forward from Previous Year	383		-		-		-	
<b>II. MANAGEMENT &amp; ADMINISTRATION</b>								
Total	14,247	85	13,100	85	17,800	99	4,700	14
Appropriation	12,500	85	12,500	85	17,200	99	4,700	14
Funds Carried Forward from Previous Year	1,647		500		500		-	
Other Funds Available	100		100		100		-	
<b>III. LOAN REPAYMENT ASSISTANCE PROGRAM</b>								
Total	971		1,155		1,655		500	-
Appropriation	500		500		1,000		500	-
Funds Carried Forward from Previous Year	471		655		655		-	
<b>IV. OFFICE OF INSPECTOR GENERAL</b>								
Total	3,838	23	3,400	23	3,900	24	500	1
Appropriation	3,000	23	3,000	23	3,500	24	500	1
Funds Carried Forward from Previous Year	838		400		400		-	
<b>TOTAL</b>	<b>357,124</b>	<b>108</b>	<b>352,145</b>	<b>108</b>	<b>486,755</b>	<b>123</b>	<b>134,610</b>	<b>15</b>
Appropriation	350,490	108	350,490	108	485,100	123	134,610	15
Funds Carried Forward from Previous Year	5,320		1,555		1,555		-	
US Court of Veterans Appeals Funds	1,210		-		-		-	
Funds Carried Forward from Previous Year	4		-		-		-	
Other Funds Available	100		100		100		-	

**APPROPRIATION EXPENSES BY ACTIVITY — FISCAL YEARS 2009 AND 2010**

(dollars in thousands)

	2008 Funds Carried Forward to 2009		2009 Budget		2010 Base		2010 Request	
	Amount	Perm Posn's	Amount	Perm Posn's	Amount	Perm Posn's	Amount	Perm Posn's
Management & Administration	1,647		12,500	85	12,500	87	17,200	99
Funds Carried Forward from FY 2009 to FY 2010	-		-		-		500	
Other Funds Available	-		100		-		100	
Loan Repayment Asst Program	471		500		500		1,000	
Funds Carried Forward from FY 2009 to FY 2010	-		-		-		655	
Office of Inspector General	838		3,000	23	3,000	23	3,500	24
Funds Carried Forward from FY 2009 to FY 2010	-		-		-		400	
<b>SUBTOTAL</b>	<b>2,956</b>		<b>16,100</b>	<b>108</b>	<b>16,000</b>	<b>108</b>	<b>23,355</b>	<b>123</b>
Program Activities	2,364		334,490		334,490		463,400	
Funds Carried Forward from FY 2009 to FY 2010	-		-		-		-	
Veterans Appeals Funds	4		1,210		-		-	
<b>TOTAL</b>	<b>5,324</b>		<b>351,800</b>	<b>108</b>	<b>350,490</b>	<b>108</b>	<b>486,755</b>	<b>123</b>



**MANAGEMENT AND ADMINISTRATION, & INSPECTOR GENERAL TOTAL SUMMARY — FISCAL YEARS 2009 AND 2010**

(dollars in thousands)

SUMMARY TOTALS	Management & Admin., & Inspector General		Program Authorities		Totals		CHANGE
	2009	2010	2009	2010	2009	2010	
Management & Administration	14,247	17,800	-	-	14,247	17,800	3,553
Office of Inspector General	3,838	3,900	-	-	3,838	3,900	62
Grants and Contracts	-	-	338,068	463,400	338,068	463,400	125,332
Loan Repayment Asst. Prgm.	-	-	971	1,655	971	1,655	684
Total Expenses	18,085	21,700	339,039	465,055	357,124	486,755	129,631

Sources of Funds for the Delivery of Legal Assistance

Appropriation	334,490	463,400
Funds Carried Forward from Previous Year	2,364	-
US Court of Veterans Appeals Funds	1,210	-
Funds Carried Forward from Previous Year	4	-
Total	338,068	463,400

Sources of Funds for the Loan Repayment Assistance Program

Appropriation	500	1,000
Funds Carried Forward from Previous Year	471	655
Total	971	1,655

Total Sources of Funds

Appropriation	350,490	485,100
Funds Carried Forward from Previous Year	5,320	1,555
US Court of Veterans Appeals Funds	1,210	-
Funds Carried Forward from Previous Year	4	-
Other Funds Available	100	100
Total	357,124	486,755

**MANAGEMENT AND ADMINISTRATION EXPENSES BY OBJECT CLASS — FISCAL YEARS 2009 AND 2010**

(dollars in thousands)

OBJECT CLASS	Management and Administration		Program Authorities		Totals		CHANGE
	2009	2010	2009	2010	2009	2010	
Personnel Compensation	7,796	9,555	-	-	7,796	9,555	1,759
Employee Benefits	2,450	3,539	-	-	2,450	3,539	1,089
Other Personnel Services	38	70	-	-	38	70	32
Consulting	633	880	-	-	633	880	247
Travel and Transportation	662	988	-	-	662	988	326
Communications	152	168	-	-	152	168	16
Occupancy Costs	1,666	1,678	-	-	1,666	1,678	12
Printing and Reproduction	98	101	-	-	98	101	3
Other Operating Expenses	612	657	-	-	612	657	45
Capital Expenditures	140	164	-	-	140	164	24
<b>Total for Management and Administration</b>	<b>14,247</b>	<b>17,800</b>	<b>-</b>	<b>-</b>	<b>14,247</b>	<b>17,800</b>	<b>3,553</b>

Sources of Funds for Management and Administration

Appropriation	12,500	17,200
Funds Carried Forward from Previous Year	1,647	500
Other Funds Available	100	100
<b>Total</b>	<b>14,247</b>	<b>17,800</b>

**INSPECTOR GENERAL EXPENSES BY OBJECT CLASS — FISCAL YEARS 2009 AND 2010**

(dollars in thousands)

OBJECT CLASS	Office of Inspector General		Program Authorities		Totals		CHANGE
	2009	2010	2009	2010	2009	2010	
Personnel Compensation	2,490	2,539	-	-	2,490	2,539	49
Employee Benefits	703	833	-	-	703	833	130
Other Personnel Services	25	-	-	-	25	-	(25)
Consulting	289	240	-	-	289	240	(49)
Travel and Transportation	220	220	-	-	220	220	-
Communications	27	50	-	-	27	50	23
Occupancy Costs	1	-	-	-	1	-	(1)
Printing and Reproduction	4	3	-	-	4	3	(1)
Other Operating Expenses	40	10	-	-	40	10	(30)
Capital Expenditures	39	5	-	-	39	5	(34)
<b>Total for Inspector General</b>	<b>3,838</b>	<b>3,900</b>	<b>-</b>	<b>-</b>	<b>3,838</b>	<b>3,900</b>	<b>62</b>

Sources of Funds for Management and Administration

Appropriation	3,000	3,500
Funds Carried Forward from Previous Year	838	400
<b>Total</b>	<b>3,838</b>	<b>3,900</b>

**STAFF POSITIONS — FISCAL YEARS 2008, 2009, AND 2010**

	2008 Budget	2009 Budget		2010 Estimate	
	Number of Positions*	Change From 2008	Number of Positions*	Change From 2009	Number of Positions*
OFFICE					
Executive Office	5	0	5	0	5
Legal Affairs	7	(1)	6	1	7
Government Relations / Public Affairs	6	0	6	0	6
Human Resources	5	0	5	0	5
Financial & Administrative Services	9	0	9	0	9
Information Technology	8	0	8	0	8
Program Performance	25	(1)	24	3	27
Information Management	6	0	6	0	6
Compliance & Enforcement	16	0	16	10	26
	87	(2)	85	14	99
Inspector General	23	0	23	1	24
<b>TOTAL</b>	<b>110</b>	<b>(2)</b>	<b>108</b>	<b>15</b>	<b>123</b>

\* Full-time equivalents

**STAFF SALARIES — FISCAL YEARS 2008, 2009, AND 2010**

MANAGEMENT AND ADMINISTRATION

SALARY RANGES	2008 Budget	2009 Budget		2010 Budget	
	Number of Positions*	Change From 2007	Number of Positions*	Change From 2008	Number of Positions*
LSC BAND I					
\$27,960 - \$53,251	5	0	5	1	6
LSC BAND II					
\$46,590 - \$85,201	25	0	25	5	30
LSC BAND III					
\$73,952 - \$109,170	45	(2)	43	8	51
LSC BAND IV					
\$107,770 - \$128,440	7	0	7	0	7
LSC BAND V					
\$123,240 - \$135,420	4	0	4	0	4
Unclassified Positions	1	0	1	0	1
<b>TOTAL</b>	<b>87</b>	<b>(2)</b>	<b>85</b>	<b>14</b>	<b>99</b>

\* Full-time equivalents

**STAFF SALARIES — FISCAL YEARS 2008, 2009, AND 2010**

OFFICE OF INSPECTOR GENERAL

SALARY RANGES	2008 Budget	2009 Budget		2010 Budget	
	Number of Positions*	Change From 2008	Number of Positions*	Change From 2009	Number of Positions*
LSC BAND I \$27,960 - \$53,251	0	0	0	0	0
LSC BAND II \$46,590 - \$85,201	5	(1)	4	1	5
LSC BAND III \$73,952 - \$109,170	12	1	13	0	13
LSC BAND IV \$107,770 - \$128,440	5	0	5	0	5
LSC BAND V \$123,240 - \$135,420	1	0	1	0	1
Unclassified Positions	0	0	0	0	0
<b>TOTAL</b>	<b>23</b>	<b>0</b>	<b>23</b>	<b>1</b>	<b>24</b>

\* Full-time equivalents



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For information about LSC, visit [www.lsc.gov](http://www.lsc.gov)



# Legal Services Corporation

## **BUDGET REQUEST**

**FISCAL YEAR 2010**

**FY10**