

MEMORANDUM

TO: Finance Committee

FROM: James J. Sandman

DATE: July 13, 2015

SUBJECT: Management's Recommendation for LSC's FY 2017 Budget Request

LSC management recommends that the Finance Committee consider a budget request of **\$502.7 million** for FY 2017. This recommendation is \$15.8 million more than last year's request of \$486.9 million. \$15.7 million of the increase is for basic field grants, and \$100,000 is for the Office of Inspector General.

Our goal over the past several years has been to restore grantees' services to the level they were at before the recession began and the size of the population financially eligible for legal aid spiked. We have used changes in the size of the eligible population as a proxy for changes in the level of need for legal services. Our intention has been to restore funding per eligible person to the 2007 level in inflation-adjusted dollars.

We first adopted this approach three years ago in formulating our budget recommendation for FY 2014. We calculated then that we would need basic field funding of \$451.3 million to restore service to the 2007 level. Since then, we did not change that number, even though, because of inflation and projected increases in the size of the eligible population, our formula would have supported a request for higher basic field funding. Last year, we projected that basic field funding should be \$495.7 million for FY 2016 based on that formula. Our recommendation, however, was to continue to use the lower \$451.3 million basic field level because of pressure on the federal budget.

This year, we recommend continuing to use the same formula—restoring funding per eligible person to the 2007 level, adjusted for inflation—without any reductions. In light of the magnitude of the need for legal services, we cannot justify a fourth year of flat basic field funding. We recommend that we ask for the actual amount necessary to restore basic field funding per eligible person to the 2007 level in inflation-adjusted dollars—\$467 million for FY 2017. **Appendix 1** details the methodology used for our FY 2017 budget request. **Appendix 2** shows LSC's budget requests from FY 2010 to 2017.

The table below compares our request by budget category for FYs 2016 and 2017.

Budget Category	FY 2016 Request	FY 2017 Request	Change
Basic Field	\$451,300,000	\$467,000,000	\$15,700,000
TIG	\$5,000,000	\$5,000,000	\$0
LRAP	\$1,000,000	\$1,000,000	\$0
MGO	\$19,500,000	\$19,500,000	\$0
Pro Bono	\$5,000,000	\$5,000,000	\$0
OIG	\$5,100,000	\$5,200,000	\$100,000
Total	\$486,900,000	\$502,700,000	\$15,800,000

Our recommendation for an increased request is supported by the first two goals of LSC’s strategic plan: “to maximize the *availability*, quality, and effectiveness of the civil legal services that [our] grantees provide to eligible low-income individuals” and “to become a leading voice for civil legal services for poor Americans.” (Emphasis added.)

For FY 2016, the White House recommended \$452 million for LSC, an increase of \$22 million from its request for FY 2015. This was significant in light of the Office of Management and Budget’s recommendation that all federal agencies reduce their budgets by five percent for FY 2016. The White House request reflects the President’s strong support for legal services and the vital role that LSC and its grantees play in providing access to justice. The table below shows LSC’s current appropriation, the President’s recommendation last year, congressional action on LSC’s funding for FY 2016, and our recommendation for 2017.

Budget Category	FY 2015 Appropriation	FY 2016 President’s Ask	FY 2016 House Passed	FY 2016 Senate Approp. Committee	FY 2017 LSC Request
Basic Field	\$343,150,000	\$416,400,000	\$266,900,000	\$353,000,000	\$467,000,000
TIG	\$4,000,000	\$5,000,000	\$4,000,000	\$4,000,000	\$5,000,000
LRAP	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
MGO	\$18,500,000	\$19,500,000	\$19,000,000	\$18,500,000	\$19,500,000
Pro Bono	\$4,000,000	\$5,000,000	\$4,000,000	\$4,000,000	\$5,000,000
OIG	\$4,350,000	\$5,100,000	\$5,100,000	\$4,500,000	\$5,200,000
Total	\$375,000,000	\$452,000,000	\$300,000,000	\$385,000,000	\$502,700,000

As in previous years, LSC management recommends that more than 90% of the budget be allocated to basic field grants for FY 2017. Four percent or \$19.5 million is allocated for management and oversight, the same amount as we recommended last year. One percent is allocated for LSC’s Inspector General. Consistent with LSC’s appropriation request for FY 2016, our recommended FY 2017 request includes \$5 million for the Pro Bono Innovation Fund—the grant program proposed by the Pro Bono Task Force to encourage innovations in pro bono legal services. The budget also includes \$5 million for LSC’s Technology Initiative Grants (TIG) program and \$1 million for the Loan Repayment Assistance Program.

On June 15, members of the public presented their recommendations for LSC’s FY 2017 budget request to the Finance Committee. **Appendix 3** includes copies of the recommendations.

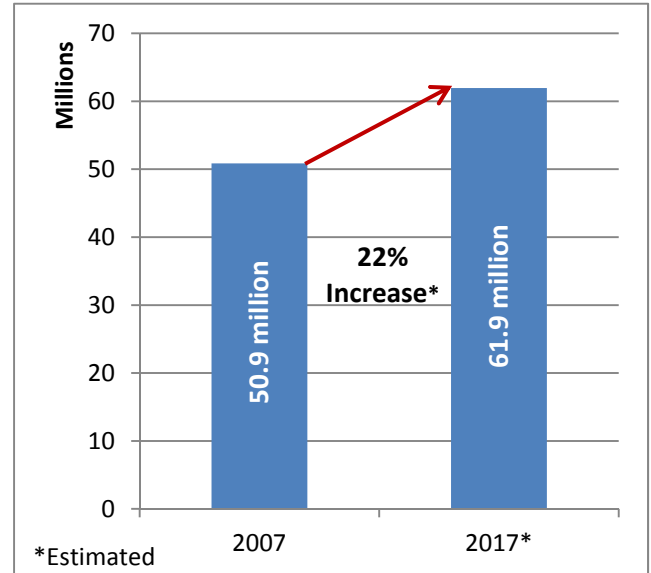
- The **National Legal Aid and Defender Association (NLADA)** recommends **\$580 million** for FY 2017, the same amount recommended last year. NLADA justified the recommendation by pointing to the enormity of the unmet legal needs of people living in poverty and the significant positive outcomes realized when civil legal aid is made available.
- The **Standing Committee on Legal Aid and Indigent Defendants (SCLAID)** of the American Bar Association recommends a budget within the range of **\$486.9 to \$494.2 million**. This number reflects LSC's FY 2016 budget request adjusted for inflation.
- The **Conference of Chief Justices and the Conference of State Court Administrators** jointly recommend "...a significant increase in LSC funding to fulfill our nation's promise of equal justice under law."
- The **Washington State Access to Justice Board** recommends a budget request of no less than \$500 million. At this level of funding, LSC's Washington grantee would receive a substantial funding increase that would allow restoration of lost capacity, and coverage of the increased costs of providing services, allowing our Washington grantee to serve thousands more Washingtonians in need of legal assistance to secure justice.
- The **Pennsylvania IOLTA Board** submitted a report of their 2012 economic benefits study. The study demonstrated an \$11 return for every dollar spent on legal aid.
- The **Mississippi Access to Justice Commission** expressed strong support for full and continued funding of Mississippi's LSC-funded legal services programs. "Without question, the potential for a reduction in the budgets to our LSC programs would have a devastating effect on thousands of children, elderly, veterans and families throughout Mississippi."
- The **Washington Council of Lawyers**, a voluntary bar association in the District of Columbia devoted to ensuring that the justice system serves everyone, expressed strong support for full and continued funding for LSC. "In our judgment, the levels of LSC funding are woefully inadequate for the current need. We believe LSC funding should be increased to meet the increasing demands for legal services."

The Justice Gap Remains Enormous

The gap between the number of people who need legal services and the resources available to meet their needs remains enormous. One in five Americans qualifies for services today. The most recent data from the Census Bureau show that the number of people eligible for LSC-funded services in 2013 was 63.6 million. This was only slightly lower than in 2012, when the number was the highest in LSC's history. Although we project that the eligible population will decrease slightly by 2017, the total number of people in need of services will remain very large, and significantly larger than the number before the recession began. **Appendix 4** shows the population eligible for LSC-funded legal aid from 2007 through 2017. In 2015, income eligibility LSC-funded legal aid —125% of the federal poverty guideline—is \$14,713 for an individual and \$30,313 for a family of four.

Based on the most recent information available from the Bureau of the Census and the Congressional Budget Office, we estimate that 62 million Americans, or nearly 20% of the population, will be financially eligible for services at LSC grantees in FY 2017, a 22% increase since 2007.¹

Year	Eligible Population	Percentage of Population	Percentage Change
2007	50,864,000	17.3%	--
2008	51,988,000	17.6%	2.2%
2009	56,430,000	18.9%	8.5%
2010	60,443,000	19.6%	7.1%
2011	63,324,000	20.3%	4.8%
2012	63,569,000	20.8%	0.4%
2013	63,558,000	20.6%	0.0%
2014*	63,351,000	20.4%	-0.3%
2015*	62,761,000	20.1%	-0.9%
2016*	62,192,000	19.8%	-0.9%
2017*	61,948,000	19.6%	-0.4%



LSC’s Justice Gap Reports in 2005 and 2009,² before the eligible population spiked, showed that even then LSC grantees were able to assist only 50% of those persons who sought legal assistance. In 2010, when LSC received its largest appropriation in absolute dollars, grantees provided services to 2.3 million people in all households served. Four years later, LSC grantees helped only 1.9 million people in all households served, a decline of 17%.

The slight improvement in the poverty rate masks a lagging economic recovery for those most in need. There was no meaningful change in the poverty rate for those 18-64 and 65 and above. The share of income going to the bottom 20% of households remained at an all-time low of 3.2%.³

¹ Source: U.S. Census Bureau, 2007-2013 American Community Survey 1-Year Estimates, Table S1701: Poverty Status in the Past 12 Months; Emily Monea and Isabel Sawhill, *An Update to “Simulating the Effect of the ‘Great Recession’ on Poverty,”* Brookings Institution, September 13, 2011, Figure A. U.S. Census Bureau 2014 National Population Projections: Summary Tables, Middle Series.

² “Documenting the Justice Gap In America The Current Unmet Civil Legal Needs of Low-Income Americans,” September 2005. An Updated Report of the Legal Services Corporation, September 2009.

³ Income and Poverty in the United States: 2013, Carmen DeNavas-Walt and Bernadette D. Proctor, September 2014. <http://www.census.gov/content/dam/Census/library/publications/2014/demo/p60-249.pdf>
Poverty Fell and Health Coverage Improved in 2013, But Economic Recovery Is Slow to Reach Many, Arloc Sheman, Danilo Trisi and Matt Broaddus, September 22, 2014, Center on Budget and Policy Priorities <http://www.cbpp.org/sites/default/files/atoms/files/9-22-14pov.pdf>

While the overall poverty population remains near an all-time high, LSC funding for grantees has declined dramatically since 2010—in both absolute terms and inflation-adjusted dollars. LSC is currently funded at \$375 million, an 11% decrease from FY 2010. Over the same period, basic field funding has declined by 13%, from \$394.4 million to \$343.15 million. If LSC’s FY 1995 appropriation of \$400 million were adjusted to keep pace with inflation, it would be \$621 million today. **Appendix 5** shows LSC’s funding history from 1995 to 2014, both in absolute and inflation-adjusted dollars; **Appendix 6** shows historical data on grantees’ LSC and non-LSC funding; **Appendix 7** shows the sources of grantees’ non-LSC funding.

As the chart below shows, total grantee funding (LSC and non-LSC funding) per eligible person in 2014 declined by 13% in absolute dollars and 24% in inflation-adjusted dollars since 2007.

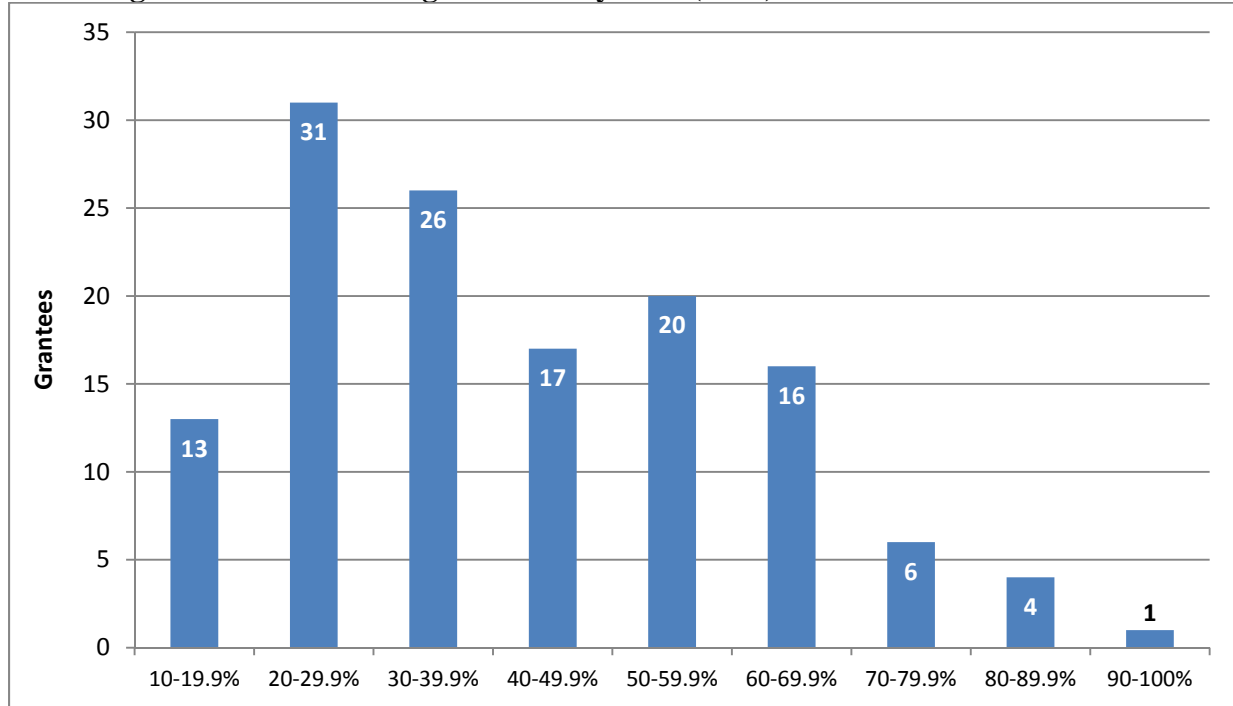
Year	LSC + Non-LSC Actual \$ /Eligible Person	Inflation-Adjusted \$ /Eligible Person ⁴
2007	\$16.62	\$18.98
2008	\$16.41	\$18.04
2009	\$16.05	\$17.71
2010	\$15.88	\$17.24
2011	\$14.75	\$15.52
2012	\$13.88	\$14.31
2013	\$13.52	\$13.74
2014	\$14.40	\$14.40

Non-LSC funding varies widely from jurisdiction to jurisdiction. And it is important to recognize that many sources of non-LSC funding are not fungible with LSC funding. Non-LSC funding is often restricted for specified purposes, with strict limits on the amount available for management and administration. LSC funding, in contrast, can be used to address the full range of locally identified needs and allows grantees to support robust management.

As the chart below shows, 47 of our 134 grantees depend on LSC for 50% or more of their funding. Twenty-seven grantees receive 60% or more of their funding from LSC and have been particularly hard-hit by reductions in LSC’s grants.

⁴ LSC and non-LSC funding adjusted for inflation in 2014 dollars: U.S. Department of Labor, Bureau of Labor Statistics, CPI Inflation Calculator, (www.bls.gov/data/inflation_calculator.htm). Eligible persons 2007-2013: U.S. Census Bureau, 2007-2013 American Community Survey 1-Year Estimates, Table S1701: Poverty Status in the Past 12 Months; U.S. Census Bureau 2013 National Population Projections: Summary Tables, Middle Series. LSC Projections for 2014 client eligible population using LSC estimates based on: Emily Monea and Isabel Sawhill, *An Update to “Simulating the Effect of the ‘Great Recession’ on Poverty,”* Brookings Institution, September 13, 2011, Figure A (www.brookings.edu/research/papers/2009/09/10-poverty-monea-sawhill). Unemployment: CBO, *CBO’s Baseline Economic Forecast - February 2015 Baseline Projections*, (www.cbo.gov/publication/43902). Total Population: U.S. Census, 2014 National Population Projections - Table 1; Poverty Population, U.S. Bureau of the Census, Current Population Survey, Annual Social and Economic Supplements.

Percentage of Grantee Funding Provided by LSC (2014)



The Cost of Returning Funding to Pre-Recession Levels

Our FY 2017 budget recommendation reflects a goal of returning to the same level of service that LSC grantees provided in 2007—the last year before the recession began and the size of the population eligible for LSC-funded services began to increase dramatically. The table below shows LSC funding per eligible person from 2007 to 2015, adjusted for inflation.

Year	Inflation-Adjusted Basic Field Funding	Eligible Persons	\$/Eligible Person
2007	\$383,401,311	50,864,000	\$7.54
2008	\$370,937,519	51,988,000	\$7.13
2009	\$409,449,542	56,430,000	\$7.25
2010	\$435,190,755	60,443,000	\$7.20
2011	\$404,399,564	63,324,000	\$6.38
2012	\$338,218,910	63,569,000	\$5.32
2013	\$326,394,273	63,558,000	\$4.98
2014	\$340,567,650	63,351,000	\$5.12
2015	\$343,150,000	62,761,000	\$5.47

In 2007, basic field funding of \$383 million was \$7.54 per eligible person in inflation-adjusted dollars.⁵ Basic field funding per eligible person is now only \$5.47 in constant dollars. To return to FY 2007 funding per eligible person in FY 2017 in inflation adjusted dollars, basic field funding should be \$467 million.

Inadequate Funding Jeopardizes Access to Justice

Significant funding cuts have resulted in reduced staff as well as office and case closure levels from 2010 to 2014. There is a clear correlation between the number of cases closed by LSC grantees and available funding. In 2014, basic field grants to LSC grantees dropped by 15% from the high of \$394.4 million in 2010. Cases closed by grantees during the same time period decreased by nearly 19%. In 2014, grantees closed a total of 757,983 cases, down by 174,000 cases from 2010. **Appendices 8 and 9** show the total number of cases closed from 2008 to 2014 and compare the number of cases to grantee funding for the same time period. Although total cases closed dropped from 2010 to 2014, pro bono cases increased from 71,444 to 80,077 during the same time period. Pro bono cases now represent 10.7% of total cases closed by LSC grantees, the highest in LSC’s history. **Appendices 10 and 11** show the total number and percentage of pro bono cases closed from 2008 to 2014.

The following chart shows the relationship between grantee staffing levels and cases closed. In 2014, the number of cases closed by grantee staff (excluding private attorney involvement cases) was the lowest since 2008. The total of 660,818 cases closed in 2014 was a 17% reduction since 2008. Overall staffing levels in 2014 also represent a reduction for the same time period. **Appendix 12** show staffing at LSC grantees from 2011 to 2014.

Year	Attorneys	Paralegals	Support Staff	LSC Cases Closed (Excluding PAI)
2008	4426	1682	3365	795,987
2009	4505	1687	3327	816,703
2010	4679	1731	3453	824,785
2011	4508	1646	3284	797,162
2012	4226	1503	3032	710,264
2013	4192	1475	2911	662,262
2014	4318	1504	2891	660,818
% Change	-2.4%	-11%	-14%	-17%

⁵ Basic field funding adjusted for inflation in 2015 dollars: United States Department of Labor, Bureau of Labor Statistics, CPI Inflation Calculator (www.bls.gov/data/inflation_calculator.htm); Eligible persons 2007-2013: U.S. Bureau of the Census, Current Population Survey, Annual Social and Economic Supplements, Table 6. People Below 125 Percent of Poverty Level and the Near Poor: 1959 to 2011 (for persons below 125% poverty 1994-2011). LSC Projections for 2014 client eligible populations using LSC estimates based on: Monea and Sawhill, *Simulating the Effect of the “Great Recession” on Poverty* (www.brookings.edu/research/papers/2009/09/10-poverty-monea-sawhill). Unemployment: CBO, *CBO's Baseline Economic Forecast - February 2015 Baseline Projections*, (www.cbo.gov/publication/43902).; Total Population: US Census, 2014 National Population Projections - Table 1; Poverty Population, U.S. Bureau of the Census, Current Population Survey, Annual Social and Economic Supplements.

Growing Problem of Pro Se Litigants

Inadequate funding for legal aid, combined with an increased poverty population, has increased the number of pro se litigants in the courts. While there are no national data on pro se litigants, state court chief justices and judges from across the country have reported to the LSC Board on the growing epidemic of pro se litigation in state courts. Examples include:

- 1.8 million unrepresented litigants in civil matters in New York courts in 2012.⁶
- 80% of litigants in family law cases are unrepresented in California and Massachusetts.⁷ According to a report by the Judicial Council of California, more than 4.3 million of California's court users are self-represented; 90% of defendants in unlawful detainer cases are self-represented.⁸
- 50-66% of litigants in family law cases in Texas are pro se.⁹
- 35% of civil cases in the Southern District of Iowa were filed by pro se litigants.¹⁰

A 2014 report by the Boston Bar Association¹¹ related judges' assessment of the effect that lack of representation has on the courts. The study included the following table that highlights the magnitude of the problem by case type in Massachusetts.

⁶ The Task Force to Expand Access to Civil Legal Services in New York, Report to the Chief Judge of the State of New York, State of New York Unified Court System, November 2014.

⁷ Statement of California Judge Laurie Zelon, LSC's Texas Judicial Panel: The Importance of Access to Justice to the Judiciary, Legal Services Corporation Board of Directors Meeting, Austin, TX, Jan. 24, 2014; Statement of Massachusetts Supreme Court Chief Justice Ralph Gants, Legal Services Corporation 40th Anniversary Conference: State Supreme Court Chief Justices/Judges, Washington D.C., Sept. 15, 2014

⁸ Judicial Council of California, *Report of the Task Force on Self-Represented Litigants and Statewide Action Plan for Serving Self-Represented Litigants* (February 2004), pg. 2.

⁹ Statement of Supreme Court of Texas Chief Justice Nathan Hecht, LSC's Texas Judicial Panel: The Importance of Access to Justice to the Judiciary, Legal Services Corporation Board of Directors Meeting, Austin, TX, Jan. 24, 2014.

¹⁰ Statement of Iowa Supreme Court Justice David Wiggins, Judicial Panel: The Importance of Access to Justice to the Judiciary, Legal Services Corporation Board of Directors Meeting, Des Moines, Iowa, July 21, 2014.

¹¹ "Investing in Justice: A Roadmap to Cost-Effective Funding of Civil Legal Aid in Massachusetts," Boston Bar Association Statewide Task Force to Expand Civil Legal Aid in Massachusetts, October 2014. <http://www.bostonbar.org/docs/default-document-library/statewide-task-force-to-expand-civil-legal-aid-in-ma---investing-in-justice.pdf>

Case Type	Percentage of Cases Where Petitioner is Self-Represented	Percentage of Cases Where Respondent is Self-Represented or Does Not Appear	Percentage of Cases Where At Least One Party is Self-Represented or Does Not Appear
Family	39%	91%	99%
Financial and housing	1%	92%	93%
Probate	52%	99%	99%

Similarly, a 2013 report from Arkansas addressed the growing problem of pro se litigants in the state’s courts.¹² More than 90% of the responding judges reported that cases with one or more self-represented parties were handled less efficiently than those with attorneys on both sides. Two-thirds of the responding judges believed that cases with self-represented litigants take longer than cases with attorneys to reach disposition. The most frequent comments from judges were that self-represented litigants expect judges to help them try their cases. Eighty percent of the judges report that self-representation has a negative impact on case outcomes. One judge reported, “there have been times [self-represented litigants] prevailed, but very, very seldom.”¹³

A 2013 report by the Conference of Chief Justices and the Conference of State Court Administrators recounted the negative effects on the quality and administration of justice when large numbers of unrepresented litigants inundate the courts. Large numbers of unrepresented litigants create financial and logistical burdens for courts because they take significantly more of the court’s time. When an unrepresented litigant does not understand standard procedures and paperwork, judges must spend more time on the bench explaining information commonly understood by lawyers, or eliciting facts that the party should have presented. Court clerks may have to answer more questions and provide additional assistance.¹⁴

More cases reach the courts as litigation (as opposed to being settled) when one or both parties are unrepresented. When one party in a case is represented by counsel and the other is not, delays and disruptions resulting from one party’s being unrepresented can increase the cost of counsel for the represented party. Delays can result when an unrepresented litigant does not know what materials will be required.¹⁵

Judges across the country agree that large numbers of unrepresented litigants:

- Clog the courts
- Take up the time of court personnel
- Cost opposing parties more in legal fees because of disruptions and delays

¹² “Services for Self-Represented Litigants in Arkansas,” A report to the Arkansas Access to Justice Commission, July 26, 2013.
<http://www.arkansasjustice.org/sites/default/files/file%20attachments/Arkansas%20Final%20Report%207-26-13.pdf>

¹³ *Id.*

¹⁴ “The Importance of Funding for the Legal Services Corporation from the Perspective of the Conference of Chief Justices and the Conference of State Court Administrators,” Conference of Chief Justices and the Conference of State Court Administrators, 2013.

¹⁵ *Id.* at page 4.

- Cause more cases to advance to litigation
- Result in cases being decided on technical errors rather than the legal merits of a case.¹⁶

Recent Economic Benefits Studies¹⁷

Our request for a significant increase in basic field funding has an additional justification: civil legal aid is a good investment of taxpayer dollars. Providing civil legal aid is one of the most effective ways to help Americans navigate the justice system while also promoting greater efficiency in the courts. A growing body of research demonstrates that investment in civil legal aid stimulates significant economic benefits for communities, for state and local governments, and for individuals. Studies in several states illustrate that civil legal aid grows economies, positively affecting the housing market, homeless shelter costs, foreclosure and eviction rates, incidence of domestic abuse, and employment.

In 2014, the following states released economic benefit studies highlighting the benefits resulting from making legal aid available.

Massachusetts

- For every \$1 spent representing families and individuals in housing court, the state saved \$2.69 on other services, such as emergency shelter, health care, foster care, and law enforcement.
- Providing legal services to survivors of domestic violence saved the state \$16 million.

New York

- Anti-eviction civil legal aid programs saved the state \$220 million in costs that would have been spent on shelters. In addition, another \$40 million was saved by providing brief representation in other housing matters.
- Providing legal services to survivors of domestic violence saved the state \$85 million in medical and mental health expenses and workplace productivity and wages lost.

North Carolina

- Preventing 488 foreclosures in 2012 saved more than \$11 million in home values.
- Assisting homeowners avoid evictions saved the state more than \$4 million that would otherwise have been spent on providing emergency shelter.

¹⁶ *Id.* at page 4.

¹⁷ The studies cited use a range of methodologies to calculate savings and benefits including shelter costs, domestic violence impacts, state services, and federal benefits. The variation in methodology makes comparing summary statistics, such as return on investment, difficult. LSC uses relevant portions of the studies that can be understood independently. The PA IOLTA Board testimony in Appendix 3 includes the study: “The Economic Impact of Outcomes Obtained for Legal Aid Clients Benefits Everyone in Pennsylvania” in its entirety.

- Providing legal services to survivors of domestic violence saved the more than \$1 million in medical costs alone.

Pennsylvania

- In 2011, the economic benefits generated by legal aid providers saved the state \$25 million that would have otherwise been spent on emergency shelters.
- Nearly 7,000 families received protection from abuse orders, saving the state \$23 million in medical expenses, counseling for affected children, and law enforcement resources.

Tennessee

- Civil legal aid saved Tennesseans \$1.3 million that would have been spent on emergency shelters.
- Providing legal services to survivors of domestic violence saved the state \$7.5 million in medical and mental health expenses, social services, law enforcement resources, workplace productivity and wages lost, and judicial system costs.
- Preventing foreclosure through legal aid saved residents and local governments an estimated \$33.8 million.

Virginia

- Providing legal services to survivors of domestic violence saved the state \$1.9 million in costs related to medical and mental health care, counseling for affected children, and law enforcement resources.
- Providing homelessness prevention efforts resulted in about \$1.2 million savings in emergency shelter costs. We helped 632 low-income families (with 1,704 family members) avoid the need for emergency shelter, saving an estimated \$12,790 per family.

Congressional Support for LSC Funding

Below is a summary of congressional action on LSC's funding for FYs 2015 and 2016.

FY 2015

When Congress was unable to reach agreement on appropriations bills by the start of FY 2015, Congress enacted a short-term Continuing Resolution (CR) that maintained FY 2014 funding levels. In February 2015, Congress passed an omnibus appropriations bill for FY 2015 that included \$375 million for LSC, an increase of \$10 million, or 2.7%, over FY 2014. LSC's FY 2015 funding split the difference between the amounts approved by the House and Senate

Commerce, Justice, Science, and Related Agencies (CJS) Appropriations Subcommittees. The FY 2015 appropriation increased funding for both the Pro Bono Innovation Fund and Technology Initiative Grants (TIG) to \$4 million each.

FY 2016

Both the House of Representatives and the Senate Appropriations Committees have taken action on the FY 2016 CJS appropriations bills. On June 3, the House of Representatives passed the FY 2016 CJS bill that includes \$300 million for LSC, a \$75 million cut from FY 2015 and a \$50 million decrease over last year's House-approved level. During debate on the House floor, three amendments were offered that would have affected LSC's funding. The first, offered by Judiciary Chair Robert Goodlatte (R-VA), would have nearly eliminated LSC by cutting \$270 million from the House Appropriations Committee recommendation, leaving \$30 million to wind down grants and continue pro bono efforts. The amendment was withdrawn after the House CJS Subcommittee Chair John Culberson (R-TX) raised a point of order. A second amendment, offered and subsequently withdrawn by Rep. Steve Cohen (D-TN), would have increased LSC funding by \$10 million over the Appropriations Committee recommendation.

The third amendment, offered by Rep. Robert Pittenger (R-NC), would have cut funds for LSC by an additional \$25 million, to \$275 million. The amendment failed on a bipartisan vote of 263-163.

On June 11, the Senate Appropriations Committee approved the FY 2016 CJS bill that includes \$385 million for LSC, an increase of \$10 million from FY 2015, but \$15 million less than the Committee approved last year. The Senate funding recommendation is \$85 million higher than the House-passed level for LSC.

At this time, it is unclear if the full Senate will consider the FY 2016 CJS bill before the end of the fiscal year on September 30. As a result of the funding caps in the House and Senate budget resolutions, Senate Democrats are unwilling to allow any appropriations bills subject to those caps to come to the Senate floor. The White House has threatened to veto any appropriations bills that follow the funding caps.

Conclusion

A near-record high client-eligible population, significant funding reductions compared to past years, and an enormous unmet need for civil legal services have made it impossible for LSC grantees to continue to do more with less. LSC grantees have had to reduce services, close fewer cases, and reduce staff. LSC needs a substantial increase from its current funding level to be able to support basic civil legal services for low-income Americans. We believe the need for civil legal services justifies an increase over LSC's appropriations request for FY 2016.

The following are explanations of the sections of the recommended budget for LSC in addition to basic field grants.

Pro Bono Innovation Fund

LSC management recommends requesting \$5 million for FY 2017—the same amount requested for the past three years, and the amount the President has requested for FY 2016. Congress appropriated \$2.5 million for the Pro Bono Innovation Fund (PBIF) for the first time in FY 2014. In FY 2015, Congress increased funding to \$4 million. There is considerable interest among Members of Congress in expanding and enhancing pro bono efforts.

For FY 2016, both the House of Representatives and the Senate Appropriations Committee have included level funding (\$4 million) for PBIF. Projects funded under this program will develop, test, and replicate innovative pro bono efforts that will enable LSC grant recipients to expand clients' access to high-quality legal assistance. The grant criteria require both innovation (new ideas or new applications of existing best practices) and replicability (likelihood that the innovation, if successful, could be implemented by other legal aid programs).

FY 2014 Grants

Last year, LSC awarded 11 PBIF grants from 79 applications. Grantees in 41 states, the District of Columbia, and Puerto Rico applied for these funds. More than \$15 million was requested, and the average project cost was \$196,000. The grantees matched PBIF dollars with an additional \$1.2 million in other funds and in-kind contributions to support their projects.

Highlights of the projects in 2014 include:

- Nine projects introducing new technology to enable rural and remote delivery of legal aid in hard-to-reach communities
- Nine projects focusing on statewide or regional service delivery to engage more lawyers to better serve special populations, including seniors and veterans
- Five projects implementing new technologies for pro bono lawyers, including the development of a virtual law firm platform, on-demand trainings, and online forms to streamline client services and volunteer management

FY 2015 Grants

The grant application and review process for FY 2015 is in process. LSC received letters of intent for 59 projects from 55 grantees in 40 states. The projects seek a total of \$12.2 million in funding. Forty applicants also applied for funding in 2014, and 15 were first-time applicants. After reviewing the initial submissions, LSC invited 25 full applications. These applicants have requested a total of \$6.2 million in funding with an average request of \$245,000. The review and selection process is scheduled to be completed in July 2015.

Technology Initiative Grants

In FY 2015, Congress increased funding for the Technology Initiative Grants (TIG) program by \$600,000, from \$3.4 million to \$4 million. For the past four years, the Board has approved a request of \$5 million. We recommend the same request for FY 2017.

Since its inception in 2000, TIG has funded more than 570 projects totaling more than \$46 million. The TIG program is a success story. With these grants, LSC grantees have built a foundation for better service delivery that includes statewide websites, enhanced capacity for intake, case management systems, and automated forms to support clients, staff, and pro bono efforts. With that foundation in place, LSC is poised to further expand access to justice through technology innovations.

In 2014, LSC awarded 39 grants in 22 states and U.S. territories to support a variety of technology initiatives, including user-friendly online tools for women veterans, mobile delivery of legal services for clients using text messaging, and video-conferencing technology that reaches low-income clients in rural areas. Mobile innovations continue to be a priority, and several projects include the development of mobile-compatible legal resources for the poor. Mobile devices are the fastest-growing form of access low-income persons have to the Internet.

This year's annual TIG conference included a record 290 participants, 70 more than last year. The TIG conference is the only national event focused exclusively on the use of technology in the legal aid community. It brings together LSC grantees and members of the technology community to explore effective uses of technology in legal aid and to encourage project ideas. All LSC recipients of technology grants are required to attend.

Over the past several years, LSC has offered scholarships to grantees that have never had a TIG, or have not had one for many years, to attend its annual TIG conference. This program has proven to be successful. LSC has enhanced these initiatives by replacing the TIG scholarships with a Technology Fellowship Program. The program builds on LSC's work to increase technology capacity in legal aid programs and provides increased training and mentoring to staff to implement technology projects. In developing the criteria for selecting fellows and recruiting fellowship applications, LSC has sought the assistance of leaders in the use of technology to support legal aid.

Management and Grants Oversight

Congress appropriated \$18.5 million for Management and Grants Oversight (MGO) for FY 2015, \$500,000 more than the previous year. For FY 2016, the House included \$19 million for MGO, an increase of \$500,000 from last year, while the Senate Appropriations Committee has included level funding for MGO. For the past five years, the Board has approved a request of \$19,500,000 for MGO. We recommend the same request for FY 2017.

The proposed MGO budget would allow LSC to continue to improve fiscal, compliance, and programmatic oversight of LSC grantees by making more visits to grantees and expanding training. We plan to continue projects to improve and upgrade our information technology systems, website functionality, and communications.

As detailed in the chart below, our proposed budget would allow LSC to increase staff in FY 2017.

**LSC Staffing By Department:
Comparison of FY 2015 and Estimated FY 2017 Staffing Levels**

Department	FY2015 Staffing*	FY2017 Staffing Estimates	Difference FY15 and FY17
EO	8	8	0
OLA	7	8	1
GRPA	7	7	0
HR	6	6	0
OFAS	11	11	0
OIT	8	8	0
OPP	28	30	2
OIM	5	5	0
OCE	28	32	4
Subtotal	108	115	7
OIG	30	30	0
Total	138	145	7

*Staffing levels projected as of 9-30-2015.

Herbert S. Garten Loan Repayment Assistance Program

Since 2005, LSC has requested \$1 million each year for the Herbert S. Garten Loan Repayment Assistance Program (LRAP) which Congress has fully funded. We recommend the same amount for FY 2017.

Started as a pilot program, LRAP has enabled LSC grantees to recruit and retain high-quality attorneys. Past evaluations of the program show that large law school loan debts for legal aid attorneys, coupled with low salaries, constitute major barriers for grantees in hiring and retaining lawyers. The evaluations found that the availability of LRAP mitigates the economic hardships confronting grantee attorneys and increases their ability and willingness to stay with legal aid organizations.

At current funding levels, LSC can provide loan repayment assistance to only half those who apply. In 2015, LSC received 147 new applications from attorneys at 70 grantee offices in 35 states, the District of Columbia and Micronesia. This represents an 18% increase from 2013.

Of the 147 new applications this year, 67 applicants, or 46%, were denied because of insufficient LRAP funding. Turning away nearly half of the applicants who need these grants impedes grantees' recruitment and retention efforts. The maximum grant allowed for each recipient is \$16,800.

According to the National Association for Law Placement (NALP), civil legal aid lawyers continue to be the lowest paid group in the legal profession, earning less than public defenders and other public interest lawyers. Nationwide,

Median Starting Salaries for Attorneys ¹⁸	
Category	Salary
Private Lawyers (<i>Firms of 251 or More Attorneys</i>)	\$135,000
Local Prosecutors	\$51,141
Public Defenders	\$50,400
Other Public Interest Lawyers	\$46,000
Civil Legal Aid Attorneys	\$44,636

entry-level legal aid lawyers earn a median salary of \$44,636, while attorneys in public service organizations earn \$46,000 and public defenders earn \$50,400. In contrast, the median salary for first-year lawyers at private firms with 50 or fewer attorneys is \$105,000, and higher for larger firms. The NALP’s findings are consistent with LSC’s salary surveys, which show that in 2014 starting salary for staff attorneys at LSC grantees were paid an average of less than \$45,000 a year and attorneys with 10-14 years of experience averaged less than \$65,000.¹⁹

Office of Inspector General

(This section was prepared by the OIG and included without change.)

Overview:

The Office of Inspector General (OIG) is a statutorily independent office within LSC that receives its funding through a separate line in the LSC appropriation. For FY 2017, the OIG is requesting \$5.2 million to continue its activities overseeing federal funds appropriated to LSC. The OIG contributes to LSC’s success by providing objective reports and analysis to decision-makers to enhance oversight and proper management and increase accountability, responsibility, and transparency in LSC and grant recipient operations.

The \$5.2 funding is critical to meet mission requirements and support a robust, high impact OIG in FY 2017.²⁰ The request will allow the OIG to maintain adequate staffing and training levels to continue audit, investigative, evaluation, and fraud prevention activities, to provide congressionally mandated oversight and to help to improve the performance of the LSC’s vital programs.

The request will fund the OIG to perform more work in the areas that the OIG has identified as significant LSC management challenges. Such work would include but not be limited to: further expansion of the OIG’s recent review of sub-recipient oversight; reviews of client trust funds and LSC and grant recipient information technology security; development of needed internal information management systems; and recruitment and retention of a high performance and highly skilled workforce. Overall, the OIG continues to be a positive benefit to LSC management’s policies and procedures for grant recipients and sub-recipients – helping to ensure

¹⁸ “Public Sector and Public Interest Attorney Salary,” Report by the National Association for Law Placement, June 2014.

¹⁹ Based on LSC Grant Activity Reports, 2014.

²⁰ This request comes at the end of a multi-year operational plan that spent down carryover funds in support of OIG operations while not increasing annual budget requests.

they are properly functioning as responsible stewards of taxpayer funds and reducing opportunities for fraud, waste and abuse.

Relative Size:

Proportionally, the OIG request is 1.0% (\$5.2 million/\$502.7 million) of the Management recommended total LSC request and 26.6% (\$5.2 million/\$19.5 million) of the Management and Grants Oversight (MGO) line. As seen in the chart the FY 2016 OIG request was the first substantial OIG budget request increase since FY 2009. The overall growth in the OIG request into FY 2017 is generally in line with the relative growth of LSC’s MGO from the FY 2009 budget to FY 2017 request level.

Comparatively, the LSC OIG appropriation is also in line with other OIGs in the Federal Inspector General community with entity budgets similar to that of LSC (\$250-\$600 million). The FY 2014 LSC OIG to entity budget ratio is 1.20% (\$4.35 million/\$360.65 million). This budget ratio is below the average ratio of 1.42%.

**OIG/MGO Funding Comparison
(FY 2009 to 2017)**

FY	OIG	MGO
09	\$4,200,000	\$16,000,000
10	\$4,200,000	\$17,000,000
11	\$4,192,000	\$16,966,000
12	\$4,200,000	\$17,000,000
13	\$3,902,000	\$15,792,000
14	\$4,350,000	\$18,000,000
15	\$4,350,000	\$18,500,000
16	\$5,100,000	\$19,500,000
17	\$5,200,000	\$19,500,000



Performance:

The requested increase of \$100,000 will enable the OIG to increase its already impressive record of recent accomplishments to help LSC effectuate positive change and ensure the integrity and accountability in LSC headquarters and in its grantee operations, for example in FY 2014:

- The OIG issued 88 formal recommendations for program and operations improvements to LSC and LSC grantees. The OIG issued 9 audit reports, including 7 audits of the adequacy of grantees’ financial internal controls over approximately \$20.6 million in LSC grant funds. Management decisions sustaining questioned costs referred by the OIG during FY 2014 amounted to more than \$259,000.
- The OIG closed 21 investigations in FY 2014. Investigations involved matters such as fraud and financial irregularities by grantee employees, the unauthorized outside practice of law, time and attendance abuse, and the improper use of LSC funds– including questionable personnel compensation. Cases arising from OIG investigations resulted in referrals for criminal action, federal debarment proceedings, sustained questioned costs

and restitution to grantees of misspent funds. The OIG also referred \$103,000 in investigative questioned costs to LSC management.

- In an effort to preclude fraud, waste and abuse, the OIG continued its proactive fraud prevention program by conducting 38 Fraud Awareness Briefings, 3 Fraud Vulnerability Assessments, 3 joint Fraud and Regulatory Vulnerability Assessments. The OIG also issued fraud alerts to the grantee community and published the first “Fraud Prevention Guide for LSC Grantees,” providing grantee employees and financial managers with key fraud indicators and concrete suggestions to help prevent fraud.
- For similar efforts, the OIG received the Council of Inspectors General on Integrity and Efficiency Award for Excellence for the OIG’s innovative regulatory vulnerability assessment program in 2013.

Since 1996, LSC's annual Congressional appropriations have directed that grantee compliance with legal requirements be monitored through the annual grantee audits conducted by independent public accountants (IPAs) under guidance of the OIG. The OIG reviewed grant recipient audit reports and referred significant fiscal and compliance findings to LSC management for corrective action. Further, as the OIG is tasked with ensuring the quality of audits of LSC and its grantees, the OIG instituted a Quality Control Review (QCR) program, designed to assess all grantee IPAs’ work over a 4 year program. This program has enabled the OIG to identify deficiencies in IPA work (and led to the debarment of two IPAs for faulty work), improve IPAs’ compliance with applicable standards and OIG guidance, and improve the overall effectiveness and quality of LSC grantee audits.

The OIG also recommended revisions and updates to LSC regulations, policies and practices to identify opportunities for improvements in LSC operations and policies including:

- Acquisition Management – Where oversight and monitoring are vital to ensuring effective contracting and the safeguarding taxpayer dollars, the OIG has produced a series of recommendations and reviews. These included an original audit of consultant contracts (2009), a sole source contracting review (2013), procurement training recommendations (2013), multiple rounds of comments suggesting numerous revisions to LSC’s procurement and contracting policies and procedures (2014), and a follow-on audit of LSC’s consultant contracts (2014).
- Grants Management – The OIG contributed to LSC grants oversight beyond its investigations and audits by commenting on regulatory changes to LSC’s private attorney involvement (PAI) rule and identifying ways to ensure compliance and avoid interpretive difficulties. Additionally, the OIG recommended that LSC management collect and analyze more comprehensive compensation data for grantees’ key employees in order to improve fiscal oversight and the effective and efficient use of grant funds.
- Human Capital Management – The OIG responded to LSC’s requests for comments regarding the development of numerous important LSC policies, including those involving ethics and conduct, conflicts of interest, whistleblowers, and equal employment opportunity. Further, the OIG helped improve the Corporation’s personnel recruitment

efforts by recommending LSC establish a permanent business relationship with the Office of Personnel Management to utilize its USAJOBS.gov website.

- Information Technology (IT) – The OIG performed the first risk assessment of LSC’s IT systems based on the National Institute of Standards and Technology standards, identifying significant deficiencies and technical vulnerabilities. The OIG also provided substantive comments in the development of LSC’s Electronic Systems Usage policies.

These and other OIG achievements are reported in the Semiannual Reports to Congress (<https://www.oig.lsc.gov/products/sar>) released through the Board. The statutorily required semiannual reports are the six month performance report cards of OIG activities. Separately, the IG annually submits a performance report to the Governance and Performance Review Committee.

Operational Improvements:

In order to ensure operational efficiencies, the OIG has updated its Strategic Plan for 2015-2019 identifying two goals to:

- Promote LSC effectiveness by delivering high value OIG products that identify areas for improvement and communicate those to stakeholders,
- Advance excellence in OIG performance by effectively managing and leveraging our human resources and information systems.

To implement the new Strategic Plan’s goals, objectives and strategies the OIG updated its FY2015 work plan, to include planned activities and performance goals.

The audit unit reorganized in FY 2014 and hired skilled former government and non-government audit professionals. This resulted in a consistent increase in the production of OIG grantee audits.

The investigations unit issued an internal report on LSC sub-grant oversight and LSC management responded by beginning to address significant gaps in sub-grant oversight identified by the OIG.

The OIG launched a new, more user-friendly website to allow for greater transparency into the OIG and its products; and the office continues development of internal information system to better support OIG goals going forward.

At the same time, expenditures in FY 2015 are down by over \$200,000. The OIG has managed to reduce expenditures, for example, by delaying filling open positions. The OIG has finished a recompet of the QCR contract which will lead to future lower (saving \$1,100 per review) and more scalable contract expenditures.

OIG Budget History:

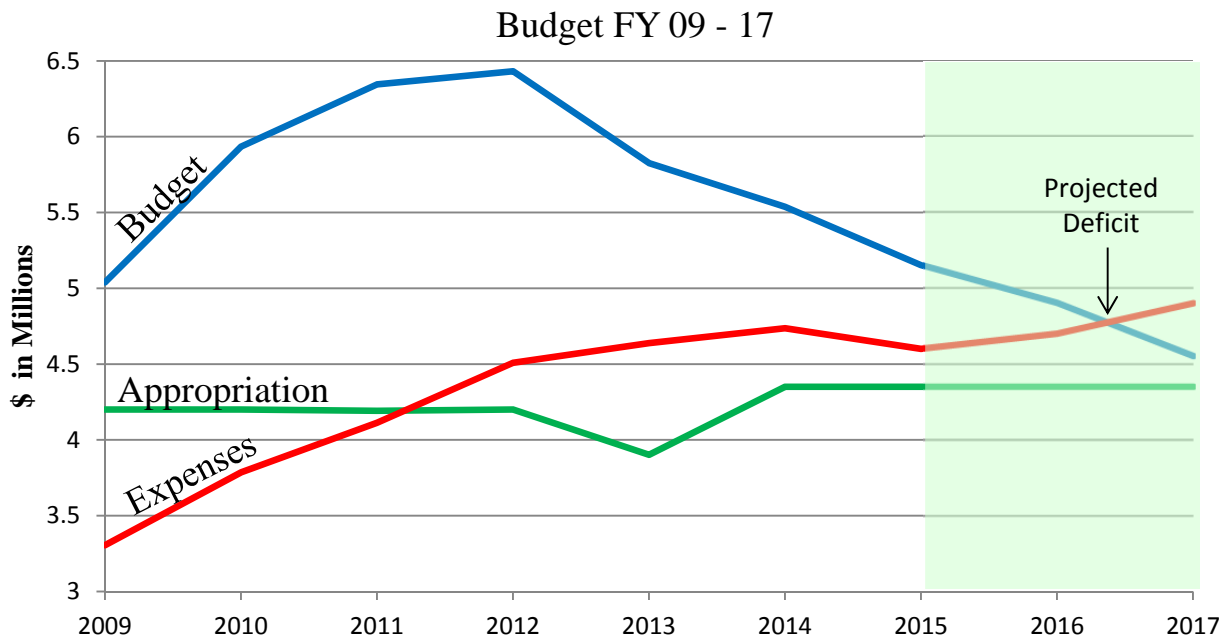
As displayed in the accompanying graphic, the OIG has been exercising a multiyear operational plan to reduce carryover in which expenses (shown in red) have generally risen while

appropriations (green line) were relatively flat. During FY 2011 OIG expenditures became greater than appropriations. The resulting effect in subsequent years has been a considerable decrease in the OIG budget (blue line) and carryover (the space between the blue and the red lines).

Currently, in FY 2015, the OIG is operating at a reduced annualized rate of \$4.6 million with an appropriation of \$4.35 million. The OIG projects carryover to decrease by another \$250,000 to \$552,000 (or 10.7% of budget) by the end of FY 2015.

The FY 2016 OIG funding outlook is uncertain. The House of Representatives approved \$5.1 million for the OIG in FY 2016, while the Senate Appropriations Committee approved \$4.5 million. There is also a possibility for the passage of continuing resolution funding at the FY 2015 appropriation level of \$4.35 million. The three scenarios offer a wide range of variation and create the need for flexibility in future OIG funding and planning.

Under the OIG worst-case scenario of continuing resolution funding of \$4.35 million for each FY 2016 and 2017, the OIG is projecting to be in a deficit position of approximately -\$300,000 by the end of FY 2017, supporting the need for the OIG FY 2017 request level of \$5.2 million.



Note: The shaded portion is a projection based on potential continuing resolution funding of \$4.35 million for FY16 and 17.

FY 2017 Planned Activities:

In FY 2017, guided by the new Strategic Plan for 2015 – 2019 goals, objectives and strategies, the OIG will use its continual risk assessments and annual work planning process to determine the assignment of available OIG resources. The OIG will perform its statutory requirements – including fraud prevention and detection, promoting LSC and grant recipient economy and efficiency, and oversight of the grantee audit process. The OIG will allocate priority to reviews in the following areas of OIG identified LSC management challenge areas of:

- Performance management and accountability,
- Grants management and procurement,
- Governance and control systems,
- Human capital management, and
- Information technology management and security.

Resources will also be used to respond to requests from the Congress, the Board of Directors, LSC management and other interested parties, as well as, advance improvements in internal OIG operations (including management, personnel and information systems).

A major component of the FY 2017 budget request is funding the OIG's operation of the LSC audit program. The OIG will continue to objectively audit LSC and grantee operations and review all LSC grant recipients' annual audits, including financial statements, internal controls, and compliance with mandated restrictions and prohibitions. The OIG refers significant audit findings to LSC Management for resolution and tracks corrective actions. The OIG continues to fund and oversee the annual audit of LSC's financial statements.

The OIG conducts investigations of criminal and civil fraud committed against LSC and its grant recipients, and operates a national fraud, waste and abuse reporting hotline. The OIG conducts compliance investigations, administrative inquiries, fraud vulnerability assessments, and fraud prevention briefings.

Further, the OIG will continue to improve effectiveness and efficiency in grants management, administration, and operation of LSC and its grantees through its reviews and advisories and will provide objective reviews on significant legislative, regulatory, management and policy initiatives affecting LSC.

If fully funded, the OIG will continue its comprehensive audit quality control program to ensure the quality of the IPAs' work and drill down further to continue to reviews grant recipient and sub-recipient oversight. The OIG will continue its IT security vulnerability reviews of LSC and grant recipient operations. The OIG plans to assess grantee client trust fund programs to assure accountability of client funds. Internally, the OIG will continue to promote effective operations, by further developing information management systems that facilitate the efficient production and timely delivery of OIG work, sustaining a secure and reliable IT environment, and ensuring our skilled employees meet professional standards through continuing professional education and training.

Request Summary:

For FY 2017, the Office of Inspector General is requesting \$5,200,000 or \$100,000 more than the FY 2016 Board adopted request. This level would allow the OIG to perform statutorily mandated functions and continue robust oversight of LSC programs and operations.

The request will support 30 OIG full-time positions,²¹ across the executive, audit, legal, investigations and management and evaluation units, and to recruit and retain in highly skilled workforce by ensuring the LSC OIG is a competitive OIG employer in the DC Metropolitan area.²² It will fund necessary travel, professional training, IT hardware and software and general overhead. Approximately 44% of the budget is for audit activities, 23% for investigations, 15% for management and evaluation support, 10% for legal counsel and 8% for executive leadership.²³

The request includes \$60,000 to satisfy foreseeable OIG professional training requirements required to maintain the OIG professional credentials for FY 2016. The OIG also anticipates contributing \$15,000 to support the operations of the Council of the Inspectors General on Integrity and Efficiency.

The submitted budget request is necessary for the LSC OIG to adequately perform the legislative missions required by the Inspector General Act, as amended, and to provide objective, relevant, and timely reporting to the Congress and LSC on core management challenges and oversight issues, thereby increasing public confidence in the proper expenditure of limited LSC funds. This funding amount is critical to ensure OIG appropriations are in line with expenses, thereby maintaining stability in OIG planning, workforce and operations.

Funding below this level would significantly impact the OIG's ability to fulfill its mission and may require adjustments and possible eliminations in operational elements including: the depth and the breadth of OIG's oversight performance; decreases in travel (critical to the performance of OIG audits and investigations); significant cost cutting in programs, including the QCR and IT security reviews, and significant cost cutting in OIG IT infrastructure and support.

The OIG greatly appreciates the continuing support of the LSC Board as it carries out its mandated mission.

²¹ The major budget components are personnel - total compensation & benefits (83.3%), consulting (8%), travel (5.4%), and other (3.3%).

²² To recruit and retain skilled OIG staff the Office has entered into a contract for a compensation review and we expect compensation costs to increase as no across the board or performance-based salary increases have taken place in LSC since January of 2010.

²³ Allocation of funds include: staff compensation & benefits, contract support, travel and training expenses and overhead.

Appendix 1

Methodology for FY 2017 Budget Projection

The updated projection for basic field funding using dollars per eligible person and projected eligible populations is \$467 million. This is the amount necessary to restore basic field funding per eligible person to the same level it was at in 2007, before the recession began and the size of the eligible population spiked, adjusted for inflation. This is 5.8% less than the \$495.7 million projected last year. LSC’s FY 2016 budget request included only \$451.3 million for basic field funding within the \$495.7 million projection. The methodology described below is essentially the same used last year, with a minor modification explained below.

Poverty Population: The poverty projections in the budget recommendation are almost 8% lower than last year. The primary reasons for the change are the decline in the actual eligible population from 2012 to 2013, and a significant decline in the unemployment rate not previously forecast by the Congressional Budget Office or the Federal Reserve. The growth of the total population also slowed slightly contributing to the decline in the projected eligible population.

Year	Unemployment Rate	Poverty Rate	125% Poverty	Total Population	125 % Poverty Population	Percent Eligible Population Change	FY 2016 125% Estimate	Percent from FY 2016 Projection
2012	8.1	15.9	20.8	306,086,063	63,569,291	--	63,569,000	--
2013	7.4	15.8	20.6	308,196,783	63,558,165	-0.02%	65,474,000	-2.93%
2014	6.2	15.7	20.4	310,292,521	63,350,670	-0.33%	66,488,000	-4.72%
2015	5.5	15.4	20.1	312,402,510	62,761,248	-0.93%	67,001,000	-6.33%
2016	5.4	15.1	19.8	314,526,847	62,191,730	-0.91%	67,359,000	-7.67%
2017	5.3	14.9	19.6	316,665,630	61,947,872	-0.39%	--	--

Funding per Eligible Person: The projected funding calculation is based on returning funding per eligible person to pre-recession funding levels. The inflation-adjusted basic field funding per eligible person multiplied by the projected eligible population results in the projected amount of basic field funding required for FY2017 to return to 2007 basic field funding levels.

This year a minor complication arose in the standard method using the Bureau of Labor Statistics (BLS) Consumer Price Index for inflation. BLS currently calculates deflation for 2015, which is not consistent with CBO or the Federal Reserve. Both CBO and the

Federal Reserve project approximately 1.5% inflation for 2015. The chart below shows the results of using the CBO and Federal Reserve numbers.

Year	LSC + Non-LSC Actual \$ / Eligible Person	Inflation-Adjusted \$ / Eligible Person	Basic Field Funding / Eligible Person	FY2016 Inflation Adjusted	FY2017 Inflation Adjusted
2007	\$16.62	\$18.98	\$6.50	\$7.43	\$7.54
2008	\$16.41	\$18.04	\$6.39	\$7.03	\$7.13
2009	\$16.05	\$17.71	\$6.47	\$7.15	\$7.25
2010	\$15.88	\$17.24	\$6.50	\$7.10	\$7.20
2011	\$14.75	\$15.52	\$5.97	\$6.29	\$6.38
2012	\$13.88	\$14.31	\$5.08	\$5.24	\$5.32
2013	\$13.52	\$13.74	\$4.98	\$4.91	\$4.98
2014	\$14.40	\$14.40	\$5.27	\$5.05	\$5.12

Source-- Eligible persons 2007-2013:U.S. Census Bureau, 2007-2013 American Community Survey 1-Year Estimates, Table S1701: Poverty Status in the Past 12 Months; Emily Monea and Isabel Sawhill, *An Update to "Simulating the Effect of the 'Great Recession' on Poverty,"* Brookings Institution, September 13, 2011, Figure A; U.S. Census Bureau 2012 National Population Projections: Summary Tables, Middle Series; LSC Projections for 2014 client eligible population using LSC estimates based on: Monea and Sawhill, *Simulating the Effect of the "Great Recession" on Poverty* (www.brookings.edu/research/papers/2009/09/10-poverty-monea-sawhill). Unemployment: CBO, *CBO's Baseline Economic Forecast - February 2015 Baseline Projections*, (www.cbo.gov/publication/43902). Total Population: U.S. Census, 2014 National Population Projections - Table 1; Poverty Population, U.S. Bureau of the Census, Current Population Survey, Annual Social and Economic Supplements.

Appendix 2

LSC's Budget Requests 2010-2017

Budget Category	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Basic Field	\$410,400,000	\$484,900,000	\$484,900,000	\$440,300,000	\$451,300,000	\$451,300,000	\$451,300,000	\$467,000,000
TIG	\$3,400,000	\$6,800,000	\$6,800,000	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000
LRAP	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
MGO	\$17,000,000	\$17,000,000	\$19,500,000	\$19,500,000	\$19,500,000	\$19,500,000	\$19,500,000	\$19,500,000
Pro Bono	-	-	-	-	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000
OIG	\$3,200,000	\$4,350,000	\$4,350,000	\$4,200,000	\$4,200,000	\$4,200,000	\$5,100,000	\$5,200,000
Total	\$485,100,000	\$516,660,000	\$516,660,000	\$470,000,000	\$486,000,000	\$486,000,000	\$486,900,000	\$502,700,000

Appendix 3

**Public Comments Regarding LSC's
FY 2017 Appropriations Request**



MEMORANDUM

To: Robert Grey; Chair, LSC Finance Committee;
John Levi; Chair, Board of Directors;
Jim Sandman, President

From: Steven Eppler-Epstein; Chair, NLADA Civil Policy Group
Bob Gillett; Chair, Resources Committee
Don Saunders; Vice President, Civil Legal Services

Date: June 10, 2015

Re: NLADA Recommendation for FY 2017 LSC Funding Request

NLADA appreciates the invitation from President Sandman and the board of directors to provide input as LSC begins consideration of its congressional funding request for Fiscal Year 2017. On behalf of NLADA's leadership and the many civil legal aid programs across the nation that we represent, we urge LSC to continue the aggressive budget advocacy it has pursued with Congress and OMB throughout the tenure of this board.

The FY 2016 request of \$486.9 million again indicates LSC's understanding of the enormity of the need for additional federal support for access to the civil justice system for all Americans, regardless of financial means. The request sent a strong signal to your grantees and the clients they serve of your commitment to equal justice in the United States and your understanding of the vast and overwhelming challenges your grantees face in responding to the legal needs of over 60 million people living below the poverty level.

NLADA urges LSC to seek an appropriation of at least **\$580 million for FY 2017**. This figure is similar to our FY 2016 recommendation, as the minimal cost of living increase and slight decrease in the poverty rate over the last year does not suggest an alteration. The landscape has not changed significantly with the \$10 million increase provided by Congress for FY 2015. Our justifications for the recommendation continue to be based upon the enormity of the unmet legal need among people living in poverty and the significant positive outcomes realized when civil legal aid is available.

Addressing the Justice Gap

As we and many others have consistently indicated, the actual need for federal support for our civil justice system is much greater than the amount we recommend to you for FY 2017. The \$580 million figure is consistent with our past recommendations for measured, reasonable growth of federal support for civil legal aid that would close the 55% turn-away rate of applicants with meritorious claims reported in LSC's 2009 report *Documenting the Justice Gap in America*. Since that report was released, the financial situation facing legal aid providers in the country has rapidly deteriorated, while the population of people living in poverty has grown significantly as a result of the recession. A 2014 study in

Massachusetts found that 64% of eligible clients had to be turned away in that state. The true need is probably much greater, as these figures include only applicants who identified their problems as legal in nature and were able to find their way to a legal aid office.

We are acutely aware that LSC must present its FY 2017 request in an intensely competitive environment for very limited discretionary federal funding. That competition is reflected in the \$75 million (20%) cut recently adopted by the House of Representatives in its FY 2016 Commerce, Justice and Science appropriations bill. Yet, as the leadership of LSC has eloquently pointed out over the last year in support of its current request of \$486.9 million, justice and fairness are not optional values in our country. As the leading voice articulating the critical need for federal support for civil justice, you must continue to assert that our democracy's promise of equal justice remains a paramount priority of our nation, particularly in light of the enormous challenges facing your grantees.

Basic field funding for LSC grantees remains the block upon which the civil justice system in the United States is built. Grantees are able to implement new technologies, pro bono innovations, and other delivery techniques as part of their efforts to meet the legal needs of more than 60 million potential clients, who often are faced with potentially devastating problems. Many applicants require the direct assistance of a lawyer or paraprofessional, but capacity remains extraordinarily limited in all parts of the country. However, these challenges are not spread equally throughout the nation. Federal support is particularly critical on the Indian reservations, in the Deep South and Rocky Mountain regions, and for politically disfavored populations in need of justice. In a country founded on principles of equality and justice under the law, the quality of the justice system should not depend on where one lives.

The declining support at the federal level for LSC over the last 34 years is extraordinary and deeply troubling. LSC funding has fallen by 300% since 1981, while the number of eligible clients has grown by 50% over the same period of time. The impact of this declining support is seen in staff recruitment, morale and, most importantly, the capacity of programs to meet the needs of the poor facing legal needs essential to their lives. Many legal aid offices have closed and thousands of positions have been eliminated. At risk is the very notion of equal access to justice.

LSC has been a leader--not just in our field, but in the entire profession--in considering how to make scarce dollars go further in closing the Justice Gap. The Technology Innovations Grants program and the Technology Summit have both served to open up many avenues to serving more clients through technologies appropriate to both the subject matter of their case and their capacity to take advantage of available applications.

LSC grantees, with LSC's ample assistance, have responded to funding challenges with innovative new delivery systems. Courts and many legal aid programs have developed ways to help the exploding number of self-represented litigants understand the law, process and court procedures. They have worked hard in many states to expand the quality and impact of state-based access to justice commissions aimed at bringing a wide array of stakeholders to the table to support the delivery of quality, effective civil legal assistance.

The stagnation of funding, however, continues to be exacerbated by the failure of non-LSC revenue sources to keep up with the growing justice gap. While the most recent data compiled by the American Bar Association shows a slight increase in state legislative support and private fundraising, the steep decline in federal support, coupled with the drastic IOLTA losses resulting from the recession, has led to a continuing crisis in our justice system, as often articulated by the LSC board chair.

Indeed, the nation's justice gap would be far greater except for the fact that the original idea of funding a minimum legal aid infrastructure through LSC at the federal level has indeed led to significant, though disparate, growth in other revenue sources that add to the numbers of LSC-grantee attorneys in the field. However, there can be no mistake that a fundamental commitment of adequate resources at the **federal level** is the critical building block upon which the development of these other revenue streams within state justice communities has been constructed.

An investment in LSC ensures fairness in our justice system and results in significant social and economic returns for both clients and society

Your grantees serve as a critical and unique resource to help low-income people and their families escape the shackles of poverty and become self-sufficient members of society. Federal investment in legal aid empowers low-income people to take control of their lives and vastly increases the health and vitality of the communities in which they live.

The breadth of matters handled by LSC-grantees that have a profound impact in addressing serious human need is extraordinary. Every day legal aid lawyers in the United States assist people by:

- Providing a homeless veteran with the opportunity to obtain housing or find gainful employment;
- Giving children access to appropriate special education when necessary;
- Protecting homeowners from illegal evictions or foreclosures;
- Assuring that domestic violence survivors live in homes free of violence;
- Increasing household income by helping those who have lost their jobs access unemployment insurance, food stamps, and other needed public assistance;
- Protecting families and the elderly from unscrupulous contractors or debt collectors;
- Helping formerly incarcerated persons to qualify for employment or housing; or
- Helping individuals with disabilities gain to access Supplemental Security Income (SSI), medical insurance and/or care.

Legal aid offices are often the only provider of a full range of legal services to low income individuals, families and vulnerable populations in the communities that they serve. In addition to representation in individual cases, legal aid is part of a network of agencies providing services to the community's most vulnerable members. Many community organizations such as homeless shelters, domestic violence shelters, veteran organizations, housing counselors, child protective service agencies, case managers, and others rely on legal aid to help with legal barriers and emergencies to achieve positive outcomes for low income families.

As we have pointed out in prior commentary, a growing body of research documents the substantial positive outcomes generated by civil legal aid. Studies have been commissioned across the nation demonstrating the positive economic and social results generated by effective civil representation by legal aid programs. A compendium of much of that research can be viewed on NLADA's research website at: www.legalaidresearch.org

Two of the most recent of these studies provided more clear evidence of the value of investing in civil legal aid.

A March 2015 study in Alabama analyzed the potential economic impact and social return on investment in civil legal aid in family law, housing, public benefits, consumer protection, health care, and other community issues. The number of cases, direct value of services, and long-term outcome value were studied. The social return on investment was 1,554%. In other words, for every \$1 invested in Alabama legal aid during the year, the citizens of Alabama received \$15.54 of immediate and long-term financial benefits.

In New Mexico, a 2014 study reviewed the services provided by eight civil legal aid programs. The social return on investment was 356%. For every \$1 invested in New Mexico Legal Aid during the year, the citizens of New Mexico received \$3.56 of immediate and long-term consequential financial benefits.

Studies such as these clearly show that the federal investment in grantees of LSC is multiplied many times over in making low-income Americans more secure and providing opportunities to move out of the conditions of poverty negatively affecting themselves and their families.

SPECIFIC BUDGETARY ISSUES

There are several specific issues that NLADA would like to recommend with respect to various lines within the FY 2017 request.

Because of the overwhelming need for basic field services (including agricultural worker and Native American grants) we believe that the great majority of LSC funding should be granted to programs to provide those services to clients rather than be earmarked for any special projects. Local control over priorities and expenditures has been an enduring principle that has brought great strength, flexibility and efficiency to the legal aid system over the past thirty-nine years. We urge you to continue to honor this principle as a general rule as you proceed in your administration of LSC.

However, we ask that funds be specifically allocated for three continuing LSC priorities 1) dedicated funding for agricultural worker representation; 2) continuation of the Herbert S. Garten Loan Repayment Assistance Program; and 3) Technology Initiative Grants.

- **Dedicated Agricultural Worker Funding.** We have been very involved in providing input to LSC management as it develops a recommendation for updating the data used to allocate funding for agricultural worker funding. NLADA strongly believes in the vital importance and necessity of continuing these grants and updating the data sources necessary to distribute them more appropriately under current agricultural realities. We very much appreciate the work of LSC management in developing a new system of allocation and look forward to continuing to provide input into the process until it reaches conclusion.
- **Herbert S. Garten Loan Repayment Assistance Program (LRAP).** NLADA remains committed to finding ways to assist legal aid lawyers in meeting the often staggering law school debt they face. We think that the reports to date of the Garten LRAP program indicate that it can play an important role in retaining high quality lawyers in LSC grantee programs. Additionally, you are aware that Congress has chosen to discontinue funding for the Civil Legal Assistance Attorney LRAP program and it appears unlikely that such funding will be forthcoming in the immediate future. The future of the 10-year loan forgiveness component of the College Cost Reduction and Affordability Act program has also come under recent scrutiny and may be subject to challenge in the 114th Congress. Therefore, we urge you to seek funding of at least **\$1 million** for loan

repayment assistance for FY 2017.

- **Technology Initiative Grants.** NLADA has worked in partnership with LSC and its grantees in helping the civil legal assistance community make great strides in using technological innovation to expand the reach and quality of legal services. The LSC Technology Initiative Grants (TIG) have played a vital role in helping states and local programs to improve their ability to use technology to better serve their clients and to develop a national infrastructure necessary to support state and local efforts. Therefore, we strongly support the continuation of the Technology Initiative Grant program. We recommend that the FY 2017 appropriation request contain at least **\$4 million** for TIG.

As we have suggested in prior years' memoranda, we also remain concerned about certain specific areas related to delivery that remain in need of study by LSC:

- **Native American Special Grants.** NLADA continues to request that LSC study methods to address the significant disparities in funding for Native American programs and to help develop strategies to improve the delivery of services to Native Americans.
- **Training and Other Assistance for Substantive Advocacy.** We remain concerned about the need for training, professional development and advocacy support within the legal aid community. In today's environment of shrinking budgets, these issues are often neglected. Failure to invest in professional growth and expertise is both a short term mistake and a long term threat to the entire vitality of the system. NLADA would like to engage in discussions with LSC about how it can work with the field to reinforce the importance of training and support and strengthen the capacity of the current system to meet these needs.
- **Pro Bono Innovations Fund.** Pro bono remains a critical component of the delivery system for civil legal assistance for the poor. We applaud the leadership on the issue shown by LSC, the Pro Bono Task Force and congressional leaders supportive of pro bono. NLADA supports the concept behind the Pro Bono Innovations Fund line and expects that significant creative thinking will be generated by the Fund, similar to that generated over the years by the Technology Initiatives Grant program. We recommend that LSC evaluate the best practices in pro bono innovation generated by the fund and give consideration over time to building the innovative component into the already-existing 12.5% of basic field funding already dedicated to supporting pro bono initiatives.

NLADA sincerely appreciates the commitment that every member of the LSC Board of Directors and staff has shown for advancing federal support for LSC. We recognize and commend your work with the Congress and the White House during the entirety of your time in office. We stand willing to support your efforts in any way we can.

Chair

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MEMORANDUM

To: Finance Committee, Board of Directors, Legal Services Corporation

From: Lisa Wood, Chair, ABA Standing Committee on Legal Aid and Indigent Defendants

Date: June 8, 2015

Re: ABA Recommendation for FY 2017 LSC Budget Request

This memorandum sets forth the recommendation of the Standing Committee on Legal Aid and Indigent Defendants (SCLAID), on behalf of the American Bar Association, regarding the Legal Services Corporation's budget request for FY 2017. We appreciate the opportunity to submit this recommendation, and look forward to working with LSC to obtain adequate funding for the important work of the Corporation and its grantees. For the reasons set forth below, we urge that LSC seek an appropriation in the range of \$486.9 to \$494.2 million.

We urge that LSC seek an amount for FY2017 that adjusts for inflation the amount sought by LSC in FY2016. LSC made a well-reasoned request for FY2016 of \$486.9 million. There are several approaches to calculating the impact of inflation, and those methods yield results which vary slightly. We therefore propose a range within which we believe an LSC budget request for FY2017 would be appropriate.

We believe that it is important that LSC not retreat from the principled positions it has taken over the past several years. We understand that the Congressional environment has changed since 2014. At the same time, all relevant indicators point to an ongoing, overwhelming deficit in the availability of equal justice.

LSC Funding Lags Far Behind Inflation

In 2014, we recognized the fortieth anniversary of the creation of the Legal Services Corporation. If the appropriation for LSC provided in 1976 (the first year that funding was separately appropriated) had simply been adjusted for inflation through 2015, using the inflation calculator offered by the Bureau of Labor Statistics, LSC would be receiving \$486.3 million today. Few, if any, comparable federal expenditures have fallen so far behind. This is especially true when one considers that 92% of LSC funding flows directly to local programs providing help to desperate individual Americans. LSC is a model of an efficient government program, providing a unique and necessary service.

Eligible Client Population Remains at a High Level

The economic recovery continues to leave many Americans behind. The Census Bureau reported in 2014 that, as in 2013, nearly 30% of the U.S. population is financially eligible for LSC services. Research has demonstrated that approximately 50% of low-income households face legal needs at any point in time. Research has also shown that about half of those households will have more than one legal problem. This means that LSC will face ongoing high demand for legal help as people suffer problems with employment, housing and income maintenance.

Supplemental Sources of Funding are Important, but Cannot Substitute for LSC Funds

Federal funding available through LSC provides the foundation for the nation's civil legal aid delivery system. LSC is the only source that provides funding to every state and jurisdiction, based on a formula that allows for a baseline measure of justice for every state; every community nationwide benefits from the funding provided by LSC.

LSC funding catalyzes the development of other funding sources. Board and staff leaders of legal aid programs, recognizing the inadequacy of LSC funds to meet the critical legal needs of poor people, work diligently to increase local, state, and other federal resources to supplement their LSC funds. While such sources will never be able to substitute for LSC funding, state legislators, attorneys, and other private and public funders across the nation recognize the importance of legal aid and have stepped up to at least partially fill the gap.

In 2013 (the most recent year for which data is available), funding nationwide for civil legal aid from sources other than LSC increased by approximately 3 percent. However, the most important funding increase during the 2013 year was an increase in LSC funding of 7.5%.

Legislatures in 47 states and Puerto Rico either provide funding directly through appropriations or court filing fees or authorize local jurisdictions to do so. State legislative funding decreased during the recent economic crisis faced by almost every state legislature, but increased in 2012 by 7% and again in 2013 by 8%. As economic conditions in states improve, state legislators are demonstrating that legal aid is a very important service to the residents of their communities.

The board and staff of legal aid programs also continue to work hard to increase revenue from private sources, and these sources have increased in recent years. For example, private donations from the legal community increased by 6% from 2012 to 2013 and foundation support increased by 3.5%.

With the leadership of the organized bar, IOLTA programs have been established in every state, the District of Columbia, the Virgin Islands and Puerto Rico, and in many years had been second only to LSC in the amount of revenue generated for legal aid programs. However, falling interest rates and the reduction in legal business and therefore in the principal balances in lawyer trust accounts have caused overall IOLTA grants to legal aid nationwide to plunge by 68% since 2008, when those grants were at their height. The decline in aggregate IOLTA grants to legal aid from 2012 to 2013 was 13%. These decreases tempered the gains described above.

It is important to note that an aggregate increase in overall funding masks a serious problem of disparities from state to state. Relying more and more on state and local funding means that programs in states with greater resources – e.g. where state governments have recovered more quickly from the recent economic crisis, where there are more attorneys and/or private foundations per capita – are better able to cope with the inadequate funding from LSC.

Pro Bono Contributions Continue, But Meet Small Proportion of Need

The ABA continues to work closely with LSC to buttress and expand pro bono efforts by private lawyers, and in particular to foster more pro bono service to poor individuals with routine legal matters. We are optimistic that expanded LSC Pro Bono Innovation grants will stimulate additional creative approaches to engaging more lawyers in providing such service. All who work within the delivery system, however, recognize that pro bono provides only a supplement that cannot replace the network of LSC-funded staff legal aid offices, and that a robust pro bono system is dependent on the infrastructure provided by LSC-funded programs. LSC funding provides the institutional structure for intake and placement of pro bono cases, and the staffed legal aid offices provide pro bono attorneys with access to expert legal advice as they assume responsibility for work in unfamiliar areas of law. Continuation of a vibrant pro bono system depends upon LSC receiving adequate funding.

Federal Investment in Legal Aid Produces Important Returns on Investment

The funding that Congress provides through the Legal Services Corporation helps to build strong communities by producing important economic benefits that far exceed the amounts invested. A number of states have conducted sound, objective, research demonstrating that for every dollar spent on legal aid, significant additional savings result to the state and community.

For example, the Boston Bar Association published a report in October 2014 describing the results of research by independent economic consultants into benefits obtained through legal aid services in the state. One consultant, the Analysis Group (Economic, Financial and Strategy Consultants) found that the monetary benefits of representing eligible beneficiaries in eviction and foreclosure proceedings far outweigh the costs of providing these services; for every \$1 invested, the Commonwealth stands to save \$2.69 on the costs associated with the provision of other state services, such as emergency shelter, health care, foster care, and law enforcement. Another independent consulting firm, Alvarez & Marshall (Global Forensic and Dispute Services) found that for every dollar invested in civil legal aid for victims of intimate partner violence, the state will save a dollar and the federal government will save another dollar.

Similarly, a report issued by the Tennessee Bar Association in March 2015 showed that cost savings to communities statewide through provision of civil legal aid totaled \$42.6 million through avoidance of emergency shelter costs, prevention of costs resulting from foreclosure and prevention of domestic violence. A 2013 report by Community Services Analysts LLC determined that, in Arizona, civil legal services to address matters involving loss of home due to foreclosure, evictions, landlord/tenant problems, sub-standard housing conditions, lockouts and utility shut-offs resulted in \$1.1 million in immediate financial community benefits and over \$10 million in long-term consequential financial benefits. Civil legal services in matters involving domestic violence, child abuse or child snatching, and elderly clients facing loss of housing or

income resulted in \$3.3 million in immediate direct financial community benefits and another \$3.6 million in long-term consequential financial benefits.

It is clear that the funding provided to LSC is significantly magnified, impacting communities and constituents across the nation in ways that far exceed the modest investment.

LSC Should Continue Efforts to Attract and Retain Legal Aid Lawyers

LSC also provides an important foundation and support for other critical aspects of the delivery system. This includes support for attracting and especially retaining high-quality lawyers to/in legal services careers. The ABA has joined with LSC and many state bar foundations and educational institutions in focusing attention on the impact of educational debt on the ability of young lawyers to enter and remain in public service. It is especially important that, after investing significant resources in training new legal aid lawyers, every effort be made to retain the expertise that has been created so that a return on that investment can be produced. Federal funding for loan repayment assistance is no longer available through other government programs for civil legal services lawyers. We therefore urge that LSC continue to request at least \$1 million in funds for its program providing loan repayment assistance for selected lawyers in LSC-funded programs.

LSC Should Continue to Build a Strong Technological Infrastructure

Similarly, we endorse the continuation of the “Technology Initiative Grants” (TIG) program, enabling the civil legal assistance community to move forward with improving and expanding the technological infrastructure for serving clients, reaching into rural communities, etc. We urge the Board to include within its FY2017 budget request an amount that will permit continued development of a strong technological infrastructure within the legal services community.

Conclusion

As the LSC Board prepares its 2017 budget request to the Congress, we urge the Corporation to advocate for an increase in federal support for legal services for the poor. We believe that seeking a FY2017 appropriation that adjusts the amount requested in FY2016 for inflation is reasonable in light of the above, and that this would bring LSC a step closer to fulfilling its role in promoting equal access to justice. The American Bar Association will continue to work closely with LSC to vigorously support increased funding for LSC.

Conference of Chief Justices Conference of State Court Administrators

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FAX: (202) 544-0978

CCJ PRESIDENT
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Chief Justice
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June 8, 2015

COSCA PRESIDENT
Mr. David K. Boyd
State Court Administrator
Iowa Judicial Branch Building
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(515) 281-5241
FAX (515) 242-0014

Mr. David Richardson
Treasurer, Legal Services Corporation
3333 K Street, NW 3rd Floor
Washington, DC 20007-3522

Dear Mr. Richardson:

We write on behalf of the Conference of Chief Justices and the Conference of State Court Administrators in response to a recent notice that the LSC Board will be meeting this month to determine the fiscal year 2017 LSC budget request to Congress.

The CCJ was founded in 1949 to provide an opportunity for the highest judicial officers of the states to meet and discuss matters of importance in improving the administration of justice, rules and methods of procedure, and the organization and operation of state courts and judicial systems. For decades the Conference has made recommendations to bring about improvements in such matters. The CCJ membership consists of the highest judicial officers of the fifty states, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, and the territories of American Samoa, Guam and the Virgin Islands.

The COSCA was founded in 1955 to assist state court administrators in the development of more just, effective, and efficient system of justice by providing a strong network for the exchange of information and methods to improve the operations of state courts. Like the CCJ, the COSCA has made many recommendations to bring about improvements in court organization and operations. Its membership consists of the top state court administrator in the states and territories noted above.

As you know, in 2013, the Conferences released a data-rich policy paper entitled, "[The Importance of Funding for the Legal Services Corporation from the Perspective of the Conference of Chief Justices and the Conference of State Court Administrators.](#)" Our research makes clear that the large number of unrepresented citizens overwhelming the nation's courts has negative consequences not only for them, but also for the effectiveness and efficiency of courts striving to serve these and other segments of the community who need their disputes resolved. More staff time is required to assist unrepresented parties. In the absence of a fair presentation of relevant facts, court procedures are slowed, backlogs of other court cases occur, and judges confront the challenge of maintaining their impartiality while preventing injustice. Clearly frontline judges are telling us that the adversarial foundation of our justice system is all too often losing its effectiveness when citizens are deprived of legal counsel.

Mr. David Richardson

Page 2

June 8, 2015

In addition to these facts on the ground, we are mindful of the severe cuts to LSC's budget being contemplated in the Congress. If these dire actions come to fruition, the justice gap suffered by LSC grantees and their clients will get even wider.

Consequently we ask that you support a significant increase in LSC funding lest we further compromise our nation's promise of "equal justice under law."

I thank you for your anticipated cooperation.

Sincerely yours,



Honorable Jim Hannah
President
Conference of Chief Justices



David K. Boyd
President
Conference of State Court Administrators



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Ishbel Dickens, Chair

Nicholas P. Gellert

Lynn Greiner

James Kim

Geoffrey G. Revelle, Chair-Elect

Andrew N. Sachs

STAFF

Terra Nevitt

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(206) 727-8282

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THE ALLIANCE
for Equal Justice

SUPPORTER

June 10, 2015

Mr. David Richardson, Treasurer
Legal Services Corporation
3333 K Street NW, 3rd Floor
Washington, DC 20007

Re: LSC Budget Request for Fiscal Year 2017

Dear Mr. Richardson:

We write on behalf of the Washington State Access to Justice Board in response to the request for written comment regarding the FY 2017 LSC budget proposal. We appreciate being included in this process, and we are always happy to provide LSC with our feedback. The Access to Justice Board strongly supports LSC's continued efforts to improve access to our nation's justice system for low-income families and individuals. Thank you for your work.

Below, you will find the information you requested – data regarding the need for LSC-funded services, knowledge of non-LSC funding for legal aid, and any other data-supported observations.

The Need in Washington State

Similar to what we see on a national level, there are currently more people than ever living in poverty in Washington State: 1.25 million people live at or below 125% of the federal poverty level and more than 2 million people, representing one-third of our state's population, live at or below 200% of poverty. Additionally, Washington's unemployment rate is higher than the national average, and Washington has one of the highest foreclosure rates in the country. Unfortunately, Washington's legal aid system is overburdened and overwhelmed. According to the 2003 *Civil Legal Needs Study*, we know that over 70% of low-income Washingtonians experience at least one civil legal problem each year. And, the need for legal aid services continues to rise as funding for services decreases. Currently, there is only one legal aid attorney for every 15,000 eligible low-income Washingtonians; whereas the aspirational level of "minimum access" to the civil justice system is one attorney for every 5,000 low-income residents. Civil legal aid services are more critical than ever.

Non-LSC Funding in Washington State

Federal and state funding comprises approximately 80% of the Northwest Justice Project's (NJP) annual budget, with state funding accounting for roughly 55%. Stagnating and fluctuating state and federal funding have

resulted in NJP losing 20 field attorneys since 2009. In an attempt to compensate for a reduction in state and federal funding, NJP has relied on short-term, non-renewable fellowships and other grants, but this is not a sustainable solution. An increase in LSC is vital to serve low-income Washingtonians, because federal funding provides NJP, which is the foundation of the legal aid network in Washington, with stability to best meet the needs of clients through system-wide centralized intake and screening, an extensive public website, and extended representation in high priority cases.

In Washington State, the Legal Foundation of Washington (LFW) administers the state's IOLTA funds, which since 2009 have dropped from \$7 million annually to less than \$2 million. LFW also organizes and manages a collaborative statewide private fundraising effort known as the Campaign for Equal Justice. In 2014, the Campaign for Equal Justice raised over \$1.5 million, which LFW uses to support 17 standalone volunteer attorney programs and six staffed specialized legal aid providers in Washington State. These organizations, along with NJP, are part of a statewide network of legal aid providers, funders, and supporters known as the Alliance for Equal Justice. Through communication, partnerships, and statewide planning coordinated by the Access to Justice Board, the Alliance works to provide the best possible, most efficient services to people living in poverty in Washington. While the elaborate network and collaborative private fundraising efforts of the Alliance have been and are successful, there is no question that our state continues to lack sufficient funding to meet the legal aid needs of our poorest residents.

Other Data-Supported Observations

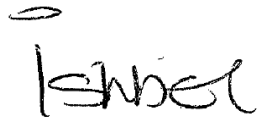
In 2003, the Washington State Supreme Court commissioned the landmark *Civil Legal Needs Study* to research the types of civil legal problems experienced by Washington's low-income population. Using the data from that 2003 study, the Washington State Supreme Court's Task Force on Civil Equal Justice Funding (Task Force) concluded that Washington needed an annual increase of \$28 million to meet the civil legal needs of low-income people who recognize that their problem is of a legal nature and seek help. Of this total, the Task Force concluded \$18 million should be the State's share, and the remaining \$10 million should come from federal grants and charitable contributions. These conclusions, however, are over 10 years old and the extent of poverty along with the need for legal aid has increased greatly since that time.

The Washington State Supreme Court commissioned a *Civil Legal Needs Study Update* that was completed in 2014. While some of the findings are consistent with those of the 2003 study, there are changes in the types and quantity of civil legal problems that poor Washingtonians face. The official findings of the *Civil Legal Needs Study Update* will not be released until September of this year, and Washington's Office of Civil Legal Aid (OCLA) has requested that we keep this findings confidential until then. However, it is our understanding that OCLA intends to share the results of the *Update* with LSC prior to its September release.

Given the information that we have outlined above, we recommend that the Legal Services Corporation propose a budget of no less than \$500,000,000 – a slight increase from your FY 2016 proposal. At this level of funding, NJP would receive a substantial grant increase that would allow them to restore lost capacity, adequately cover the increase costs of providing services, and, most importantly, serve thousands more Washingtonians in need of legal assistance to help secure justice. This level of funding is a step in the right direction of closing the justice gap in both Washington State and nationally. While we recognize the challenging federal budget situation, we urge the Legal Services Corporation to continue to educate Congress about the threat to families, communities and to the integrity of the rule of law when whole segments of our population cannot secure meaningful access to justice. We will continue to support you in this effort, working with our state’s Congressional delegation on these critical issues.

Thank you again for all of your work, and please reach out with any questions.

Sincerely,



Ishbel Dickens, Chair
Washington State Access to Justice Board



Michael J. Pellicciotti, Chair
Equal Justice Coalition

cc: Access to Justice Board
James J. Sandman, President, LSC



SUPREME COURT OF PENNSYLVANIA
PENNSYLVANIA INTEREST ON
LAWYERS TRUST ACCOUNT BOARD

May 21, 2015

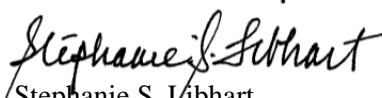
James J. Sandman
President
Legal Services Corporation
3333 K Street, NW 3rd Floor
Washington, D.C. 20007-3522

Dear Mr. Sandman,

In response to your letter dated May 13, 2015 inviting IOLTA Directors to provide testimony or written comments to support LSC's budget request for Fiscal Year 2017, I enclose a report of an economic benefits study commissioned by the Pennsylvania IOLTA Board in 2012. The study revealed an \$11 return for every dollar spent on the provision of legal aid. My colleagues in other states have told me that this study has been very helpful to them in garnering support and funding for legal aid.

Thank you for inviting the IOLTA community to assist LSC in this way. We are proud to work in partnership with you. If I can be of further assistance, please do not hesitate to contact me.

Sincerely,


Stephanie S. Libhart
Executive Director

Enclosure

Pennsylvania Judicial Center
601 Commonwealth Ave., Ste. 2400
PO Box 62445, Harrisburg, PA 17106-2445
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Administering Pennsylvania's Interest On Lawyers Trust Account (IOLTA) Program



The Economic Impact of Outcomes Obtained for Legal Aid Clients Benefits Everyone in Pennsylvania

In 2011¹, \$53.6 Million Invested in Pennsylvania's Civil Legal Services Yielded \$594 Million in Income and Savings for Residents and Communities and Supported 2,643 Jobs.

The total economic impact of civil legal assistance in 2011 to Pennsylvania's low-income individuals and families was \$594 million, representing a greater than *eleven-fold* return on the investment of \$53.6 million from all funding sources.²

The Unmet Need for Legal Aid Costs the State Money

Legal Aid lacks the funds to meet all the need. As a result, the state's economy loses tens of millions each year because unrepresented Pennsylvanians are unable to assert their right to obtain federal benefits, such as federal disability and federal Medicaid payments. The state and local governments then must step into the breach, spending funds from Pennsylvania taxpayers to combat homelessness, domestic violence, and poverty, while forgoing the eleven-fold economic return on investment that legal aid funding provides.

The 2011 Economic Impacts Include:

- **\$546 million in direct economic benefits for Pennsylvania's local communities.**³

Each federal dollar coming into Pennsylvania as the result of Legal Aid's work circulates 1.86 times through local economies. The payoff is more sales for local businesses and more jobs for Pennsylvania workers. In 2011, the impacts were:

 - **\$118 million** in Social Security benefits and Supplemental Security Income attained for low-income residents;
 - **\$59 million** in the federal share of Medicaid benefits attained for low-income and disabled residents;
 - **\$14 million** in federal grant funds received from the Legal Services Corporation; and
 - **\$355 million** for communities via the economic multiplier effect (1.86 times \$191 million in total federal funds above).
 - **2,643 jobs** for Pennsylvania workers, with every million dollars in federal funds brought in supporting 13.84 jobs.⁴
- **\$48 million in additional cost savings**⁵ **for Pennsylvania taxpayers and communities.**

These savings include:

 - **\$25 million** in savings in emergency shelter costs. During 2011, a total of 1,715 low-income Pennsylvania families successfully avoided the need for emergency shelter thanks to assistance by Legal Aid advocates. Studies show an average cost savings of \$14,794 per family. In the five-year period 2007-11, Legal Aid helped 7,534 families avoid the need for emergency shelter and saved \$111 million in emergency shelter costs.
 - **\$23 million** in savings in costs related to domestic abuse. Legal Aid advocates protected 6,658 Pennsylvania families from domestic violence during 2011. Studies indicate an average savings of \$3,462 per family in the costs of medical care for injured victims, targeted education and counseling services for affected children, and law enforcement resources. In the five-year period 2007-11, Legal Aid protected 31,550 families and saved \$109 million.
- **Additional Benefits** (*not quantified*):
 - **Savings** linked to crime prevention and reduction in law enforcement assistance.
 - **Savings** realized by keeping children in school whose attendance would otherwise have been interrupted by homelessness and/or domestic abuse.
 - **Revenue** for Pennsylvania hospitals and other health care providers from Medicaid reimbursements for services they would otherwise have to write off.
 - **Efficiencies** in Pennsylvania courts due to Legal Aid's assistance to clients and self-represented litigants through materials and trainings on how to follow court procedures.
 - **Additional tax revenue** from jobs preserved in Pennsylvania as a result of Legal Aid employment cases.

¹ All years refer to fiscal years ending in the stated year.

² A total of \$53.6 million from "all funding sources" included \$15.5 million in local efforts and direct IOLTA grants; \$13.8 million in federal funds; \$11 million in state Access to Justice Act (AJA) filing fee funds; \$6.1 million in state block grants (Social Services and other), disability project funds, and special allocation funding; \$3 million from the state general fund; \$2.5 million from other sources; and \$1.8 million from IOLTA.

³ Based on application of U.S. Department of Commerce "Regional Economic Input-Output Modeling System," and on the assumption that clients immediately spend most of the benefits received. For further information, see this link > <http://www.bea.gov/regional/rims/>

⁴ Ibid.

⁵ For more information on calculations, assumptions and data sources, visit http://www.paiolta.org/Grants/Grants_ReportsINDEX.htm



SUPREME COURT OF PENNSYLVANIA
 PENNSYLVANIA INTEREST ON
 LAWYERS TRUST ACCOUNT BOARD

**APPENDIX: Computations for the Fact Sheet,
 “The Economic Impact of Outcomes Obtained for
 Legal Aid Clients Benefits Everyone in Pennsylvania”**

April 11, 2012

1. Headline: “In 2011, \$53.6 Million Invested in Pennsylvania’s Civil Legal Services Yielded \$594 Million in Income and Savings for Residents and Communities and Supported 2,643 Jobs.”

- **\$53.6 million invested in Pennsylvania’s civil legal services.** This is the total funding received by Pennsylvania legal aid providers during Fiscal Year 2011. This total was compiled by PA IOLTA, based on its records as the fiduciary for IOLTA and state Access to Justice Act (AJA) funds.
- **\$594 million in income and savings.** This is the sum of economic impacts attributable to Pennsylvania legal aid programs during FY 2011. The figure is comprised of two components:
 - **\$546 million** in direct economic activity stimulated by federal benefits. See “2” below.
 - **\$48 million** in cost savings produced by prevention of domestic violence and homelessness by legal assistance See “7” below.
- **2,643 jobs for Pennsylvania workers,** with every million dollars in federal funds brought in supporting 13.84 jobs See “6” below.

2. \$546 million in direct economic activity was stimulated by federal benefits achieved by Legal Aid.

This figure is the sum of:

- **\$118 million** in Social Security and Supplemental Security Income benefits received by legal aid clients in FY 2011 See “3” below.
- **\$59 million** in the federal share of Medicaid benefits attained for low-income and disabled clients in FY 2011 See “4” below.
- **\$14 million** in federal grant funds received from the Legal Services Corporation in FY 2011 See “5” below.
- **\$355 million** in “economic multiplier effect – the economic activity generated as a result of the federal benefits being immediately spent by legal aid clients and subsequently circulated through the local and state economies, creating **2,643 jobs** for Pennsylvania workers See “6” below.

Continued on next page...

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Administering Pennsylvania’s Interest On Lawyers Trust Account (IOLTA) Program

3. \$118 million in Social Security and Supplemental Security Income benefits was received by legal aid clients in FY 2011.

a. Overview of method used to derive this figure. The \$118-million figure was estimated using a financial model developed by *The Resource for Great Programs, Inc.* The model is based on a regression analysis of data from 15 general civil legal aid organizations in New York State and Virginia,¹ which collectively close more than 200,000 cases per year.²

The multipliers derived from the NY-VA outcomes model and used as assumptions in our analysis consisted of the following:

¹ In Pennsylvania, outcome reporting is not required by the principal state funders, or by LSC, the federal funder. Five Pennsylvania legal aid programs collect outcomes data voluntarily for their own internal purposes. Based on interviews with the directors of the five programs, we judged the sample of programs to be too small, and our knowledge about the reliability of the PA data too incomplete, for application in our analysis. Accordingly, we applied the model (see below for details) derived from the 15-program sample of New York and Virginia programs, where outcomes reporting has been in place on a mandatory basis for over a decade and a half.

The Resource has maintained the reporting systems in the two states since assisting the state funders in design and implementation of their outcomes reporting systems in 1993 (NY) and 1997 (VA). Based on our experience with this data, we are confident that it provides a good measure of outcomes actually being achieved by legal aid programs in those states – and legal aid programs generally – for the following reasons.

In these two states, the statewide legal aid funders require their grantees to maintain data collection systems and report aggregated statistics on outcomes received by clients for all cases completed each year, including dollar awards. The outcomes are recorded in the data collection system by the advocate at the time the case is completed. Because it is mandatory as a condition of funding, and because the program leaders at the local level find the outcomes data to be useful for their internal purposes, the consistency of reporting is high.

The estimation model was derived by The Resource using a standard linear regression methodology that produces equations for estimating the average value of independent variables such as the total back awards achieved from legal representation in SSD/SSI “extended representation” cases closed by a legal aid program in a sampled year. Each program is treated as an observation. The number of SSD/SSI cases closed during the period is the independent variable; the total SSD/SSI back awards achieved for clients of the program is the dependent variable. The slope of the regression line is the average back award per extended representation case. This method is used to derive the average values of the multipliers listed above. In our most recent analysis using 2010 data, the R-squared parameter, a measure of the degree of correlation between the independent and dependent variables, ranged from 0.88 to 0.90. (A perfect correlation is 1.00).

In applying this model, we applied the average figures based on the sample of cases in New York and Virginia as benchmarks for the outcomes of legal aid cases.

Figures on the yearly output of SSD/SSI cases closed by extended representation were compiled from the statewide legal services database maintained by the Pennsylvania Legal Aid Network (PLAN). Each program reports quarterly to PLAN on all cases handled and completed during the quarter, including the numbers of cases attributed to each funding source.

²This sample of programs and cases can be regarded as representative of “general” (but not specialized) civil legal aid practice in the “Lower 48” states.

In other jurisdictions, such as Alaska or Hawaii, adjustments would be needed to account for circumstances that differ substantially from those of the sampling of programs from which the model was derived. For example, in Alaska or Hawaii, special factors would need to be taken into account such as the unique geographies, client demographics, legal case distributions, court and administrative agency rules and other factors that affect the outcomes achieved by legal aid organizations. For application to Pennsylvania, we assume that such adjustments are not necessary, inasmuch as the circumstances of legal aid practice and the costs of doing business are generally comparable to New York and Virginia from which the outcomes data used in our model were produced.

- An average of **92 percent** of all Social Security Disability (SSD) or Supplemental Security Income (SSI) cases closed by legal aid programs through “extended representation” are successful in achieving dollar benefits for their clients. (“Extended representation” cases consist of cases that are closed by the following “major reasons:” negotiated settlement, court decision or administrative agency decision.)
- The **average back award** achieved in successful SSD or SSI cases is **\$10,008** per “extended representation” case.³
- The **average monthly benefit** achieved in SSD or SSI cases is **\$485 per month** per successful “extended representation case.

In our analysis of the outcomes of Pennsylvania legal aid programs, we applied the above multipliers to the numbers of SSD/SSI extended representation cases completed in fiscal years 2003 through 2011 by Pennsylvania legal aid programs.

The computation had two components – the total of *SSD/SSI back awards* received by clients, and the cumulative total of *monthly SSD/SSI benefits* received by clients as a result of successful SSD/SSI cases completed by legal assistance during the period covered by this analysis.

a. Total revenue from back awards. In FY 2011, Pennsylvania legal aid programs closed 1,991 “extended representation” cases. Application of the “92 percent” success rate derived from the regression model (see above) produces the result that 1,838 of these 1,991 cases produced SSD/SSI dollar benefits for their clients. With each successful case producing an average \$10,008 back award for its client (see above), the total received by clients in FY 2011 is \$10,008 times 1,838, or **\$18.4 million**.

b. Total revenue from monthly benefit awards. According to the Social Security Administration, the average duration of benefits from a SSD case is **9.7 years**, and the average for an SSI case is **10.5 years**.⁴ For our analysis, we used a conservative figure of nine years’ average duration for SSD or SSI cases. That assumption means that each of the successful SSD/SSI cases completed by legal aid programs since 2003 continued to produce monthly benefits in FY 2011.⁵

Continued on next page...

³ All figures in the report were adjusted for inflation to reflect 2011 dollars.

⁴ Rupp, Kalman and Charles G. Scott, “Trends in the Characteristics of DI and SSI Disability Awardees and Duration of Program Participation,” Social Security Bulletin, Spring 1996, page 3.

⁵ For this analysis, we assumed that in its first year each cohort of cases produced, on average, six payments of \$485 each, and in each subsequent year 12 payments at \$485 each (in 2011 dollars). Thus, the successful cases completed in FY 2011 produced, on average, 6 payments; the remaining cohorts of cases, FY 2003 through FY 2010, produced 12 payments in FY 2011.

With this assumption, and applying the average benefit amount indicated by the regression model (\$485 per month) to the number of extended SSD/SSI legal aid cases completed in each fiscal year from 2003 through 2011, the computations shown in Exhibit 1 below were made. Each column in the table indicates the total benefit payments received in FY 2011 one “cohort” of legal aid clients whose cases were completed in the indicated year. The “Total” column at right indicates that the sum of monthly benefits received by legal aid clients in FY 2011 was **\$99.6 million**.

Exhibit 1
Computation of Total Federal Revenue in FY 2011
from SSD/SSI Monthly Benefits Received
by Pennsylvania Legal Aid Clients⁶

Cohort (Year in which Case Closed) >>	Annual Revenue Produced in FY 2011 by Each "Cohort" of Cases (In 2011 Dollars)									Total in FY 2011
	2003	2004	2005	2006	2007	2008	2009	2010	2011	
SSD and SSI Cases Closed in Year >>	2,410	2,410	2,040	2,136	2,489	2,219	2,006	1,829	1,991	
Success Rate (from Model)	92%	92%	92%	92%	92%	92%	92%	92%	92%	
Successful SSD/SSI Cases	2,225	2,225	1,883	1,972	2,298	2,048	1,852	1,688	1,838	
Average Monthly Benefit	\$ 485	\$ 485	\$ 485	\$ 485	\$ 485	\$ 485	\$ 485	\$ 485	\$ 485	
Assumed Duration of Benefits (Months) >>	12	12	12	12	12	12	12	12	6	
Total Benefits:	\$12,949,500	\$12,949,500	\$10,959,060	\$11,477,040	\$13,374,360	\$11,919,360	\$10,778,640	\$9,824,160	\$5,348,580	\$99,580,200

c. Total of back awards and cumulative monthly benefits. Adding the results of computations “a” and “b” above, we get \$18.4 million plus \$99.6 million, or **\$118 million** (rounded to the nearest \$1 million).

4. \$59 million is the federal share of Medicaid benefits attained for low-income and disabled Pennsylvania residents.

Recipients of SSD and SSI are automatically eligible for Medicaid coverage. Accordingly, an important benefit produced by the success of Pennsylvania legal aid programs in SSD/SSI cases (see above) is health care for thousands of low-income families – and millions of dollars in federal revenue flowing into the state as a consequence of the Federal Medical Assistance Percentage (FMAP).

The key facts used in our analysis of the economic impacts of these Medicaid benefits were as follows:

- **Recipients of SSD and SSI are automatically eligible for Medicaid coverage.** Therefore, each SSD/SSI case that was successful in producing dollar benefits (as indicated in Exhibit 1), also produced Medicaid benefits.
- **The annual Medicaid reimbursement per enrollee is state specific and varies from year to year.** Statistics are compiled on a state-by-state basis by and available from, the Centers for Medicare & Medicaid Services (CMS). For Pennsylvania, these figures ranged between **\$5,400** (in 2006) to **\$6,900** (in 2005).⁷
- The average “federal share” of Medicaid payments – the Federal Medical Assistance Percentage (FMAP) – for Pennsylvania from 2003 through 2011

⁶ The figures in this table have been rounded for display.

⁷ The figures we used in the analysis were obtained from the CMS.gov website. All figures were adjusted to constant 2011 dollars.

was **57.13 percent**.⁸ Thus, each dollar in Medicaid reimbursements made on behalf of legal aid clients during that period represented a flow of 57 cents in federal revenue into the state.

Exhibit 2 below summarizes the computations used to estimate the total Medicaid benefits and the federal share. From Exhibit 1, the estimated number of successful cases that produced SSD/SSI eligibility – and thus Medicaid eligibility – is shown for each of the nine years from FY 2003 through FY 2011.⁹ The total federal share computed in this manner was **\$59 million** (rounded to the nearest \$1 million).

Exhibit 2
Computation of Federal Share of
Medicaid Payments Received in FY 2011¹⁰

Successful SSD/SSI Cases (See Exhibit 1) >>	Annual Revenue Produced by Each "Cohort" of Cases, By Year (In 2011 Dollars)									Total in FY 2011
	2003	2004	2005	2006	2007	2008	2009	2010	2011	
	2,225	2225	1883	1972	2298	2048	1852	1688	1838	
Average Annual Benefit	\$ 6,710	\$ 6,527	\$ 6,886	\$ 5,434	\$ 6,013	\$ 6,119	\$ 6,141	\$ 6,335	\$ 6,335	
Total Revenue in Year (# Cases x Benefit/Case) >>	\$ 14,929,750	\$ 14,522,575	\$ 12,966,338	\$ 10,715,848	\$ 13,817,874	\$ 12,531,712	\$ 11,373,132	\$ 10,693,480	\$ 5,821,865	\$ 107,372,574
Federal Share in PA >>	56.16%	57.00%	53.84%	55.05%	54.39%	54.08%	54.52%	54.81%	55.64%	
Total Federal Share	\$ 8,384,500	\$ 8,277,900	\$ 6,981,100	\$ 5,899,100	\$ 7,515,500	\$ 6,777,100	\$ 6,200,600	\$ 5,861,100	\$ 3,239,300	\$59,136,200

5. \$14 million in federal grant funds flowed into Pennsylvania legal aid programs from the Legal Services Corporation.

The FY 2011 total funding received by the eight LSC-funded legal aid programs in Pennsylvania was \$13.81 million. Rounded to the nearest \$1 million, this amounted to **\$14 million**.

6. \$355 million was produced for local communities through the “economic multiplier effect.”

This figure was derived as follows:

- **\$191 million** in direct federal revenue (\$118 million in SSD/SSI payments, \$59 million from the federal share of Medicaid payments, and \$14 million in LSC funds) flowed into Pennsylvania as a result of the operations of legal aid programs in the state. (See above.)
- **Each dollar circulates 1.86 times in the state and local economies before leaving the state.** We applied the U.S. Department of Commerce Input-Output Model¹¹ to compute the economic multiplier impact of the expenditures of the federal funds resulting from the

⁸ Source: Congressional Research Service, “Medicaid: The Federal Medical Assistance Percentage (FMAP), Table 3.1, page 14.

⁹ See Exhibit 1 and accompanying explanation for details about determination of the numbers of successful SSD/SSI cases produced by Legal Aid. We assume that the amount of federal Medicaid payments flowing into Pennsylvania each year per Medicaid-eligible legal aid client was equal to the average expenditure per Medicaid enrollee in the state for each year.

¹⁰ The figures in this table have been rounded for display.

¹¹ For details on this methodology, visit the web site of the US Department of Commerce, Bureau of Economic Analysis at: <http://www.bea.gov/regional/rims/>. For its application in a Legal Aid context, see Hardin, Jane, “Disability Advocacy Projects: Programs That Assist Low-Income Clients and Ease State Government Fiscal Problems,” *26 Clearinghouse Review*, 776 (1992-1993).

operations of legal aid programs. This model indicates that \$1.86 in economic activity is produced from each federal dollar spent within the state.

- \$191 million times 1.86 equals **\$355 million** in total economic activity.
- **The payoff is more sales for local businesses and 2,643 jobs for Pennsylvania workers.** The U.S. Department of Commerce Input-Output Model indicates that 13.84 jobs are produced for each million federal dollars coming into low-income households in Pennsylvania. Multiplication of 13.84 by 191 (millions in federal revenue) produces the result that legal assistance supported 2,643 jobs for working Pennsylvanians in FY 2011.

7. An additional \$48 million in cost savings was achieved for Pennsylvania taxpayers and communities.

This figure was comprised of two components, as follows.

- **\$23 million** savings through prevention of domestic violence, protecting 6,658 families in FY 2011; and
- **\$25 million** savings in emergency shelter costs through prevention of eviction and foreclosure for 1,715 low-income Pennsylvania families in FY 2011.

a. Savings in costs related to domestic abuse: \$23 million. This figure was estimated as follows.

- Pennsylvania legal aid programs completed **10,073** Protection from Abuse (PFA) cases in 2011.¹²
- Based on outcomes data from the NY-VA regression model, **66.1 percent** of all PFA cases completed by legal aid programs are successful in enabling clients to avoid domestic violence.¹³ By multiplying 10,073 cases times 66.1 percent, we get the result that 6,658 clients and their families were protected from domestic violence.
- Based on available studies, a conservative estimate of the average savings from preventing one domestic assault per victim is \$3,462.¹⁴
- The total savings is: (6,658 cases) times \$3,462 savings per client = **\$23 million** (rounded to the nearest \$1 million). See the “2011” column in Exhibit 1 on the next page for the details of this computation.

Continued on next page...

¹² Figures on the output of Protection from Abuse cases were compiled from the statewide legal services database maintained by the Pennsylvania Legal Aid Network (PLAN).

¹³ Please see Footnote 1 for details on the financial models used in this analysis.

¹⁴ Source: "Increasing Access to Restraining Orders for Low-Income Victims of Domestic Violence: A Cost-Benefit Analysis of the Proposed Domestic Abuse Grant Program," L. Elwart, et. al., (December 2006), page 13. This 2006 study indicated the cost due to each incident of domestic violence was \$3,201. In 2011 dollars, this is equivalent to \$3,462. This figure is very conservative because it only includes readily quantifiable costs such as medical care for injured victims, special education and counseling for affected children, police resources, and prison for perpetrators. It does not include costs that are equally real but more difficult to quantify, such as the value of time lost from school and work or the long-term costs of trauma on children and adults caused by exposure to domestic abuse.

- **“In the five-year period 2007-11, Legal Aid protected 31,550 families and saved \$109 million.”** The same data sources and multipliers were applied as described above for each of the five years ending in 2011 then summed to derive the total. Exhibit 3 below shows the details of this computation.

Exhibit 3
Five-Year Results of Legal Aid
Domestic Violence Cases, FY 2007-2011

<i>Results of Legal Aid Domestic Violence Cases, By Fiscal Year</i>						<i>Five-Year Total</i>
	<i>2011</i>	<i>2010</i>	<i>2009</i>	<i>2008</i>	<i>2007</i>	
Total PFA Cases	10,073	9,640	9,365	9,672	8,980	47,730
Percent of the above for which DV was avoided	66.1%	66.1%	66.1%	66.1%	66.1%	
Cases for which families obtained protection from DV	6,658	6,372	6,190	6,393	5,936	31,550
Average cost to taxpayers per homeless family:	\$3,462	\$3,462	\$3,462	\$3,462	\$3,462	
Estimated Cost Savings (in Millions):	\$23.1	\$22.1	\$21.4	\$22.1	\$20.6	\$109.2
Average # People per Family Case who Escaped Domestic Violence:	1.81	1.81	1.81	1.81	1.81	
Estimated total # People who obtained protection from domestic violence	18,232	17,448	16,951	17,506	16,254	86,391

b. Savings in emergency shelter cost: \$25 million. This figure was estimated as follows.

- Pennsylvania legal aid programs completed **22,174** “Housing” cases in FY 2011.¹⁵
- Based on outcomes data from the NY-VA regression model, eviction is avoided or delayed or foreclosure is avoided, in **18.7 percent** of all legal aid Housing cases.¹⁶
- Applying the “18.7 percent” benchmark to the 18,558 Housing cases, we estimate that **4,147** low-income households avoided eviction or foreclosure as a result of the legal assistance they received.
- A 2010 analysis in New York State indicates that **41 percent** of households that are removed from their homes through eviction or foreclosure ultimately require emergency shelter.¹⁷ (The other 59 percent are able to find shelter elsewhere – for example, by moving in with family or friends or into rental housing they are able to secure.)

¹⁵ Figures on the output of Housing cases were compiled from the statewide legal services database maintained by the Pennsylvania Legal Aid Network (PLAN).

¹⁶ Please see Footnote 1 for details on the financial models used in this analysis.

¹⁷ Weighted average for New York State, derived in 2011 by *The Resource for Great Programs, Inc.* from data compiled for New York State by Geeta Singh, Ph.D., Cornerstone Research, summarized in PowerPoint presentation, “*Testimony at Chief Judge’s Hearing on Civil Legal Services*” (New York), September 26, 2011, Slide 7. *The Resource* collaborated with Dr. Singh in her research. She documented the percentages in each region of the state – for example, in New York City it was 43.4 percent; in suburban New York it averaged 13.6 percent; and in Upstate New York it averaged 32.1 percent. We applied the New York weighted average of 41 percent to Pennsylvania, on the premise that the costs of emergency shelter would be similar considering the proximity of these

- Applying the “41 percent” benchmark to the 3,470 avoided eviction or foreclosure cases, we estimate that **1,715** low-income households avoided the need for emergency shelter through legal assistance.
- Based again on the 2010 New York analysis, a conservative estimate of the average cost of emergency housing for a homeless family/household is **\$14,794**.¹⁸
- The total savings is: (1,715 households avoided the need for emergency shelter) x (\$14,794 savings per household) = **\$25 million** (rounded to the nearest \$1 million). See the “2011” column in Exhibit 4, below, for the details of this computation.
- **“In the five-year period 2007-11, Legal Aid helped 7,534 families avoid homelessness and saved \$111 million in emergency shelter costs.”** The same data sources and multipliers were applied as described above for each of the five fiscal years ending in 2011 then summed to derive the five-year total. Exhibit 4 below shows the details of this computation.

Exhibit 4
Five-Year Results of Legal Aid
Eviction Defense and Foreclosure Prevention Cases, FY 2007-2011

	Results of Legal Aid Housing Cases, By Fiscal Year					Five-Year Total
	2011	2010	2009	2008	2007	
Total Number of Housing Cases	22,174	21,456	19,035	18,442	16,297	97,404
Assumption: Percentage of the above for which eviction or foreclosure was avoided	18.7%	18.7%	18.7%	18.7%	18.7%	18.7%
# Cases in which family avoided homelessness:	4,147	4,012	3,560	3,449	3,048	18,215
Assumption: Percentage of the above for which emergency shelter would have been needed:	41%	41%	41%	41%	41%	41%
# Cases in which family would have needed emergency shelter:	1,715	1,660	1,472	1,426	1,261	7,534
Average cost of emergency shelter:	\$14,794	\$14,794	\$14,794	\$14,794	\$14,794	
D. Estimated Cost Savings for (\$Millions)*	\$25.37	\$24.55	\$21.78	\$21.10	\$18.65	\$111.46
Average # People per Housing Case who Avoided Eviction, Obtained Additional Time or Avoided Foreclosure:	2.67	2.67	2.67	2.67	2.67	2.67
Estimated total # People who avoided need for emergency shelter	4,584	4,435	3,935	3,812	3,369	20,135

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two states and the similarities in their urban/suburban/rural composition, poverty population demographics and housing markets.

¹⁸ We assumed the same weighted average cost for Pennsylvania as determined for New York State by Dr. Singh – see previous footnote. We believe this figure of \$14,794 is conservative, reflecting the lower range of estimates derived around the U.S. For example, a 2012 Massachusetts analysis determined that 2,017 families in family shelters cost the state an average of \$25,155 apiece and 812 families in hotels/motels cost an average of \$10,480 apiece. See Massachusetts Legal Assistance Corporation, “*Civil Legal Aid Yields Economic Benefits to Clients and to the Commonwealth*,” January 2012, Footnote 31. Studies in other states have produced figures in a comparable range between \$14,000 and \$40,000 per family.

MISSISSIPPI
Access to Justice
COMMISSION

JUSTICE *for* ALL

June 9, 2014

VIA EMAIL

David Richardson
Treasurer
Legal Services Corporation
3333 K. Street, NW 3rd Floor
Washington, DC 20007-33522

Re: FY 2017 Budget Comments

Dear Mr. Richardson:

We are writing to inform you of the Mississippi Access to Justice Commission's (the Commission) strong support for full and continued funding of Mississippi's Legal Services Programs, the Mississippi Center for Legal Services Corporation (MCLSC) and North Mississippi Rural Legal Services (NMRLS). Both MCLSC and NMRLS have been *ex-officio* members of our Commission since its founding in 2006. As the Co-Chairs of the Commission, we are familiar with the invaluable service these programs provide to the state's most vulnerable residents.

Mississippi, being one of the poorest in the nation, has a tremendous need for the services provided through the LSC. As you may well know, Mississippi is ranked last in the nation in terms of funding from all sources for civil legal aid to the poor. There are 688,000+ Mississippians who qualify financially for the services provided through the LSC and less than 30 federally-funded legal services staff attorneys for the entire state. Even with the help of the private bar and organized efforts such as the Mississippi Volunteer Lawyers Project, many are turned away because of the lack of adequate resources. Without question, the potential for a reduction in the budgets to our LSC programs would have a devastating effect on thousands of children, elderly, veterans and families throughout Mississippi.

We are so grateful for the support the LSC has provided to people of Mississippi. If the Commission can ever be of assistance to you, please do not hesitate to contact us.

Sincerely yours,



Honorable Denise S. Owens
Co-Chair



H. Rodger Wilder
Co-Chair



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Promoting Public Interest and Pro Bono Service

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June 9, 2015

By Email

Mr. David Richardson
Treasurer
Legal Services Corporation
3333 K Street, N.W.
Washington, DC 20007
david.richardson@lsc.gov

Re: *Comments on Legal Services Corporation FY 2017 budget request*

Dear Mr. Richardson:

As the Legal Services Corporation prepares its budget request for the 2017 fiscal year, Washington Council of Lawyers writes to highlight the need for increased funding to address the escalating demands on over-burdened and under-resourced civil legal services.

Washington Council of Lawyers is a nonprofit organization committed to the spirit and practice of law in the public interest. Founded in 1971, Washington Council of Lawyers is the area's only voluntary bar association dedicated exclusively to promoting pro bono and public interest law. Our members represent every sector of the Washington legal community: lawyers and pro bono coordinators from large and small law firms and law schools; lawyers from public interest groups, government agencies and congressional offices; and law students and members of law-related professions. We share a common concern for the well-being of our community and the integrity of our civil and constitutional rights.

As LSC celebrates its 40th anniversary, the unmet legal needs of those who are poor and marginalized are staggering. In just the last 5 years, LSC has seen its funding decline 18.65%. In our judgment, the levels of LSC funding are woefully inadequate for the current need. We believe LSC funding should be increased to meet the increasing demands for legal services. In particular, we support LSC in seeking more funding for three critical programs: Field Grants, Technology Initiative Grants, and Pro Bono Innovation Grants.

Field Grants. The Field Grants provide essential core funding to the basic field programs that most effectively and efficiently provide high-quality legal representation to eligible clients. LSC's Field Grants anchor LSC funding;

they promote justice and facilitate real impacts on client lives. Without adequate funding for basic field programs, LSC cannot fulfill its mission of providing access to justice for our nation's low-income population.

Technology Initiative Grants & Pro Bono Innovation Grants. Since 2000, the Technology Initiative Grant program has funded more than 570 legal technology projects, allowing LSC grantees to expand the delivery of legal aid services through statewide websites, better case management systems, and other innovative methods. (See LSC Fiscal Year Budget Request 2016, <http://www.lsc.gov/media/press-releases/lsc-fiscal-year-2016-budget-request-sent-congress>).

On January 17, 2014, the President of the United States signed P.L. 113-76, the Consolidated Appropriations Act of 2014, which included \$2.5 million for LSC to establish a new grant making program called the Pro Bono Innovation Fund. On December 16, 2014, the Consolidated and Further Continuing Appropriations Act, 2015, Public Law 113-235 increased LSC's appropriation for the Pro Bono Innovation Fund to \$4 million. This program has enabled LSC to engage more lawyers in pro bono service and address gaps in legal service and persistent challenges in pro bono delivery systems. (See 2014 Pro Bono Innovation Fund Grantees, <http://grants.lsc.gov/apply-for-funding/pro-bono-innovation-fund/2014-pro-bono-innovation-fund-grantees>).

The Technology Initiative Grant program and Pro Bono Innovation Grants demonstrate LSC's capacity to react quickly to issues that threaten access to justice by finding ways to help make legal service providers more effective and make better use of legal services funding. Expansion of the Technology Initiative Grant and Pro Bono Innovation Fund programs will bring the benefits of these improvements to even more people.

* * *

LSC grantees are dedicated legal professionals who struggle to fulfill their critical mission in a climate of increased need and decreased funding. We urge the Administration and Congress to carefully consider the FY 2017 LSC budget request to ensure that legal services offices do not fall further behind in their ability to meet the critical demand for civil legal services for those who are poor.

Thank you for your consideration of our comments.

Sincerely yours,

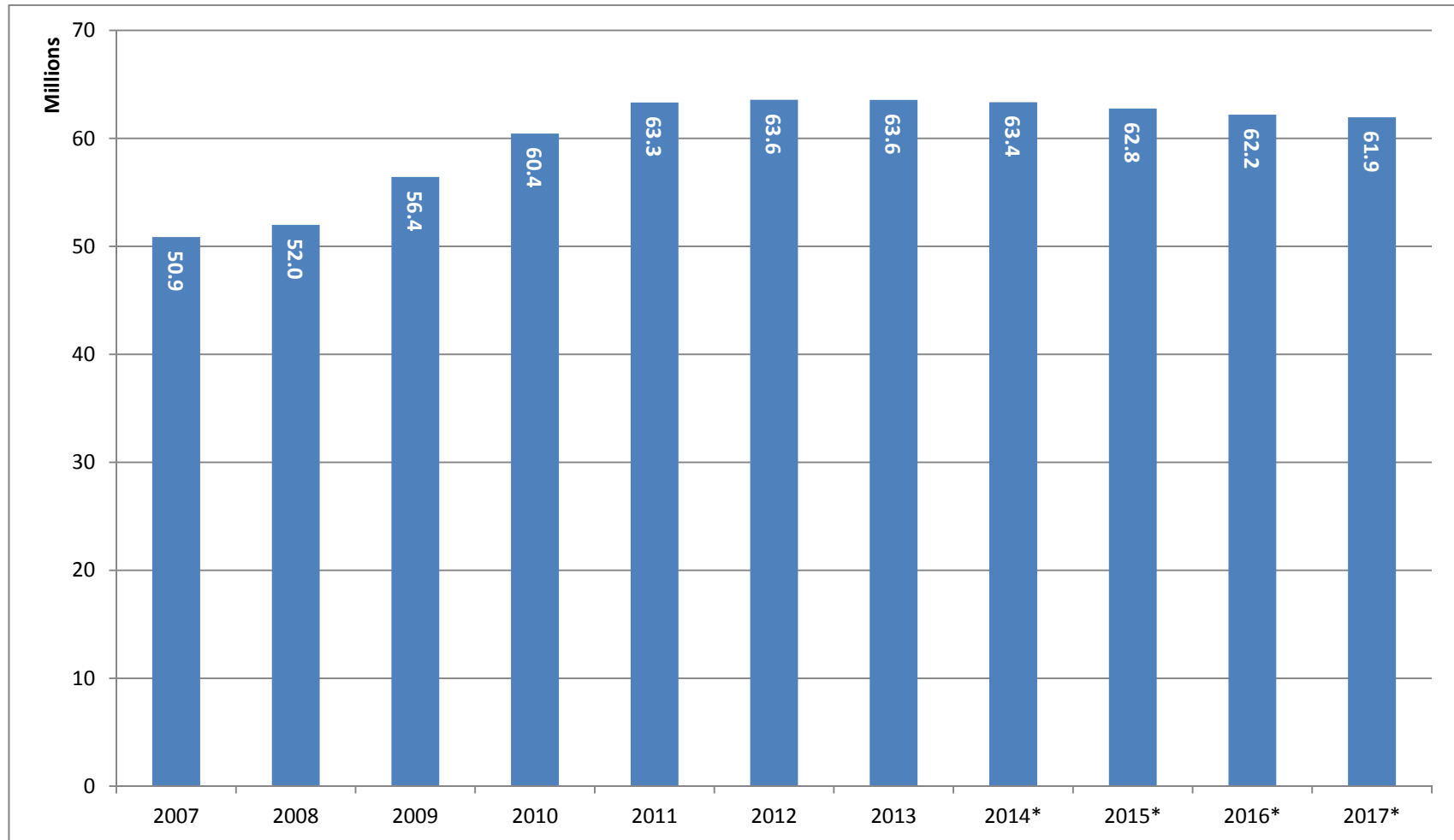


Paul S. Lee
President
Washington Council of Lawyers

Appendix 4

Americans Eligible for LSC-Funded Legal Aid

Defined as those living below 125% of the federal poverty level

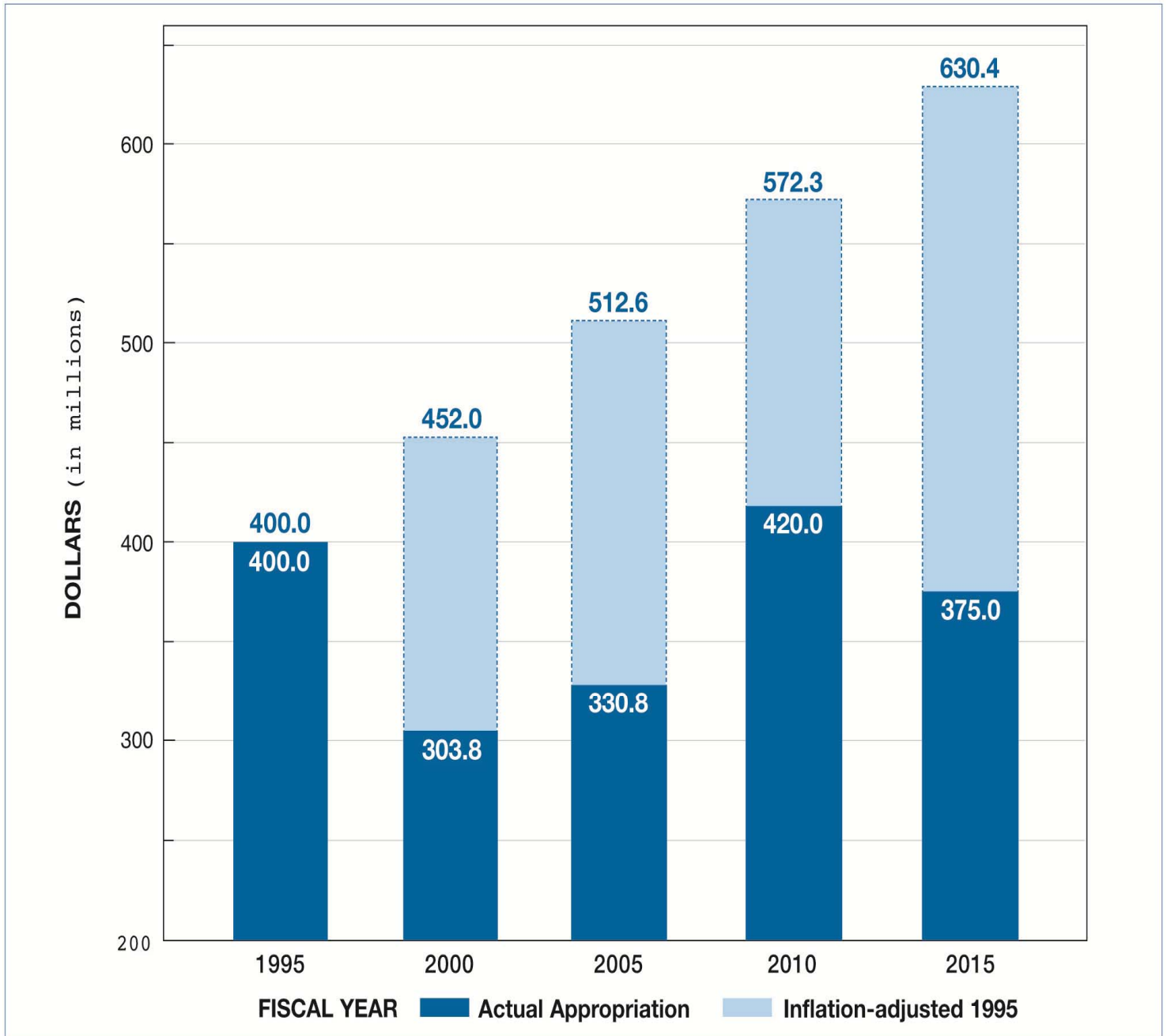


*Projections.

U.S. Census Bureau, 2007-2013 American Community Survey 1-Year Estimates, Table S1701: Poverty Status in the Past 12 Months; Emily Monea and Isabel Sawhill, *An Update to "Simulating the Effect of the 'Great Recession' on Poverty,"* Brookings Institution, September 13, 2011, Figure A; U.S. Census Bureau 2014 National Population Projections: Summary Tables, Middle Series.

Appendix 5

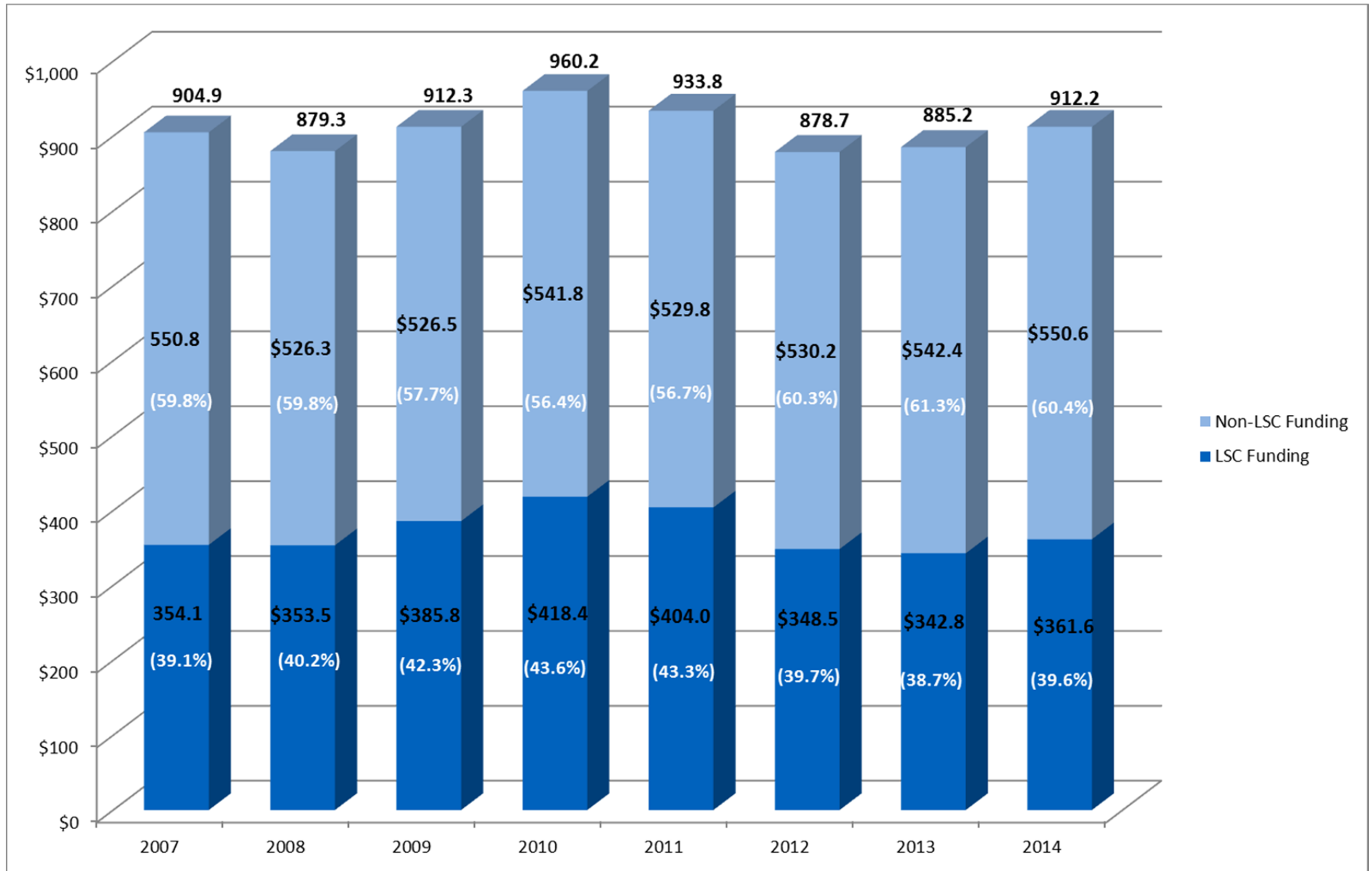
LSC Appropriations Compared to 1995 Appropriation, Adjusted for Inflation



Note: The inflation-adjusted figures in this graph were derived using the Consumer Price Index (CPI) Inflation Calculator on the Bureau of Labor Statistics website (www.bls.gov/data/inflation_calculator.htm) June 17, 2015.

Appendix 6

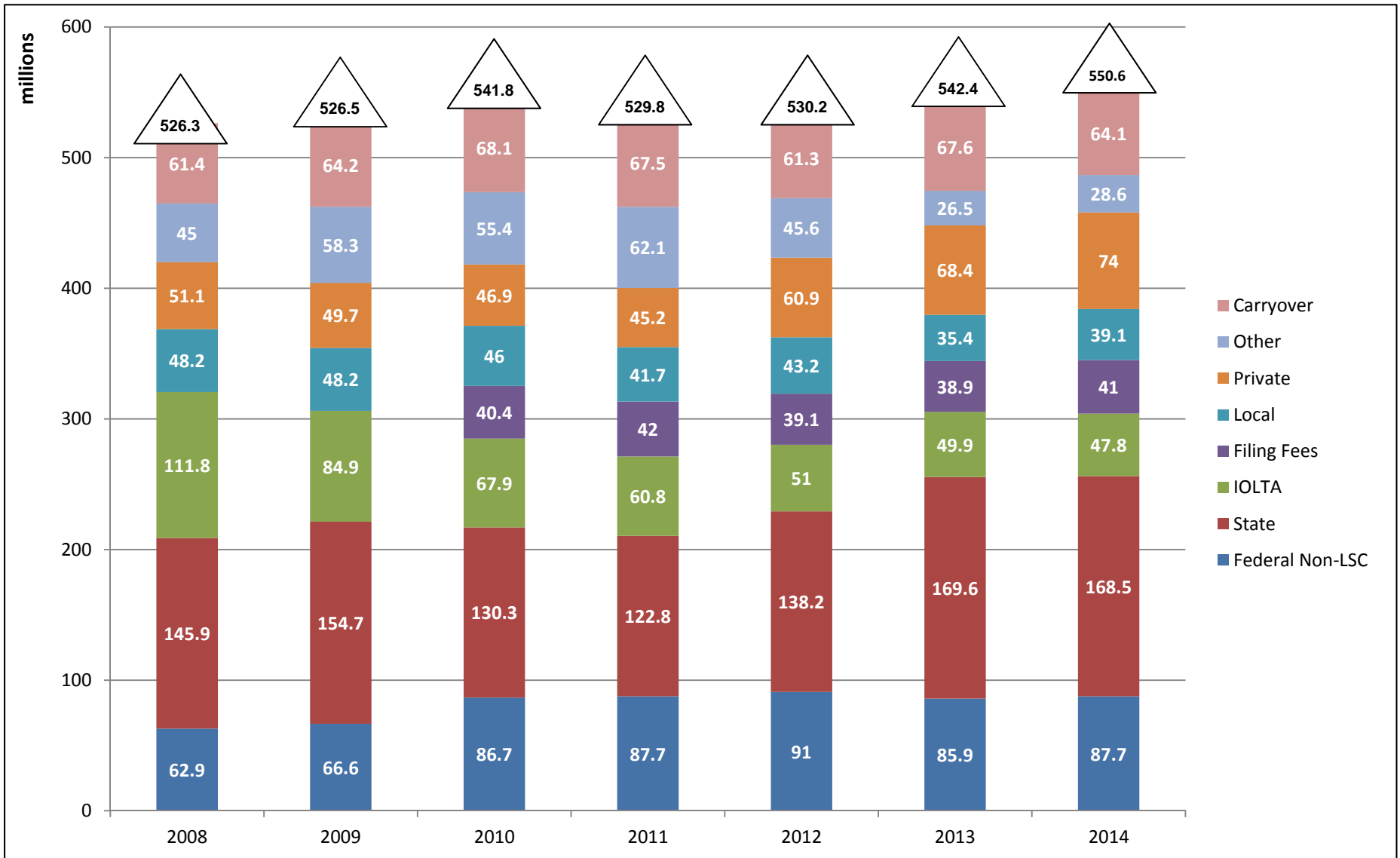
Funding Sources 2007-2014



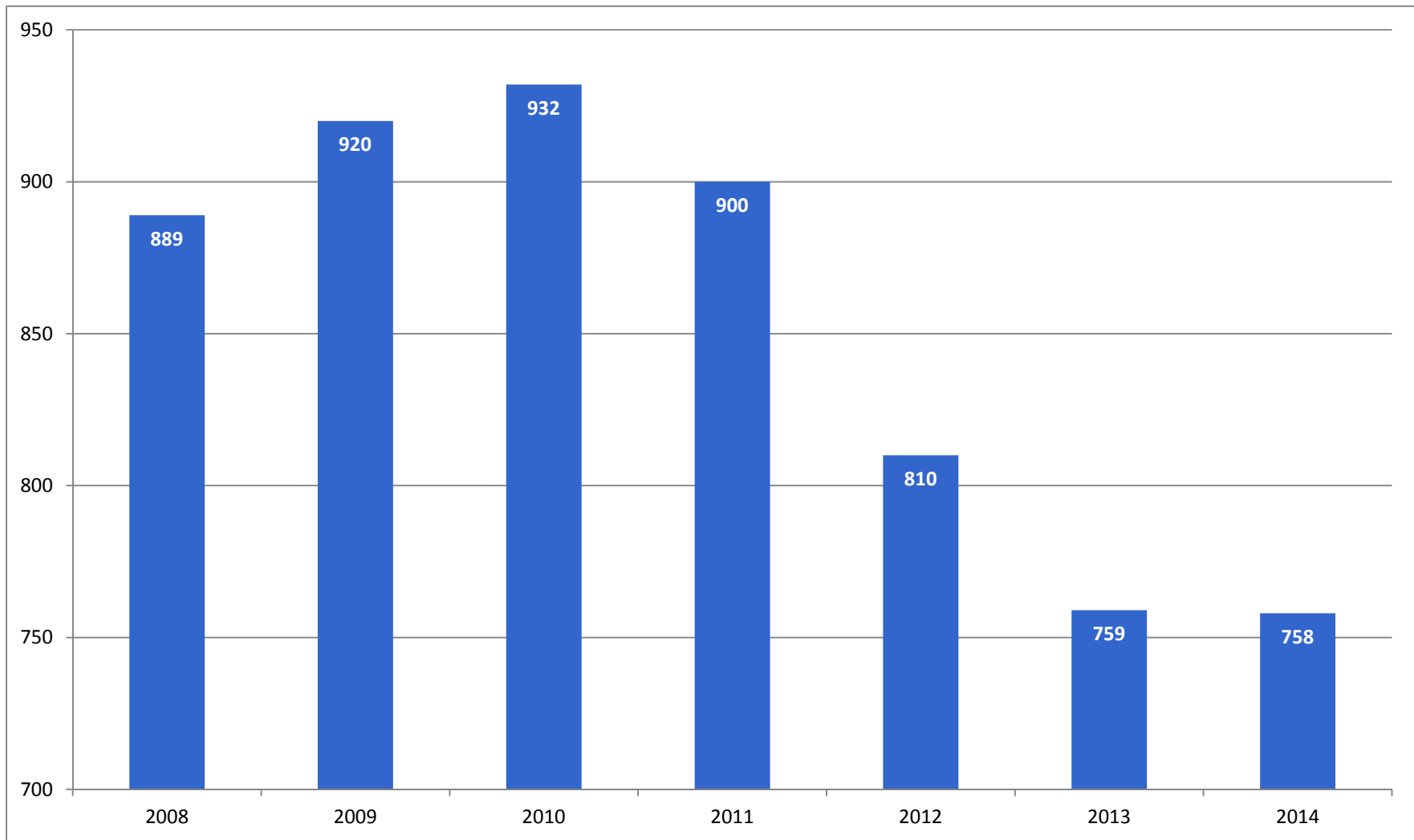
*Includes Basic Field and other LSC grants, carryover funds and derivative income.

Appendix 7

Sources of Non-LSC Funding, 2008-2014



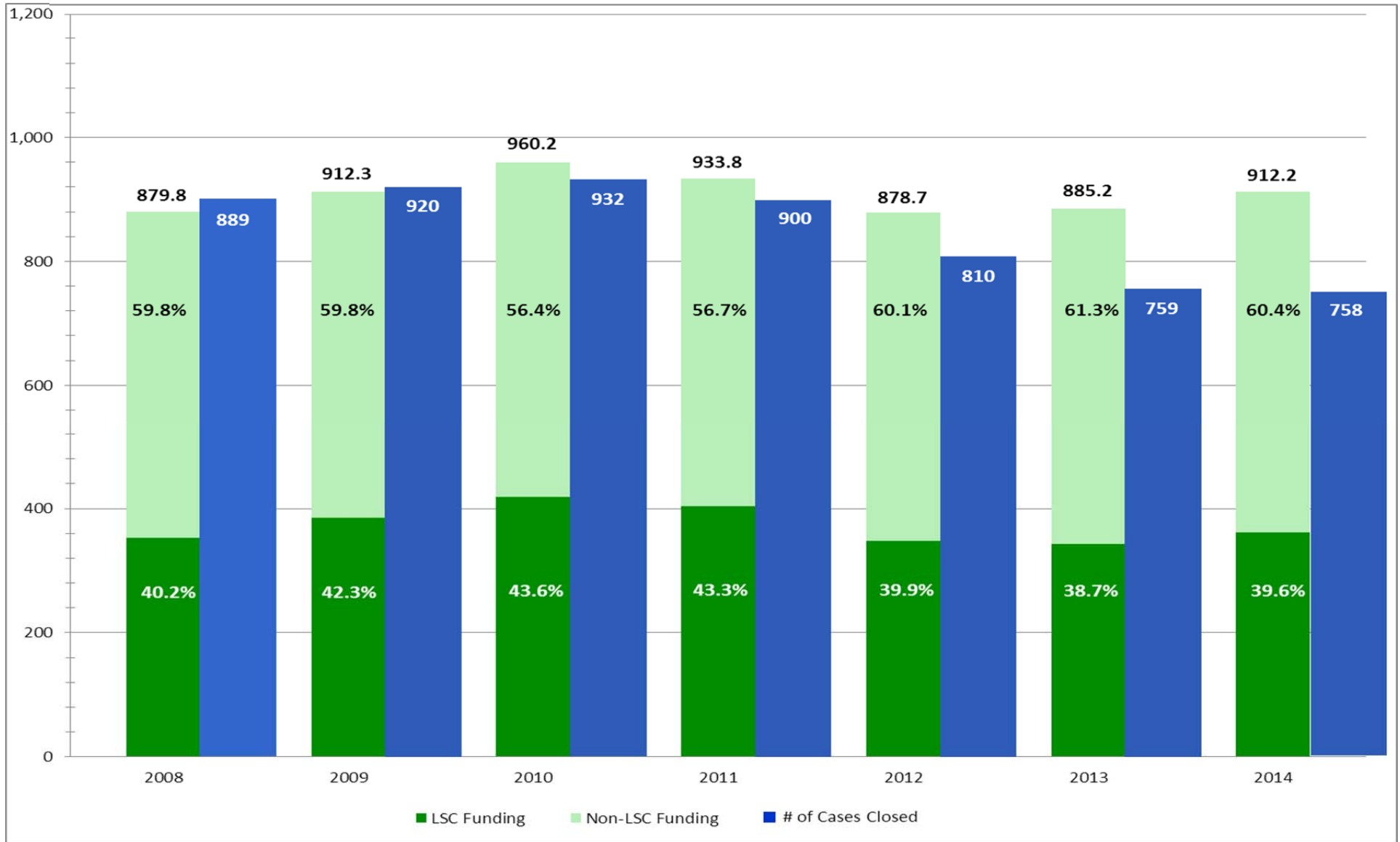
Appendix 8
Cases Closed, 2008-2013
(in thousands)



Appendix 9

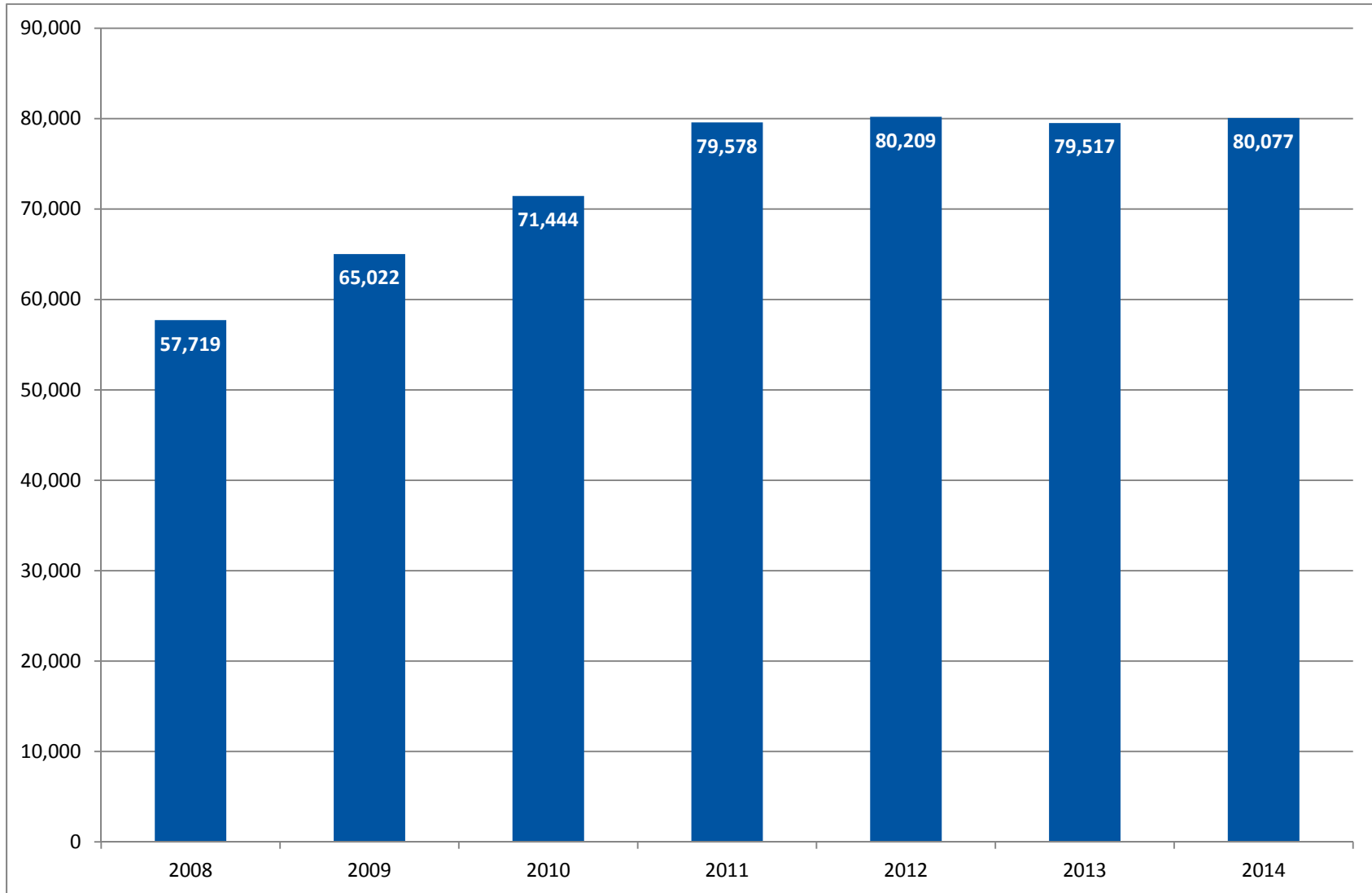
Cases Closed Compared to Grantee Funding, 2008-2014

(Cases Closed in Thousands, Funding in Millions)

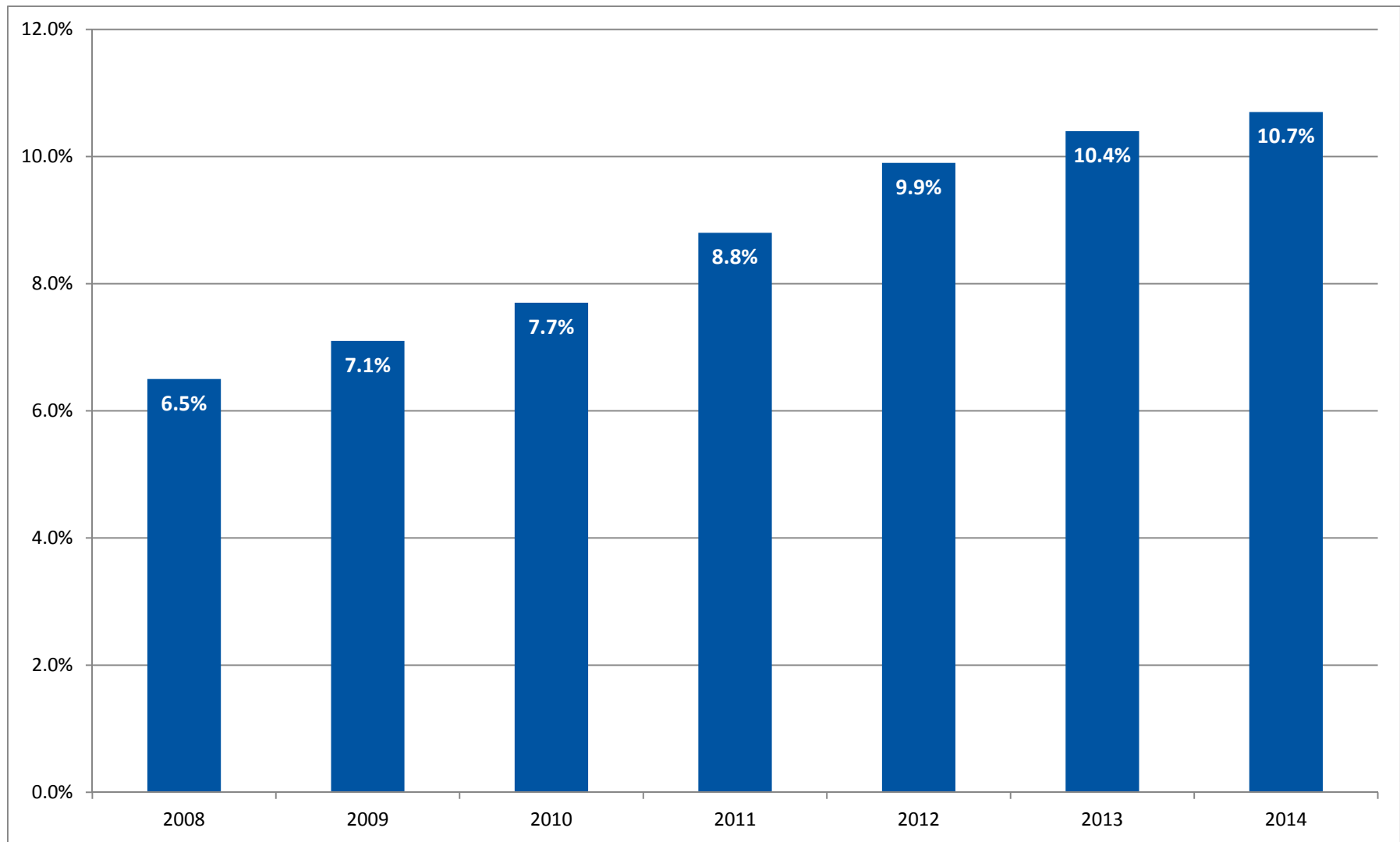


Appendix 10

Pro Bono Cases, 2008-2014



Appendix 11
**Pro Bono Cases as a Percentage of Cases Closed,
2008-2014**



Appendix 12

Staffing in Full-Time Equivalents, 2011-2014

(as of 12/31/14)

