



# Legal Services Corporation

BUDGET REQUEST  
FISCAL YEAR 2012

FY12

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# FISCAL YEAR 2012 BUDGET REQUEST

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## BACKGROUND

### Legal Services Corporation

LSC is the single largest funder of civil legal aid for the poor in the nation. Established by Congress in 1974, LSC operates as an independent 501(c)(3) nonprofit corporation that promotes equal access to justice and provides grants for high-quality civil legal assistance to low-income Americans. LSC distributes more than 95 percent of its total funding to 136 independent nonprofit legal aid programs with more than 900 offices that provide legal assistance to individuals and families in every congressional district.

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

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

While ensuring that programs operate in the manner prescribed by Congress, LSC encourages programs to leverage limited resources through a multifaceted approach that includes partnerships with individual lawyers, the organized bar, state and local governments, Access to Justice Commissions, Interest on Lawyers' Trust Accounts (IOLTA) funders, private funders and concerned private parties.

### Nationwide Support

LSC has enjoyed broad support in both houses of Congress. In a March 2010 letter, 47 members of the House of Representatives urged the Chairman and Ranking Member of the Appropriations Subcommittee on Commerce, Justice, Science and Related Agencies to fully fund LSC's request of \$516.5 million for FY 2011. The members recognized the significant support in the FY 2010 appropriations bill for LSC but stated that in real

dollars, the current funding level was still significantly below the Corporation's funding 15 years earlier. Also, 46 Senators in a May 2010 letter supported increasing LSC's funding by \$20 million as "an additional step toward closing the justice gap and meeting the greater need that exists because of the economic crisis, which has increased foreclosures, unemployment and the number of families who now qualify for federally funded legal aid."

Finally, the National Conference of Bar Presidents, including presidents of state and territorial bar associations, urged the Congress to provide LSC with an increase of at least \$15 million in an April 2010 letter. The 61 signatories stressed the importance of continued increases in federal funding because access to legal help meant the difference between "shelter and homelessness, medical assistance and unnecessary physical suffering, food on a family's table and hunger, economic stability and bankruptcy, and productive work and unemployment.

### LSC Leadership

The Corporation is headed by a bipartisan board of directors whose 11 members are appointed by the President and confirmed by the Senate. By October 2010, all 11 members of the new Board of Directors appointed by President Obama and confirmed by the Senate took office. The members of the new Board are: John G. Levi of Chicago, IL, *Board Chairman*; Martha L. Minow of Cambridge, MA, *Vice Chairman and Governance and Performance Review Committee Chair*; Victor Maddox of Louisville, KY, *Audit Committee Chair*; Robert J. Grey Jr. of Richmond, VA, *Finance Committee Chair*; Charles N.W. Keckler of Arlington, VA, *Operations and Regulations Committee Chair*; Laurie Mikva of Evanston, IL, *Promotion and Provision for the Delivery of Legal Services Committee Chair*; Sharon L. Browne of Sacramento, CA; Julie A. Reiskin of Denver; Harry J. F. Korrell III of Seattle; Fr. Pius Pietrzyk of Zanesville, OH, and Gloria Valencia-Weber of Albuquerque, NM.

On January 3, 2011, the Board of Directors named James J. Sandman as LSC's new President. Mr. Sandman is a former longtime Managing Partner at Arnold & Porter LLP and the immediate past General Counsel for the District of Columbia Public Schools. A former President of the District of Columbia Bar, Mr. Sandman brings significant management experience to LSC and has worked to promote pro bono legal services for low-income Americans. Mr. Sandman took office on January 31, 2011.

# OVERVIEW

LSC requests a total of \$516,550,000 for FY 2012, the same amount requested for FY 2011. Ninety-four percent, \$484,900,000, is for basic field grants to legal aid programs that provide civil legal assistance to low-income Americans.

The chart below shows LSC's current funding at FY 2010 levels under a Continuing Resolution that expires on March 4, 2011, House and Senate action on FY 2011 appropriations bills and LSC's FY 2012 request.

Line-Item	Current Funding (FY 2011 CR)	House (FY 2011)	Senate (FY 2011)	LSC's Request (FY 2012)
<b>Basic Field Grants</b>	\$394,400,000	\$407,850,000	\$401,700,000	\$484,900,000
<b>Technology Initiative Grants</b>	\$3,400,000	\$6,800,000	\$3,000,000	\$6,800,000
<b>Loan Repayment Assistance Program</b>	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
<b>Management and Grants Oversight</b>	\$17,000,000	\$20,000,000	\$20,000,000	\$19,500,000
<b>Office of Inspector General</b>	\$4,200,000	\$4,350,000	\$4,300,000	\$4,350,000
<b>TOTAL</b>	<b>\$420,000,000</b>	<b>\$440,000,000</b>	<b>\$430,000,000</b>	<b>\$516,550,000</b>

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

As the Congress works to increase economic opportunities for all Americans, we need to ensure that our basic American values of justice—values reflected in the first line of the Constitution and the closing words of the Pledge of Allegiance—are upheld. The legal services network set in motion by the Congress in 1974 has become today's bedrock for low-income Americans—upholding the national promise of equal access to justice, providing solutions to critical legal problems, and helping promote opportunities for self-sufficiency.

The provision of civil legal assistance is an integral part of the nation's justice system. While the right to counsel for defendants in criminal cases has been guaranteed by the U.S. Supreme Court, access to counsel for low-income Americans in civil cases relies on the public-private partnership led by LSC. The chief justice of the Texas Supreme Court and others have pointed out that persons navigating the courts on their own often forfeit rights in civil cases that might have been preserved.<sup>1</sup> Also at stake is the public's confidence in a system of justice that can be difficult to access, afford or understand.<sup>2</sup>

The American Bar Association's Coalition for Justice found in a 2010 survey that the economic downturn and slow recovery have sent more people into the court system at a time when they are less able

to afford representation. More than half the judges surveyed by the ABA reported an increase in foreclosure filings, domestic relations disputes, consumer cases and other housing-related matters since the beginning of the economic downturn.<sup>3</sup>

The courts also are faced with an ever-expanding number of unrepresented litigants. Cases involving unrepresented parties require more time from judges and court staff, adjournments, and more time to reach a disposition. Access to justice is not just a concern of low-income Americans. Business leaders, including representatives of Citigroup and the New York Bankers Association, testified before the chief judge of the state of New York that access to legal assistance for low-income citizens can benefit their own institutional performance and financial bottom lines because it resolves problems before they develop into court cases.<sup>4</sup>

LSC-funded programs touch the lives of about 8 million Americans annually. Last year, LSC programs closed cases involving households with about 2.3 million people. Another 5 million received legal information at self-help centers and community presentations that explain the forms and procedures to follow in the civil legal system or were provided a referral for pro bono assistance, other legal services and social services.

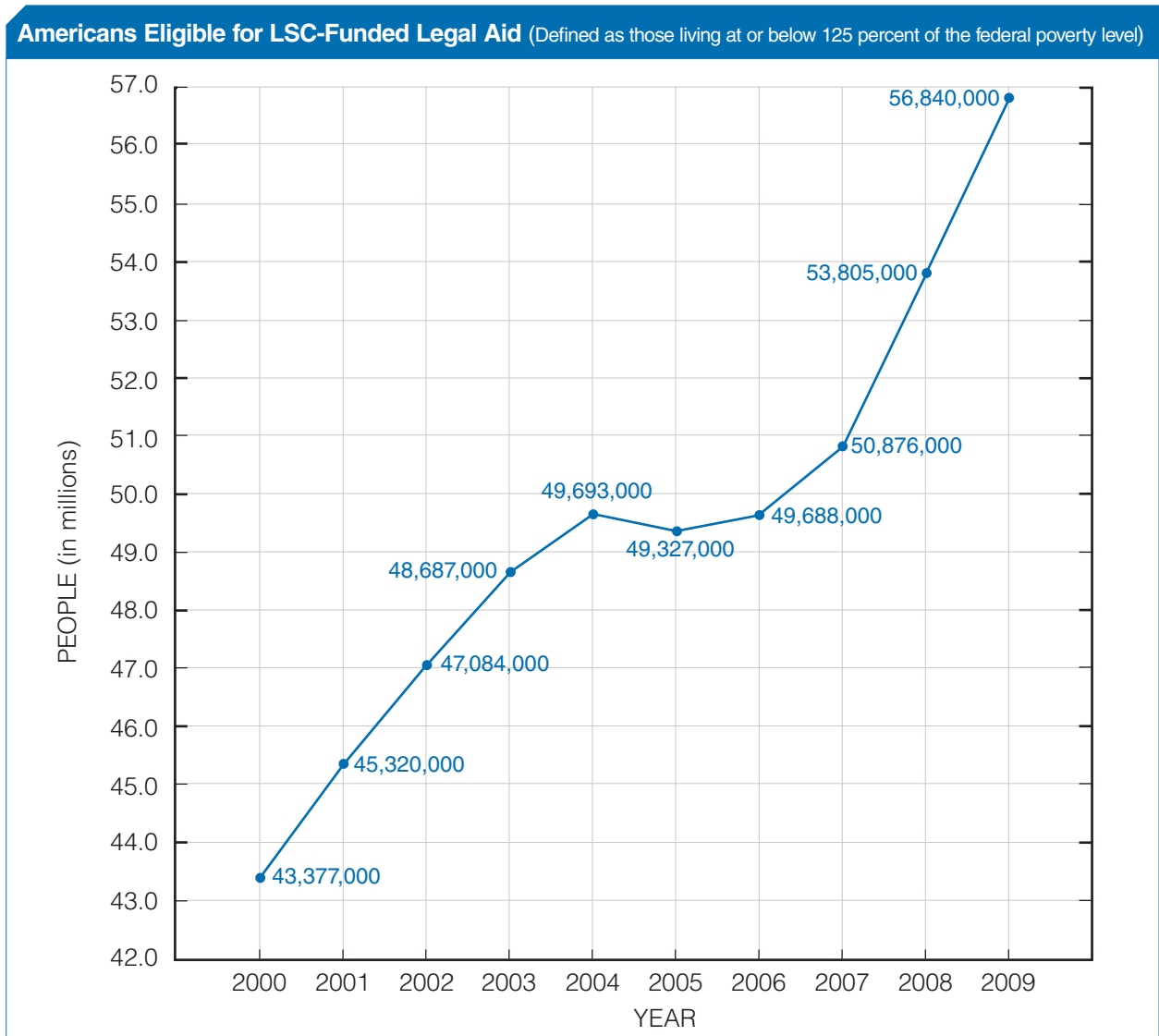
Public opinion surveys show broad support for the government's involvement in assisting low-income Americans.<sup>5</sup> Most Americans also support federally funded legal aid to the poor, according to a 2009 survey on behalf of the American Bar Association. Eighty-eight percent agreed that it is essential that a nonprofit provider of legal services be available to assist those who could not otherwise afford legal help. Two-thirds of the respondents supported federal funding to help Americans who need that assistance.<sup>6</sup>

Congressional appropriations to LSC represent the largest single source of funding for civil legal assistance. According to the most recent data available, federal funds represented 42 percent of the total funding that LSC programs received in 2009, an increase of 2 percent from 2008.

The Board recognizes that LSC must operate as economically as possible while striving to fulfill its mission to assist the truly disadvantaged and the "new poor" who need civil legal assistance. The LSC Board considered the current fiscal challenges facing our nation and the overall budget constraints facing the 112th Congress. The Board adopted a resolution seeking the same level of funding for FY 2012 as requested in FY 2011, and took into account:

- **The dramatic rise in poverty rates.** Nearly 57 million Americans—including 19.6 million children—qualify for civil legal assistance from LSC-funded programs. That is the highest number of people eligible for legal aid in the Corporation's three-decade history.<sup>7</sup>
- **The needs of clients.** Requests for help with foreclosures, veterans benefits, unemployment compensation, bankruptcy, and food stamps have increased at many LSC-funded programs.

- The decline in non-LSC funding.** Interest on Lawyers' Trust Accounts (IOLTA), a major source of non-LSC funding, has declined substantially at most LSC programs. Funding dropped 24 percent in 2009 and projections for the next two years are not encouraging. In addition, declining state budgets through 2013 and beyond jeopardize state funding for legal assistance. Confronted by this uncertain funding outlook, a number of LSC programs have laid off attorneys and staff and imposed hiring and salary freezes.



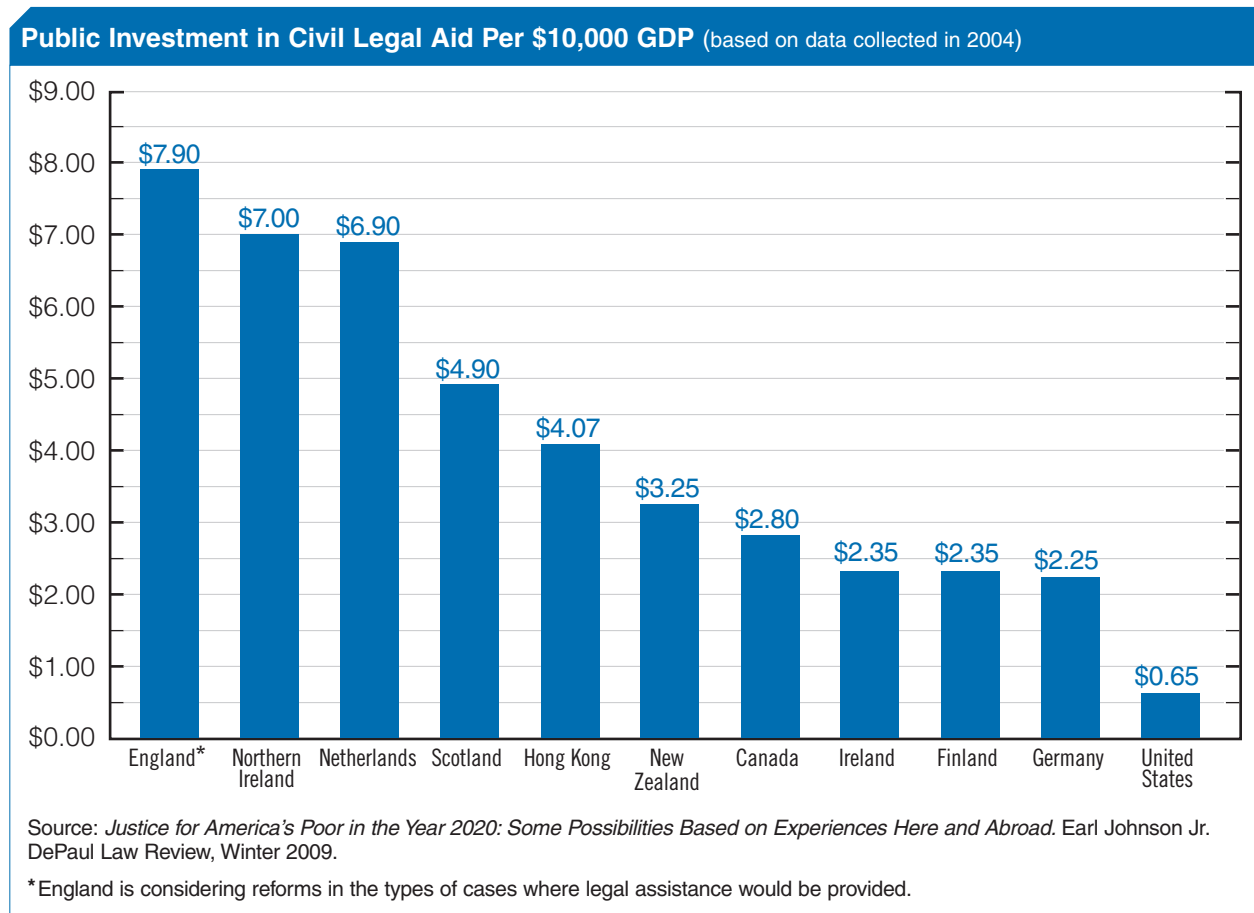
Source: *People Below 125 Percent of Poverty Level and the Near Poor: 1959 to 2009*. U.S. Census Bureau. Accessed January 31, 2011. <http://www.census.gov/hhes/www/poverty/data/historical/hstpov6.xls>

## Comparing U.S. Investment in Equal Justice With Other Countries

The World Justice Project Rule of Law Index 2010<sup>8</sup> found that the United States ranked last among “high income” countries on providing access to civil justice, which the Index measured primarily on the basis of whether citizens believe they can bring their cases to court and whether representation by lawyers and other legal professionals is available and affordable.<sup>9</sup>

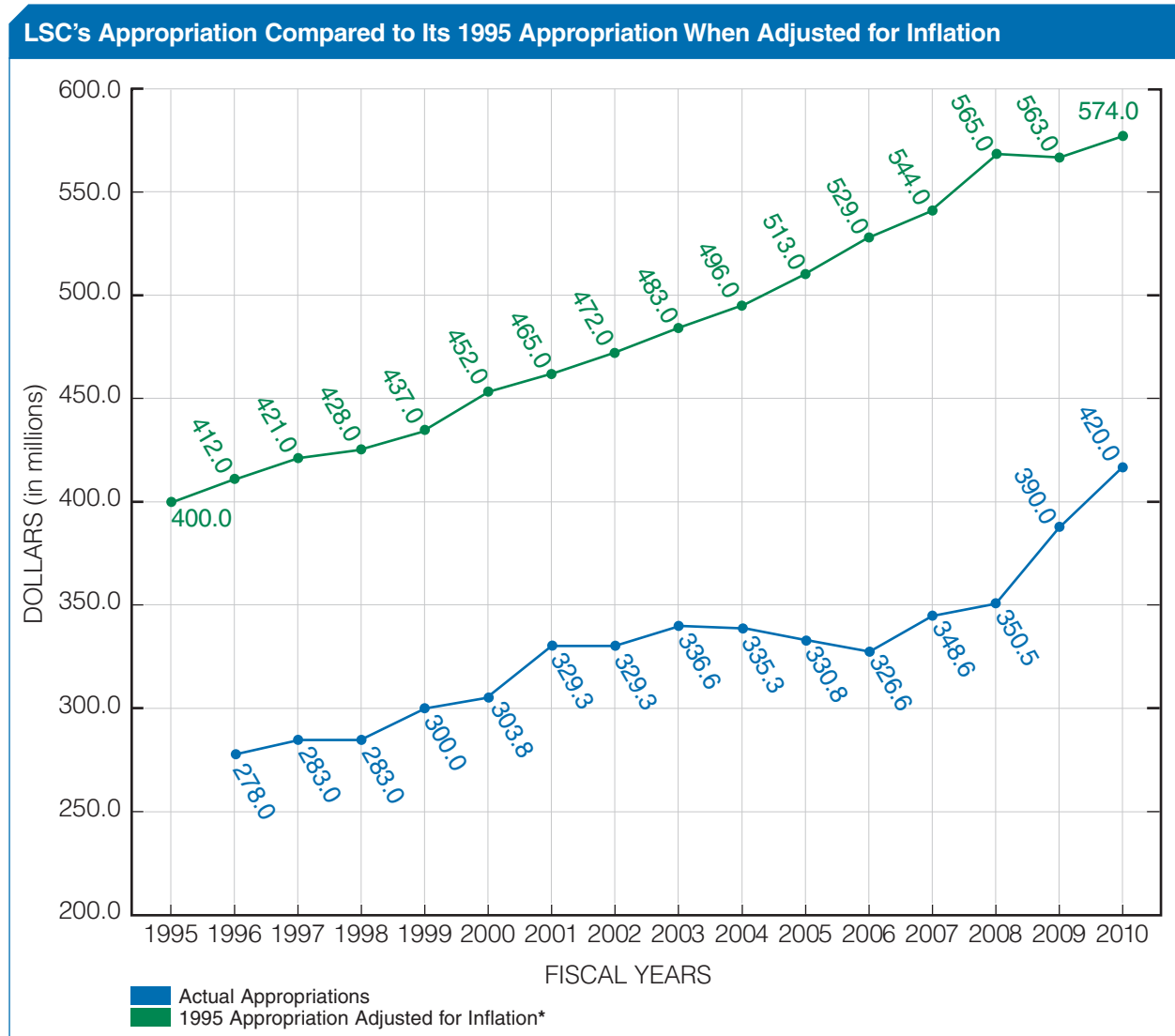
Similarly, a report in 2009 determined that the United States lags significantly behind other nations in investing in civil legal aid.<sup>10</sup> Most other common law countries spend three to ten times as much as a percentage of their gross national product on civil legal aid as in the United States.

The chart below reflects how much the U.S. invests in legal aid for poor people involved in civil problems for each \$10,000 of its Gross Domestic Product (GDP) compared to other nations. The figures represent public investments that include funds from LSC, IOLTA, civil filing fees, state government appropriations and targeted grants from Federal, state and local governments. Other sources of funding, including court-awarded fees, foundation grants and charitable donations, are not included.





This funding is not just insufficient based on other measures, it has also not kept pace with inflation. The chart below shows LSC's funding history from 1995 to 2010 compared with LSC's 1995 appropriation when adjusted for inflation.



\*The inflation-adjusted figures in this chart were derived using the CPI Inflation Calculator on the Bureau of Labor Statistics website (<http://data.bls.gov/cgi-bin/cpicalc.pl>) on January 6, 2010.

### Congressional Appropriations to LSC Provide Vital Funding

**Basic Field Grants.** Across the nation, legal services programs protect families, and the safety and protection of children are priorities, especially when a plea for help involves domestic violence. LSC programs step up to ensure veterans and military families receive fair treatment and services earned by their sacrifices for our nation. LSC programs strive to create alternatives for clients who live in substandard, even dangerous, housing; who face unfair landlord practices, and may be at risk of homelessness. LSC programs work to protect the elderly from scam artists and unscrupulous lenders, and help clients qualify for benefit programs that are the safety nets that support the poor across the nation. LSC

programs respond to the needs of disabled Americans, migrant farmworkers, Native Americans and victims of disasters, where legal problems develop over time and drain the hope of low-income individuals for a better life.

**Technology Initiative Grants.** Technology permits people to help themselves and better navigate the judicial system. TIG helps fund a nationwide network of state websites that provide free legal information and connect low-income Americans to local legal aid programs. Millions of Americans are provided with court forms and self-help information through websites. Last year, LSC-funded programs launched a new national website for low-income individuals with a military connection, including veterans and current members of the military and their families. This new website, StatesideLegal.org, provides accurate, easy-to-understand legal content and helps veterans and military families identify legal protections and programs that are unique to their specific situations.

**Loan Repayment Assistance Program.** Civil legal aid lawyers are the lowest paid members of the legal profession, earning less than public defenders and other public interest lawyers. Nationally, first-year legal aid attorneys earn an average of \$42,000 a year. The LSC loan repayment program provides for a maximum of \$16,800 over three years—a modest amount when compared to the high debt burdens that many young lawyers carry following graduation. Data show the loan program has helped to improve recruitment and retention at LSC programs.

**Management and Grants Oversight.** LSC works to ensure that programs receiving grants provide high-quality civil legal services and comply with applicable laws, rules, regulations and other guidance. LSC continues to expand grants oversight operations. The LSC Board of Directors has established an independent Special Task Force on Fiscal Oversight to review LSC's fiscal oversight responsibilities and how LSC conducts fiscal oversight of its grantees. In addition, implementing recommendations of the Government Accountability Office (GAO) is a priority of the LSC Board and the Corporation. In January 2011, GAO determined that LSC has fully completed and implemented all recommendations issued in 2007 on governance and accountability and improved internal controls in grants administration. LSC will work closely with GAO to complete recommendations from the GAO report issued in 2010, and LSC will continue to work closely with the LSC Office of Inspector General to complete recommendations and strengthen operations.

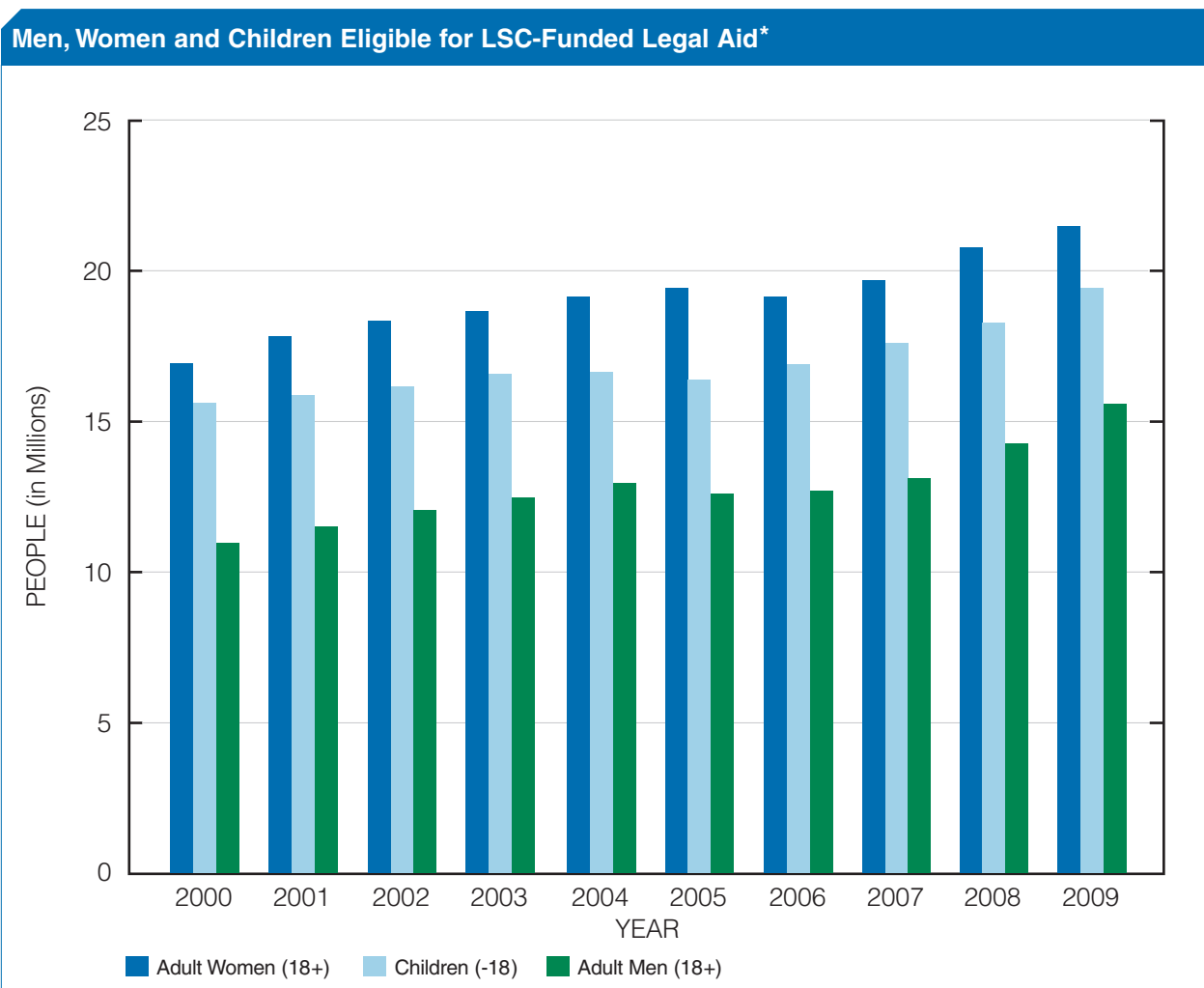
### State-by-State Basic Field Grants to LSC Programs

State	FY 2008 Appropriation	FY 2010 Appropriation	FY 2012 Request
Alabama	6,256,554	7,423,763	9,127,238
Alaska	1,245,754	1,478,159	1,817,341
American Samoa	311,395	369,488	454,272
Arizona	9,414,443	11,170,782	13,734,057
Arkansas	3,690,468	4,378,954	5,383,760
California	43,035,619	51,064,257	62,781,588
Colorado	3,579,155	4,246,876	5,221,374
Connecticut	2,324,903	2,758,631	3,391,633
Delaware	626,473	743,347	913,918
District of Columbia	981,372	1,164,454	1,431,653
Florida	17,500,042	20,764,815	25,529,561
Georgia	9,265,161	10,993,650	13,516,280
Guam	311,817	369,988	454,886
Hawaii	1,570,708	1,863,735	2,291,392
Idaho	1,396,065	1,656,513	2,036,620
Illinois	11,578,912	13,739,051	16,891,647
Indiana	5,014,263	5,949,713	7,314,949
Iowa	2,312,345	2,743,731	3,373,314
Kansas	2,741,827	2,741,827	3,370,974
Kentucky	5,566,447	6,604,912	8,120,492
Louisiana	7,627,929	9,050,979	11,127,839
Maine	1,328,448	1,576,280	1,937,978
Maryland	3,931,546	4,665,006	5,735,450
Massachusetts	5,123,046	6,078,792	7,473,646
Michigan	9,315,771	11,053,705	13,590,115
Micronesia	1,598,130	1,896,274	2,331,398
Minnesota	3,641,993	4,321,436	5,313,044
Mississippi	4,992,765	5,924,205	7,283,588
Missouri	5,716,969	6,783,515	8,340,077
Montana	1,304,967	1,548,420	1,903,724
Nebraska	1,477,438	1,753,066	2,155,328
Nevada	1,972,530	2,340,521	2,877,583
New Hampshire	694,175	823,679	1,012,682
New Jersey	6,270,633	7,440,470	9,147,778
New Mexico	3,421,227	4,059,485	4,990,984
New York	24,128,318	28,629,646	35,199,075
North Carolina	8,803,780	10,446,195	12,843,205
North Dakota	919,908	1,091,524	1,341,987
Ohio	10,492,144	12,449,537	15,306,239
Oklahoma	5,197,652	6,167,315	7,582,482
Oregon	3,663,254	4,346,663	5,344,059
Pennsylvania	11,687,885	13,868,353	17,050,620
Puerto Rico	16,299,615	19,340,437	23,778,342
Rhode Island	1,078,675	1,279,911	1,573,602
South Carolina	4,910,164	5,826,196	7,163,089
South Dakota	1,766,123	2,095,608	2,576,471
Tennessee	6,692,945	7,941,568	9,763,859
Texas	27,971,331	33,189,605	40,805,374
Utah	1,929,058	2,288,940	2,814,166
Vermont	489,610	580,951	714,257
Virgin Islands	313,062	371,466	456,704
Virginia	5,885,012	6,982,908	8,585,223
Washington	5,764,853	6,840,333	8,409,932
West Virginia	2,830,240	3,358,244	4,128,835
Wisconsin	4,197,444	4,980,511	6,123,351
Wyoming	658,722	781,612	960,962
<b>TOTAL</b>	<b>\$332,390,000</b>	<b>\$394,400,000</b>	<b>\$484,900,000</b>

# BASIC FIELD GRANTS

LSC requests \$484,900,000 for basic field grants for FY 2012. This represents approximately 94 percent of the overall budget request. The field grants are distributed to 136 nonprofit legal aid organizations with offices in every state to help address the civil legal problems of low-income Americans and their essential human needs, such as protection from abusive relationships, safe and habitable housing and access to unemployment benefits.

The 2008 recession and the continuing slow economic recovery have increased hardship in low-income communities across the nation. The most recent U.S. Census Bureau data show joblessness and poverty increasing and suggest a rise in the “new poor”—families whose financial stability has vanished.<sup>11</sup>



\*Defined as those living below 125 percent of the federal poverty level

The weak economy also has put enormous stress on the resources that support legal services. LSC-funded programs have been unable to meet legal needs in their communities; because of inadequate resources they turn away potential clients and often must settle for providing many legal aid applicants with less than full representation. Because of state budget shortfalls and steep declines in the Interest on Lawyers' Trust Account (IOLTA) funds, LSC programs expect to see flat funding or continued decreases of their non-LSC resources, even as the need for civil legal assistance is increasing.

## **The Slow Economic Recovery**

Since 2007, the nation has endured historic increases in unemployment and the number of long-term unemployed is unprecedented. The unemployment rate continues to hover around 9 percent, and the Congressional Budget Office predicts that the rate will average 9 percent in 2011.<sup>12</sup> In addition to the short-term hardship caused by unemployment, long-term joblessness erodes skills and may have long-lasting effects on workers' earning prospects.<sup>13</sup> Non-business bankruptcies have soared, with filings up 98 percent from 2007 to 2010.<sup>14</sup>

Poverty and unemployment were problems for many Americans even before the economic downturn. Poverty rates increase during recessions, and the poor are among the last to recover. Today, many poor children live with just one parent, and single-parent families are more vulnerable to economic downturns. The slow recovery holds the prospect of adversely affecting entire neighborhoods because of continuing high unemployment and property foreclosures.<sup>15</sup>

According to the most recent Hunger and Homelessness Survey sponsored by the U.S. Conference of Mayors, requests for emergency food assistance increased by an average of 24 percent across 27 cities and the number of families experiencing homelessness increased by an average of 9 percent.<sup>16</sup> Also, a recent 20/20 ABC News report estimated that 2 million children are now homeless in the United States.<sup>17</sup> The National Alliance to End Homelessness, in its survey, found that 31 of 50 states and the District of Columbia had increases in their homeless populations during 2008-2009.<sup>18</sup>

As poverty has increased, more families have turned to food stamps, the Supplemental Nutrition Assistance Program (SNAP), to help make ends meet. The number of Americans receiving SNAP benefits has increased by 53 percent from 2007 through 2010.<sup>19</sup>

The impact of the economic downturn can be seen in other programs that provide "a safety net" for the poor and help alleviate their hardship. In recent months, the federal Temporary Assistance for Needy Families (TANF) program has seen a rise in requests from states for emergency funds that can be used for basic assistance, short-term needs and subsidized employment.<sup>20</sup> The nation's governors project an increase of 21 percent in Medicaid enrollment over the 2009-2011 period.<sup>21</sup>

While cities remain poorer places overall, the suburban poor population grew almost five times as fast as the city poor population between 2000 and 2008. By 2009, 1.6 million more poor lived in the suburbs of the nation's largest metro areas compared to the cities.<sup>22</sup>

Research focused on the suburbs of Chicago, Los Angeles and Washington, D.C., found that social service providers saw demand for services increase 30 percent on average from June 2009 to April 2010. Three-quarters of the nonprofits reported seeing more clients with no previous connection to the safety net. The majority of these families are seeking help after having exhausted unemployment insurance, are facing food needs and are requesting help with mortgage or rent payments, the nonprofits said.<sup>23</sup>

Until there is a meaningful recovery of the nation's economy and a significant reduction in unemployment rates, millions of Americans are at risk of falling deeper into poverty or slipping into poverty for the first time. Increased appropriations for basic field grants have never been more critical.

## Unemployment

Because of the economic downturn, LSC-funded programs reported an overall 63 percent increase in cases involving unemployment compensation in 2009, and requests for help with unemployment continued through 2010.

Almost all LSC-funded programs strive to protect unemployed workers from economic distress during short periods of joblessness. If the programs are able to help their low-income clients obtain unemployment benefits, the workers can pay rent, mortgages and provide for their families and may not be forced to seek other public benefits. Many LSC programs hold or participate in neighborhood clinics or events to provide brief advice to jobless persons and they develop self-help and educational materials to aid clients in filing appeals that will not be blocked by administrative or procedural hurdles.

Examples of LSC-funded programs challenged by increased requests for help include:

- The **Legal Aid Society of Cleveland**, which experienced a 68 percent increase in unemployment cases from 2008 to 2010, and projects a nearly 10 percent increase in 2011.
- **Colorado Legal Services**, which opened 77 percent more unemployment cases from 2008 to 2010 and estimates that demand for help with unemployment matters will remain high through 2011.
- **Iowa Legal Aid**, which reported a dramatic increase in intake applications for unemployment assistance—up 84 percent between 2008 and 2009 and up 19 percent in the first six months of 2010.
- **Maryland Legal Aid**, which has tripled the number of unemployment cases it opened since 2007. Nearly every branch office has seen unemployment cases increase from 66 percent (Western Maryland) to 500 percent (Midwestern Maryland)
- **New Mexico Legal Aid**, which saw requests for help with unemployment matters rise by 50 percent from 2009 to 2010.

## Military Veterans

Many veterans who served in combat zones are confronting legal problems—such as child custody, employment and homelessness—that are handled on a regular basis by LSC-funded programs.

Local legal aid offices are gateways for veterans in need of civil legal assistance. These offices have established networks with bar association pro bono programs, law school clinics and social services agencies, and are experienced in using Help Lines to provide information on complex subjects.

Last year, LSC launched StatesideLegal.org, a free resource for low-income individuals with a military connection, including veterans and current members of the military and their families. Information on the website covers such topics as disability benefits, employment, and legal protections for service members confronted with foreclosure proceedings. Content on StatesideLegal.org is updated on a continuous basis.

LSC also began an awareness campaign, reaching out to the Veterans Affairs Department's Readjustment Counseling Service, known as the Vet Center Program, to share information about legal services and to create appropriate referral systems to minimize veterans' frustration in obtaining advice and representation on civil legal problems.

Local legal aid offices are gateways for veterans in need of civil legal assistance.

The website and awareness campaign are the most recent examples of initiatives to help veterans and military families. Other projects include:

- The **Veterans Consortium Pro Bono Program**, a partnership of major Veterans Services Organizations, which provides pro bono representation for self-represented appellants before the U.S. Court of Appeals for Veterans Claims.
- The **Bill Smith Homeless Veterans Project** at the Legal Aid Foundation of Los Angeles, which assists veterans who are homeless or at imminent risk of becoming homeless on a wide range of legal issues.
- The **Kentucky Corps of Advocates for Veterans** at the Legal Aid Society of Louisville, Kentucky, a collaboration with the state bar, the courts, the Kentucky Department of Veterans and veterans services organizations to increase legal assistance available to veterans.

## Foreclosures

Many LSC-funded programs have experienced a rise in requests for help from low-income Americans facing foreclosure, and in 2009 programs closed twice as many foreclosure cases as in 2008. Preliminary data suggests that LSC programs in the coming years will continue to be deeply involved in helping the working poor and working families who have been targeted by predatory lenders.

Banks took back more than one million homes in 2010, according to a real estate tracking firm.<sup>24</sup> That was the highest annual count of properties lost to foreclosure since 2005 and suggests that 2011 will be a peak year for foreclosures.

Foreclosure laws vary by state, and LSC-programs are well-suited to handle defaults, home auctions and foreclosures. To improve the effectiveness and efficiency of their foreclosure efforts, a number of LSC-funded programs have trained pro bono lawyers and partnered with statewide groups to ensure low-income homeowners are treated fairly during foreclosure actions. In 2010, for example, a volunteer lawyer affiliated with **Pine Tree Legal Assistance** in Maine discovered that proper procedures were not followed in a foreclosure, triggering voluntary foreclosure suspensions across the nation by large lenders.

Many LSC programs, including those in Atlanta, Baltimore, Cleveland, Los Angeles, New York City and Raleigh, have created initiatives to help low-income families at risk of foreclosure. For example:

- The **Legal Aid Society of Cleveland** saw its foreclosure workload more than double between 2008 and 2010 and projects a significant, continuing workload in 2011. The program restructured to deal with the influx of requests for foreclosure assistance, developed materials and training for private attorneys and provides ongoing support for volunteer attorneys.
- **Legal Services of North Florida** estimates that its foreclosure caseload doubled between 2008 and 2010, but is unable to project its work in this area in 2011 because an increasing number of clients are turning to bankruptcy filings to try and save their homes.
- **Colorado Legal Services** has doubled the number of foreclosure cases it has opened since 2008 and has established a Home Preservation Project whose mission is to provide advice and representation to senior citizens facing foreclosure, predatory lending, improper liens and other threats to homeownership.

## Consumer/Bankruptcy

Consumer and bankruptcy caseloads have increased since 2007, a reflection of the impact of the recession and subsequent weak economy. Consumer cases closed by LSC-funded programs were up 9.7 percent and bankruptcy and debtor relief cases jumped 27 percent from 2007 to 2009.

To address the rising demand for legal assistance in the area of consumer law, **Colorado Legal Services** created a Consumer Unit in its Denver office. The **Legal Aid Foundation of Los Angeles** has added a monthly clinic to its regular intake and hotline to help address an overflow of requests for assistance on consumer issues and partnered with a law school in September 2010 to start a bankruptcy clinic. Examples of this increasing workload include:

- **Legal Services of Alabama**, where the hours devoted to consumer cases grew 10 percent and by 80 percent in bankruptcy cases since 2007.



- **Georgia Legal Services Program**, where the cases opened on consumer matters increased by 40 percent from 2007 to 2009 and where case opened for bankruptcies jumped by 69 percent for that period.
- **Maryland Legal Aid**, which saw consumer issues jump by about a third from 2008 to 2010.
- **Montana Legal Services**, which reports a 23 percent increase in consumer cases and a doubling of bankruptcy cases from 2007-2009.
- **Legal Services of Northern Virginia**, which reports a 54 percent rise in consumer-related cases and a 61 percent increase in bankruptcy cases from 2007 to 2010.

## Domestic Violence

Family law cases represent about a third of the cases closed by LSC-funded programs each year, and the legal services provided to victims of domestic violence are among the most important. One of the leading causes of homelessness for women and children is domestic violence, and studies show that domestic violence is more severe in disadvantaged neighborhoods and occurs more frequently in households facing economic stress.<sup>25</sup>

LSC programs are in the vanguard of the government's efforts to protect those facing family violence and abuse. Often, survivors of domestic violence experience stress that extends beyond personal injuries. Physical safety, financial stability and economic independence preoccupy victims of domestic violence as they struggle to ensure their children have a safe and nurturing environment.

Congress, through the Department of Justice Violence Against Women Act grant program, provides for the delivery of legal services to domestic violence victims. In 2009, 68 LSC programs received Violence Against Women Act funds totaling \$11.4 million. This funding alone is not enough and it varies from year to year, making LSC funding critically important in combatting domestic violence. For example, the **Montana Legal Services Association** is challenged by a lack of resources, and its Domestic Violence Unit provides full representation only in cases involving extreme violence, high danger and children who are at risk. Even though the Montana program receives a Justice Department grant, the program often lacks the resources to provide legal services outside the geographic areas set forth in the grant and often must turn down requests. Many LSC programs expand their domestic violence resources by recruiting pro bono attorneys to represent victims in obtaining protection orders.

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## IOLTA and State Funding Shortfalls

The nation's economic circumstances have many legal aid programs trapped in what is being called a "perfect storm"—cutbacks in Interest on Lawyers' Trust Accounts (IOLTA) and state funding and

reductions in private contributions at a time when increasing numbers of low-income Americans are in need of civil legal assistance.<sup>26</sup>

The slow recovery has put enormous stress on the resources that support legal services. For LSC-funded programs, IOLTA is a significant source of non-federal funding. IOLTA represented 12.7 percent of total funding in 2008 and fell to 9.3 percent in 2009.

IOLTA funding has sharply declined because the Federal Reserve dropped the short-term interest rate to virtually zero in December 2008. IOLTA income plummeted 57 percent nationwide in 2009, and IOLTA grants to LSC programs dropped 24 percent compared to 2008. Numerous LSC programs project they will receive less IOLTA funding over the next two years.

The most recent U.S. Census Bureau data show that total state government revenue declined by nearly 31 percent in 2009, compared to 2008. The large decrease was mainly caused by the substantial losses in trust fund revenues and tax revenue.<sup>27</sup> The steep decline in state tax receipts will affect state budgets through 2013 and perhaps beyond.<sup>28</sup>

Confronted by uncertain funding for 2011 and 2012, LSC programs have laid off attorneys and staff members, imposed hiring and salary freezes, increased health insurance premiums and reduced or eliminated matching contributions to retirement plans.

As a result, even as demand for civil legal assistance is increasing, programs are struggling to maintain services and, in many instances, are revamping their policies in order to at least serve those low-income Americans at the most risk of losing their security and safety.

Here are examples of the problems being encountered by LSC programs because of funding cutbacks:

- **Legal Services Alabama's** call center has not been fully staffed since 2007 and intake hours have been reduced
- The **Legal Aid Society of Cleveland** lost 75 percent of its IOLTA funding over the last four years, and the program's total projected revenue in 2011 will be 23 percent less than four years ago. It is limiting the type of cases it takes, in large part because of a surge in foreclosure and bankruptcy needs in Cleveland's low-income neighborhoods. The program is spending down a reserve fund to help cover operating costs, is not filling vacant jobs and imposed a salary freeze in 2009.
- **Colorado Legal Services** is struggling to keep six attorneys and two paralegals on staff. The program anticipates it will lose several attorneys and paralegals in 2011 because of funding shortfalls.
- **Georgia Legal Services Program** laid off two attorneys, five paralegals (some part-time) and two managers in 2010 and is restructuring employee benefits in order to restore some positions.

- **Iowa Legal Aid** has not hired a new staff attorney since June 2009, is not filling vacant positions and has laid off two administrative staff members.
- **Legal Aid Foundation of Los Angeles** received about \$400,000 less in private donations in 2009.
- **Montana Legal Services Association** cut 10 full-time jobs in 2009 because of dramatic reductions in IOLTA and Violence Against Women Act funding.
- **New Mexico Legal Aid** furloughed all program staff for six days without pay from August 2010 through January 2011. Three vacant management positions will be either consolidated or not filled. Further program cutbacks will be necessary in 2011, and layoffs are likely.
- **Legal Services of North Florida** anticipates reduced bar foundation funding in 2012 that may lead to layoffs or a hiring freeze.
- **Legal Services of Northern Virginia** froze hiring in 2010.
- **South Jersey Legal Services** plans to lay off 27 staff members. The program closed two branch offices in 2009, has imposed a hiring freeze, frozen staff salaries and reduced pension contributions, with no matching contributions budgeted for 2011.

### Increasing Pro Bono

Private attorneys who volunteer their services on behalf of the clients of LSC-funded programs are key partners in the effort to expand access to justice.

The LSC Board has made the expansion of pro bono one of its top priorities. The Board plans to create a special pro bono task force in 2011 to seek new ideas and approaches to this important part of LSC's public-private partnership. The task force will bring recommendations to the Board.

LSC requires programs to expend 12.5 percent of their grants on activities that seek to enhance the involvement of private attorneys in their work. In 2009, more than 11 percent of all cases closed involved private attorneys, an increase from the previous year.

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LSC has consistently urged programs to develop long-term relationships with large law firms and corporate and government attorneys, and to offer support to small law firms, solo practitioners and judiciary attorneys so that they may more effectively assist low-income clients. The American Bar Association and various state and local bar associations also have sought to encourage and support pro bono contributions by private lawyers. The creation of state Access to Justice Commissions has energized support for pro bono.

Expanding pro bono is challenging. LSC-funded programs face geographic imbalances. Only 15 percent of American lawyers work in the largest 250 firms, which are concentrated in big cities. The vast majority of lawyers are in smaller firms or in solo practice, with limited capacity to take on substantial pro bono work. In addition, legal aid programs need adequate funding to provide a framework—such as screening, intake and training—that permits pro bono attorneys to focus on their cases.

While everyone agrees pro bono is a valuable resource, many LSC-funded programs have not escaped the impact of the economic downturn and its effect on their ability to recruit and retain pro bono attorneys. For example:

- **Georgia Legal Services Program** expected 9,450 donated hours in 2010, valued at \$2.33 million. The grantee has seen an increase in volunteer pledges and an increase in new volunteer lawyers who require training. The private lawyers, however, are taking fewer cases each and opting to handle more discrete services (simple wills, protective orders, advice and service clinics) rather than fuller, more complex representation.
- **Iowa Legal Aid** logged 12,948 hours in 2009, worth about \$1.8 million. But the weak economy appears to be affecting pro bono participation rates. Forty-nine attorneys signed up to participate in Iowa Legal Aid's Volunteer Lawyers Project in 2009, while 55 left the project. In late 2010, 34 attorneys had signed up for the project, and 44 had asked to be removed from the list.
- **Legal Aid Foundation of Los Angeles** estimates that volunteers will donate 35,000 hours in 2010, valued at \$6 million—about \$2 million less than in 2009. The grantee attributes the decline to layoffs at big law firms and partners and associates volunteering for fewer pro bono hours. The grantee notes that it has seen an increase in volunteers who are unemployed and unaffiliated with a law firm. They are usually recent law school graduates who require greater supervision and training.
- **Legal Services of Northern Virginia** reports that volunteer lawyers donated 3,257 hours in 2009, valued at \$651,400. The grantee is transforming its pro bono model to include more volunteers from larger firms and companies, but emphasizes that the core of its pro bono participation remains in small firms and among solo practitioners. As these attorneys feel the impact of the economic downturn and struggle to find work, their ability and willingness to engage in pro bono work decreases.

Pro bono and volunteer projects are crucial to many LSC-funded programs, and numerous grantees have successfully enhanced recruitment efforts, as the overall case numbers underscore. Proponents of greater pro bono have discussed such ideas as:

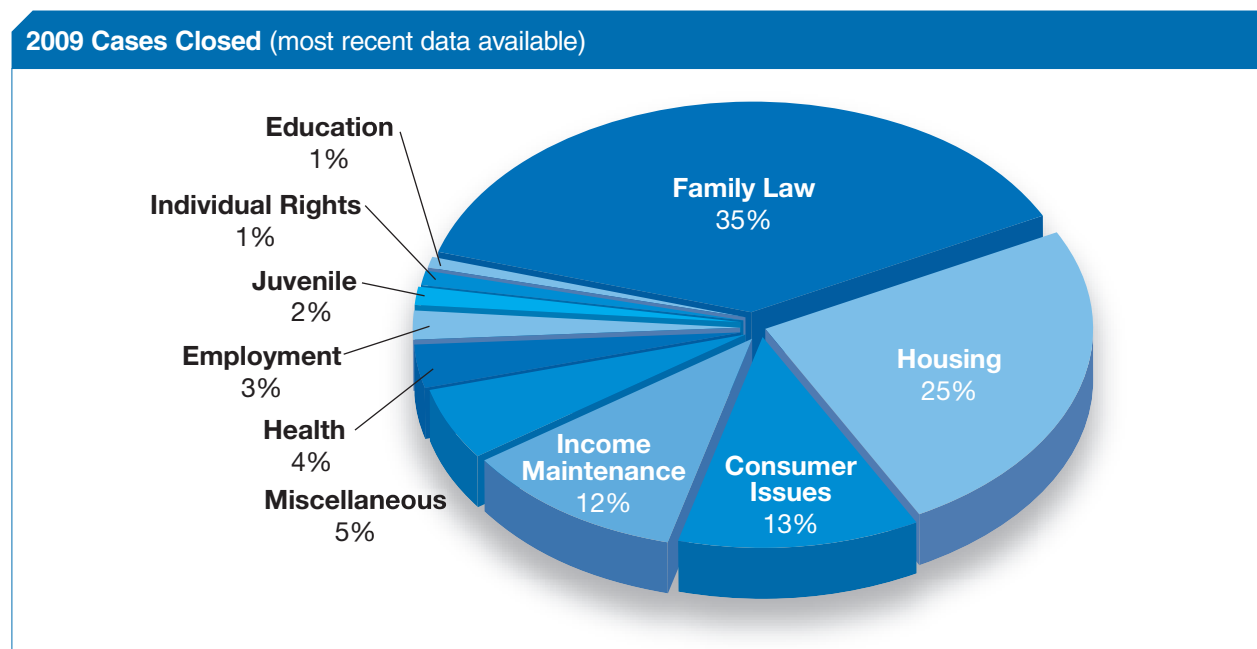
- providing a tax deduction for pro bono work, as Virginia and some states have done;
- encouraging bar associations and legal malpractice insurers to offer discounts on fees to attorneys performing a generally acceptable level of pro bono—actions that would provide a financial incentive for lawyers to undertake volunteer activities;

- and seeking new rules that would permit retired or inactive attorneys to practice law when delivering legal services to the indigent, as 15 states have done.

### Total Cases Closed by Grantees in 2009

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

LSC-funded programs closed 920,447 cases, an increase of 3.5 percent from the previous year.



### Highlights

- Cases involving unemployment compensation jumped 63 percent, food-stamp cases increased 37 percent and veterans benefits cases grew by 8 percent, compared to the previous year.
- Programs closed 19,936 foreclosure cases, twice as many as in 2008.
- Programs also closed 1,493 predatory lending cases involving mortgages, a 19 percent increase from 2008.
- About 19 percent more cases than in 2008 involved clients seeking assistance in managing debts and, when necessary, in filing for bankruptcy.
- About 11 percent—103,753—of the cases closed were through pro bono attorneys.

## TECHNOLOGY INITIATIVE GRANTS

LSC requests \$6,800,000 for Technology Initiative Grants (TIG) for FY 2012, an increase of \$3.4 million over current levels. Since its inception in 2000, TIG has awarded over 450 grants, totaling more than \$36 million in grants to support innovative technology projects that improve services to clients, enhance efficiency at LSC-funded programs and increase access to legal information.

TIG helps reduce the cost of delivering legal representation, while maintaining the quality of justice low-income Americans receive. Technological advances to the delivery of justice include projects such as:

- Growth of telephone hotlines offering legal advice and referrals at far lower cost than those services could be delivered in person and to populations far removed from legal services offices.
- Computerized kiosks assisting unrepresented litigants through a series of questions, sometimes in multiple languages, and producing court pleadings.
- Statewide websites that provide legal information, court forms, process recommendations and sources of legal help targeted to low-income people.
- Teleconferencing projects that allow attorneys to meet with clients or witnesses located far from legal aid offices without losing hours of travel time.

The FY 2012 funding request for TIG would enable LSC to strengthen and expand the technology infrastructures of legal aid programs, expand wireless broadband access to provide cost-effective legal services in rural areas, and expand assistance for unrepresented litigants through the development of additional automated forms.

By taking advantage of broadband access, legal aid attorneys can hold clinics in rural areas and provide intake services to low-income groups. Because many courts have experienced an increase in the self-represented, and because court procedures vary and may be difficult to understand, TIG provides LSC with an ongoing opportunity to work with courts on wider adoption of standard court forms that hold the potential to save time for legal aid attorneys and to increase access for the self-represented.

By promoting technology initiatives on a national level, LSC encourages state and local projects and partnerships, including initiatives with state courts, that can be replicated in other areas and creates coordinated national resources, such as a system of statewide websites, LawHelp Interactive, A2J Author, LegalMeetings and I-CAN! E-file.

## 2010 TIG Awards

LSC awarded 42 grants to make it easier for veterans to seek disability benefits, for the public to obtain legal information via mobile phone applications, and for Spanish-speaking persons to apply for civil legal assistance. In response to a draft audit report by the LSC Office of Inspector General Office issued in August 2010, LSC postponed the making of any new TIG awards and undertook an internal review of the TIG program. Prior to making the 2010 awards in November, LSC implemented administrative improvements to the TIG program. To date, management has begun reconciling the recommendations and has sought to “close-out” 16 of the 36 recommendations. Also, management has established a TIG Oversight Task Force to study and make recommendations on how to improve oversight mechanisms of the TIG Program. The Task Force has completed its study of how LSC should monitor and ensure sustainability of TIG projects and provided its recommendations to LSC management. LSC will continue to work on closing out the remaining recommendations in 2011.

In November, LSC formally launched StatesideLegal.org at an access to legal services event hosted by the White House. The new website, funded by TIG in 2009 and developed by **Pine Tree Legal Assistance** in Maine, explains legal and military materials in easy-to-understand ways. Videos and interactive forms also help veterans advocate for themselves. Veterans and military families can seek assistance with matters such as disability benefits, employment and legal protections for service members confronted with foreclosure proceedings. As part of the 2010 grants, TIG will provide funds to Pine Tree to expand StatesideLegal.org's content and develop a new library of legal resources for professionals working with low-income veterans and military families. TIG also funded a project in Kentucky to automate and simplify the application process for disability compensation.

TIG also has awarded grants for the development of mobile phone applications to deliver legal information to the public and to provide support for private attorneys who volunteer at local aid offices.

TIG also has awarded grants for the development of mobile phone applications to deliver legal information to the public and to provide support for private attorneys who volunteer at local aid offices. **Montana Legal Services**, for example, will create a mobile website platform to provide information on its website that provides legal information and resources. After this platform is developed for mobile phones and handheld computers, LSC will encourage the 27 others states with LawHelp websites to replicate the mobile version.

**2010 TIG Grants (Total Funding Awarded = \$3,205,699)**

State	Award Amount	Key Grant Project
Arkansas	\$42,450	Add Spanish-language capability to program's website.
California	\$547,500	Add Google Apps platform to case management system; continue and improve I-CAN! E-FILE.
Colorado	\$49,200	Develop online intake to improve access to legal services and develop an online library for persons with disabilities.
Connecticut	\$26,100	Funding to continue the work on the statewide website.
Florida	\$76,100	Provide automated templates for pro bono lawyers to create legal forms on domestic violence, housing and public benefits law.
Georgia	\$55,550	Create nationwide online database for multi-media content and training materials.
Idaho	\$135,469	Upgrade operating systems and accounting software to cut costs and improve fiscal operations.
Illinois	\$157,100	Develop Spanish-language version of the state's website for self-help forms.
Kentucky	\$309,900	Improve nationwide database for document sharing and engaging public libraries to provide free online legal aid information.
Louisiana	\$36,100	Increase limited-English-proficiency accessibility and improvements to program website.
Maine	\$207,324	Develop mobile phone applications to access legal information.
Massachusetts	\$151,100	Improvements to statewide self-help legal aid website.
Mississippi	\$24,150	Develop new online resources for pro bono attorneys.
Montana	\$142,245	Streamline accounting and timekeeping functions; creation of mobile apps and legal education videos for program website.
Nebraska	\$29,100	Create automated court forms to access online.
New York	\$147,200	Create audio/video website content for limited-English-proficient clients, including online intake interviews in English & Spanish.
North Carolina	\$26,100	Funding to continue the work on the statewide website.
Ohio	\$626,561	Integrate case management, timekeeping & payroll systems; creation of online automated intake interviews in Spanish.
Pennsylvania	\$29,811	Automate child custody and child/spousal support pleadings.
South Carolina	\$64,535	Create automated court forms and make them available online; funding to continue the work on the statewide website.
Tennessee	\$105,644	Create an online portal that allows public libraries and legal aid programs to partner in accessing online legal information.
Utah	\$23,600	Create employee performance evaluation tools.
Virginia	\$26,100	Funding to continue the work on the statewide website.
Washington	\$119,660	Develop online training materials for attorneys on issues of language access for limited-English-proficient clients.
West Virginia	\$47,100	Implement a video conferencing system across the 12 offices of the statewide program.



## New Initiatives for 2011

**Public Libraries** - Public library and public law library systems provide a network for information dissemination that legal services programs simply cannot match on their own. According to a 2009 American Library Association study, more people are turning to libraries to file unemployment forms, apply for food stamps or find government information and services.<sup>29</sup> The study found that 80 percent of libraries report helping patrons connect with government information and services online and 71 percent of all libraries—including 79 percent of rural libraries—report they are the only source of free access to computers and the Internet in their communities. Many low-income people are seeking out libraries for access to, and assistance with, online resources, services and forms. With many communities facing new legal needs stemming from the economic crisis, it can be especially challenging for librarians to keep abreast of resources and services to help their patrons resolve their problem and avoid serious consequences.

Statewide legal aid websites and related access to justice tools provide essential resources in helping patrons understand the nature of their legal issue and what services are available to help them. Through innovative library partnerships at the state level, combined with national library outreach and support for developing new library partnerships, legal aid programs will be able to reach more people with their web-based resources. At the same time, support technologies, tailored content, training and outreach will allow libraries to more effectively help those in need and make effective referrals.

In order to respond to the surge in self-represented litigants, legal aid programs and libraries are developing partnership strategies and specialized tools to serve library patrons seeking legal help. Legal aid and library networks bring important, complementary assets to a partnership strategy. For libraries, statewide legal aid websites are essential reference tools in helping patrons understand the nature of their legal issue and how to access services. Through statewide websites, libraries are able to offer their patrons credible, attorney-reviewed, state-specific resources. In addition, many statewide websites provide a central access point to court information, interactive legal forms, and multilingual content for Limited English Proficiency library patrons.

For legal aid programs, public access computers at libraries can help extend the reach of a legal aid program's web-based services. Libraries can also serve as training, content development or outreach partners on statewide website resources. Many libraries provide computer training, help in navigating websites, limited assistance completing forms and applications, and printing options, all of which benefit patrons with legal needs. Finally, librarians can help ensure that those who are not able to be served by legal aid are aware of self-help resources and alternative services.

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**Mobile Browsers** - The rapid expansion and use of mobile phones and handheld devices offers a significant opportunity to reach clients without traditional Internet access. It also offers a platform through which the legal services statewide websites self-help and referral information can be delivered instantly to millions of users. Recent research by the Pew Internet & American Life Project highlights ways that handheld devices are breaking down barriers to Internet access.<sup>30</sup> The July 2009 report found that Americans' use of handheld devices to go online rose by 48 percent between 2007 and 2009. Wireless Internet adoption is also increasing among the low-income population. The Pew study found that among those with annual incomes of less than \$30,000, 46 percent accessed the Internet wirelessly. Notably, 80 percent of those were between the ages of 18 and 29. Previous TIG grants have laid the groundwork for this opportunity by customizing for optimization with mobile browsers the two main web-site templates used for the statewide websites. Programs now need the resources to customize the content for presentation over cell phones.

Existing technologies are constantly improving and new technologies are constantly evolving. LSC must keep exploring ways to use them as a tool to expand access to justice, by making self-help systems more available and by making programs more efficient in serving low-income clients. Legal aid programs need to be flexible and capable of responding quickly to changing demands for services. This is essential in a good economy, imperative in a weak economy, and vital in a natural disaster or other emergency.

# LOAN REPAYMENT ASSISTANCE PROGRAM

LSC requests \$1,000,000 for the Herbert S. Garten Loan Repayment Assistance Program (LRAP) for FY 2012, the same amount received in FY 2010.

LSC's LRAP began in 2005 as a pilot program to help determine the extent to which repayment assistance for law school education debts would help LSC grantees recruit and retain high-quality attorneys. LRAP evaluations show that large law school loan debts for legal aid attorneys coupled with low salaries constitute the major barriers that grantees must overcome in hiring and keeping talented lawyers. The program provides participants up to \$5,600 a year for three years for a maximum of \$16,800, and participants must make a three-year commitment to stay at an LSC-funded program or repay LSC. To date, LRAP has helped a total of 257 attorneys at 76 LSC programs. Participants of the program report that LRAP increases their ability and willingness to stay with their legal services program. In 2010, LSC provided student loan repayment assistance to 158 attorneys. The FY 2012 request would permit LSC to assist another 80 attorneys with loan repayment.

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

Recent research from the National Association for Law Placement (NALP) shows that civil legal aid lawyers are still the lowest paid members of the entire legal profession, earning less than public defenders and other public interest lawyers.<sup>31</sup> The gap between private sector and public interest lawyer salaries continues to remain significantly large. According to NALP's 2010 Public Sector and Public Interest

Salary report, entry-level civil legal aid lawyers earn a median salary of \$42,000, while the median starting salary of a first-year lawyer at a private firm is \$115,000.<sup>32</sup> Even among lawyers in public service, civil legal aid lawyers are earning \$3,000 to \$8,000 less than public defenders and prosecuting attorneys. NALP's findings are consistent with LSC's salary statistics, which show that first-year staff attorneys at LSC grantees earn an average of \$43,000 a year and can expect to earn about \$59,000 a year after 10 to 14 years of experience.

While the Congress has established loan repayment assistance programs for civil legal attorneys, LSC's LRAP remains an important tool for grantees in hiring and retaining qualified lawyers. The federal government's programs include the Civil Legal Assistance Attorney Student Loan Repayment Program (CLAARP) and the Public Service Employee Loan Forgiveness Program (PSELF). Critics claim that these programs do not go far enough to relieve high debt burdens for the following reasons:

- None of the non-LSC programs provide relief from private student loan debt, which accounted for the bulk of most law graduates' debt prior to 2007.
- Monthly repayment subsidies and lump-sum forgiveness payments are often treated as taxable income. Thus, one concern—high debt—is substituted for another—higher tax liability—thereby diminishing the utility of these programs.
- The rigid terms and conditions of some programs make it difficult for borrowers to take full advantage of them.
- Borrowers are often prohibited from participating in multiple federal debt relief programs simultaneously, and therefore must commit early on to a program that may not fit their long-term needs or changing circumstances.
- The availability of the programs often depends upon annual congressional appropriations.

Under CLAARP, the Department of Education will repay a portion of eligible federal student loan debt for full-time civil legal assistance attorneys. Congress appropriated \$5 million to fund the program in FY 2010. An attorney may be awarded up to \$6,000 in repayment assistance in 2011. The PSELF provided by the College Cost Reduction & Access Act offers student loan forgiveness after 10 years of employment. To qualify for loan forgiveness, a borrower must make monthly loan payments for 10 years while working full time in a qualified public service position.

Because of these and other factors, private and alternative repayment programs, such as LSC's LRAP, are more important than ever. Private LRAP subsidies are non-taxable, see 26 U.S.C. § 108(f), often apply to both federal and private law loans, are comparatively easy to access, and can be coupled with other loan repayment or forgiveness programs, thereby maximizing benefits available to high-debt, low-income legal services attorneys.

## MANAGEMENT AND GRANTS OVERSIGHT

LSC requests \$19,500,000 for Management and Grants Oversight (MGO) for FY 2012, an increase of \$2.5 million over current levels. Grants oversight represents more than 50 percent of the overall MGO request. This increase is necessary to expand and continue the Corporation's grants oversight operations, including a training program for grantee board members and grantee staff in order to improve local board governance, fiscal oversight and other aspects of grantee operations. The increase will also better enable LSC to further strengthen internal controls for grants administration.

### Accomplishments in 2010

Grants oversight and an emphasis on proper financial management practices continue to be priorities of the LSC Board of Directors, management and staff. In January 2011, the Government Accountability Office (GAO) determined that LSC had fully completed and implemented all the recommendations issued in 2007 on governance and accountability and improved internal controls in grants management and oversight. LSC intends to work diligently to complete the recommendations from the GAO report issued in 2010.

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The Corporation continued to enhance its capacity to perform grantee oversight. The Office of Program Performance (OPP) added two full-time positions and the Office of Compliance and Enforcement (OCE) added six full-time positions. In 2010, OPP and OCE staff completed 72 program performance and oversight visits in the following states: Alabama, Arizona, California, Connecticut, District of Columbia, Delaware, Florida, Indiana, Kansas, Kentucky, Louisiana, Massachusetts, Maine, Michigan, Minnesota, Mississippi, Missouri, New Hampshire, New Jersey, New Mexico, New York, Nevada, North Carolina, North Dakota, Pennsylvania, Puerto Rico, Tennessee, Virginia, Washington, Wisconsin, Wyoming, the Virgin Islands and Guam. This represents a 20 percent increase from 2009. At current funding levels, LSC estimates that 75 program visits can be completed in 2011.

In addition to monitoring and conducting program visits to grantees, LSC has taken enforcement actions against programs that have not complied with laws and regulations. Costs charged to a recipient's LSC funds, for example, may be disallowed through a questioned cost proceeding when LSC has determined there has been a violation of a provision of law, regulations, or grant condition. Since the GAO reports issued in 2007, LSC has recovered nearly \$200,000 from grantees in questioned cost proceedings. LSC also placed special grant conditions with rigorous reporting requirements on 9 grantees for the 2010 grant awards.

The LSC Board of Directors is committed to strengthening oversight. In 2010, the Board established a Special Task Force on Fiscal Oversight to review LSC's fiscal oversight responsibilities and how LSC conducts fiscal oversight of its grantees. The expectation is that the Task Force will issue a report and recommendations in 2011. The requested funding will allow LSC to implement long-term recommendations growing out of the Fiscal Oversight Task Force

Furthermore, in accepting a recommendation by the GAO in June 2010, LSC has committed to engage an outside expert to develop and perform a full evaluation and assessment of the Corporation's competitive grant process. The outside expert's review will include conducting a risk-based assessment of the internal controls of the grant evaluation, award and monitoring process, recommendations of additional internal controls options, recommendations of options to maximize information reporting capabilities, and a report on internal controls and options implemented.

LSC, meanwhile, has taken steps to update and further improve internal controls. In August 2010, LSC issued a revised Accounting Guide and LSC staff participated in trainings at conferences to orient grantees on the revised Guide. LSC also participated in a training session on effective board governance held at the Equal Justice Conference that was sponsored by the Center for Legal Aid Education. During the fiscal year, LSC staff continued to provide assistance to grantees, through the Board Governance Working Group and the Fiscal Operations Working Group.

### Training Program

In addition to continuing to expand LSC's oversight of grantee compliance with laws and regulations and to help enhance the quality of civil legal services provided to clients, the FY 2012 request would set aside about \$450,000 to implement a training initiative and support a training unit to develop web-based and in-house training. The training would:

- Expand the provision of grantee board member training and dissemination of best practices on board governance and oversight in order to support better prepared and engaged grantee board members who can conduct more informed oversight of their programs;
- Expand grantee staff and board training on fiscal oversight and management best practices to produce better internal controls and more effective management;
- Expand grantee staff and board training on LSC regulatory compliance requirements.
- Provide other assistance on managing private attorney involvement, leadership mentoring, technology and program development.

Additional training and enhanced oversight will help ensure LSC funds are accounted for and efficiently spent to provide civil legal assistance to clients and to help grantees improve their program effectiveness. Increased funding will help ensure that LSC has the resources to provide this training, enhance oversight and help meet the critical needs of grantees.

## OFFICE OF INSPECTOR GENERAL

In FY 2012, the Office of Inspector General (OIG) is requesting \$4,350,000, the same amount requested in FY 2011. The OIG request continues to constitute less than 1 percent of the total LSC budget request and considers the existing constraints on LSC funding as well as expending anticipated carryover. The OIG operates independently, yet cooperatively, from LSC Management, and is funded by Congress through a separate budget line to ensure OIG independence and effectiveness. The submitted budget level is necessary for the OIG to adequately perform the core mission required by the IG Act (as amended), and remain fully responsive to requests from the Congress, the LSC Board of Directors, management, grant recipients and the public.

The OIG's principal mission, like all federal OIGs, is to assist in identifying ways to promote economy, efficiency and effectiveness in the Corporation's programs and operations; to prevent and detect fraud, waste and abuse; to keep the Board of Directors and the Congress fully informed about significant issues; to serve as LSC's accountability expert; and to act as an agent of positive change. Additionally, as set out in the LSC Appropriations Act (Act), the OIG monitors grantee compliance with congressional restrictions through its oversight of the annual financial and compliance audits of LSC grantees performed by the independent public accountants (IPAs). The Act also specifies the OIG's authority to conduct its own reviews of grantee operations and regulatory compliance. The OIG investigates allegations of criminal and civil fraud, and other wrongful acts against LSC and LSC-funded programs and, as necessary, performs on-site reviews of LSC grantee operations for those purposes.

The request includes 30 full time positions and will enable the OIG to continue vigorous audit and investigative reviews of LSC programs and operations. The requested funding will enable the OIG to provide relevant, timely and professional reporting to LSC and the Congress on core management and oversight issues, as well as provide investigative support in prosecuting perpetrators of fraud against LSC and its grantees, and audit support to assure proper financial stewardship and compliance with statutory and regulatory requirements, thereby increasing public confidence in the expenditure of scarce LSC funds.

The requested funding, in addition to supporting continued OIG internal review work at LSC headquarters, will provide a robust OIG presence in the field auditing the functions and operations of the 136 federally-funded grantees, an important deterrent to fraud, waste and abuse. The request will sustain the OIG's oversight of the IPAs that audit the LSC grant recipients by continuing to support the expansion in the number and scope of the OIG audit quality control reviews in FY2012. These reviews help to provide LSC management with better information for LSC grant-making administration and oversight. The request will also fund needed improvements in the OIG's information management systems and help provide for upcoming peer review activities.

As required by the Inspector General Act of 1978, as amended, I, Jeffrey E. Schanz, Inspector

General of the Legal Services Corporation, certify that the amount requested satisfies foreseeable OIG training needs for FY 2012 and includes \$10,400 for the OIG's projected pro rata share for support of the Council of Inspectors General on Integrity and Efficiency. I am pleased to note that the LSC Board adopted the full OIG FY 2012 request without amendment.

## **FY 2012 Plan**

In FY 2012, as guided by the OIG Strategic Plan for 2007-2012, the OIG will use its risk assessment at the beginning of the fiscal year to determine the assignment of OIG resources. Since much of the OIG work responds to current issues and program priorities, as well as requests from Congress, the Board of Directors, LSC and the grant recipients, and the public, the OIG must maintain the flexibility to redirect resources—when and where needed—to be a truly timely, relevant, and effective fact-finding resource and accountability expert. As much as practical, the OIG sets the highest priority to the following areas of work: effectiveness of LSC grants administration and oversight; governance and accountability issues; grantee operations, with special focus on internal controls; fraud detection and prevention; and regulatory compliance issues.

The OIG's work includes oversight of the annual audit of LSC's financial statements, operation of the LSC audit program, management of a national fraud, waste and abuse Hotline, performing investigations of potential crimes and referral of evidence for prosecution, conducting fraud prevention training and reviews, issuing fraud alerts, and the review of existing and proposed legislation and regulations. The OIG reviews the audit reports on all LSC grant recipients produced by the IPAs annually. Each report reviews the grantee's financial condition, internal controls and compliance with mandated restrictions and prohibitions. The OIG refers significant audit findings to LSC management for resolution, and tracks the progress of corrective actions.

As resources dictate, additional work will include reviews of LSC's grant administration and oversight as well as its internal administrative functions. Because the review of grant recipients' fiscal condition and compliance with law is critical to the success of LSC, the OIG's work in FY 2012 will include a strong presence in field locations. The OIG will continue reviews of the internal controls of grant recipients and will help to ensure adequate review of all IPAs work on a multiyear cycle.

Separately, the OIG will continue to conduct investigations of criminal and civil fraud against LSC and LSC grant recipients, as well as administrative inquiries, and the operation of a national fraud, waste and abuse reporting hotline. The OIG will also conduct compliance investigations, evaluate processes and identify best practices to improve effectiveness and efficiency in the administration of legal services to low-income persons. Finally, the OIG will issue advisories to the Board and LSC regarding compliance and regulatory issues as warranted and will provide comments, suggestions, and proposals on significant legislative, regulatory, and policy initiatives affecting LSC.

The OIG serves a diverse stakeholder base and will continue to welcome requests for OIG services from all stakeholders. The activities of the OIG are presented in detail in the OIG's Semiannual Reports to Congress, posted to the OIG website at <http://www.oig.lsc.gov/> as released.



## ENDNOTES

<sup>1</sup> "Texas Civil Courts Should be Open to People Who Can't Afford Lawyers," Wallace B. Jefferson and Harry M. Reasoner, Fort Worth Star-Telegram, April 1, 2010.

<sup>2</sup> Chief Justice John Broderick to the New York State Judicial Education Program, Rye Brook, N.Y., June 25, 2008.

<sup>3</sup> "Report on the Survey of Judges on the Impact of the Economic Downturn on Representation in the Courts," ABA Coalition for Justice, July 2010.

<sup>4</sup> "Report to the Chief Judge of the State of New York," Task Force to Expand Access to Civil Legal Services in New York, November 2010. "Why We Must Fund Civil Legal Services," Jonathan Lippman, chief judge, state of New York, New York Law Journal, January 24, 2011.

<sup>5</sup> "Role of Government Survey," The Washington Post/Kaiser Family Foundation/Harvard University, October 2010 (a nationally representative random sample of 2,054 adults).

<sup>6</sup> "Majority of Americans Hard-Hit by Recession, Stand Firm Behind Federal Funding for Legal Assistance," American Bar Association, April 20, 2009 (survey commissioned by the ABA was conducted by Harris Interactive among 1,016 adults).

<sup>7</sup> Clients of LSC-funded programs live at or below 125 percent of the federal poverty guideline—an income of \$27,938 for a family of four in 2011.

<sup>8</sup> <http://worldjusticeproject.org>

<sup>9</sup> In 2005 and 2009, LSC released reports on the "justice gap" in America that showed for every client served by an LSC-funded program, one person who sought help is turned down because of insufficient resources. The Justice Gap Reports also cited studies in 15 states documenting that only a small fraction of the legal problems experienced by low-income Americans (less than one in five) are addressed with the assistance of either a private attorney (pro bono or paid) or a legal aid lawyer.

<sup>10</sup> "Justice for America's Poor in the Year 2020: Some Possibilities Based on Experiences Here and Abroad," Earl Johnson, Jr., DePaul Law Review, 2009.

<sup>11</sup> "Income, Poverty, and Health Insurance Coverage in the United States: 2009," U.S. Census Bureau, September 2010.

<sup>12</sup> "Budget and Economic Outlook, FY 2010 to 2020," Congressional Budget Office, August 2010.

<sup>13</sup> "Challenges for the Economy and State Governments," Ben S. Bernanke, chairman, Board of Governors of the Federal Reserve System, Annual Meeting of the Southern Legislative Conference of the Council of State Governments, August 2, 2010.

<sup>14</sup> Table F-2, U.S. Bankruptcy Courts, Business and Non-business Bankruptcy Cases Commenced, by Chapter of the Bankruptcy Code, During the 12 Month Period Ended Sept. 30, 2007; Table F-2, U.S. Bankruptcy Courts—Business and Non-business Bankruptcy Cases Commenced, by Chapter of the Bankruptcy Code, During the 12 Month Period Ended Sept. 30, 2010. <http://www.uscourts.gov/Statistics/BankruptcyStatistics.aspx>

<sup>15</sup> "Reducing Poverty and Economic Distress After ARAA: Next Steps for Short-Term Recovery and Long-Term Economic Security," Peter B. Edelman, Olivia A. Golden and Harry J. Holzer, The Urban Institute, July 2010; "Promising Antipoverty Strategies for Families," Maria Cancian, Daniel R. Meyer and Deborah Reed, The Urban Institute, July 2010; "Poverty Among Women and Families, 2000-2009: Great Recession Brings Highest Rate in 15 Years," National Women's Law Center, September 2010; "D.C., Suburbs Show Disturbing Increases in Childhood Poverty," Carol Morello and Dan Keating, The Washington Post, September 29, 2010.

# Appendix—FY 2012 Budget Request Tables

## BUDGET REQUEST — FISCAL YEAR 2012

(dollars in thousands)

	(1)	(2)	(3)
	FY 2011 Request	FY 2011 Continuing Resolution	<b>FY 2012 Request</b>
I. DELIVERY OF LEGAL ASSISTANCE	491,700	397,800	<b>491,700</b>
A. PROGRAM SERVICES TO CLIENTS	484,900	394,400	<b>484,900</b>
B. TECHNOLOGY INITIATIVES	6,800	3,400	<b>6,800</b>
II. MANAGEMENT & GRANTS OVERSIGHT	19,500	17,000	<b>19,500</b>
III. LOAN REPAYMENT ASSISTANCE PROGRAM	1,000	1,000	<b>1,000</b>
IV. OFFICE OF INSPECTOR GENERAL	4,350	4,200	<b>4,350</b>
<b>TOTAL</b>	<b>516,550</b>	<b>420,000</b>	<b>516,550</b>

**BUDGET IN BRIEF — FISCAL YEAR 2012**

(dollars in thousands)

	2010 Budget		2011 Budget		2012 Estimate		Change from 2011 to 2012	
	Amount	Perm Posn's	Amount	Perm Posn's	Amount	Perm Posn's	Amount	Perm Posn's
<b>I. CLIENT SERVICES</b>	401,560		404,519		491,700		87,181	
Appropriation	397,800		397,800		491,700		93,900	
Funds Carried Forward from Previous Year	1,108		4,255		-		(4,255)	
US Court of Veterans Appeals Funds	1,820		1,820		-		(1,820)	
Funds Carried Forward from Previous Year	832		532		-		(532)	
State Justice Project	-		-		-		-	
Other Funds Available	-		112		-		(112)	
<b>A. PROGRAM SERVICES TO CLIENTS</b>	398,152		397,782		484,900		87,118	
Appropriation	394,400		394,400		484,900		90,500	
Funds Carried Forward from Previous Year	1,100		918		-		(918)	
US Court of Veterans Appeals Funds	1,820		1,820		-		(1,820)	
Funds Carried Forward from Previous Year	832		532		-		(532)	
Other Funds Available	-		112		-		(112)	
<b>B. TECHNOLOGY INITIATIVES</b>	3,408		6,737		6,800		63	
Appropriation	3,400		3,400		6,800		3,400	
State Justice Project	-		-		-		-	
Funds Carried Forward from Previous Year	8		3,337		-		(3,337)	
<b>II. MANAGEMENT &amp; GRANTS OVERSIGHT</b>	20,503	95	21,440	107	21,520	110	80	3
Appropriation	17,000	95	17,000	107	19,500	110	2,500	3
Funds Carried Forward from Previous Year	3,503		4,423		2,000		(2,423)	
Other Funds Available	-		17		20		3	
<b>III. LOAN REPAYMENT ASSISTANCE PROGRAM</b>	2,691		3,164		3,164		-	-
Appropriation	1,000		1,000		1,000		-	-
Funds Carried Forward from Previous Year	1,691		2,164		2,164		-	
<b>IV. OFFICE OF INSPECTOR GENERAL</b>	5,934	25	6,352	30	5,100	30	(1,252)	-
Appropriation	4,200	25	4,200	30	4,350	30	150	-
Funds Carried Forward from Previous Year	1,734		2,152		750		(1,402)	
<b>TOTAL - REQUIREMENTS</b>	430,688	120	435,475	137	521,484	140	86,009	3
Appropriation	420,000	120	420,000	137	516,550	140	96,550	3
Funds Carried Forward from Previous Year	8,036		12,994		4,914		(8,080)	
US Court of Veterans Appeals Funds	1,820		1,820		-		(1,820)	
Funds Carried Forward from Previous Year	832		532		-		(532)	
State Justice Project	-		-		-		-	
Other Funds Available	-		129		20		(109)	

**APPROPRIATION REQUEST IN RELATION TO FUNDS AVAILABLE**

(dollars in thousands)

	Positions	Amount
<b>1. Total Funds Available in Fiscal Year 2011</b>		
Appropriation, FY 2011	137	420,000
Funds Carried Forward from Previous Year		12,994
US Court of Veterans Appeals Funds		1,820
Funds Carried Forward from Previous Year		532
Other Funds Available, FY 2011		129
Total available in FY 2011	137	435,475
<b>2. Request for Fiscal Year 2012 – Summary of Changes</b>		
Appropriation, FY 2011	137	420,000
Adjustment to Base	3	96,550
Appropriation, FY 2012	140	516,550
<b>3. Total Funds Available in Fiscal Year 2012</b>		
Requested Appropriation	140	516,550
Funds Carried Forward from Previous Year		4,914
Other Funds Available		20
Total available in FY 2012	140	521,484

**PROGRAM AND FINANCING FOR FEDERAL APPROPRIATIONS — FISCAL YEARS 2010, 2011, & 2012**

(dollars in thousands)

	2010 Actual	2011 Budget	2012 Estimate
<b>I. CLIENT SERVICES</b>			
A. Program Services to Clients	398,152	397,782	484,900
B. Technology Initiatives	3,408	6,737	6,800
<b>II. MANAGEMENT &amp; GRANTS OVERSIGHT</b>			
	20,503	21,440	21,520
<b>III. LOAN REPAYMENT ASSISTANCE PROGRAM</b>			
	2,691	3,164	3,164
<b>IV. OFFICE OF INSPECTOR GENERAL</b>			
	5,934	6,352	5,100
Total program costs, funded	430,688	435,475	521,484
Change in Selected Resources:			
Funds Carried Forward from Previous Year	(8,036)	(12,994)	(4,914)
US Court of Veterans Appeals Funds	(1,820)	(1,820)	-
Funds Carried Forward from Previous Year	(832)	(532)	-
State Justice Project	-	-	-
Other Funds Available	-	(129)	(20)
Total obligations (object class 41)	420,000	420,000	516,550
Financing:			
Budget Authority (appropriation)	420,000	420,000	516,550
Relation of obligations to outlays:			
Obligations incurred, net	420,000	420,000	516,550
Obligated balance, start of year	94,407	83,595	78,372
Obligated balance, end of year	(83,595)	(78,372)	(91,981)
Outlays	430,812	425,223	502,941

## ACTIVITIES IN BRIEF

(dollars in thousands)

	2011 Budget		2012 Base		2012 Estimate		Inc. (+) or Dec. (-) 2012 Base to 2012 Est.	
	Amount	Perm	Amount	Perm	Amount	Perm	Amount	Perm
		Posn's		Posn's		Posn's		Posn's
<b>I. CLIENT SERVICES</b>								
Total	404,519		397,800		491,700		93,900	
Appropriation	397,800		397,800		491,700		93,900	
Funds Carried Forward from Previous Year	4,899		-		-		-	
US Court of Veterans Appeals Funds	1,820		-		-		-	
Funds Carried Forward from Previous Year	-		-		-		-	
Other Funds Available	-		-		-		-	
<b>A. PROGRAM SERVICES TO CLIENTS</b>								
Total	397,782		394,400		484,900		90,500	
Appropriation	394,400		394,400		484,900		90,500	
Funds Carried Forward from Previous Year	1,562		-		-		-	
US Court of Veterans Appeals Funds	1,820		-		-		-	
Funds Carried Forward from Previous Year	-		-		-		-	
<b>1. Basic Field Programs</b>								
Total	395,318		394,400		484,900		90,500	
Appropriation	394,400		394,400		484,900		90,500	
Funds Carried Forward from Previous Year	918		-		-		-	
<b>2. Grants from Other Funds Available</b>								
Total	644		-		-		-	
Appropriation	-		-		-		-	
Funds Carried Forward from Previous Year	644		-		-		-	
<b>3. US Court of Veterans Appeals Funds</b>								
Total	1,820		-		-		-	
Appropriation	-		-		-		-	
US Court of Veterans Appeals Funds	1,820		-		-		-	
Funds Carried Forward from Previous Year	-		-		-		-	

**ACTIVITIES IN BRIEF**

(dollars in thousands)

	2011 Budget		2012 Base		2012 Estimate		Inc. (+) or Dec. (-) 2012 Base to 2012 Est.	
	Amount	Perm Posn's	Amount	Perm Posn's	Amount	Perm Posn's	Amount	Perm Posn's
<b>B. TECHNOLOGY INITIATIVES</b>								
Total	6,737		3,400		6,800		3,400	
Appropriation	3,400		3,400		6,800		3,400	
Funds Carried Forward from Previous Year	3,337		-		-		-	
<b>II. MANAGEMENT &amp; GRANTS OVERSIGHT</b>								
Total	21,440	107	19,020	107	21,520	110	2,500	3
Appropriation	17,000	107	17,000	107	19,500	110	2,500	3
Funds Carried Forward from Previous Year	4,423		2,000		2,000		-	
Other Funds Available	17		20		20		-	
<b>III. LOAN REPAYMENT ASSISTANCE PROGRAM</b>								
Total	3,164		3,164		3,164		-	-
Appropriation	1,000		1,000		1,000		-	-
Funds Carried Forward from Previous Year	2,164		2,164		2,164		-	
<b>IV. OFFICE OF INSPECTOR GENERAL</b>								
Total	6,352	30	4,950	30	5,100	30	150	-
Appropriation	4,200	30	4,200	30	4,350	30	150	-
Funds Carried Forward from Previous Year	2,152		750		750		-	
<b>TOTAL</b>	<b>435,475</b>	<b>137</b>	<b>424,934</b>	<b>137</b>	<b>521,484</b>	<b>140</b>	<b>96,550</b>	<b>3</b>
Appropriation	420,000	137	420,000	137	516,550	140	96,550	3
Funds Carried Forward from Previous Year	13,638		4,914		4,914		-	
US Court of Veterans Appeals Funds	1,820		-		-		-	
Funds Carried Forward from Previous Year	-		-		-		-	
Other Funds Available	17		20		20		-	

**APPROPRIATION BUDGET BY ACTIVITY — FISCAL YEARS 2011 & 2012**

(dollars in thousands)

	2010 Funds Carried Forward to 2011		2011 Budget		2012 Base		2012 Request	
	Amount	Perm Posn's	Amount	Perm Posn's	Amount	Perm Posn's	Amount	Perm Posn's
Management &								
Grants Oversight	4,423		17,000	107	17,000	107	19,500	110
Funds Carried Forward from FY 2011 to FY 2012	-		-		-		2,000	
Other Funds Available	17		-		-		20	
Loan Repayment Asst Program	2,164		1,000		1,000		1,000	
Funds Carried Forward from FY 2011 to FY 2012	-		-		-		2,164	
Office of Inspector General	2,152		4,200	30	4,200	30	4,350	30
Funds Carried Forward from FY 2011 to FY 2012	-		-		-		750	
<b>SUBTOTAL</b>	<b>8,756</b>		<b>22,200</b>	<b>137</b>	<b>22,200</b>	<b>137</b>	<b>29,784</b>	<b>140</b>
Program Activities	4,899		397,800		397,800		491,700	
Funds Carried Forward from FY 2011 to FY 2012	-		-		-		-	
Veterans Appeals Funds	-		1,820		-		-	
<b>TOTAL</b>	<b>13,655</b>		<b>421,820</b>	<b>137</b>	<b>420,000</b>	<b>137</b>	<b>521,484</b>	<b>140</b>



**MANAGEMENT & GRANTS OVERSIGHT, & INSPECTOR GENERAL TOTAL SUMMARY — FISCAL YEARS 2011 & 2012**

(dollars in thousands)

SUMMARY TOTALS	Mgt. & Grants Oversight, & Inspector General		Program Authorities		Totals		CHANGE
	2011	2012	2011	2012	2011	2012	
Management & Grants Oversight	21,440	21,520	-	-	21,440	21,520	80
Office of Inspector General	6,352	5,100	-	-	6,352	5,100	(1,252)
Grants and Contracts	-	-	404,519	491,700	404,519	491,700	87,181
Loan Repayment Asst. Prgm.	-	-	3,164	3,164	3,164	3,164	-
Total Summary	27,792	26,050	407,683	494,864	435,475	521,484	86,009

Sources of Funds for the Delivery of Legal Assistance

Appropriation	397,800	491,700
Funds Carried Forward from Previous Year	4,255	-
US Court of Veterans Appeals Funds	1,820	-
Funds Carried Forward from Previous Year	532	-
Other Funds Available	112	-
Total	404,519	491,700

Sources of Funds for the Loan Repayment Assistance Program

Appropriation	1,000	1,000
Funds Carried Forward from Previous Year	2,164	2,164
Total	3,164	3,164

Total Sources of Funds

Appropriation	420,000	516,550
Funds Carried Forward from Previous Year	12,994	4,914
US Court of Veterans Appeals Funds	1,820	-
Funds Carried Forward from Previous Year	532	-
Other Funds Available	129	20
Total	435,475	521,484

**MANAGEMENT & GRANTS OVERSIGHT BUDGET BY OBJECT CLASS — FISCAL YEARS 2011 & 2012**

(dollars in thousands)

OBJECT CLASS	Management & Grants Oversight		Program Authorities		Totals		CHANGE
	2011	2012	2011	2012	2011	2012	
Personnel Compensation	11,317	11,432			11,317	11,432	115
Employee Benefits	3,963	4,293			3,963	4,293	330
Other Personnel Services	474	889			474	889	415
Consulting	897	609			897	609	(288)
Travel and Transportation	1,289	1,194			1,289	1,194	(95)
Communications	177	183			177	183	6
Occupancy Costs	1,759	1,769			1,759	1,769	10
Printing and Reproduction	101	112			101	112	11
Other Operating Expenses	803	764			803	764	(39)
Capital Expenditures	660	275			660	275	(385)
Total for Management & Grants Oversight	21,440	21,520	-	-	21,440	21,520	80

Sources of Funds for Management & Grants Oversight

Appropriation	17,000	19,500
Funds Carried Forward from Previous Year	4,423	2,000
Other Funds Available	17	20
Total	21,440	21,520

**INSPECTOR GENERAL BUDGET BY OBJECT CLASS — FISCAL YEARS 2011 & 2012**

(dollars in thousands)

OBJECT CLASS	Office of Inspector General		Program Authorities		Totals		CHANGE
	2011	2012	2011	2012	2011	2012	
Personnel Compensation	3,017	3,309			3,017	3,309	292
Employee Benefits	867	999			867	999	132
Other Personnel Services	40	10			40	10	(30)
Consulting	893	330			893	330	(563)
Travel and Transportation	400	307			400	307	(93)
Communications	49	44			49	44	(5)
Occupancy Costs	1	1			1	1	-
Printing and Reproduction	6	5			6	5	(1)
Other Operating Expenses	994	58			994	58	(936)
Capital Expenditures	85	37			85	37	(48)
<b>Total for Inspector General</b>	<b>6,352</b>	<b>5,100</b>	<b>-</b>	<b>-</b>	<b>6,352</b>	<b>5,100</b>	<b>(1,252)</b>

Sources of Funds for Inspector General

Appropriation	4,200	4,350
Funds Carried Forward from Previous Year	2,152	750
<b>Total</b>	<b>6,352</b>	<b>5,100</b>

**STAFF POSITIONS — FISCAL YEARS 2010, 2011, & 2012**

	2010 Budget	2011 Budget		2012 Estimate	
	Number of Positions*	Change From 2010	Number of Positions*	Change From 2011	Number of Positions*
<b>OFFICE</b>					
Executive Office	5	1	6	0	6
Legal Affairs	7	2	9	0	9
Government Relations / Public Affairs	6	0	6	0	6
Human Resources	6	0	6	1	7
Financial & Administrative Services	9	1	10	0	10
Information Technology	9	0	9	0	9
Program Performance	24	5	29	2	31
Information Management	6	0	6	0	6
Compliance & Enforcement	23	3	26	0	26
	95	12	107	3	110
Inspector General	25	5	30	0	30
<b>TOTAL</b>	<b>120</b>	<b>17</b>	<b>137</b>	<b>3</b>	<b>140</b>

\* Full-time equivalents

**STAFF SALARIES — FISCAL YEARS 2010, 2011 AND 2012**

MANAGEMENT AND GRANTS OVERSIGHT  SALARY RANGES	2010 Budget	2011 Budget		2012 Budget	
	Number of Positions*	Change From 2010	Number of Positions*	Change From 2011	Number of Positions*
LSC BAND I \$31,681 - \$58,540	5	0	5	0	5
LSC BAND II \$52,493 - \$93,642	29	3	32	1	33
LSC BAND III \$83,310 - \$135,715	49	8	57	2	59
LSC BAND IV \$118,445 - \$159,654	7	1	8	0	8
LSC BAND V \$138,841 - \$168,348	4	0	4	0	4
Unclassified Positions	1	0	1	0	1
<b>TOTAL</b>	<b>95</b>	<b>12</b>	<b>107</b>	<b>3</b>	<b>110</b>

\* Full-time equivalents

**STAFF SALARIES — FISCAL YEARS 2010, 2011 AND 2012**

OFFICE OF INSPECTOR GENERAL

SALARY RANGES	2010 Budget	2011 Budget		2012 Budget	
	Number of Positions*	Change From 2010	Number of Positions*	Change From 2011	Number of Positions*
LSC BAND I \$31,681 - \$58,540	0	0	0	0	0
LSC BAND II \$52,493 - \$93,642	7	1	8	0	8
LSC BAND III \$83,310 - \$135,715	12	4	16	0	16
LSC BAND IV \$118,445 - \$159,654	5	0	5	0	5
LSC BAND V \$138,841 - \$168,348	0	0	0	0	0
Unclassified Positions	1	0	1	0	1
<b>TOTAL</b>	<b>25</b>	<b>5</b>	<b>30</b>	<b>0</b>	<b>30</b>

\* Full-time equivalents



- <sup>16</sup> “Hunger and Homelessness Survey: A Status Report on Hunger and Homelessness in America’s Cities,” the United States Conference of Mayors, December 2010.
- <sup>17</sup> ABC News 20/20, January 28, 2011. [www.abcnews.go.com/2020](http://www.abcnews.go.com/2020)
- <sup>18</sup> “State of Homelessness in America,” National Alliance to End Homelessness, January 11, 2011.
- <sup>19</sup> “Supplemental Nutrition Assistance Program Participation and Costs,” Food & Nutrition Service, U.S. Department of Agriculture, <http://www.fns.usda.gov/pd/SNAPsummary.htm>
- <sup>20</sup> “The Role of TANF as a Safety Net,” Carmen Nazario, assistant secretary for children and families, U.S. Department of Health and Human Services, before the House Ways and Means Subcommittee on Income Security and Family Support, March 11, 2010.
- <sup>21</sup> “The Fiscal Survey of States,” National Governors Association and National Association of State Budget Officers, June 2010.
- <sup>22</sup> “The Great Recession and Poverty in Metropolitan America,” Elizabeth Kneebone, senior research associate, Metropolitan Policy Program, Brookings Institution, October 7, 2010; “The Suburbanization of American Poverty,” Brookings, October 19, 2009.
- <sup>23</sup> “Strained Suburbs: The Social Service Challenges of Rising Suburban Poverty,” Scott Allard, University of Chicago, Metropolitan Policy Program, Brookings Institution, October 2010.
- <sup>24</sup> “2010 Year-End Foreclosure Report,” RealtyTrac, January 13, 2011; “Banks Repossess 1 Million Homes in 2010,” Janna Herron, Associated Press, January 13, 2011.
- <sup>25</sup> “Explaining the Recent Decline in Domestic Violence,” Amy Farmer and Jill Tiefenthaler, Oxford University Press, 2003; “When Violence Hits Home: How Economics and Neighborhoods Play a Role,” National Institute of Justice, 2004.
- <sup>26</sup> “Perfect Storm Hits Legal Aid,” Karen Sloan, National Law Journal, January 3, 2011.
- <sup>27</sup> “U.S. Census Bureau Reports State Government Revenues Decline Nearly 31 Percent,” press release on 2009 Annual Survey of State Government Finances by the U.S. Census Bureau, January 5, 2011.
- <sup>28</sup> “States Continue to Feel Recession’s Impact,” by Elizabeth McNichol, Phil Oliff and Nicholas Johnson, Center on Budget and Policy Priorities, December 16, 2010.
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## FOR MORE INFORMATION

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