

MEMORANDUM

TO: Finance Committee

FROM: James J. Sandman, President 

DATE: June 25, 2014

SUBJECT: Management's Recommendation for LSC's FY 2016 Budget Request

LSC management recommends that the Finance Committee consider a budget request of **\$486.9 million** for FY 2016—the same amount that the Board of Directors adopted for the past two years, but with an increase of \$900,000 for the Office of Inspector General (OIG), per their request.

This recommendation reflects a balancing of the overwhelming need for civil legal services against budgetary realities. In light of budget pressures on the federal government, the amount of the President's budget request for LSC for FY 2015, and the results to date from the FY 2015 appropriations process, we recommend maintaining our budget request for FY 2016 at approximately the same level as our request for FY 2015. As discussed in greater detail below, however, the need for civil legal aid would justify a far larger request.

Last year's budget recommendation of \$486 million was based in part on our assessment of the funding necessary to restore service to the 2007 level, before the recession began. The most recent data from the Census Bureau show that the number of people living in poverty has increased since last year and will increase by another 900,000 people between 2014 and 2016. (**Appendix 1** shows the population eligible for LSC-funded legal aid from 2000 through 2016.) In many service areas, the census adjustment has reduced LSC funding even though the size of the eligible poverty population has increased. If we were to use the same methodology as last year, basic field funding would have to increase to \$495.7 million – a \$160 million increase (48%) over LSC's current budget and \$44.4 million, or 10%, over our recommendation. Our total FY 2016 request would increase to \$531 million. We believe a request of that magnitude would not be realistic.

We also believe that adopting a request any lower than last year would be unreasonable given the magnitude of the need for legal services. Need has increased, not decreased. And a lower request would conflict with our efforts to achieve the first two goals of LSC's strategic plan: "to maximize the availability, quality, and effectiveness of the civil legal services that [our] grantees provide to eligible low-income individuals" and "to become a leading voice for civil legal services for poor Americans."

Our recommendation reflects our most recent experience with the White House, the House of Representatives, and the Senate Appropriations Committee. The President's FY 2014 and FY 2015 budget requests for LSC were flat: \$430 million for both years. The Senate Appropriations Committee's FY 2015 budget for LSC is \$400 million, \$30 million below the President's request

and \$86 million (17.7%) below LSC’s FY 2015 request. The gap between the House FY 2015 budget and LSC’s FY 2015 request is \$136 million (28%).

Budget Category	FY 2014 Appropriation	FY 2015 President’s Ask	FY 2015 House Passed	FY 2015 Senate Approp. Committee	FY 2016 LSC Request
Basic Field	\$335,700,000	\$395,000,000	\$319,650,000	\$367,000,000	\$451,300,000
TIG	\$3,400,000	\$4,800,000	\$4,000,000	\$4,000,000	\$5,000,000
LRAP	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
MGO	\$18,000,000	\$19,500,000	\$18,000,000	\$19,000,000	\$19,500,000
Pro Bono	\$2,500,000	\$4,900,000	\$3,000,000	\$5,000,000	\$5,000,000
OIG	\$4,350,000	\$4,350,000	\$4,350,000	\$4,000,000	\$5,100,000
Total	\$365,000,000	\$430,000,000	\$350,000,000	\$400,000,000	\$486,900,000

Under our recommendation, basic field grants continue to represent the largest component of LSC’s overall budget. Consistent with previous years, LSC management recommends that approximately 92.7% of the budget be allocated to basic field grants for FY 2016. Four percent, or \$19.5 million, is for administrative costs, including compliance and oversight, and 1% is for LSC’s Inspector General. Consistent with LSC’s appropriation request for FY 2015, our recommended FY 2016 request includes \$5 million for the Pro Bono Innovation Fund—the grant program to encourage innovations in pro bono legal services proposed by the Pro Bono Task Force. The budget also includes \$5 million for LSC’s Technology Initiative Grants (TIG).

On June 9th, members of the public presented their recommendations for LSC’s FY 2016 budget request to the Finance Committee. The following organizations submitted recommendations:

- The National Legal Aid and Defender Association (NLADA) recommends **\$580 million for FY 2016**, an increase over last year’s recommendation of \$560 million, based on the continuing growth in the eligible client population and inflation.
- The Standing Committee on Legal Aid and Indigent Defendants (SCLAID) of the American Bar Association recommends **\$495.7 million**. This number reflects LSC’s FY 2015 budget request adjusted for the U.S. Bureau of Labor Statistics inflation rate of 2.7% for the past 12 months.
- The Conference of Chief Justices (CCJ) and the Conference of State Court Administrators (COSCA), jointly recommend that LSC request a **significant increase in LSC funding to fulfill our nation's promise of "equal justice under law."**
- The Washington Council of Lawyers notes that “status quo levels of LSC funding are inadequate even to address the needs of easier times” and recommends that the FY 2016 LSC budget be increased to meet the increased demand for legal services.

Copies of the public’s recommendations are attached as **Appendix 2**.

In the following sections, we describe the need for civil legal services. We recognize and emphasize that the facts would clearly support a much higher request than we are recommending. We then review the current state of congressional support for LSC funding and the basis for our recommendation that our request be the same as last year's.

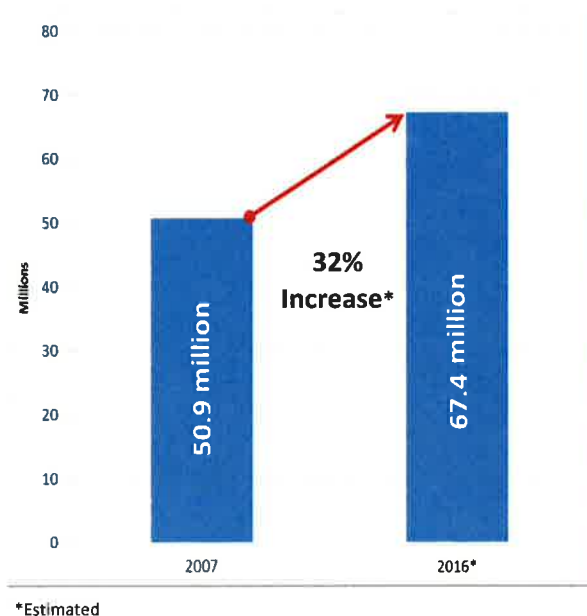
More Americans Are Eligible for Legal Aid Than at Any Time in LSC's History

LSC estimates that the number of persons financially eligible for LSC-funded legal aid—those with incomes at or below 125% of the federal poverty guideline (currently \$14,588 for an individual and \$29,813 for a family of four)—will continue to grow between now and FY 2016. Based on the most recent information available from the Bureau of the Census and the Congressional Budget Office, we estimate that 67.4 million Americans, or 21.3% of the population, will be financially eligible for services at LSC grantees in FY 2016, a 32% increase since 2007.¹ (Appendix 3 provides an analysis of the models used to project increases in the poverty population from 2012–2016.)

Eligible Poverty Population

Year	Eligible Population	Percentage of Population	Percentage Increase Eligible Population
2007	50,864,000	17.3%	--
2008	51,988,000	17.6%	2.2%
2009	56,430,000	18.9%	8.5%
2010	60,443,000	19.6%	7.1%
2011	63,324,000	20.3%	4.8%
2012	63,569,000	20.8%	0.4%
2013*	65,474,000	21.2%	3.0%
2014*	66,488,000	21.4%	1.5%
2015*	67,001,000	21.4%	0.7%
2016*	67,359,000	21.3%	0.5%

*Estimated



While the overall poverty population is at an all-time high, and is projected to continue to climb, LSC funding for legal aid organizations has declined dramatically since 2010—both in absolute terms and in inflation-adjusted dollars. LSC received its largest appropriation, \$420 million, in FY 2010. LSC is currently funded at \$365 million for FY 2014, a 15% decrease from FY 2010. If LSC's FY 1995 appropriation of \$400 million were adjusted to keep pace with inflation, it

¹ Source: U.S. Census Bureau, 2007-2012 American Community Survey 1-Year Estimates, Table S1701: Poverty Status in the Past 12 Months; Emily Monea and Isabel Sawhill, *An Update to "Simulating the Effect of the 'Great Recession' on Poverty,"* Brookings Institution, September 13, 2011, Figure A. U.S. Census Bureau 2012 National Population Projections: Summary Tables, Middle Series.

would be \$622 million today. (**Appendix 4** shows LSC’s funding history from 1995 to 2014, both in absolute and inflation-adjusted dollars.) Non-LSC funding for LSC grantees in 2013 was approximately the same as in 2010. (**Appendix 5** shows the historical data on grantees’ LSC and non-LSC funding; **Appendix 6** shows the sources of non-LSC funding.)

As the chart below shows, total grantee funding (LSC + non-LSC funding) per eligible person has declined steadily over the past seven years, decreasing by 18.7% in absolute dollars and 27.6% in inflation-adjusted dollars.

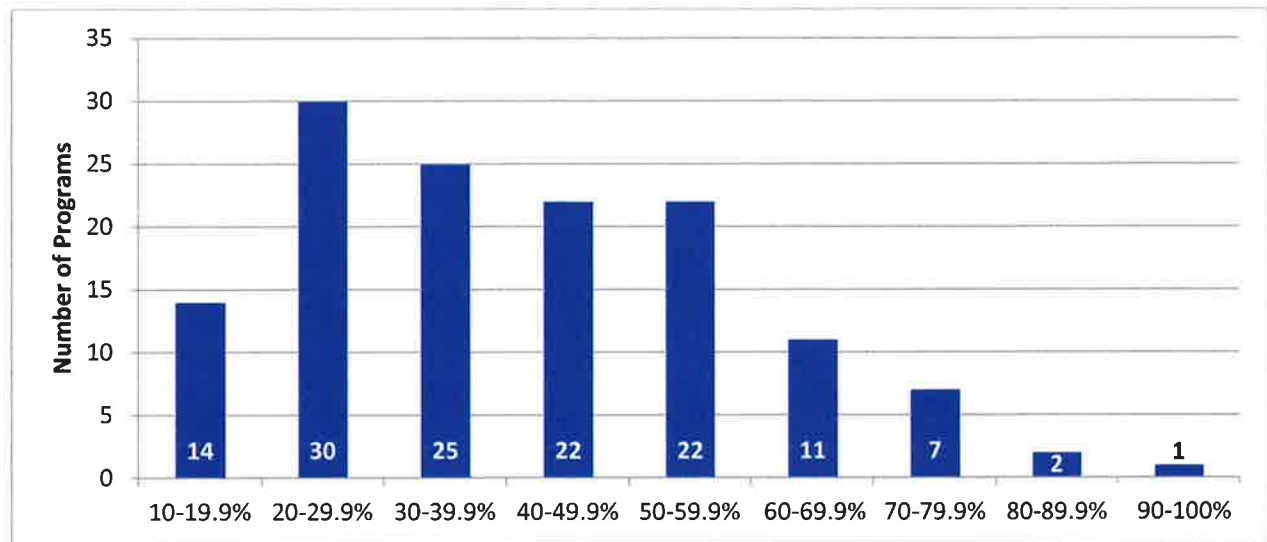
Year	LSC + Non-LSC Actual \$ / Eligible Person	Inflation- Adjusted \$ / Eligible Person ²
2007	\$16.62	\$18.67
2008	\$16.41	\$17.76
2009	\$16.05	\$17.43
2010	\$15.88	\$16.97
2011	\$14.75	\$15.28
2012	\$13.88	\$14.08
2013	\$13.52	\$13.52

Non-LSC funding varies widely from jurisdiction to jurisdiction. And it is important to recognize that non-LSC funding is often not fungible with LSC funding. Much non-LSC funding is restricted to use for only specified purposes and has strict limits on the amount that can be used for management and administration. LSC funding, by contrast, can be used to address the full range of locally identified needs, and we want our grantees to have robust management. In 2013, grantees in 13 states and two territories saw at least a 15% decline in non-LSC funding. Also, 14 grantees exhausted carryover from 2012 to 2013; 50 grantees no longer have any reserves.

² LSC and non-LSC funding adjusted for inflation in 2013 dollars: U.S. Department of Labor, Bureau of Labor Statistics, CPI Inflation Calculator, (www.bls.gov/data/inflation_calculator.htm). Eligible persons 2007-2012: U.S. Census Bureau, 2007-2012 American Community Survey 1-Year Estimates, Table S1701: Poverty Status in the Past 12 Months; U.S. Census Bureau 2012 National Population Projections: Summary Tables, Middle Series. LSC Projections for 2013 client eligible population using LSC estimates based on: Emily Monea and Isabel Sawhill, *An Update to “Simulating the Effect of the ‘Great Recession’ on Poverty,”* Brookings Institution, September 13, 2011, Figure A (www.brookings.edu/research/papers/2009/09/10-poverty-monea-sawhill). Unemployment: CBO, *CBO’s Baseline Economic Forecast - February 2014 Baseline Projections*, (www.cbo.gov/publication/43902). Total Population: U.S. Census, 2012 National Population Projections - Table 1; Poverty Population, U.S. Bureau of the Census, Current Population Survey, Annual Social and Economic Supplements.

As the chart below shows, 43 of our 134 grantees depend on LSC for 50% or more of their funding. Twenty-one grantees receive 60% or more of their funding from LSC and have been particularly hard-hit by reductions in LSC's grants.

Percentage of Funding Received from LSC (2013)



For many grantees, funding reductions have been compounded by the census-based grant reapportionment that took full effect in January of 2014. Thirty jurisdictions have experienced census-based reductions in LSC funding. Sixteen have experienced cuts of at least 10%, and 10 have experienced cuts of more than 20%. Twenty-five of the 30 jurisdictions experiencing census-based funding reductions saw *increases* in the absolute size of their poverty populations between 2000 and 2011; only their *share* of the U.S. poverty population declined. (**Appendix 7** shows the changes in the size of each state's poverty population since 2000 and the percentage change in LSC funding based on the full census adjustment.)

Funding Reductions Have Jeopardized Access to Justice

Funding cuts from federal, state, local, and private sources from 2010 to 2013 forced LSC grantees to lay off staff, reduce hours, and turn away greater numbers of clients in need. Because of shrinking resources, grantees have had to reduce the types of assistance they provide to clients. For example, some grantees are able to assist domestic violence victims only when children are involved, or assist homeowners in a foreclosure matter only when an eviction is imminent.

Significant funding cuts have resulted in reduced staff, office, and case closure levels from 2010 to 2013. There is a clear correlation between the numbers of cases closed by LSC grantees and their available funding. In 2013, basic field grants to LSC grantees dropped by 19% from the high of \$420 million in 2010. Cases closed by grantees during the same time period decreased by the same percentage. In 2013, grantees closed a total of 759,000 cases, down by 173,000 cases from 2010. (**Appendices 8 & 9** show the total number of cases closed from 2008 to 2013 and compare the number of cases closed in relation to grantee funding for the same time period).

Although total cases closed dropped from 2010 to 2013, pro bono cases increased from 71,444 to 79,189 during the same time period. Pro bono cases now represent 10.4% of total overall cases by LSC grantees, the highest in LSC’s history. Although basic field funding has increased for FY 2014, it is still 15% below the 2010 level.

The following chart shows the relationship between grantee staffing levels and cases closed. The number of cases closed by grantee staff (excluding private attorney involvement [PAI] cases) – 679,811 – was the lowest in recent years as staffing levels also declined.

Year	Attorneys	Paralegals	Support Staff	LSC Cases Closed (Excluding PAI)
2008	4403	1659	3293	795,987
2009	4505	1687	3328	816,703
2010	4692	1732	3464	824,785
2011	4513	1648	3291	797,162
2012	4233	1507	3041	710,264
2013	4201	1477	2921	679,811
% Change	-4.6%	-11%	-11.3%	-14.6%

LSC conducted a survey of all grantees in December 2013 to determine the impact of funding changes on their operations. The overwhelming majority of the programs, 77%, reported that more people are being denied access to justice. Nearly 50% of the grantees reduced staff in 2013. (**Appendix 10** shows LSC grantee staffing levels from 2010 to 2013, and **Appendix 11** shows a comparison of basic field grant funding from 2008 to 2013 to the number of attorneys and cases.) Nearly 50% of the grantees reduced client intake services. The staffing reductions have reduced the number of clients served and eroded grantees’ capacity to provide legal assistance. For example,

- Legal Aid Society of Orange County in California lost 30% of program staff since 2012.
- Legal Aid Foundation of Los Angeles lost 20% of program staff since 2012.
- Northeast New Jersey Legal Services Corporation lost more than 50% of staff in the past three years, resulting in 6,000 fewer clients served.
- Legal Services NYC lost 28% of staff since 2011.

Many LSC grantees have had to close offices, particularly in rural areas. Today, there are fewer than 800 LSC-funded legal aid offices nationwide—*the lowest number in LSC’s history*. In some places, clients now have to drive hundreds of miles to see a lawyer. For example:

- An office closure in Alabama affected 50,000 eligible clients in rural communities.
- Program staff in Georgia drive up to 200 miles to assist clients in the south-central region because of office closures affecting ten counties.
- A rural office in Virginia that had been open for 35 years closed in 2013. Clients in the area now must travel 90 minutes to get assistance.

Despite office closures and staff reductions, LSC grantees have worked to leverage their resources through pro bono partnerships, technology, and other creative delivery systems to maintain client services.

For example, **New Mexico Legal Aid** created a statewide online triage tool to identify and recommend the best source of assistance depending on a person’s circumstances, such as location, income, and language. The system will direct users to the resources and services provided by New Mexico Legal Aid and five other legal aid programs in the state in addition to court, self-help, and pro bono resources.

The Virginia Supreme Court convened the first Virginia Pro Bono Summit in 2010, and has held a total of three summits to date. Because of a rule change in 2011, more than 800 certified in-house attorneys in Virginia can now provide assistance to low-income individuals and families. The 2010 Virginia Pro Bono Summit included the VA Chief Justice and Supreme Court. Subsequently, Capital One partnered with **Central Virginia Legal Aid Society** to help create JusticeServer, a database to make pro bono easier across the state. This partnership is built on top of an existing structure – the Richmond Bar Foundation’s Firms in Service. The Foundation is the steward of the database which allows legal service providers to share and place pro bono cases for lawyers interested in pro bono to access.

Legal Aid of North Carolina is expanding connections to rural areas and pro bono attorneys throughout the state by adopting a cloud-based video-conferencing system to connect the program’s 22 offices into one integrated system.

The Cost of Returning to Pre-Recession Staffing Levels

Our FY 2016 budget recommendation maintains the same basic funding request as last year. LSC’s FY 2015 justification was based on returning to the same level of service that LSC grantees provided in 2007—the last year before the recession began and the size of the population eligible for LSC-funded services began to increase dramatically. Using that same methodology would significantly increase the basic field request for FY 2016.

Year	Inflation-Adjusted Basic Field Funding	Eligible Persons	\$/Eligible Person
2007	\$377,921,450	50,864,000	\$7.43
2008	\$365,635,800	51,988,000	\$7.03
2009	\$403,597,380	56,460,000	\$7.15
2010	\$428,970,680	60,443,000	\$7.10
2011	\$398,619,580	63,324,000	\$6.29
2012	\$333,384,830	63,569,000	\$5.24
2013	\$321,729,200	65,474,000	\$4.91
2014	\$335,700,000	66,488,000	\$5.05

In 2007, basic field funding of \$378 million was \$7.43 per eligible person in inflation-adjusted dollars.³ Basic field funding per eligible person is now only \$5.05 in constant dollars. If we were to return to FY 2007 funding per eligible person in FY 2016, basic field funding would be \$495.7 million – or an increase of \$160 million (48%) over the FY 2014 budget. Using that analysis, the total FY 2016 request would be \$531 million. We do not believe it is feasible to make that request. Instead, we recommend that LSC’s FY 2016 request stay consistent with our FY 2015 request in light of current budget realities.

Congressional Support for LSC Funding

The federal government is under enormous pressure to bring down the deficit and limit spending. Congressional disagreement on overall government spending led to a 17-day government shutdown last fall. The House and Senate subsequently reached a bipartisan budget agreement in December 2013 that established overall spending amounts for FY 2014 and eliminated sequestration for FY 2014 and FY 2015.

FY 2014

Congress passed an omnibus appropriations bill for FY 2014 in January 2014 that included \$365 million for LSC, an increase of \$25 million, or 7 percent, from the previous year. LSC’s FY 2014 funding split the difference between the amounts approved by the House and Senate Commerce, Justice, Science, and Related Agencies (CJS) Appropriations Subcommittees last year. This is the same amount appropriated in FY 2013 before sequestration and rescissions were applied to the appropriation. The FY 2014 appropriation included \$2.5 million for a new Pro Bono Innovation Fund. This new fund will support creative projects that promote and enhance pro bono initiatives throughout the country.

FY 2015

Both the House and the Senate Appropriations Committee have taken action on the FY 2015 CJS appropriations bills. In May, the House of Representatives passed the Commerce, Justice, Science and Related Agencies appropriations bill with \$350 million for LSC, a decrease of \$15 million from FY 2014 but a \$50 million increase over last year’s House-approved level. During debate on the House Floor, amendments to change LSC’s House funding level were defeated. An amendment to eliminate funding for LSC failed by a vote of 116-290. An amendment to increase LSC’s funding by \$15 million failed by a vote of 173-238.

³ Basic field funding adjusted for inflation in 2013 dollars :United States Department of Labor, Bureau of Labor Statistics, CPI Inflation Calculator (www.bls.gov/data/inflation_calculator.htm); Eligible persons 2007-2011: U.S. Bureau of the Census, Current Population Survey, Annual Social and Economic Supplements, Table 6. People Below 125 Percent of Poverty Level and the Near Poor: 1959 to 2011 (for persons below 125% poverty 1994-2011). LSC Projections for 2013 and 2014 client eligible populations using LSC estimates based on: Monea and Sawhill, *Simulating the Effect of the “Great Recession” on Poverty* (www.brookings.edu/research/papers/2009/09/10-poverty-monea-sawhill). Unemployment: CBO, *CBO’s Baseline Economic Forecast - February 2013 Baseline Projections*, (www.cbo.gov/publication/43902).; Total Population: US Census, 2012 National Population Projections - Table 1; Poverty Population, U.S. Bureau of the Census, Current Population Survey, Annual Social and Economic Supplements.

The Senate Appropriations Committee approved its FY 2015 CJS bill earlier this month. The bill includes \$400 million for LSC, an increase of \$35 million from FY 2014, but \$30 million less than the Committee approved last year.

Conclusion

A growing client-eligible population, coupled with significant funding cuts, decreasing revenues from some non-LSC funding sources, and census-based adjustments for a significant number of grantees, despite increasing poverty rates in their service areas – has made it impossible for LSC grantees to continue to do more with less. LSC grantees have been forced to reduce services, close fewer cases, and reduce staff. We believe that LSC actually needs a substantial increase from its current funding level to be able to support basic civil legal services for low-income Americans. Although we believe the need for civil legal services justifies a significant increase over LSC's appropriations request for FY 2015, our recommendation to maintain the same request level as last year reflects our recognition of current budgetary realities.

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

Pro Bono Innovation Fund

LSC management recommends requesting \$5 million for FY 2016—the same amount requested for the past two years. For FY 2014, Congress appropriated \$2.5 million for the Pro Bono Innovation Fund (PBIF). For FY 2015, the House of Representatives has voted to approve \$2.5 million for the PBIF and the Senate Appropriations Committee has voted to approve \$5 million. Projects funded under this program will develop, test, and replicate innovative pro bono efforts that will enable LSC grant recipients to expand clients' access to high-quality legal assistance. The grant criteria require both innovation (new ideas or new applications of existing best practices) and replicability (likelihood that the innovation, if successful, could be implemented by other legal aid programs).

In January 2014, immediately after the first funding for the PBIF became available, LSC formed an internal working group to coordinate planning for and implementation of the new grant program. LSC has conducted six outreach webinars to publicize the grant program and to seek input on its development. We issued a Notice of Funds Availability on April 22, the online application process began May 27, and the application deadline for the initial grants is June 30. We expect to announce the awards in mid-September at LSC's 40th anniversary events.

Management and Grants Oversight

Congress appropriated \$18 million for Management and Grants Oversight (MGO) for FY 2014. The House of Representatives has approved \$18 million for MGO for FY 2015, and the Senate Appropriations Committee has voted to approve \$19 million. Last year, the Board approved a request of \$19,500,000 for MGO. We recommend the same amount for FY 2016.

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

As detailed in the chart below, our proposed budget would allow LSC to maintain approved staffing levels for FY 2014. We do not anticipate increasing staff in FY 2016.

LSC Staffing By Department: Comparison of FY 2013 and Estimated FY 2015 Staffing Levels			
Department	FY2014 Staffing*	FY2016 Staffing Estimates	Difference FY14 and FY16
EO	7	7	0
OLA	7	7	0
GRPA	7	7	0
HR	6	6	0
OFAS	10	10	0
OIT	8	8	0
OPP	28	28	0
OIM	5	5	0
OCE	27	27	0
Training	0	0	0
Subtotal	105	105	0
OIG	30	30	0
Total	135	135	0
*Staffing levels projected as of 9-30-2014.			

Technology Initiative Grants

The Technology Initiative Grants (TIG) program is funded at \$3.45 million for FY 2014. Both the House of Representatives and the Senate Appropriations Committee have voted to increase the funding to \$4 million for FY 2015. For the past three years, the Board has approved a request of \$5million. We recommend the same request for FY 2016.

Since its start in 2000, TIG has funded more than 525 projects totaling more than \$40 million. With these grants, LSC grantees have been able to build a foundation for better service delivery that includes statewide websites, enhanced capacity for intake and case management systems, and automated forms to support clients, staff, and pro bono efforts. With that foundation in place, LSC is poised to further expand access to justice through technology innovations.

Continuation of the TIG program and the development of resources for the poor to take advantage of mobile devices in particular is an important tool in expanding access. Mobile devices are the fastest-growing access low-income persons have to the Internet, and we intend to

work with our grantees to be sure that websites and automated forms are optimized for use on mobile devices. The use of text messaging also needs to be integrated into delivery systems to provide legal information on demand and reminders for appointments, deadlines, and court hearings.

In 2013, LSC awarded 33 grants to support a variety of technology initiatives, including tools to guide self-represented individuals through complex legal procedures, online support for pro bono attorneys, and improved access to legal assistance for people in remote areas. Several of the projects implement the recommendations of LSC’s *Report of The Summit on the Use of Technology to Expand Access to Justice*.

Herbert S. Garten Loan Repayment Assistance Program

Since 2005, LSC has requested \$1million each year for the Herbert S. Garten Loan Repayment Assistance Program (LRAP). We recommend the same amount for FY 2016.

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

At current levels, LSC can provide loan repayment assistance to only half of the applicants who apply for grants. In 2014, LSC received 130 new applications from attorneys at 58 grantee offices in 33 states and Puerto Rico. The average law school debt for first-year applicants was \$147,913.67. Of the total new applications, 60 applicants, or 46%, were denied because of insufficient LRAP funding. Turning away nearly half of the applicants who need these grants impedes grantees’ recruitment and retention efforts. The maximum grant allowed for each recipient is \$16,800.

The National Association for Law Placement (NALP) released its Public Sector and Public Interest Attorney Salary report for 2014 two weeks ago. The report finds civil legal aid lawyers continue to be the lowest paid group in the legal profession, earning less than

Median Starting Salaries for Public Sector Attorneys	
Category	Salary
Local Prosecutors	\$51,141
Public Defenders	\$50,400
Other Public Interest Lawyers	\$46,000
Civil Legal Aid Attorneys	\$44,636

public defenders and other public interest lawyers. Entry-level legal aid lawyers earn a median salary of \$44,636, while attorneys at public service organizations earn \$46,000 and public defenders earn \$50,400.⁴ Meanwhile, the average amount of law school debt has increased in the past year. According to Bloomberg BusinessWeek, the average amount of law school debt has

⁴ *Public Sector & Public Interest Attorney Salary Report*, National Association for Law Placement, June 2014.

increased to \$140,616 in 2014 from \$120,000 in 2013⁵. It takes a civil legal aid attorney five years to earn the same salary as an entry-level public defender. The chart above shows the salary ranges for public sector attorneys.

Office of Inspector General

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

For FY 2016, the LSC OIG is requesting an appropriation of \$5.1 million or an increase of \$750,000 more than the FY 2014 appropriated amount of \$4.35 million. This is the first budget request increase from the OIG in seven years (since FY 2009). The request comes at the end of a multi-year operational plan that spent down carryover funds in support of OIG operations while not increasing annual budget requests. For perspective, this requested increase is in line with relative growth in the MGO request over those seven years (15%).

This funding amount is critical to bring about stability in future OIG planning, appropriations, workforce and operations and will enable the OIG to pursue its congressionally mandated dual missions of promoting efficiency and effectiveness in LSC programs and operations and limiting opportunities for fraud, waste and abuse of LSC funds.

The requested funds will enable the OIG to pursue its risk guided work and program priorities while responding timely and effectively to requests from Congress, the LSC Board and LSC management. The OIG will continue to review LSC grantees' operations with an eye toward improving accountability for LSC funds while simultaneously maintaining a focus on internal LSC operations. The OIG will also continuously identify opportunities for LSC to be more effective and efficient in carrying out its statutory mission by providing LSC management with current information relevant to grant competition and administration.

With an appropriation of \$5.1 million the OIG will continue its program to review the adequacy of grant recipients selected internal controls related to specific operations and oversight including program expenditures and fiscal accountability. Also, the OIG will be able to continue its comprehensive program of audit quality control reviews, which is intended to ensure that the work of grantees' independent public accountants meets all relevant auditing standards. The funds will support the OIG's ongoing efforts to combat fraud, waste, and abuse through a wide range of fraud and compliance investigations; outreach and educational initiatives such as fraud awareness briefings, webinars and assessments; and by operating a nationwide hotline for reporting suspected malfeasance. Moreover, the funds will enable the OIG to continue its program of grantee regulatory vulnerability reviews designed to improve grantees' regulatory compliance. The requested funds will allow the OIG to continue upgrading its internal information management systems to improve the sharing of information regarding LSC grantees and the performance of OIG audits and investigations. In addition, based upon its recent identification of critical IT security vulnerabilities at LSC, the requested amount will allow the OIG to expand its information security review to LSC grantees.

⁵ Clark, Patrick. *Debt Is Piling Up Faster for Most Graduate Students-but Not MBAs*. Bloomberg Business Week. Bloomberg, March 25, 2014.

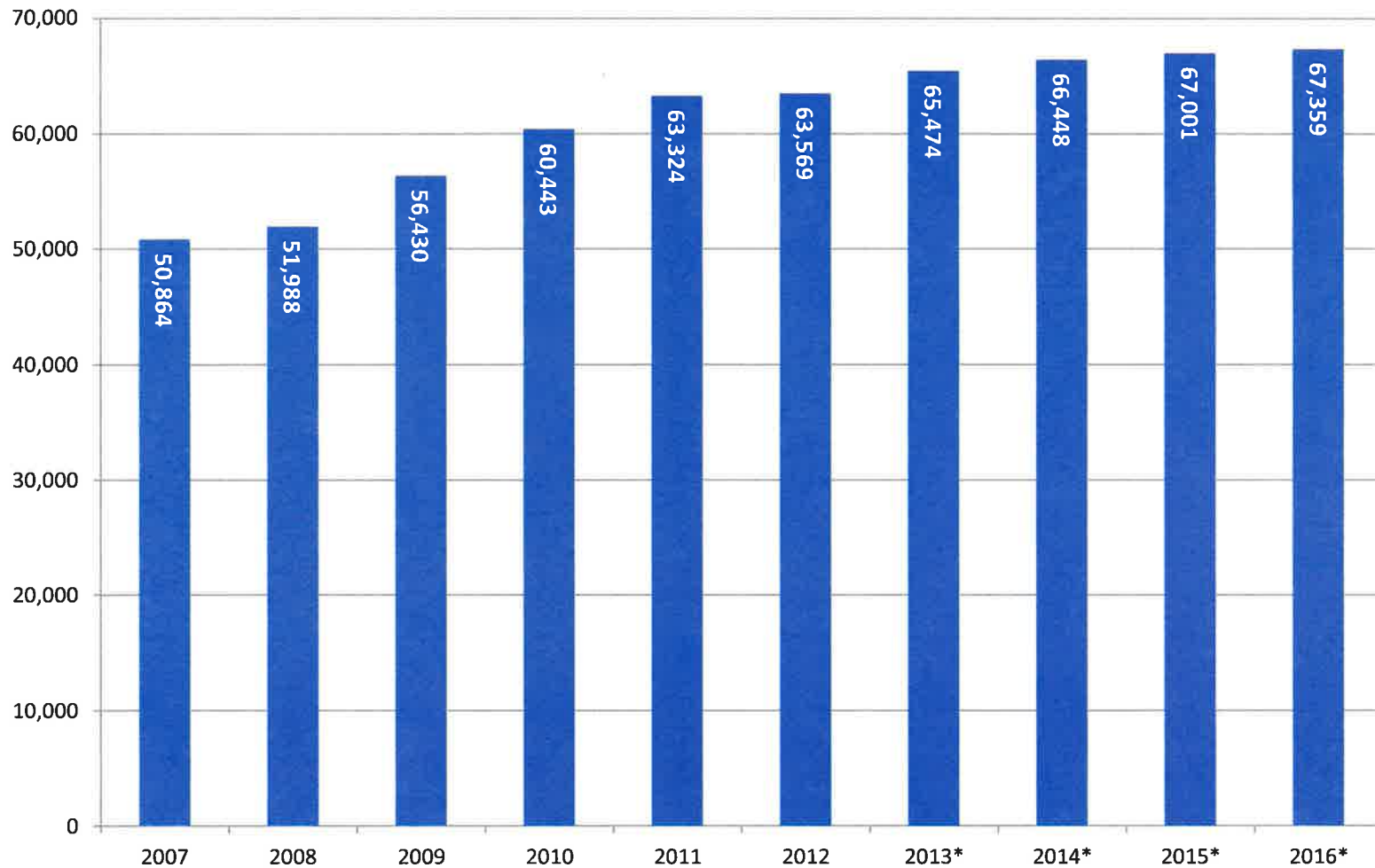
As required by the Inspector General Act of 1978, as amended, I, Jeffrey E. Schanz, Inspector General of the Legal Services Corporation, certify that the request includes \$60,000 to satisfy foreseeable OIG professional training needs for FY 2016. The request also includes \$15,000 for the OIG's projected pro rata contribution in support of the Council of Inspectors General on Integrity and Efficiency.

The OIG requires the requested funds to maintain its staffing level, adequately prioritize its resources to address the most significant and relevant issues and provide timely reporting to LSC and the Congress, with the shared goal of increasing accountability and public confidence in the LSC's expenditure of federal funds.

Appendix 1

Americans Eligible for LSC-Funded Legal Aid

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



*Projections.

U.S. Census Bureau, 2007-2012 American Community Survey 1-Year Estimates, Table S1701: Poverty Status in the Past 12 Months; Emily Monea and Isabel Sawhill, *An Update to "Simulating the Effect of the 'Great Recession' on Poverty,"* Brookings Institution, September 13, 2011, Figure A; U.S. Census Bureau 2012 National Population Projections: Summary Tables, Middle Series.

Appendix 2

**Public Comments Regarding LSC's
FY 2016 Appropriations Request**



MEMORANDUM

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

From: Dennis Groenenboom, Chair, NLADA Civil Policy Group
Steven Eppler-Epstein, Chair, NLADA Resources Committee
Don Saunders, Vice-President for Civil Legal Services

Date: June 2, 2014

Re: NLADA Recommendation for FY 2016 LSC Funding Request

This memorandum is presented to you on behalf of the National Legal Aid & Defender Association (NLADA) Board of Directors and Civil Policy Group in response to your notice seeking input regarding LSC's request to Congress for funding for Fiscal Year 2016. We appreciate your invitation to the public and the civil legal aid field and welcome the opportunity to emphasize the critical need of NLADA's civil members for significant increases in federal support for legal services.

The challenges facing LSC grantees in responding to the legal needs of the millions of people and families living in poverty in this country are overwhelming. The confluence of the lingering effects of the deep recession with the stagnation of the overall financial foundation upon which our legal aid system is built makes it more important than ever that LSC send a strong signal to the Administration and Congress of the need for federal support for civil legal assistance. **As a result, NLADA urges LSC to seek an appropriation of at least \$580 million for FY 2016.** This figure reflects a slight increase over our FY 2015 recommendation of \$560 million, based upon the continuing growth in the eligible client population and cost-of-living increases.

We submit this request to you with recognition that the need for federal support for legal services is much, much greater than this amount. However, we are acutely aware that LSC must present its request for FY 2016 in an intensively competitive environment for very limited discretionary federal funding. Yet, as the leadership of LSC has eloquently pointed out over the last year in support of its current request of \$486 million, justice and fairness are not optional values in our country. As the leading voice articulating the critical need for federal support for civil justice, you must continue to strongly assert that our democracy's promise of equal justice remains a paramount priority of our nation, particularly in light of the enormous challenges facing your grantees.

While LSC has made significant progress in expanding the reach and accessibility of the legal aid system through its work with technology and pro bono innovation, no one can deny that the existing resources available among your grantees to meet the legal needs of 67 million potential clients with potentially devastating problems are woefully short of what is needed.

In this time of economic growth at the top of the income scale, a growing number of Americans are facing a future of increasing concern. One in five Americans ---67 million or 20% of the American population--- are at or below 125 percent of the federal poverty line.

The legal aid world is a stark reflection of this reality. As the number of individuals falling through the economic safety net increases, so too does the need for legal aid. Today there is an inverse relationship between the declining resources available to help vulnerable populations in need of legal assistance and the increasing need for legal services for people living in poverty.

LSC's own statistical analysis indicates the very stark realities - in terms of staff recruitment, morale and capacity - which have resulted from the continuing stagnation of funding available to grantees. Many legal aid offices have closed and thousands of positions have been eliminated. At risk is the very notion of equal access to justice.

Comparing the current level of federal support to the level provided in 1981 under the "minimum access" formula that was used in the formative days of LSC shows just how far congressional support for the civil justice system has diminished over the years. This analysis indicates that federal support relative to need for the basic infrastructure of the legal aid system in this country has fallen precipitously using today's dollars. The relative level of funding has declined by 300% since 1981, while the number of eligible clients has grown nearly 50% since 1981.

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

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

Strong federal support for LSC is particularly important in regions that have historically lacked other resources to support their civil justice systems. That federal support is particularly critical on the Indian reservation, in the Deep South and Rocky Mountain regions, and for politically disfavored populations in need of justice. The quality of the justice system should not be dependent upon where one lives in a country founded on principles of equality and justice under the law.

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

As recent public polling data suggests, the federal investment in LSC and its grantees pays dividends in ensuring that our system of justice is available not just for those of means who can afford access to a lawyer. LSC lawyers on reservations, in the fields and across urban America serve as a visible

embodiment of the principles of justice that form the foundation of our social contract.

Your grantees serve as a critical and unique resource to help poor people and their families escape the shackles of poverty and become self-sufficient members of society. In these extraordinarily difficult fiscal times, the federal investment in legal aid ensures significant positive outcomes for both clients and our society. Access to civil legal assistance empowers low-income people to take control of their lives and vastly increases the health and vitality of the communities in which they live.

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

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

In addressing these, and many other issues, legal aid providers have learned firsthand the stark reality that children are the fastest growing segment of the “new poor”, those who have recently fallen into poverty. The 2013 American Community Survey indicates that **21.8% of children in the United States now live in poverty**. Child poverty rates have increased dramatically at the same time that the poverty rates of the elderly have been dropping.

Legal aid programs address a number of issues that help ensure that every young person has a shot at success later in life. Civil legal services directly impacts young people by:

- **Keeping families in housing/ warding off unfair foreclosures.** A homeless child is very likely to suffer dire consequences – health, education, even ability to sleep well can be affected;
- **Improving housing conditions.** When substandard housing is improved, toxins are eliminated and the health (i.e., intensity and rates of asthma attacks and amounts of medications required are all reduced) of everyone in the household improves dramatically;
- **Getting kids access to appropriate special education when needed.** This intervention dramatically increases the likelihood that a child can graduate from secondary schools and go onto college success, which could make all the difference for their future economic mobility;
- **Helping victims of domestic violence achieve safety.** Providing civil legal services to domestic violence victims has a direct impact on the rate of victimization, lowering the rates of domestic violence greatly;
- **Providing a safe environment.** A child exposed to violence in the home is much more likely to suffer mental and physical health problems, miss days of school and perform poorly in school. These factors place the child at greater risk of falling into or staying in poverty. Domestic violence also raises the health care costs to a family, thereby forcing family resources to be used to pay for these additional health consequences of the violence.

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

Many of your grantees now measure outcomes achieved for the families that they assist. Statistics from legal aid programs throughout the country demonstrate the positive results realized for clients from their access to legal services. These studies suggest that addressing any of these legal issues not only helps keep the individual client from falling further into poverty and despair, but also saves the communities in which these individuals live the high cost of providing shelter, increased social services and acute care that often becomes necessary when legal intervention cannot be secured.

A recent report by Community Services Analysis, LLC (CSACO) illustrated many additional benefits to the community from the work of the LSC grantees in Arizona. Increased property values from reduced numbers of foreclosures, long-term employment of lower-income individuals due to enforcement of employment rights and significant savings on emergency housing are just a few of the many additional benefits shown by the study.

During 2011, the CSACO study found that Arizona Legal Aid Services closed 3,522 legal matters resulting in \$3,167,599 in immediate direct financial community benefits and \$13,350,240 in long-term consequential financial benefits.

The study found that the \$13,191,509 provided to Arizona programs in 2011 created a net value of \$84,328,327 to the communities they serve. This figure represents a social return on investment of **639%**. In other words, for every \$1 of investment in Arizona LSC providers, a value of \$6.39 was realized in these communities.

Many other states have conducted studies of the economic impact of legal aid (collated at: http://www.nlada.org/DMS/Index/000000/000050/document_browse?start=1). The most recent one of these studies in North Carolina found over \$18 million in economic benefits derived from the investment in civil legal aid (<http://www.ncequalaccesstojustice.com/wp-content/uploads/2009/07/NC-EAJC-econ-report.pdf>).

NLADA certainly welcomes, and will support in any way we can, the efforts of LSC and others to develop better data defining the actual need for legal assistance among the nation's poverty population. However, there can be no doubt, based upon existing evidence and the clear experiences of your grantees in the field, that the current demand far exceeds the capacity of our system to respond. A request of \$580 million, while providing much needed assistance to your grantees and the clients they serve, would not begin to address the need for resources in the field.

SPECIFICS BUDGETARY ISSUES

There are several specific issues that NLADA would like to recommend with respect to various lines

within the FY 2016 request.

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

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

- **Dedicated Agricultural Worker Funding.** We are aware that the LSC board is reviewing the allocation of grants to meet the special needs of delivering legal services to agricultural workers. NLADA strongly believes in the vital importance and necessity of continuing these grants and updating the data sources necessary to distribute them more appropriately under current agricultural realities.

Experience of legal aid lawyers in the field has shown that the legal needs of agricultural workers are unique, because they are especially vulnerable to exploitative recruitment for employment, have the lowest wages, are linguistically and culturally isolated and live in the worst housing in the United States. They are often isolated on farms and are subject to a very specialized field of law, requiring significant substantive specialization.

We look forward to working with LSC to update the data underlying the distribution of these specialized funds and strongly support their continuation.

- **Herbert S. Garten Loan Repayment Assistance Program (LRAP).** NLADA remains committed to finding ways to assist legal aid lawyers in meeting the often staggering law school debt they face. We think that the reports to date of the Garten LRAP program indicate that it can play an important role in retaining high quality lawyers in LSC grantee programs. Additionally, you are aware that Congress has chosen to discontinue funding for the Civil Legal Assistance Attorney LRAP program and it appears unlikely that such funding will be forthcoming in the immediate future. The future of the 10-year loan forgiveness component of the College Cost Reduction and Affordability Act program has also come under recent scrutiny.

Therefore, we urge you to seek funding of at least **\$1 million** for loan repayment assistance for FY 2016.

- **Technology Initiative Grants.** NLADA has worked in partnership with LSC and its grantees in helping the civil legal assistance community make great strides in using technological innovation to expand the reach and quality of legal services. The LSC Technology Initiative Grants (TIG) have played a vital role in helping states and local programs to improve their ability to use technology to better serve their clients and to develop a national infrastructure necessary to support state and local efforts. Therefore, we strongly support the continuation of the Technology Initiative Grant program. We recommend that the FY 2016 appropriation request

contain at least **\$3.450 million** for TIG.

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

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

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

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MEMORANDUM

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

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

Date: June 2, 2014

Re: ABA Recommendation for FY 2016 LSC Budget Request

This memorandum sets forth the recommendation of the Standing Committee on Legal Aid and Indigent Defendants (SCLAID), on behalf of the American Bar Association, regarding the Legal Services Corporation's budget request for FY 2016. We appreciate the opportunity to submit this recommendation, and look forward to working with LSC to obtain adequate funding for the important work of the Corporation and its grantees.

As the members of your Committee and the LSC Board of Directors are well aware, resources are wholly inadequate at all levels across the nation to provide "Equal justice under law." Study after credible study has verified these facts. LSC has never been provided with sufficient budget resources to respond to more than a tiny fraction of the legal needs of eligible poor persons. Other resources, including an increasing level of pro bono contributions by private lawyers, state funding for legal aid, Interest on Lawyer Trust Account programs and other devices are insufficient as more than modest supplements. Nothing short of an enormous increase in the federal appropriation for LSC will produce resources to address the shortfall.

At the same time, the LSC Board, and organizations such as the ABA which advocate on behalf of the Corporation, must face budget realities. In a world where the rhetoric about the importance of justice was matched by action, a budget appropriation for LSC approaching five times the current allocation would be enacted. But we recognize that competing federal priorities and limited federal resources counsel a more moderate request. We therefore propose that the LSC Board strive to simply keep abreast of inflation. Last year, after carefully balancing the overwhelming need for civil legal services against the federal government's budgetary realities, LSC sought an appropriation for FY2015 of \$486 million. The US Bureau of Labor Statistics reported on May 15, 2014 that the inflation rate for the prior 12 months was 2.0%. Applying that basis for adjustment of LSC's prior request, we urge that LSC seek an appropriation of no less than \$495.7 million.

Many Indicators Support This Request

Funding for LSC has fallen very far behind inflation

In 2014, we recognize the fortieth anniversary of the creation of the Legal Services Corporation. Yet the program's current level of funding, \$365 million, is just \$65 million more than LSC's appropriation in 1980. If adjusted for inflation, the \$300 million funding provided for LSC in 1980 would be over \$850 million today.

There have been dramatic increases in poverty during the past decade

The Census Bureau has reported significant increases in poverty during the past decade. Today, nearly 30% of the U.S. population is financially eligible for LSC services. Research has demonstrated that approximately 50% of low-income households face legal needs at any point in time. Research has also shown that about half of those households will have more than one legal problem. This increasing poverty is certain to result in an increased demand for legal help as more people fall into poverty and suffer problems with employment, housing and income maintenance. Those legal problems, and the need for services, will persist for some time, and this burgeoning demand will continue to impact the LSC-funded network of provider-programs.

Pro se representation continues to increase, amid cutbacks in court services for self-represented persons

The constraints on resources to support civil legal aid services have led to large numbers of pro se litigants appearing in state and federal courts. National data indicate that in family law matters, between 60 and 90 percent of the cases involve at least one self-represented party. In New York, nearly two million litigants self-represent each year. California has over 150,000 divorce cases per year. At least one party is unrepresented in 70 percent of them. A New Hampshire report indicates that in 70 percent of the domestic relations matters there, at least one party is self-represented. In Oregon, about seven out of ten litigants in family law matters self-represent. According to a Utah study conducted in 2005, both sides in debt collection cases were represented in only three percent of the cases. In addition, 81 percent of respondents in divorce cases in Utah self-represent, and in evictions, 97 percent of respondents self-represented.

This trend toward involuntary self-representation has been compounded by significant decreases in the budgets for state and federal courts, causing in many places temporary closures and suspension of trials or support services for self-represented litigants. These diminished services impact everyone who uses the courts to resolve problems – businesses, veterans, victims of domestic violence, landlords and tenants.

LSC-funded legal aid programs lead or participate in efforts in many communities to provide assistance to self-represented litigants. Further, by providing representation in some matters, LSC ameliorates the burdens that are otherwise placed on courts in attempting to serve unrepresented persons. But, with current resources, LSC-funded legal aid programs are unable to provide needed representation to many who need such help, thus leaving many applicants for service to fend for themselves in court.

Other sources of funding for legal aid provide unreliable supplements to federal funding

Federal funding available through LSC provides the foundation for the nation's civil legal aid delivery system, and LSC funding catalyzes the development of other funding sources. Board and staff leaders of legal aid programs, recognizing the inadequacy of LSC funds to meet the critical legal needs of poor people, work diligently to increase other resources to supplement their LSC funds. While state and local resources will never be able to replace the loss of LSC dollars, state legislators, attorneys, and other private and public funders across the nation recognize the importance of legal aid and have stepped up to at least partially fill the gap. Despite these efforts, forty percent of the states had less funding for legal aid in 2012 (the most recent year for which data is available) than they did in 2011.

With the leadership of the organized bar, IOLTA programs have been established in every state, the District of Columbia and the Virgin Islands, and in many years has been second only to LSC in the amount of revenue generated for legal aid programs. However, falling interest rates and the reduction in legal business and therefore in the principal balances in lawyer trust accounts have caused overall IOLTA grants to legal aid nationwide to plunge by 62% since 2008, when those grants were at their height. The decline in aggregate IOLTA grants to legal aid from 2011 to 2012 was a staggering 19%.

State legislatures in many states have increased funding to help fill the gap created by reductions in LSC funding. Legislatures in 47 states and Puerto Rico either provide funding directly through appropriations or court filing fees or authorize local jurisdictions to do so. However, growth in this area has been difficult in recent years because of the financial crisis faced by almost every state legislature. In spite of the economic difficulties, state legislative funding nationwide increased by 7% in 2012. While that sounds like a significant increase, it merely returns this critical funding source to its 2011 level.

Local legal aid programs also continue to work hard to increase revenue from private sources, and these sources have increased during this difficult economic period. For example, private donations from the legal community increased by 6% from 2011 to 2012 and foundation support increased by 3%. It must be noted, however, that these increases, starting from much lower base amounts and comprising a much smaller portion of revenue in the overall system, cannot begin to compensate for the loss of federal funding.

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

LSC is the only funding source that provides funding to every state and jurisdiction, based on a formula that allows for an equal measure of justice for every state. The poor and disadvantaged in every state are helped equally, and every community benefits from the more just society that is the result of providing equal access to justice.

Supplementary Contributions Made Through Pro Bono by Private Lawyers

LSC funding also provides important infrastructure for donated pro bono services by private lawyers throughout the nation. LSC funding provides the institutional structure for intake and placement of pro bono cases, and the staffed legal aid offices provide pro bono attorneys with access to expert legal advice as they assume responsibility for work in unfamiliar areas of law. Continuation of a vibrant pro bono system depends upon LSC receiving adequate funding.

The ABA continues to work closely with LSC to buttress and expand pro bono efforts by private lawyers, and in particular to foster more pro bono service to poor individuals with routine legal matters. We are heartened by, and support, the creation in FY2014 of a new fund to stimulate innovation and creativity in the use of pro bono as an adjunct to staffed civil legal aid services. All who work within the delivery system, however, recognize that pro bono provides only a supplement that cannot replace the network of LSC-funded staff legal aid offices, and that a robust pro bono system is dependent on the infrastructure provided by LSC-funded programs. For that reason, we urge that additional resources provided for the purpose of stimulating pro bono innovation and services should not come at the expense of reductions to the amounts allocated for basic field services.

Attracting and Retaining Legal Services Lawyers

LSC also provides an important foundation and support for other critical aspects of the delivery system. This includes support for attracting and especially retaining high-quality lawyers to/in legal services careers. The ABA has joined with LSC and many state bar foundations and educational institutions in focusing attention on the impact of educational debt on the ability of young lawyers to enter and remain in public service. Federal funding for loan repayment assistance is no longer available through other government programs for civil legal services lawyers. We therefore urge that LSC continue to request at least \$1 million in funds for its program providing loan repayment assistance for selected lawyers in LSC-funded programs.

Building a Strong Technological Infrastructure

Similarly, we endorse the continuation of the "Technology Initiative Grants" (TIG) program, enabling the civil legal assistance community to move forward with improving and expanding the technological infrastructure for serving clients, reaching into rural communities, etc. We urge the Board to include within its FY2016 budget request an amount that will permit continued development of a strong technological infrastructure within the legal services community.

Conclusion

As the LSC Board prepares its 2016 budget request to the Congress, we urge the Corporation to advocate for an inflationary increase in federal support for legal services for the poor. We believe that a request of \$495.7 million is reasonable for FY2016 in light of the above, and that an appropriation at this level would bring LSC a step closer to fulfilling its role in promoting equal access to justice. The American Bar Association will continue to work closely with LSC to vigorously support increased funding for LSC.

Conference of Chief Justices Conference of State Court Administrators

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May 29, 2014

Mr. David Richardson
Treasurer, Legal Services Corporation
3333 K Street, NW 3rd Floor
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Dear Mr. Richardson:

We write on behalf of the Conference of Chief Justices and the Conference of State Court Administrators in response to a recent notice that the LSC Board will be meeting soon to determine the fiscal year 2016 LSC budget request to Congress.

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

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

As you know, the Conference of Chief Justices in 2013 released a data-rich policy paper entitled, "The Importance of Funding for the Legal Services Corporation from the Perspective of the Conference of Chief Justices and the Conference of State Court Administrators." [Available at [policy paper](#)] Our research makes clear that the large number of unrepresented citizens overwhelming the nation's courts has negative consequences not only for them but also for the effectiveness and efficiency of courts striving to serve these and other segments of the community who need their disputes resolved. More staff time is required to assist

Mr. David Richardson
May 29, 2014
Page 2

unrepresented parties. In the absence of a fair presentation of relevant facts, court procedures are slowed, backlogs of other court cases occur, and judges confront the challenge of maintaining their impartiality while preventing injustice. Clearly frontline judges are telling us that the adversarial foundation of our justice system is all too often losing its effectiveness when citizens are deprived of legal counsel.

In view of these facts on the ground we ask that you support a significant increase in LSC funding to fulfill our nation's promise of "equal justice under law."

I thank you for your anticipated cooperation.

Sincerely yours,



Honorable Michael G. Heavican
President
Conference of Chief Justices



Zygmunt A. Pines
President
Conference of State Court Administrators



WASHINGTON COUNCIL OF LAWYERS

Promoting Public Interest and Pro Bono Service

June 2, 2014

Via electronic mail to david.richardson@lsc.gov.

Mr. David Richardson
Treasurer
Legal Services Corporation
3333 K Street, N.W.
Washington, D.C. 20007

Re: *Washington Council of Lawyers comments for FY 2016 LSC budget process*

Dear Mr. Richardson:

As the Legal Services Corporation prepares its budget request to the Administration and Congress for the 2016 fiscal year, the Washington Council of Lawyers writes to highlight the need for increased funding to match the increasing demands on overburdened and under-resourced civil legal services.

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

In 2012, four years into the recession that began in 2008, WCL devoted substantial effort to a report on legal services delivery in the United States. See www.washingtoncounciloflawyers.org/FINAL%20Washington%20Council%20of%20Lawyers%20Legal%20Services%20Funding%20Report%20-%20Final.pdf. Our review spotlighted a dire reality: funding to vital legal aid programs had plummeted, while the demand for their services had climbed to an all-time high. For example, the report notes that: "Despite a projected rise in the number of Americans living below the poverty line between 2010 and 2013, Congress slashed LSC funding by 17% between 2010 and 2012. These and other cuts had immediate negative effects in the District. By way of example, one LSC recipient—Neighborhood Legal Services—was forced to lay off three attorneys after 2010. Given that one attorney can serve as many as 300 clients, these layoffs left nearly a thousand vulnerable D.C. residents without vital legal aid." The situation is no less severe today, after still more years of sustained above-peak demand and diminished funding from all sources. Particularly alarming

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is that, because overall economic activity has slowed and interest rates have been close to zero for years, IOLTA funding for legal services has all but collapsed. See “IOLTA Programs Find New Funding to Support Legal Services,” March 1, 2013, *available at* www.abajournal.com/magazine/article/iolta_programs_find_new_funding_to_support_legal_services/ (“Nationwide, IOLTA funding dropped from \$371 million in 2007 to \$93.2 million in 2011, according to the ABA Commission on IOLTA.”); Memorandum from LSC President Sandman, July 19, 2013 (LSC FY 2015 budget request memorandum), at 3, *available at* [www.lsc.gov/sites/lsc.gov/files/LSC/pdfs/Management_sRevisedFY2015BudgetRequestRecommendation\(7-19-2013\).pdf](http://www.lsc.gov/sites/lsc.gov/files/LSC/pdfs/Management_sRevisedFY2015BudgetRequestRecommendation(7-19-2013).pdf) (“This stunning drop reflects both dwindling IOLTA fund balances and the continuing miniscule federal funds interest rate.”)

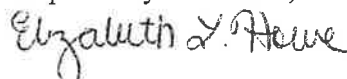
Failure to respond to this crisis with adequate funding increases—even to make up for the severe cuts already suffered, let alone to address the new need—is in effect a policy choice to jeopardize programs that protect low-income families’ access to such basic human needs as safe housing, food, subsistence income, safety, and family stability.

As our 2012 Report stated, we are convinced that the most effective way to ensure that low-income families in this country have equal access to justice in the form of quality civil legal aid is to provide adequate support and funding to LSC. Yet the Administration has requested only bare-bones funding for LSC in each of the past two fiscal years—and Congress has reduced it even further. To reverse this trend, the Administration and Congress must take immediate action to protect legal aid programs and the constituents they serve.

In our judgment, status quo levels of LSC funding are inadequate even to address the needs of easier times. We believe that the FY 2016 LSC budget should be increased from past levels in order to meet the increased demand for legal services, beginning with additional funds for Field Grants—the LSC’s core grant funding mechanism—to enable America’s legal services providers to address the legal needs of an ever larger low-income population. We also support additional increases for Technology Initiative Grants and Pro Bono Initiative Grants, as we believe that funds directed there will encourage creative thinking and the multiplication of available legal services.

As a bar association whose members seek to ensure that our courts provide justice for all Americans, we feel it is imperative to recognize the sorely deficient capacity of LSC grantees to fulfill their critical mission after years of increased demand and decreased funding. We urge that the FY 2016 LSC budget be sufficient to ensure that our nation’s understaffed, overburdened legal services offices are not asked to do more and more with less and less.

Respectfully submitted,



Elizabeth Howe

President

Washington Council of Lawyers

cc: Mr. James Sandman (jsandman@lsc.gov)
Mr. John G. Levi (jlevi@sidley.com)

Appendix 3

Methodology for Estimating Eligible Poverty Population 2012-2016

The poverty projections in the budget recommendation are the result of updated data into a model developed by Dr. Isabel Sawhill, a senior fellow in Economic Studies, at the Brookings Institution. This is the only poverty projection model that has been updated to reflect the particular behavior of populations during the recession. The model uses the unemployment rate and poverty rate to project future poverty rates. The model relies on unemployment and poverty being lagging indicators; it uses prior year data for unemployment and poverty.

The table below breaks down the inputs, factors and outputs of the model to generate the poverty projections in the budget recommendation.

Year	Unemployment Rate	Poverty Rate	125% Poverty	Total Population	125 % Poverty Population	Projected 125% Population Increase	Increase from Population Growth	Increase from 125% Poverty Rate	Increase from combination of growth and rate increase
2012	8.1	15.9%	20.8%	306,086,000	63,569,000				
2013	7.4	16.3%	21.2%	308,442,000	65,474,000	1,905,494	489,473	1,405,190	10,830
2014	6.8	16.5%	21.4%	310,817,000	66,488,000	1,014,081	493,242	506,029	14,810
2015	6.5	16.4%	21.4%	313,211,000	67,001,000	512,604	497,040	634	14,929
2016	6.1	16.4%	21.3%	315,622,000	67,359,000	358,179	500,867	-156,528	13,839

The unemployment rates are from the Congressional Budget Office (CBO) for actual (2012-2013) and projections (2014-2016). The only actual poverty rate in the table is from the U.S. Census Bureau for 2012. The remainder of the rates are projected using the Sawhill model. The total population projections use the census projected growth rate of .77% applied to the same data set used for the 2012 poverty calculations.

For 2013, column 8 shows that 489,473 people are added by population growth. This is the result of the 2012 125% poverty rate (20.8%, column 4) multiplied by the 2013 total population (308,442,926). Similarly, holding the total population constant and

multiplying by the 125% poverty rate adds 1,405,190 people to the estimated eligible population (2013, column 9). The increased rate and increased population are driven by the last year of actual data available.

The model has been a consistent predictor of the eligible population within 3%. The prediction for the 2011 eligible population was over by 2%, while the prediction for 2012 was under by nearly 3%. This is largely due to the uncertainty in the inputs to the model.

Year	Projection	Actual	Difference
2011	64,655,000	63,324,000	2.1%
2012	61,805,000	63,569,000	-2.8%

At the same time, CBO overestimated the unemployment rate by more than 8% when projecting for 2012 and missed by almost a full percentage point when a single month of 2011.

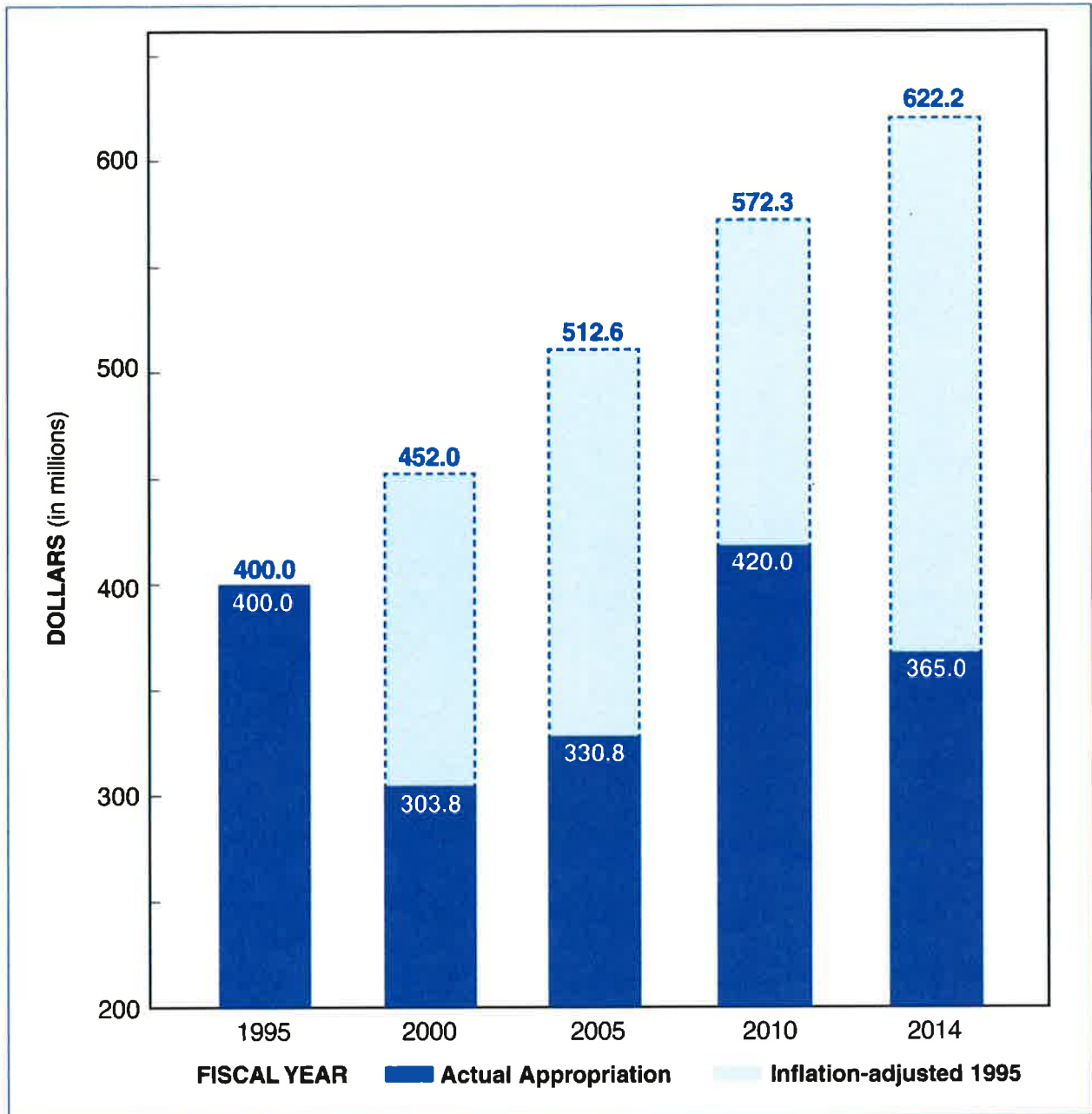
Year	Actual	Projection	Difference
2011	9	8.9	0.8%
2012	8.8	8.1	8.2%

Despite relying on lagging indicators, the Sawhill model is the most representative model of poverty following the recession. The relationship between employment and poverty in the model is direct. There is a reasonable likelihood that this projection will be off by 2-3%, but the model is suggestive of conditions and has proved to be a relatively accurate guide.

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

Appendix 4

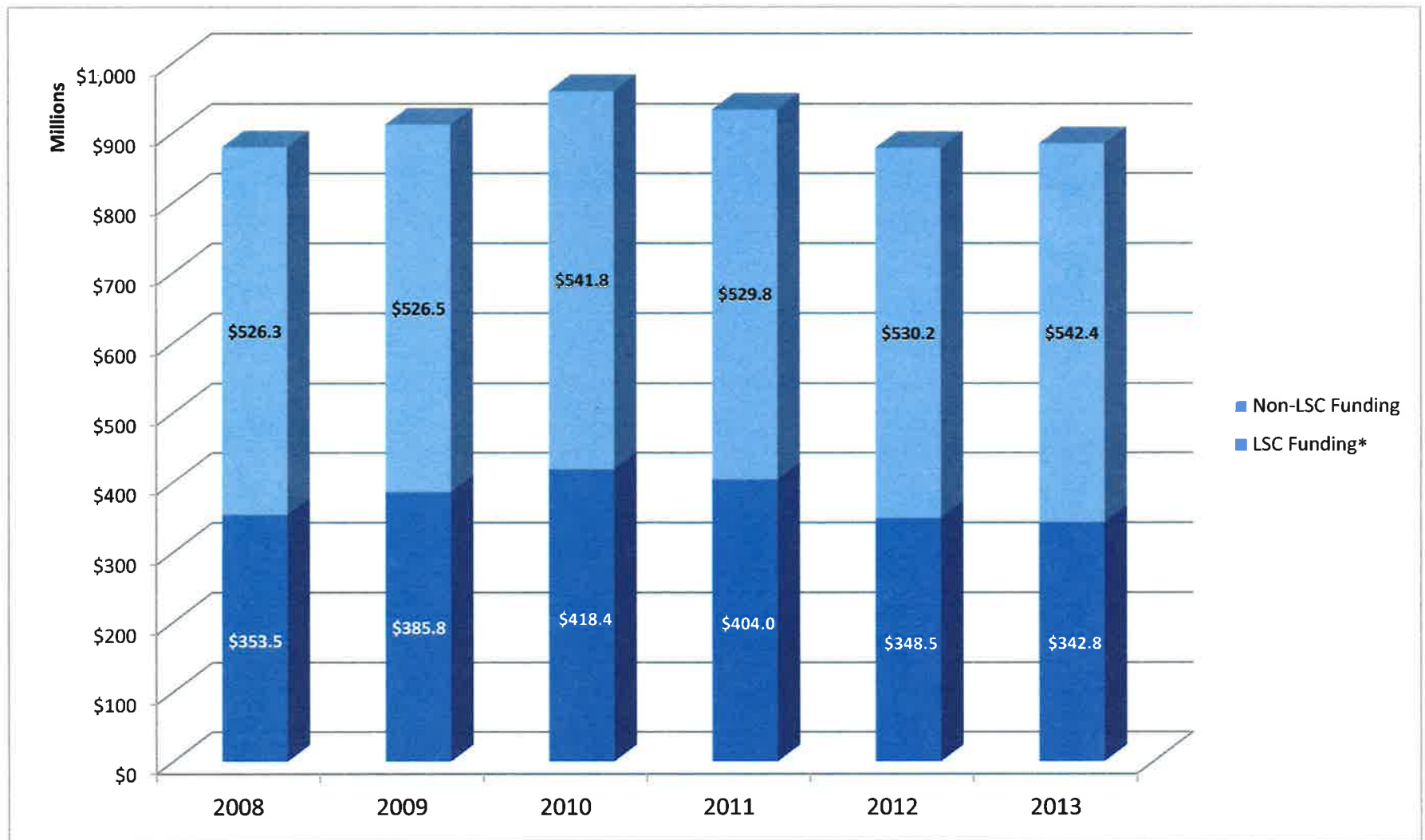
LSC Appropriations Compared to 1995 Appropriation, Adjusted for Inflation



Note: The inflation-adjusted figures in this graph were derived using the Consumer Price Index (CPI) Inflation Calculator on the Bureau of Labor Statistics website (www.bls.gov/data/inflation_calculator.htm) June 10, 2014.

Appendix 5

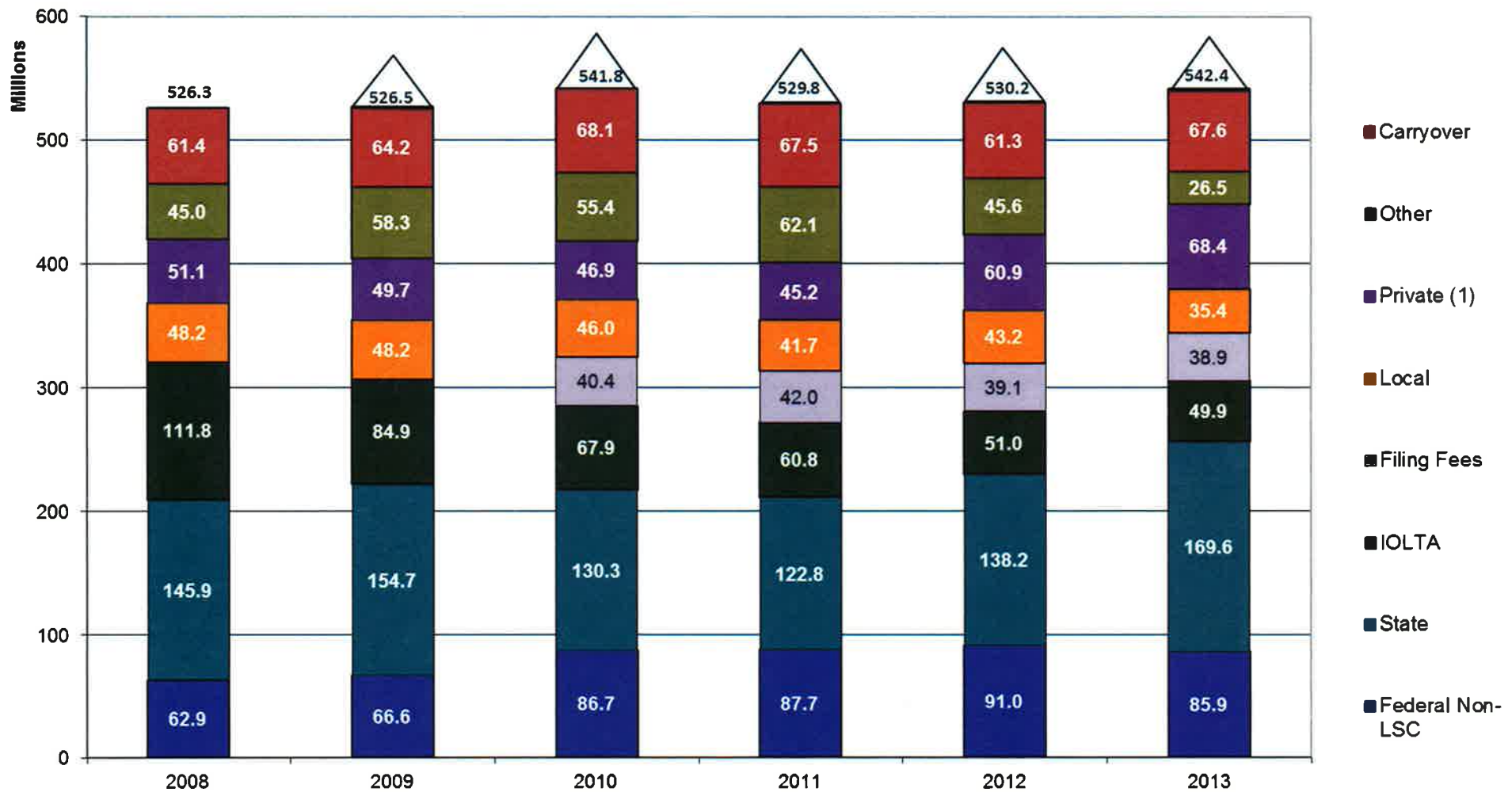
Funding Sources for LSC Grantees, 2008-2013



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

Appendix 6

Sources of Non-LSC Funding, 2008-2013



Appendix 7

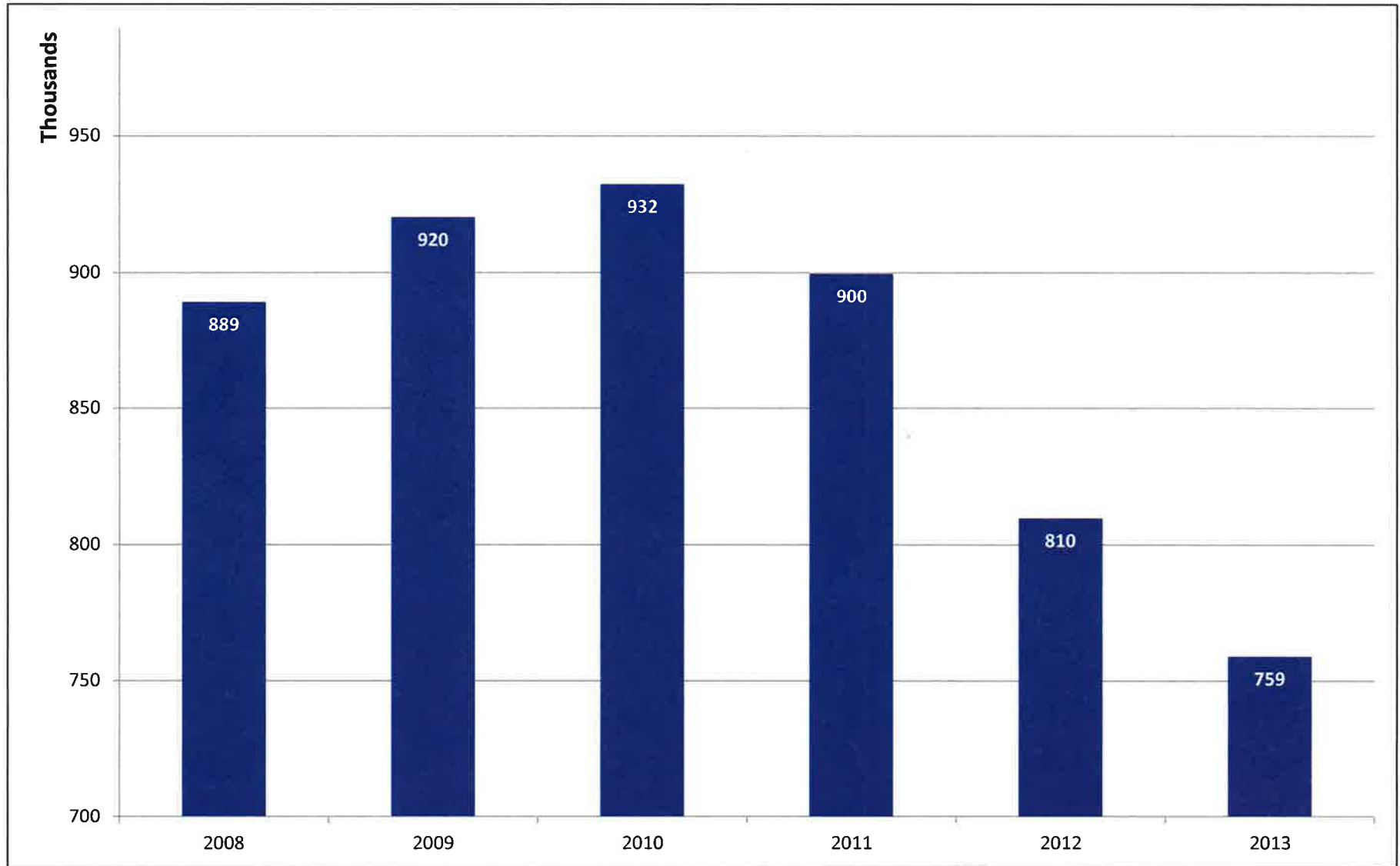
Changes in LSC Funding by State Due to Census Adjustments				
State	Poverty Population	Increase/Decrease in Poverty Population since 2000 Census	Percent Change in Poverty Population since 2000 Census	Percent Change in LSC Funding Based on Full Census Adjustment
Alabama	859,895	161,798	23.2%	-7.0%
Alaska	94,485	14,080	17.5%	-11.3%
Arizona	1,104,800	381,935	52.8%	19.4%
Arkansas	538,030	126,253	30.7%	-1.4%
California	5,676,185	970,055	20.6%	-9.0%
Colorado	651,640	262,688	67.5%	26.5%
Connecticut	350,440	90,926	35.0%	1.9%
Delaware	102,355	32,454	46.4%	10.5%
DC	108,035	-1,465	-1.3%	-25.5%
Florida	2,969,990	1,017,361	52.1%	14.8%
Georgia	1,686,035	652,242	63.1%	23.1%
Hawaii	173,791	23,352	15.5%	-12.8%
Idaho	235,880	87,148	58.6%	19.7%
Illinois	1,749,315	457,357	35.4%	2.2%
Indiana	955,420	395,936	70.8%	28.9%
Iowa	364,270	106,262	41.2%	6.6%
Kansas	375,695	117,866	45.7%	10.0%
Kentucky	790,525	169,429	27.3%	-3.9%
Louisiana	824,905	-26,208	-3.1%	-26.8%
Maine	168,370	32,869	24.3%	-6.0%
Maryland	546,485	107,809	24.6%	-6.0%
Massachusetts	709,305	135,884	23.7%	-6.7%
Michigan	1,613,400	591,795	57.9%	19.2%
Minnesota	601,200	220,724	58.0%	19.3%
Mississippi	638,370	90,291	16.5%	-12.1%
Missouri	881,480	243,589	38.2%	4.3%
Montana	144,320	15,965	12.4%	-15.1%
Nebraska	224,415	63,146	39.2%	5.0%
Nevada	385,120	179,435	87.2%	41.3%
New Hampshire	107,800	29,270	37.3%	3.7%
New Jersey	858,985	159,317	22.8%	-7.3%
New Mexico	407,405	102,668	33.7%	-6.5%
New York	2,845,020	152,818	5.7%	-20.2%
North Carolina	1,596,885	638,218	66.6%	25.7%
North Dakota	80,690	7,233	9.8%	-17.1%
Ohio	1,777,415	606,717	51.8%	14.6%
Oklahoma	612,305	121,070	24.6%	-5.9%
Oregon	594,815	206,075	53.0%	15.5%
Pennsylvania	1,621,220	317,103	24.3%	-6.2%
Rhode Island	136,370	15,822	13.1%	-14.6%
South Carolina	816,485	268,616	49.0%	12.5%
South Dakota	110,440	14,540	15.2%	-13.1%
Tennessee	1,097,575	350,786	47.0%	10.9%
Texas	4,379,170	1,261,561	40.5%	6.0%
Utah	345,730	139,402	67.6%	26.5%
Vermont	70,870	15,364	27.7%	-3.7%
Virginia	861,950	205,309	31.3%	-0.9%
Washington	876,845	264,475	43.2%	8.1%
West Virginia	322,675	6,881	2.2%	-22.9%
Wisconsin	716,245	264,707	58.6%	19.7%
Wyoming	59,685	4,908	9.0%	-17.8%
TERRITORIES				
American Samoa	31,809	-2,936	-8.5%	-30.9%
Guam	35,848	1,056	3.0%	-22.2%
Micronesia	179,779	1,462	0.8%	-23.9%
Puerto Rico	1,666,600	-152,087	-8.4%	-30.8%
Virgin Islands	23,623	-11,308	-32.4%	-49.0%

Notes:

(1) **Poverty population data.** "Poverty Population" from U.S. Census Bureau, 2011 American Community Survey 3-Year Estimates, data provided LSC pursuant to PL Sample Data (with statutorily required adjustments for AK and HI); data for territories other than Puerto Rico from U.S. Census Bureau, 2010 Census, DP-3-Geography [for each territory], Profile of Selected Economic Characteristics: 2010. Poverty population data for Micronesia based on U.S. Census Bureau, 2010 Census, DP-3-Geography for Commonwealth of the Northern Marianas, Profile of Selected Economic Characteristics: 2010, and data from the governments of the Federated States of Micronesia, the Republic of Palau, and the Republic of the Marshall Islands. "Percentage Change in Poverty Population Since 2000 Census" calculated using 2011 ACS Data and 2000 Census data from the LSC Office of Information Management.

(2) **Percentage change in LSC Funding** based on difference between FY2013 appropriation level with no census adjustment and the FY2013 appropriation level with full census adjustment. Excludes Native American funding, because these funds are not allocated based on the distribution of the poverty population.

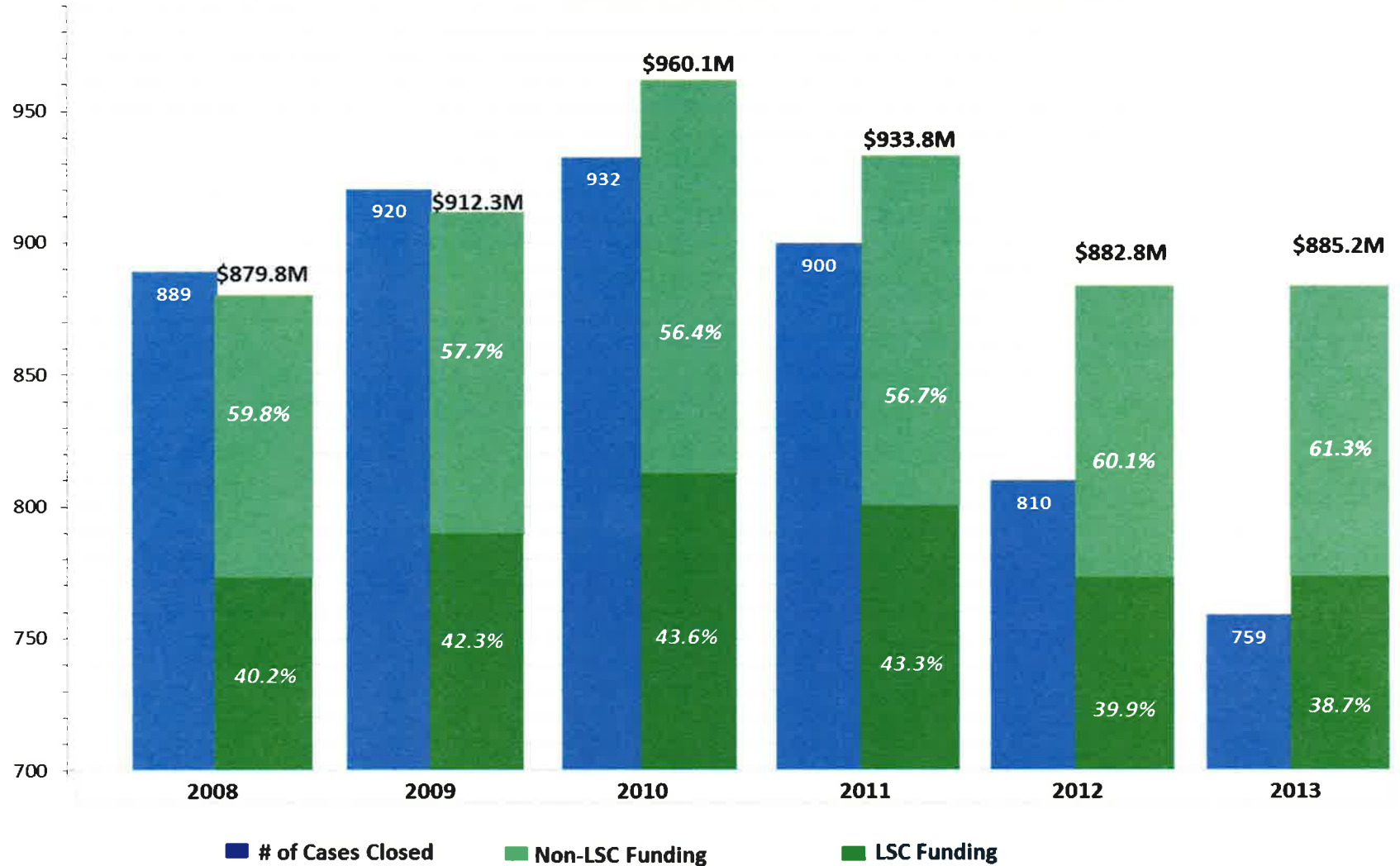
Appendix 8
Cases Closed, 2008-2013
(in thousands)



Appendix 9

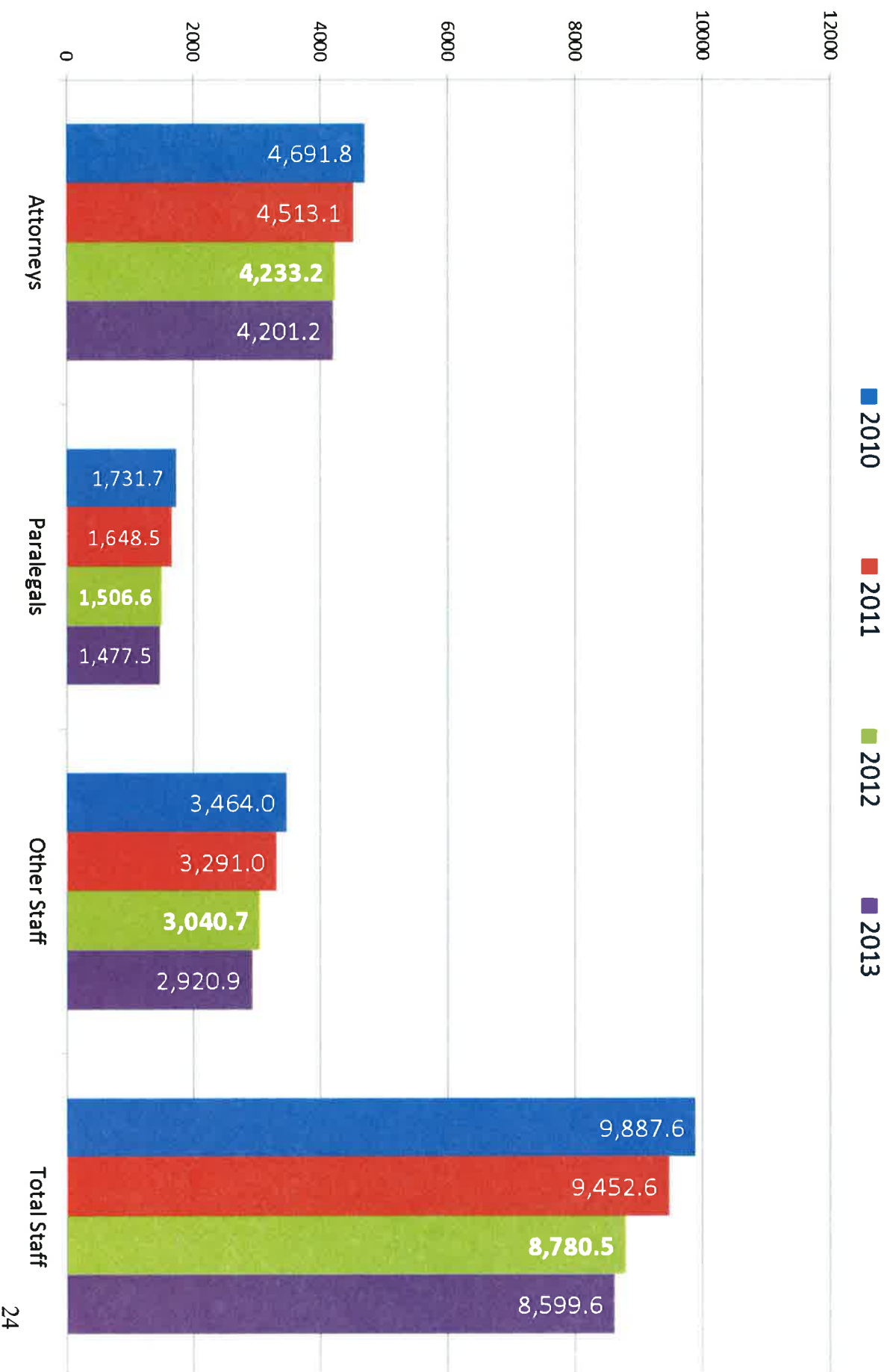
Cases Closed Compared to Grantee Funding 2008-2013

(Cases Closed In Thousands, Funding in Millions)



Appendix 10

Grantee Staffing in Full-Time Equivalents (as of 12/31)



Appendix 11

Basic Field Funding vs. Number of Attorneys (FTEs)

