




## MEMORANDUM

**TO:** The Finance Committee  
**FROM:** James J. Sandman   
**DATE:** August 16, 2012  
**SUBJECT:** Additional Information for LSC's FY 2014 Budget Request

---

This memorandum provides information in response to the discussion at the Committee's July 27<sup>th</sup> meeting.

We have attempted to estimate the level of funding necessary in FY 2014 to provide the same level service that LSC grantees provided in 2007. That was the last year before the recession began and before the size of the population eligible for LSC-funded services began to increase dramatically.

In 2007, grantees had a total of 4,300 full-time equivalent (FTE) attorneys on staff to serve an eligible population of 50.9 million people. We estimate that the eligible population will increase to 67.1 million people (+32%) by 2014. Serving that population in 2014 with the 2007 ratio of attorneys to eligible people would require approximately 5,670 lawyers.

Based on LSC's latest survey, we estimate that grantees will have only 4,025 FTE attorneys at the end of 2012. Assuming no further changes in 2013, grantees would need to add 1,645 attorneys to achieve the 2007 attorney/eligible population ratio.

The average cost of salary and benefits for a staff attorney at an LSC-funded program in 2011, the most recent year for which we have information, was \$73,000 (\$56,000 + 30% for benefits). At that total compensation rate, grantees would need approximately \$120 million to pay for the additional 1,645 attorneys. Currently, basic field funding is \$322.4 million. The cost of the attorneys needed to return to the 2007 attorney/eligible population ratio would require basic field funding in FY 2014 to be \$443.4 million, assuming no increase in salary or benefit costs. When the other LSC budget categories (TIG, LRAP, MGO and OIG) are added, LSC's overall budget request would total \$472.1 million.

This analysis, however, does not include the cost of additional staff to support the additional attorneys. Over the past five years, the compensation expense (salary plus benefits) for support staff at grantees have averaged 72 percent of attorney compensation costs. Maintaining the same ratio of support staff to attorneys would cost an additional \$87 million, for a total budget request of \$560 million.

## Limitations on These Projections

These numbers are only estimates, and they need to be qualified. Although the number of program staff attorneys generally increases when funding increases, the correlation is not exact and varies from year to year. Programs decide independently how to spend additional funds. Historical data show that programs do not spend the entirety of increases in basic field funding to hire new attorneys and staff. Because of traditionally low salaries and high attrition rates among legal aid lawyers, programs sometimes use additional funding to increase salaries and benefits. They may also choose to upgrade technology, acquire additional office space, etc.

Legal aid attorneys continue to be the lowest paid group in the legal profession, earning less than public defenders and local prosecutors. The most recent analysis of salaries by the National Association for Law Placement (NALP), published in 2010, showed that the median salary for public defenders with 11-15 years of experience was \$76,000, and the median salary for local prosecuting attorneys with the same level of experience was \$81,500. LSC-funded staff attorneys with 10-14 years of experience (the closest experience level for which we have data) earned an average salary of \$60,000 in 2010.

## Updated Results of Grantee Survey

We have now completed our analysis of the grantee survey data. We received responses from 133 of 134 grantees. The attached document updates the responses and replaces Appendix 7 attached to my July 13<sup>th</sup> memorandum to the Finance Committee.

Highlights from the finalized data include:

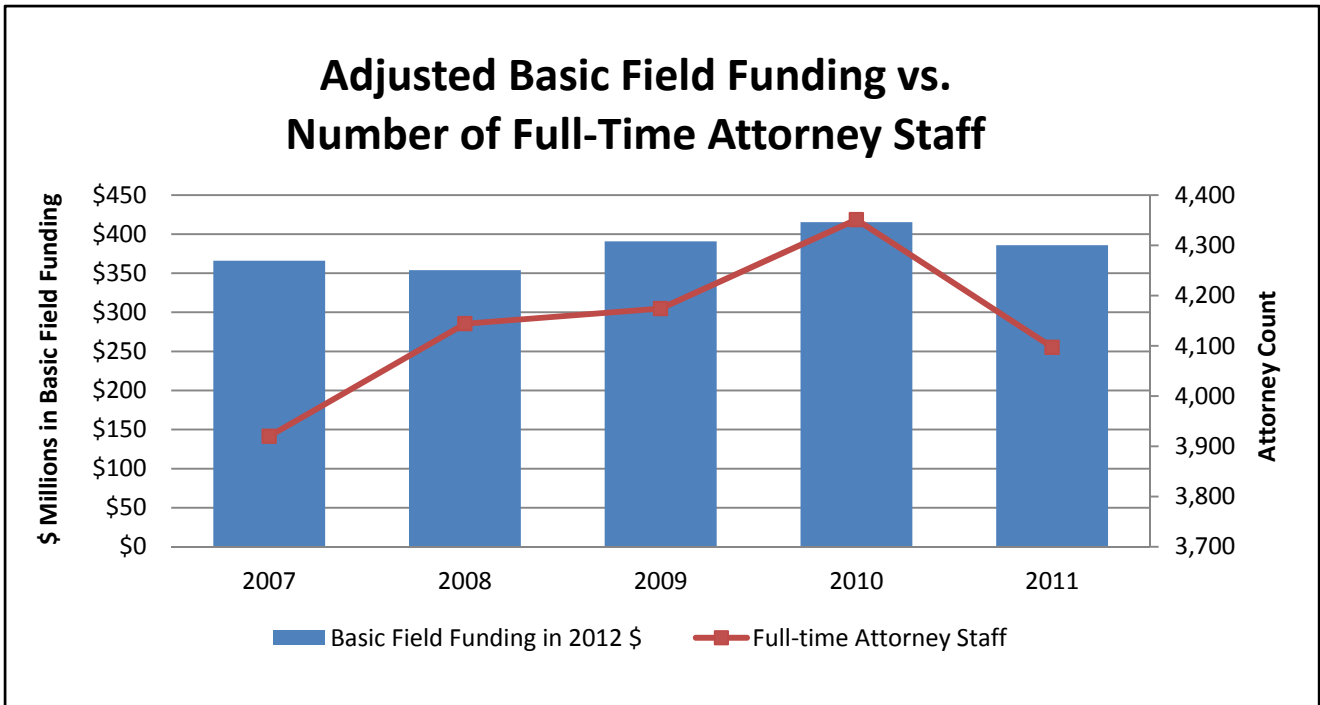
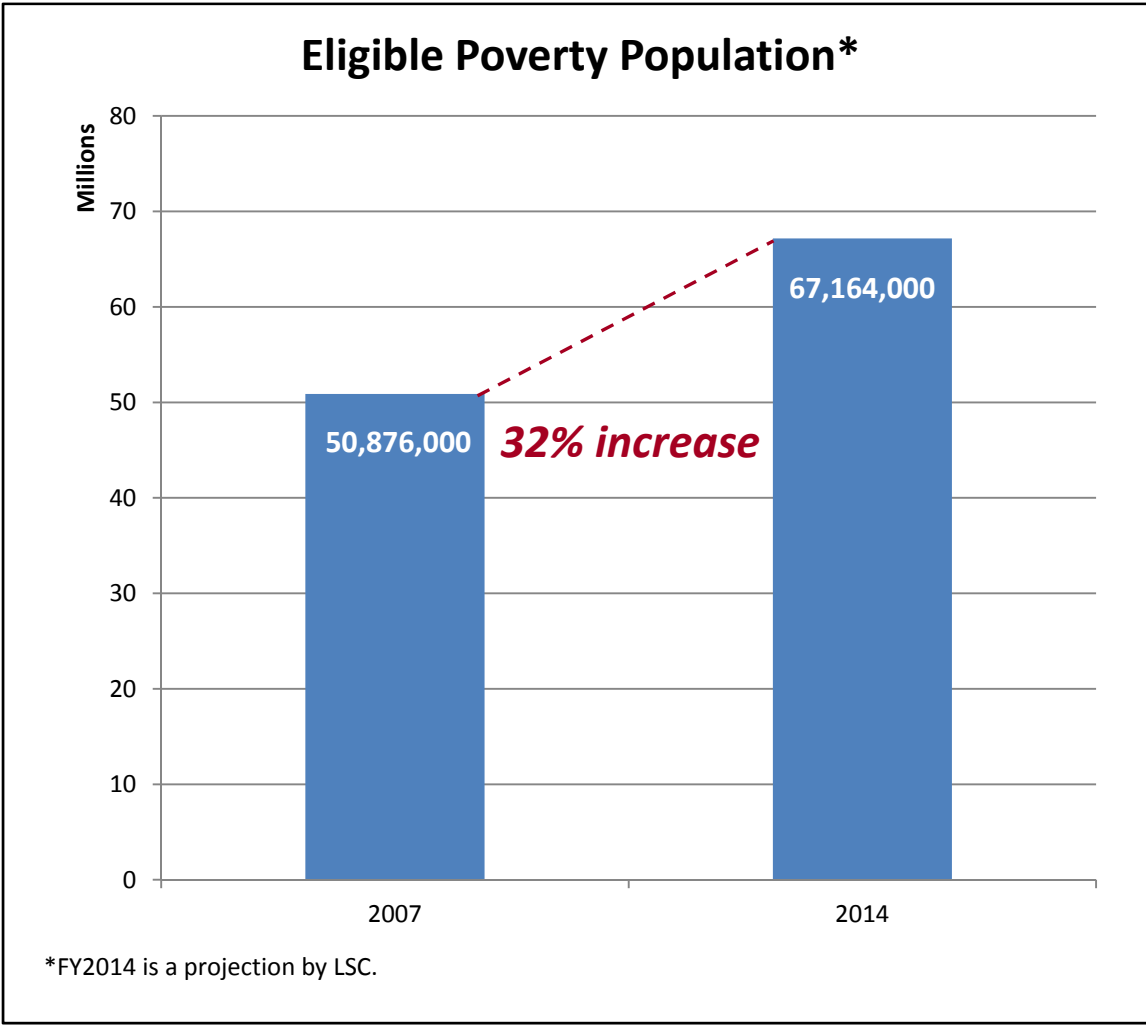
- Respondents expect to have a net reduction of 724 total FTE staff in 2012, including 335 attorneys—an 8 percent reduction from 2011.
- 90 percent of the respondents expect to serve fewer clients and accept fewer cases in 2012.
- 87 percent of respondents anticipate decreases in total (LSC and non-LSC) funding in 2012.
- 82 percent of grantees with reserves expect to use the reserves to support program operations in 2012.

## Additional Data

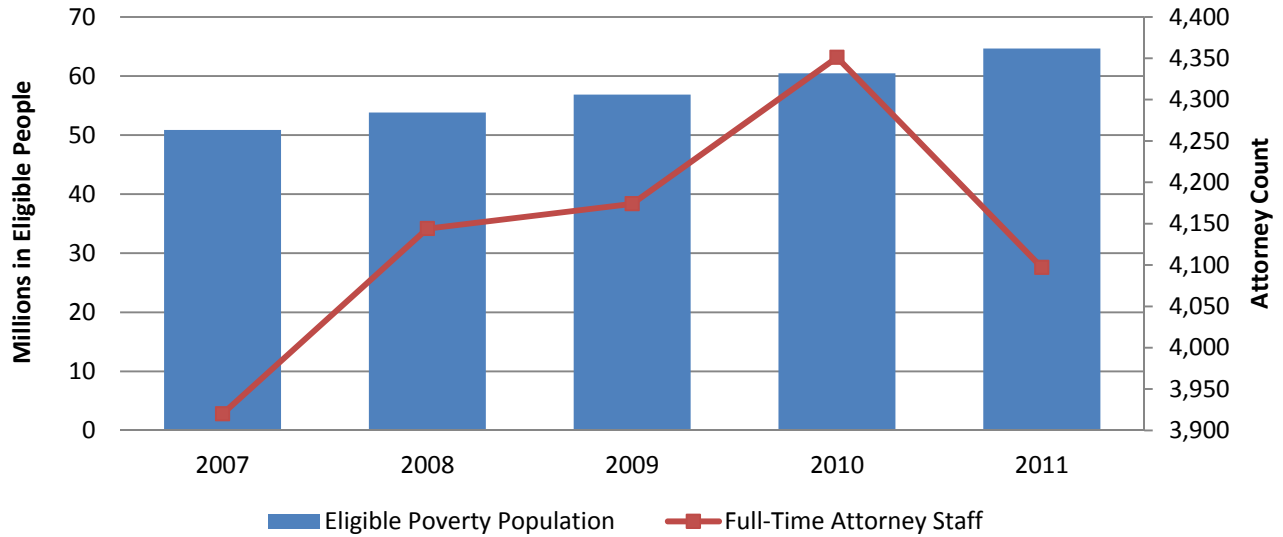
In response to the discussion at the committee meeting on July 27 regarding how LSC's budget requests and actual appropriations compare to budget requests and appropriations for entities such as the FBI and the Smithsonian Institution, I am attaching several charts that illustrate the annual funding requests and appropriations for all three entities over the past 20 years.

Prior Memoranda to the Committee

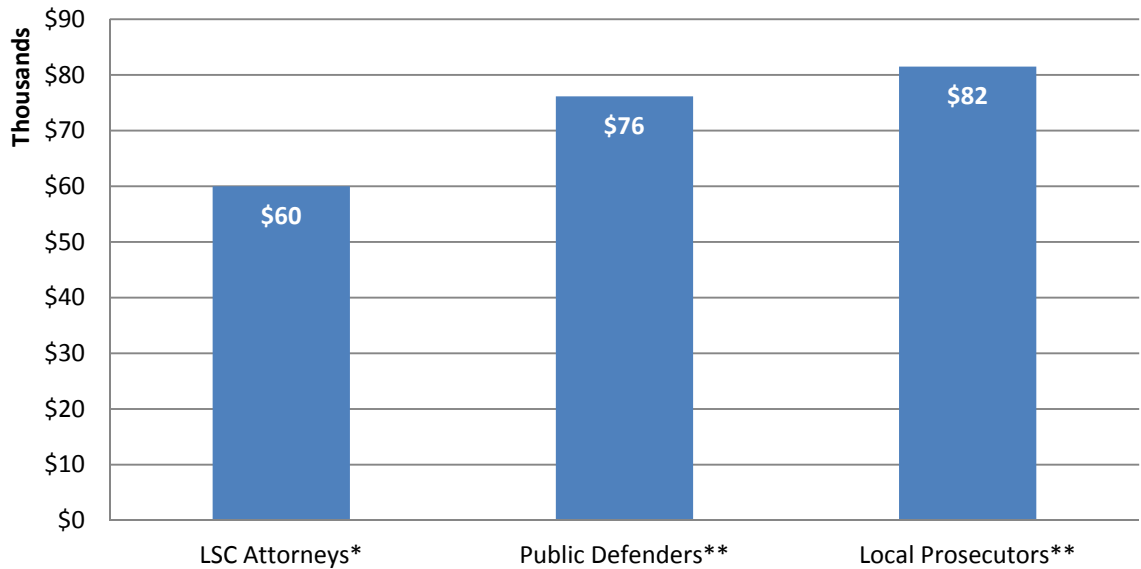
LSC Management has provided the Finance Committee with two prior memoranda (July 13<sup>th</sup> and July 24<sup>th</sup>) to assist members with deliberations on the Fiscal Year 2014 budget recommendation. For the committee's convenience, I am attaching my prior memoranda, with supporting materials.



## Eligible Poverty Population vs. Number of Full-Time Attorney Staff



## Average Salaries of Staff Attorneys in 2010



\*LSC-funded staff attorneys with 10-14 years of experience.

\*\*Based on National Association for Law Placement's (NALP) 2010 Public Sector and Public Interest Attorney Salary Report for attorneys with 11-15 years of experience.

**SUMMARY OF RESULTS OF LSC SURVEY GRANTEES RE  
IMPACT OF 2012 BUDGET CUTS ON LSC GRANTEES' FINANCES AND SERVICES**

Below is data from the survey LSC conducted of field grantees from late June to early July of 2012. Responses were received from 133 of 134 grantees regarding the projected impacts of 2012 budget cuts on grantees' funding, staffing, staff compensation, office closures and client services.

**1. IMPACT OF 2012 BUDGET CUTS ON GRANTEES' FINANCES AND SERVICES**

The following two tables show the number and percent of programs that have seen their non-LSC and Total funding amounts increase, decrease, or remain unchanged from 2011 to 2012.

**Change in Non-LSC Funding, 2011 to 2012**

	<b># of Programs</b>	<b>%</b>
Decrease in non-LSC funding	85	64%
Increase in non-LSC funding	34	26%
No change	14	10%

**Change in Total Funding, 2011 to 2012**

	<b># of Programs</b>	<b>%</b>
Decrease in total funding	116	87%
Increase in total funding	12	9%
No change	5	4%

The next two tables show the number and percent of programs who expect to have a 2012 budget deficit and the number and percent of programs that will use reserve funds to finance 2012 operations.

**Projected Budget Deficit for 2012**

	<b># of Programs</b>	<b>%</b>
Yes	75	56%
No	58	44%

**Use of Reserves  
(of the 118 programs that have a reserve)**

	<b># of Programs</b>	<b>%</b>
Will use reserve	97	82%
Will not use reserve	21	15%

## 2. STAFF REDUCTIONS<sup>1</sup>

### Programs Projecting 2012 Staffing Reductions Because of 2012 Funding Cuts and Net Change in Staffing (120 programs responding)

	% of Respondents with Reductions	Projected Reduction (2011-2012)	Net Change (2011-2012)
Total FTEs	84%	(748)	(724)
Total Attorney FTEs	83%	(350)	(335)
Total Paralegal FTEs	58%	(179)	(162)

### LSC Grantees' Projected Staffing Changes from 2010 to 2012 Number and Percent Change in Total, Attorney and Paralegal FTEs

Staff Category	2010 Levels	2010-2011 Change		2011-2012 Change		2010-2012 Change	
		#	%	#	%	#	%
<b>Total</b>	9846	(661)	(6.7%)	(724)	(7.9%)	(1,385)	(14.1%)
<b>Attorneys</b>	4601	(241)	(5.2%)	(335)	(7.7%)	(576)	(12.5%)
<b>Paralegals</b>	1727	(141)	(8.2%)	(162)	(10.2%)	(303)	(17.5%)

**Note:** 2012 staffing data does not include responses from 14 grantees; 2010 and 2011 data are from LSC Grantee Activity Reports.

## 3. STAFF COMPENSATION REDUCTIONS<sup>2</sup>

Sixty-four (64) programs, 54% of all grantees, expect to reduce staff compensation in 2012 because of 2012 budget cuts. The following table shows the types of cuts that programs plan to implement.

### Types of 2012 Staff Compensation Cuts Grantees Are Implementing Because of 2012 Budget Cuts

Type of Cut in Staff Compensation	# of Programs	% of Programs Reducing Compensation
Postpone/cancel scheduled salary increases	45	70.3%
Salary reductions	17	26.6%
Furloughs	20	31.3%
Convert full-staff to part-time staff	23	35.9%
Increasing staffers' costs (e.g. increased premiums or co-pays) or reducing health insurance coverage	38	59.4%
Cuts in program contributions to employee pensions	32	50.0%

<sup>1</sup> Based on data from 116 respondents reporting their programs' total funding had decreased from 2011 to 2012.

<sup>2</sup> Based on data from 116 respondents reporting their programs' total funding had decreased from 2011 to 2012.

**4. OFFICE CLOSINGS**

**Programs Closing Offices in 2012 Because of 2012 Budget Cuts**

<b># of Programs Expecting to Close Offices</b>	<b>% of Grantees</b>	<b>Total # of Projected Office Closings</b>
22	16.4%	29

**5. IMPACT ON CLIENT SERVICES**

Of the 116 programs reporting that their total funding would decrease from 2011 to 2012, 96 programs (80%) indicated they would make significant changes in their program’s services in 2012 because of these cuts. The following table identifies the type of changes these 96 programs anticipate implementing in 2012.

**Changes in Client Services Programs Are Implementing in Response to 2011 Budget Cuts**

<b>Type of Change in Client Services</b>	<b># of Programs</b>	<b>% of Programs Making Changes</b>
Serve fewer clients	87	91%
Reduce hours of intake	40	42%
Accept fewer cases	87	91%
Restrict types of cases accepted	70	73%
Eliminate particular substantive law practice units	16	17%
Substitute pro se for program representation	46	48%
Substitute pro bono assistance for program representation	39	41%

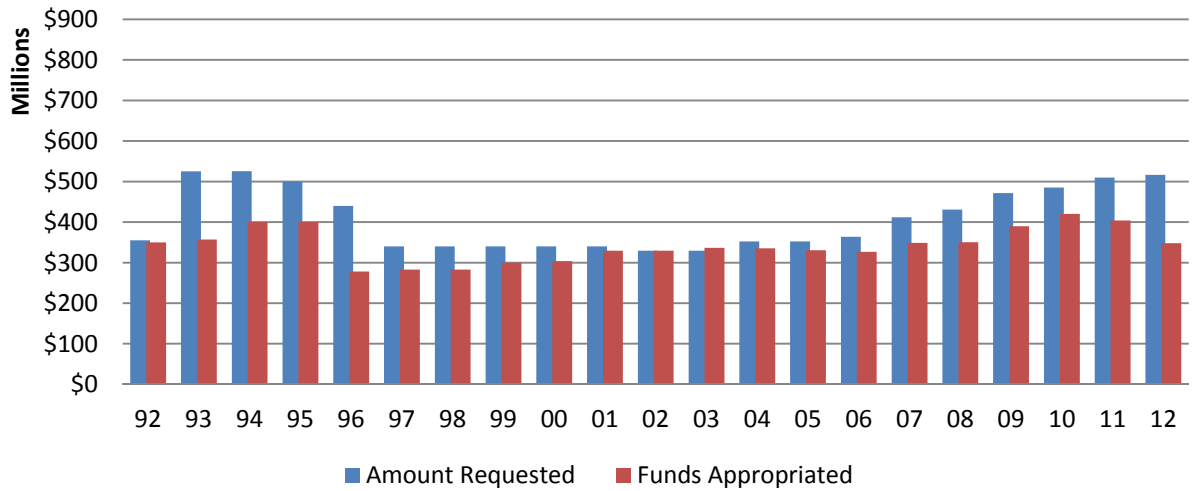
**6. REDUCTION IN SERVICES TO DOMESTIC VIOLENCE VICTIMS, VETERANS AND ON FORECLOSURE SERVICES**

The following table shows the number and percent of LSC grantees that expect to reduce services they provide in 2012 to victims of domestic violence, veterans, and on foreclosure-related issues because of 2012 budget cuts.

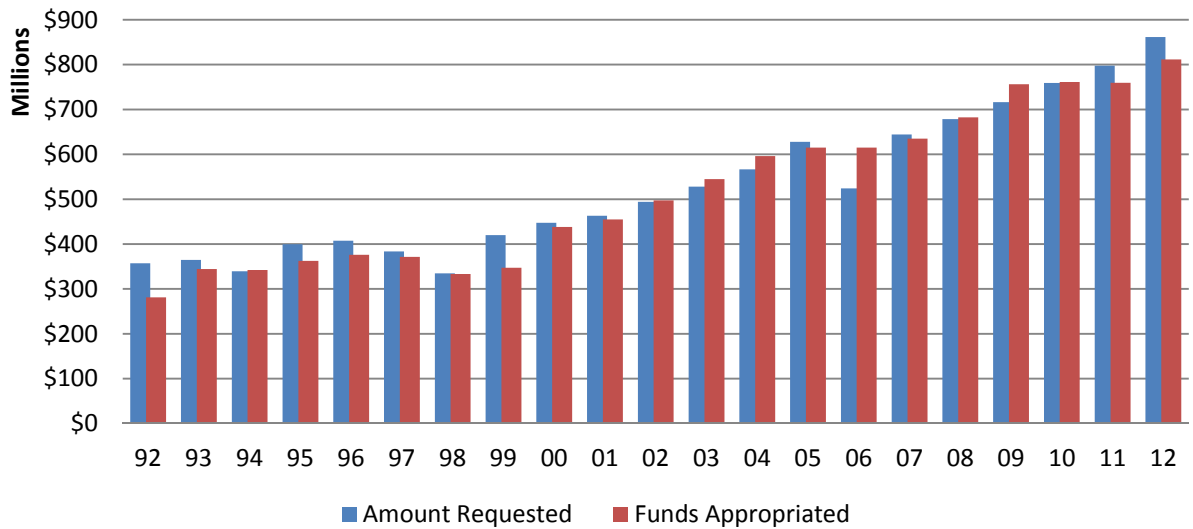
<b>Legal Area with Service Reductions</b>	<b># of Programs</b>	<b>% of Programs</b>
Domestic Violence	38	29%
Veterans	12	9%
Foreclosure	39	29%



### LSC Budget (Amount Requested Compared to Funds Appropriated)



### Smithsonian Budget (Amount Requested Compared to Funds Appropriated)



## FBI Budget (Amount Requested Compared to Funds Appropriated)

