LEGAL SERVICES CORPORATION

Board of Directors Meeting

January 28 – 30, 2016

Location:

The Mills House Wyndham Grand Hotel
115 Meeting Street
Charleston, South Carolina 29401

America's Partner for Equal Justice

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This table does not reflect all *agenda items*. Instead, it lists all *documents* contained in this book.
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Schedule

LEGAL SERVICES CORPORATION BOARD OF DIRECTORS
JANUARY 28 - 30, 2016

MEETING SCHEDULE

Meeting Location:
The Mills House Wyndham Grand Hotel
115 Meeting Street
Charleston, South Carolina 29401
Tel: (843) 577-2400

THURSDAY, JANUARY 28, 2016			
Start	**End**	**Meeting/Event**	**Location**
1:00pm	**2:30pm**	**Operations & Regulations Committee**	**Mills House** **Heyward/Lynch Room**
2:30pm	**3:45pm**	**Delivery of Legal Services Committee** **Panel: Best Practices for Effective Intake** *Joan Kleinberg* Manager of CLEAR (Coordinated Legal Education, Advice and Referral), Northwest Justice Project *Frank Tenuta* Managing Attorney, Iowa Legal Aid *Beverly Allen* Managing Attorney, Land of Lincoln Legal Assistance Foundation, Inc. *Adrienne Worthy* Executive Director, Legal Aid of West Virginia, Inc. **Moderator**: *Ronké Hughes,* Program Counsel, Legal Services Corporation	**Mills House** **Heyward/Lynch Room**

3:45pm	**4:45pm**	**South Carolina Grantee Presentation:** **South Carolina Legal Services** *Andrea Loney* Executive Director *Leslie Fisk* Family Unit Head/Staff Attorney *Susan Ingles* Consumer Unit Head/Senior Attorney *Adam Protheroe* Housing Unit Head/Staff Attorney	**Mills House** **Heyward/Lynch Room**
5:00pm	**6:30pm**	**Pro Bono Awards Reception** **Welcoming Remarks** *John G. Levi* Board Chair, Legal Services Corporation **Remarks** *George Cauthen* Partner, Nelson Mullins *Alice F. Paylor* Past President, South Carolina Bar *Marie-Louise Ramsdale* President, South Carolina Bar Foundation **Awardees** *Michael Charles Abbott* *Eddye L Lane* *Nelson Mullins Riley & Scarborough* *James H. Price* *South Carolina Bankruptcy Law Association* *The Honorable John E. Waites*	**Nelson Mullins Riley &** **Scarborough LLP** **151 Meeting Street**

LEGAL SERVICES CORPORATION BOARD OF DIRECTORS
JANUARY 28 - 30, 2016

MEETING SCHEDULE

Meeting Location:
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FRIDAY, JANUARY 29, 2016			
Start	**End**	**Meeting/Event**	**Location**
9:00am	**12:00pm**	**Welcoming Remarks** *John G. Levi* Board Chair, Legal Services Corporation **Remarks** *Judge Richard M. Gergel* U.S. District Court for the District of South Carolina *Dean Robert M. Wilcox* University of South Carolina School of Law *Matthew T. Richardson* Chair, South Carolina Access to Justice Commission **Panel: The Importance of Access to Justice to the Judiciary** *Chief Justice Maureen O'Connor* Supreme Court of Ohio *Justice Donald W. Beatty* South Carolina Supreme Court *Justice Cheri Beasley* Supreme Court of North Carolina *Judge Stephen R. McCullough* Court of Appeals of Virginia *Judge Jill Pryor* U.S. Court of Appeals for the 11th Circuit **Moderator**: *Dean Martha Minow*, Harvard Law School & LSC Board Vice Chair **Panel: Leading and Managing a Cohesive Statewide Legal Aid Program** *Phyllis Holmen* Executive Director, Georgia Legal Services Program	**U.S. District Court** **District of South Carolina** **J. Waties Waring Judicial Center** **Honorable Sol Blatt, Jr. Courtroom** **Courtroom 3, 2nd Floor** **83 Meeting Street**

		Andrea Loney Executive Director, South Carolina Legal Services, Inc. *Janice Morgan* Executive Director, Legal Aid Services of Oregon *Adrienne Worthy* Executive Director, Legal Aid of West Virginia, Inc. **Moderator**: *Jim Sandman*, President, Legal Services Corporation	
12:30pm	**1:45pm**	**Luncheon** **Speakers** *Jean H. Toal* Chief Justice (Ret.) South Carolina Supreme Court *William C. Hubbard* Immediate Past President, American Bar Association & Partner, Nelson Mullins Riley & Scarborough	**Mills House** **Planter's Suite**
2:00pm	**2:30pm**	**Institutional Advancement Committee**	**Mills House** **Heyward/Lynch Room**
2:30pm	**3:00pm**	**Communications Subcommittee of the Institutional Advancement Committee**	**Mills House** **Heyward/Lynch Room**
3:00pm	**4:00pm**	**Audit Committee**	**Mills House** **Heyward/Lynch Room**
4:00pm	**5:00pm**	**Finance Committee**	**Mills House** **Heyward/Lynch Room**
5:00pm	**5:45pm**	**Combined Audit and Finance Committee**	**Mills House** **Heyward/Lynch Room**
5:45pm	**6:45pm**	**Governance and Performance Review Committee**	**Mills House** **Heyward/Lynch Room**

LEGAL SERVICES CORPORATION BOARD OF DIRECTORS
JANUARY 28 - 30, 2016

MEETING SCHEDULE

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SATURDAY, JANUARY 30, 2016			
Start	End	Meeting/Event	Location
8:00am	9:30am	Breakfast & Briefing with the ABA Standing Committee on Pro Bono & Public Service	Mills House Rutledge Room
9:30am	11:30am	OPEN Board Meeting	Mills House Heyward/Lynch Room
11:30am	12:30pm	CLOSED Board Meeting	Mills House Heyward/Lynch Room

OPERATIONS & REGULATIONS COMMITTEE

January 28, 2016

Agenda

OPEN SESSION

1. Approval of agenda
2. Approval of minutes of the Committee's Open Session meeting on October 4, 2015
3. Discussion of Committee's evaluations for 2015 and goals for 2016
4. Update on rulemaking for 45 CFR § 1610.7—Transfers of LSC Funds, and 45 CFR Part 1627—Subgrants and Membership Fees or Dues
   - Ron Flagg, General Counsel
   - Stefanie Davis, Assistant General Counsel
5. Consider and act on authorizing workshops for revisions to 45 CFR Part 1630—Cost Standards, and the Property Acquisition and Management Manual based on comments received to the Part 1630 Advance Notice of Proposed Rulemaking
   - Ron Flagg, General Counsel
   - Stefanie Davis, Assistant General Counsel
   - Mark Freedman, Senior Associate General Counsel
6. Consider and act on publication of a notice for comments regarding revisions to population data for grants to serve agricultural and migrant workers
   - Ron Flagg, General Counsel
   - Bristow Hardin, Program Analyst
   - Mark Freedman, Senior Associate General Counsel
7. Consider and act on review of Management's report on implementation of the Strategic Plan 2012-2016 as provided by section VI(3) of the Committee Charter
   - Jim Sandman, President
8. Other public comment
9. Consider and act on other business
10. Consider and act on motion to adorn the meeting

Draft Minutes of the October 4, 2015
Open Session Meeting

Legal Services Corporation
Meeting of the Operations & Regulations Committee

Open Session

Sunday, October 4, 2015

DRAFT

Committee Chairman Charles N.W. Keckler convened an open session meeting of the Legal Services Corporation's ("LSC") Operations and Regulations Committee ("the Committee") at 1:08 p.m. on Sunday, October 4, 2015. The meeting was held at the Hyatt Regency San Francisco Hotel, 5 Embarcadero Center, San Francisco, California 94111.

The following Committee members were present:

Charles N.W. Keckler, Chairman
Robert J. Grey, Jr.
Harry J. F. Korrell, III
Laurie I. Mikva
John G, Levi, *ex officio*

Other Board members present:

Victor B. Maddox
Martha Minow
Father Pius Pietrzyk
Julie A. Reiskin
Gloria Valencia-Weber

Also attending were:

James J. Sandman	President
Rebecca Fertig Cohen	Chief of Staff
Lynn Jennings	Vice President for Grants Management
Mayealie Adams	Special Assistant to the President for Board Affairs
Wendy Rhein	Chief Development Officer
Ronald S. Flagg	Vice President for Legal Affairs, General Counsel, and Corporate Secretary
Stefanie Davis	Assistant General Counsel, Office of Legal Affairs (OLA), by telephone
Mark Freedman	Senior Associate General Counsel, Office of Legal Affairs (OLA), by telephone
David L. Richardson	Comptroller and Treasurer
Carol Bergman	Director, Office of Government Relations and Public Affairs (GRPA)

Carl Rauscher	Director of Media Relations, Office of Government Relations and Public Affairs
Jeffrey E. Schanz	Inspector General
Laurie Tarantowicz	Assistant Inspector General and Legal Counsel, Office of the Inspector General
David Maddox	Assistant Inspector General for Management and Evaluation, Office of the Inspector General
John Seeba	Assistant Inspector General for Audit, Office of the Inspector General
David O'Rourke	Assistant Inspector General for Investigations (OIG)
Lora M. Rath	Director, Office of Compliance and Enforcement (OCE)
Janet LaBella	Director, Office of Program Performance (OPP)
Herbert S. Garten	Non-Director Member, Institutional Advancement Committee
Thomas Smegal	Non-Director Member, Institutional Advancement Committee
Alan J. Tanenbaum	Non-Director Member, Finance Committee
Don Saunders	National Legal Aid and Defenders Association (NLADA)
Robin C. Murphy	National Legal Aid and Defenders Association (NLADA)

The following summarizes actions taken by, and presentations made to, the Committee:

Committee Chairman Keckler noted the presence of a quorum and called the meeting to order.

MOTION

Mr. Korrell moved to approve the agenda. Mrs. Mikva seconded the motion.

VOTE

The motion passed by voice vote.

MOTION

Ms. Mikva moved to approve the minutes of the Committee meeting of July16, 2015. Mr. Korrell seconded the motion.

VOTE

The motion passed by voice vote.

Ms. Davis and Mr. Flagg updated the Committee on the comments received regarding the notice of proposed rulemaking for 45 CFR Part 1610.7, Transfers of LSC Funds, and 45 CFR Part 1627, Subgrants and Membership Fees and Dues. Ms. Davis and Mr. Flagg answered Committee members' questions.

Ms. Davis, Mr. Flagg, and Mr. Freedman updated the Committee on the proposed advance notice of rulemaking amending 45 CFR Part 1630, Cost Standards and the Property Acquisition and Management Manual (PAMM), and answered Committee members' questions.

MOTION

Ms. Mikva moved to recommend publication of the proposed advance notice of rulemaking amending, 45 CFR Part 1630. Mr. Korrell seconded the motion.

VOTE

The motion passed by voice vote.

Mr. Flagg briefed the Committee on the rulemaking agenda for 2015 – 2016. There were no questions from the Committee members'.

Mr. Flagg reported on the revised Records Management Policy. He answered Committee members' questions.

Committee Chairman Keckler invited public comment. The Committee received public comments from Robin Murphy, National Legal Aid and Defenders Association (NLADA).

There was no new business to consider.

MOTION

Mr. Levi moved to adjourn the meeting. Mr. Grey seconded the motion.

VOTE

The motion passed by voice vote.

The Committee meeting adjourned at 2:29 p.m.

2015 Committee Evaluations and 2016 Goals

SUMMARY OF 2015 OPERATIONS AND REGULATIONS COMMITTEE EVALUATION RESPONSES

(Members: Charles N.W. Keckler, Chair, Robert J. Grey Jr., Harry J.F. Korrell III, Laurie I. Mikva)

All members strongly agreed that:

- Committee members understand the goals and purpose of our committee; committee members agree on the goals and purpose of the committee.

- There is alignment between our committee's goals and purposes and the actions taken and/or the decisions made by the committee.

- Our committee meetings are held regularly and with appropriate frequency.

- Our committee members treat each other with respect and courtesy.

Members either strongly agreed or agreed that:

- There is alignment between our committee's goals and purposes and the goals of LSC's Strategic Plan. (3 strongly agree/1 agree)

- Our committee has responded effectively and appropriately to issues of immediate concern brought before it; our committee has made significant progress on long-term strategic issues related to its goals and purposes. (2 strongly agree/2 agree)

  Comments:
  - *Progress on the regulations is slower than ideal, but steady and real. On operations, we need a more concrete sense that the organization as a whole is improving year-over-year, although to be sure that is the intuition and impression. We deal with specific issues successfully, but we need a stronger scorecard or other metric that the Committee and Board can use to more effectively provide oversight for operations.*

- Our committee has adequate resources (for example, staff time and expertise) to support its function. (3 strongly agree/1 agree)

  Comments:
  - *This is generally true. The new Director of Data Governance should help support this Committee both in regulatory analysis and organizational information*.

- The length of our committee meetings is appropriate and respectful of the agenda. We consistently use our meeting time well; issues get the time and attention proportionate to their importance. (3 strongly agree/1 agree)

  Comments:
  - *Sometimes we have insufficient time to discuss fully the substantive matters before the committee. The committee chairman does a good job of balancing the time spent on issues,*

but it would be better if there were more time for consideration and discussion when there are substantive or controversial issues raised by proposed regulations for example.

- We receive the meeting agenda and materials sufficiently in advance of the meeting to allow for appropriate review and preparation. (3 strongly agree/1 agree)

- The minutes of our meetings are accurate and reflect the discussion, next steps and/or action items articulated by the members. (3 strongly agree/1 agree)

- Our committee membership represents the talents and skills required to fulfill the goals and purposes of the committee. Our committee members come to meetings prepared and ready to contribute. (3 strongly agree/1 agree)

- As a general rule, when I speak I feel listened to and that my comments are valued. (3strongly agree/1 agree)

The following are direct quotes:

Members liked (3 of 4 responded):

- The Chairman's understanding of the substantive issues and the regulatory process and his respectful handling of the sometimes controversial matters before the committee. This helps us handle matters efficiently. I also appreciate the efforts of LSC staff to provide helpful explanations of proposed regulatory initiatives and drafts.
- Making positive, substantive change.
- Clarity of mission.

Ideas for Improvement (2 of 4 responded):

- I think an even greater emphasis on action items at quarterly meetings, with some briefing items done on calls.
- More input from committee on setting priorities.

Future Focus (2 of 4 responded):

- The linked rulemaking and PAMM is important, but we need think more deeply about the regulatory structure on the grantees, and consider whether it is limiting their effectiveness. This includes thinking about (1) who is eligible to receive our grants and meaningful grant competition, (2) capacity of grantees to conduct paid low-bono work, and/or (3) to charge nominal fees in some cases. Without prejudging the wisdom of any of this, I believe a benefit can come from revisiting our assumptions critically.
- Eliminating rules and regulations that place undue burdens on grantees.

45 CFR Part 1630

OFFICE OF LEGAL AFFAIRS

TO: Operations and Regulations Committee

FROM: Ronald S. Flagg, Vice President for Legal Affairs and General Counsel
Stefanie K. Davis, Assistant General Counsel
Jean Fischman, Office of Legal Affairs Graduate Fellow
Davis Jenkins, Office of Legal Affairs Graduate Fellow

DATE: January 7, 2016

RE: Rulemaking on 45 C.F.R. Part 1630 and the Property Acquisition and Management Manual – Recommendation to Conduct Rulemaking Workshops

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On behalf of LSC management (Management), the Office of Legal Affairs presents this memorandum to the Operations and Regulations Committee (Committee). In this memorandum, we summarize comments LSC received in response to the Advance Notice of Proposed Rulemaking (ANPRM) for 45 C.F.R. Part 1630 and the Property Acquisition and Management Manual (PAMM). We also recommend that the Committee authorize LSC to conduct rulemaking workshops to obtain additional information from stakeholders about particular issue areas.

I. Background

On October 9, 2015, LSC published an ANPRM seeking public comment on changes LSC is considering making to 45 C.F.R. Part 1630–Cost Standards and Procedures and the PAMM. 80 Fed. Reg. 61142 (Oct. 9, 2015). The comment period closed on December 8, 2015. LSC received three sets of comments: one from the National Legal Aid and Defender Association, one from Colorado Legal Services (CLS), and one from Northwest Justice Project (NJP).

The commenters expressed concern about several changes that LSC requested comment on. The comments generally fall into six categories:

- General concerns that expanded use of prior approval processes would increase recipients' administrative burden;
- General concerns that LSC's proposed changes could conflict with the Uniform Guidance issued by the Office of Management and Budget (OMB), which governs all federal grants;

- Recommendations that LSC draft the rules to require recipients to have, for example, procurement policies, but not to dictate the processes recipients should use to procure goods and services;
- Concerns that new rules governing LSC's rights in products developed by grantees using LSC funds either would require recipients to transfer ownership rights to LSC or would conflict with other funders' retention of rights in products developed by recipients of their funds;
- Objections to LSC's proposed changes to the time at which LSC may provide a notice of its intent to disallow costs;
- Objections to extending the prior approval requirements of 45 C.F.R. § 1630.5 and Section 3 of the PAMM to aggregate purchases exceeding a certain dollar threshold because of ambiguity or confusion about when a purchase or purchases are "aggregate purchases" within the meaning of the rules; and
- Objections to LSC's proposals to regulate the award of services contracts, disposition of personal property, and disposition of real property by organizations that continue to receive LSC funds.

NLADA commended LSC for seeking the field's input in advance of drafting a proposed rule. NLADA suggested, however, that LSC undertake "an additional process that allows for interaction between LSC's staff and knowledgeable representatives from the field, particularly from fiscal officers and experienced executive directors who are intimately familiar with how these potential changes will affect recipients." NLADA noted that the revised Rulemaking Protocol contemplates using workshops or negotiated rulemaking when one of those vehicles is appropriate to help LSC gather additional information before drafting a proposed rule. NJP and CLS both supported this recommendation.

II. Recommendation

After reviewing the ANPRM and the comments, Management agrees that additional information-gathering would be useful. The comments we received were helpful to identifying which particular potential proposals recipients were concerned about, but did not provide detailed suggestions for addressing the concerns. Commenters also did not explain the burdens they believed some of the proposals would create beyond a general statement that they anticipated increased administrative burdens. LSC explicitly solicited comments about requirements other funders place on purchases of personal and real property and intellectual property created using their funds. LSC also explicitly sought comments about areas in which Part 1630 and the PAMM conflict with other funders' rules and how LSC could revise its rules to resolve those conflicts. We received few comments on the latter two issues, which are the areas in which LSC needs the most detailed information.

Management is keenly aware that, for most of our recipients, LSC is one among a number of funders, each of which places its own administrative requirements on grantees. We believe that rulemaking workshops aimed at soliciting information on four discrete areas from grantees that have a varied mix of funding sources would be the most efficient method of obtaining the technical information we need to develop rules that ensure accountability for the use of LSC funds while minimizing the administrative burdens placed on recipients and on LSC.

Management recommends focusing the substance of the workshops on those issue areas in which the fiscal and administrative expertise of our grantees would be most illuminating. Several of the comments focused on potential administrative burdens to grantees, whether LSC should adopt provisions identical or similar to OMB's Uniform Guidance, and LSC's intentions with respect to its interest in intellectual property developed by grantees using LSC funds. To gather input from funding recipients and others in these areas, we propose that the Committee hold three workshops to solicit input on the following questions that were not addressed in detail by the comments:

> 1. How do the changes to its cost standards and property purchase and disposition requirements that LSC is considering interact with those of recipients' other funders?
>
> 2. If LSC were to require recipients to obtain prior approval for a) services contracts; b) aggregate purchases of personal property costing more than a particular dollar threshold (currently $10,000); c) disposition of personal property; and d) disposition of real property, what are the potential administrative burdens and effects on accountability?
>
> 3. LSC could draft a rule stating, in essence, "Recipients must establish procurement policies that reflect the standards established by LSC," along with a broad set of standards that LSC believes are necessary to ensure that purchases are reasonable, necessary, and allocable to the recipient's grant. Such a rule would give recipients more flexibility than Section 3 of the PAMM, which dictates the processes that recipients must use to make purchases of personal property. If LSC were to draft rules that required recipients to establish procurement policies that meet certain standards, rather than rules requiring recipients to follow set procedures, how would LSC determine that recipients' policies adequately ensure that purchases are reasonable, necessary, and allocable to the LSC grant?
>
> 4. What rules or requirements do recipients' other funders place on the development and use of products, including intellectual property, supported by their funds? For example, do other funders require that the recipient grant a royalty-free license to the funder to distribute the product?

Because Part 1630 and the PAMM are technical rules that govern aspects of program administration common to most grant programs, Management recommends inviting recipient personnel who are involved in overall program administration to participate in the workshops. We believe that the workshops would benefit most from the participation of administrative and financial staff from programs whose funding streams range from those having predominantly LSC funds supplemented by a few other sources to those having a relatively small proportion of LSC funds and several other public and private funding sources. Hearing from grantees who administer several complex grant programs would help us to identify areas in which LSC's rules work well and those that could be improved.

III. Process

According to the revised Rulemaking Protocol, the Committee may authorize LSC management to organize and conduct rulemaking workshops. If the Committee accepts the recommendation and authorizes us to conduct workshops, Management would work with the Committee to determine the timeline for the workshops, including dates and location of the meetings, determine the composition of the workshops and publish a notice in the Federal Register soliciting expressions of interest in participating, and set the agenda for each meeting.

LSC

OFFICE OF LEGAL AFFAIRS

TO: Operations and Regulations Committee

FROM: Ronald S. Flagg, Vice President for Legal Affairs and General Counsel
Stefanie K. Davis, Assistant General Counsel
Davis Jenkins, Office of Legal Affairs Graduate Fellow
Jean Fischman, Office of Legal Affairs Graduate Fellow

DATE: January 7, 2016

RE: Proposed Timeline and Structure of Workshops for Part 1630 and the Property Acquisition and Management Manual Rulemaking

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INTRODUCTION

The Office of Legal Affairs (OLA) presents this memorandum to the Operations and Regulations Committee (Committee), which outlines the proposed timeline, structure, and location of rulemaking workshops for LSC's rulemaking on 45 C.F.R. Part 1630 and the Property Acquisition and Management Manual (PAMM). All proposals are subject to change based on the views of the Committee.

ISSUE AREAS FOR RULEMAKING WORKSHOPS

Based on the issues outlined in the Advance Notice of Proposed Rulemaking (ANPRM) and the corresponding comments, rulemaking workshops should focus on three general issues:

(1) How LSC's proposed changes to its cost standards and property acquisition and disposition requirements would interact with the requirements imposed by recipients' other funders, including those governing intellectual property created using various sources of funds;

(2) The proposed requirement for obtaining prior approval for services contracts, aggregate purchases of personal property, and property disposal; and

(3) Establishing standards for recipients' procurement policies to ensure purchases are reasonable, necessary, and allocable to the recipient's grant.

STRUCTURE OF RULEMAKING WORKSHOPS

Number of Rulemaking Workshops. OLA recommends hosting three rulemaking workshops during the spring of 2016 for the issues outlined above. At least one of the workshops should be held in person. In order to provide the most economical forum and accommodate participant schedules, OLA proposes conducting the second and/or third workshops electronically via webinar. The workshops should be held two to three weeks apart to allow LSC to circulate the feedback received during each workshop and give participants ample time to consider the information provided and prepare for the next workshop.

Workshop Composition and Participant Selection. OLA proposes selecting one group of approximately 10 to 15 participants from the field to participate in all three workshops. A select number of LSC and Office of Inspector General (OIG) staff will also participate in the workshops. LSC will establish and use selection criteria to ensure diversity among the group of participants. Participants should be diverse in term of organizational size, service area and geographic location, funding sources, and percentage of funding received from LSC.

Panel Discussion Model. The workshops should be conducted in a manner similar to a panel discussion and should be moderated by a member of the Committee. The moderator, in conjunction with Management and OLA, will develop and publish an agenda for each workshop with specific discussion topics for the respective issue areas prior to the workshop.

PROPOSED TIMELINE OF RULEMAKING WORKSHOPS

Notice of Rulemaking Workshops in the Federal Register: Mid-Late February 2016. In consultation with the Committee and OIG, LSC will develop and publish a notice in the Federal Register soliciting expressions of interest in participating in the rulemaking workshops. The notice will outline the issues to be addressed in each workshop and encourage attendance from interested stakeholders. Those interested in attending the workshops will have between 15 and 30 days to submit expressions of interest to LSC.

Participant Selection: Late February-Early March 2016. Based on the expressions of interest, LSC will select a group of approximately 10-15 knowledgeable participants from the field. The participants will receive an invitation to participate in the rulemaking workshops.

Workshop 1: April 20, 2016 (Washington, DC). For the first workshop session, LSC will invite the selected participants to its headquarters in Washington, D.C. for an in-person session to be held in conjunction with LSC's April 2016 Board of Directors meeting. This workshop will primarily focus on how the changes proposed in the ANPRM will interact with the requirements of recipients' other funders.

Workshop 2: around May 9-10, 2016 (Electronic Webinar). The second workshop may be held electronically via webinar. This workshop will focus on the proposed requirement for obtaining prior approval for services contracts, aggregate purchases of personal property, and property disposal.

Workshop 3: around June 6-7, 2016 (Location TBD). We propose that the final workshop be held in person in a centrally located city, such as Denver or Chicago.). This workshop will focus on establishing standards for recipients' procurement policies using the Uniform Guidance from the Office of Management and Budget (OMB) as a starting point. This workshop will also provide a final opportunity for participants to express concerns and provide suggestions on all of the other issue areas.

Comments on Advance Notice of Proposed Rulemaking Regarding 45 C.F.R. Part 1630

Colorado Legal Services

Colorado Legal Services
1905 Sherman Street, Suite 400
Denver, CO 80203-1811
Telephone: 303.837.1321/Fax: 303.830.7860
www.ColoradoLegalServices.org

Direct Line: 303-866-9399

Via email to: lscrulemaking@lsc.gov

December 8, 2015

Stefanie K. Davis
Assistant General Counsel
Legal Services Corporation
3333 K Street, Northwest
Washington, DC 20007
Attn: Part 1630/PAMM Rulemaking

Re: Consideration of Revisions to 45 CFR Part 1630 and the Property Acquisition and Management Manual (PAMM) Advance Notice of Proposed Rulemaking (ANPRM)

Dear Ms. Davis:

This letter is submitted by Colorado Legal Services in response to the Legal Services Corporation's Advance Notice of Proposed Rulemaking requesting comments on LSC's considerations for revising 45 CFR Part 1630, Cost Standards, and the Property Acquisition and Management Manual (PAMM).

Colorado Legal Services (CLS) appreciates the opportunity to comment early in the process while LSC is considering possible revisions to its Cost Standard Regulation and the PAMM. The process used by LSC will likely result in better proposed revisions that will benefit both LSC and its grantees.

CLS supports the comments being submitted by the National Legal Aid and Defender Association and, no doubt, agrees and supports most, if not all, of the comments submitted by other grantees. CLS simply wants to comment on a few significant issues presented in LSC's questions.

CLS does not believe it is necessary or appropriate to include single acquisitions of multiple items in calculating the amount of a purchase requiring prior approval by LSC. There almost certainly will be confusion over what items constitute a single purchase, what items are included, etc. A clear definition will help, but not provide adequate certainty. The single item standard has served LSC and grantees well, and does not appear to have been abused by grantees. A revision will increase the number of requests for approval that will add to the administrative burdens of both LSC and its grantees. (Question 3.)

CLS is also concerned with adding administrative burdens to the disposal of used, broken or obsolete property. Certainly, a definition of the property that will require LSC approval, and the manner and method of disposition, should be clear and narrow, although altogether unnecessary. It is not clear that there have been inappropriate dispositions of property, or that there is a problem requiring resolution or attention, even if LSC's current requirements are inconsistent with OMB's Single Uniform Guidance. It is CLS's experience that grantees most often use non-disposable equipment far past when it is fully depreciated, even frequently past its obvious useful life. A narrow definition and threshold amount of the equipment's fair market value (but, hopefully, not subject to costly and time consuming required documentation of an item's fair market value) would certainly be appropriate were a prior approval requirement to be imposed. Without careful definition and a reasonable minimum threshold value, would approval of the disposal of a broken stapler or keyboard be required? Certainly neither LSC nor grantees should need to face the administrative time, cost and burden of requesting approval to dispose of fully depreciated and broken non-expendable equipment. This is a burden that should not be imposed, to fix a nonexistent or rarely found problem. (Question 8.)

Lastly, Colorado Legal Services is concerned with the possibility of LSC imposing a prior approval requirement on service contracts. A requirement that grantees adopt procurement policies may be appropriate, but prior approval would be burdensome. While there would be times when such an approval process would be feasible, there are occasions when service agreements are most needed and prior approval would be least feasible. When a grantee faces a computer crash, a data breach, or a serious personnel issue, it needs to have the authority to seek outside service assistance that is immediately needed to resolve the issue and beyond even a well-managed program's capacity to resolve. Such situations cannot even wait a few days to secure a number of bids or prior approval for a sole source contract. These emergencies need to be dealt with and fixed immediately. Such expenditures, of course, must be reasonable, necessary and meet all of the standards currently and likely to be required by a Cost Standard Regulation and a program's procurement policies. Accountability is necessary; reasonableness is necessary; prior approval is not. (Question 16.)

If you have any questions concerning these comments, or if CLS or I can be of any further assistance in your consideration of possible revisions to Part 1630 or the PAMM, please inform me at your convenience. Otherwise, CLS and I look forward to your careful consideration of these comments.

Respectfully,

Jonathan D. Asher

Jonathan D. Asher
Executive Director

JDA/ccg

National Legal Aid & Defender Association

NLADA
National Legal Aid &
Defender Association

Sent by email to: *lscrulemaking@lsc.gov*.

December 8, 2015

Stefanie K. Davis
Assistant General Counsel
Legal Services Corporation
3333 K Street NW
Washington, D.C. 20007

RE: Comments Concerning Proposed Revisions to 45 C.F.R 1630 & the Property Acquisition Management Manual (80 Fed. Reg. 61142) (October 9, 2015)

Dear Ms. Davis:

This letter is submitted in response to LSC's request for comments on anticipated proposed revisions to the regulation 45 C.F.R. 1630, Cost standards and procedures and the Property Acquisition Management Manual (PAMM). The comments are made on behalf of NLADA by its Civil Policy Group, the elected representative body that establishes policy for the NLADA Civil Division, and its Regulations and Policy Committee.

NLADA commends LSC for issuing this Anticipated Notice of Rulemaking (ANPRM) to obtain input from the field. However, given the direct impact on program administration that will result from many of these changes, we suggest an additional process that allows for interaction between LSC's staff and knowledgeable representatives from the field, particularly from fiscal officers and experienced executive directors who are intimately familiar with how these potential changes will affect recipients. Such interaction would provide the optimal means for LSC and grantees to exchange ideas, thoroughly explore options and develop revisions to enhance efficiency and clarity, while also maintaining appropriate and necessary accountability.

LSC's revised rulemaking protocol includes the option of using workshops or negotiated rulemaking to explore alternatives with members of the public in order to develop a draft NPRM. "Workshops are open discussions designed to elicit information about problems or concerns with the regulation (or certain aspects thereof) and provide an opportunity for sharing ideas regarding how to address those issues" 80 FR 48764.

We urge LSC to consider using one of these methods - workshop(s) or negotiated rulemaking - as the best means to develop an accurate and comprehensive understanding of the potential costs and benefits of significant proposed revisions to this complex set of provisions. Direct dialogue between LSC and its recipients will ensure that LSC has a thorough understanding of the implications these proposed revisions will have on the successful management of LSC funded programs. Such a dialogue would likewise provide the opportunity for LSC and its grantees to discuss creative and workable solutions that enable them to manage their programs effectively and efficiently, while maintaining accountability for the use of LSC funds. A number of experienced fiscal staff and executive directors are very qualified and willing to participate in this type of process. They possess substantial accounting and fiscal program management expertise and have extensive experience managing financial matters for LSC recipients and insuring compliance with 45 C.F.R. 1630, the PAMM, LSC's Accounting and Audit Guides.

A process that allows for direct communication and collaboration between LSC management and recipients on these proposed revisions would well serve LSC's overall goals in its rulemaking protocol that states: "1) revisions should be justified by a consideration of the costs and benefits of the regulatory approach chosen" and " 2) regulatory flexibility is maintained where possible by specifying objectives rather than detailed rules." 80 FR 48762

NLADA is concerned that many of these proposed revisions create additional layers of administrative tasks that would be unnecessarily burdensome to LSC staff and recipients and deprive grantee program management of the necessary flexibility critical to successful program operation. Recipients face tremendous challenges in attempting to meet the increasing demand for legal services with inadequate resources and funding levels that fluctuate annually from a broad range of funding sources.

Grantees are also challenged by the task of implementing and administering non-LSC grants that have their own specific grant conditions that affect accounting, administration, reporting, and compliance. LSC funding now accounts for only 39.6% of the overall funding of legal services programs. The LSC fiscal and accounting requirements need to be crafted to allow programs the flexibility to seek and administer funds from other public and private sources. In some instances, these non-LSC grants may have limitations on how the funds can be used from a cost accounting perspective.

LSC already has numerous policies and procedures in place to ensure fiscal accountability. The purpose of these revisions should be to not only address the Corporation's ability to ensure efficiency and accountability, but also to insure that recipients are able to maximize the time and resources devoted to their mission - the provision of high quality legal services for people unable to afford adequate counsel.

Major Areas of Revisions and LSC's Questions for Public Comment

A. Prior Approval Provisions in 1630 and the PAMM: Revising, Restructuring, and Consolidating the Provisions

LSC Question 1: How should LSC restructure the provisions discussed above to best provide clarity to its grantees?

While the current PAMM structure has been fine, "consolidating and incorporating all relevant policies and requirements related to the acquisition, use and disposal of real and personal property" into the PAMM does make a lot of sense. The best arrangement would include having all of LSC fiscal, property and accounting policies in one resource. The regulation itself should provide a very general description of the overall guidelines with references to a resource that consolidates the LSC Accounting Guide, Property Management Guide and other LSC documents with fiscal, property and accounting policies.

LSC should also specify which provisions of the Office of Management and Budget's (OMB) new Uniform Guidance LSC will incorporate into their policies. As stated in the final rule to 45 C.F.R 1630, effective January 30, 1998,: "Because the LSC Act specifies that the Corporation is not a Federal agency, OMB Circulars are generally not binding on the Corporation, unless Congress has specified elsewhere in the law that the Corporation must adhere to a specific Circular...". 62 FR 68220.

The new Uniform Guidance is extensive, combining government guidance on administrative requirements, cost principles, and audit requirements for federal awards. Because of the broad, all-encompassing and detailed contents of the Uniform Guidance, it is not feasible to identify which components of the Uniform Guidance will enhance efficiency and clarity for LSC recipients while also maintaining appropriate and necessary accountability within this 60-day comment period. Sound determinations as to which provisions should apply to LSC programs would be most effectively made through a thoughtful process that allows for dialogue between LSC's staff and knowledgeable representatives from the field. Therefore, particularly for revisions that may incorporate policies of the Uniform Guidance, we highly recommend use of rulemaking options such as workshops or negotiated rulemaking to insure LSC staff fully understand the implications of LSC's incorporation of particular provisions and achieve LSC's goal of maintaining regulatory flexibility by specifying objectives rather than detailed rules.

LSC Question 2: In addition to the provisions discussed above, are there any additional provisions from other LSC documents related to prior approval that should also be restructured or consolidated?

The LSC accounting guide was last updated in 2010. LSC should plan on a process to update this guidance based on final changes to 1630, relevant changes to LSC audit compliance supplement, and other GAAP and accounting changes that have occurred since 2010. As indicated above the best arrangement would be to have all of LSC fiscal, property and accounting policies in one resource. The regulation itself should provide a very general description of the overall guidelines with references to a resource that consolidates the LSC Accounting Guide, Property Management Guide and other LSC documents with fiscal, property and accounting policies.

LSC should also specify which provisions of the OMB's new Uniform Guidance LSC will incorporate into their policies. As recommended above, given the breadth of the new Uniform Guidance, rulemaking options such as workshops would be the most effective way of incorporating appropriate provisions.

LSC Question 3: Are there any potential concerns or problems that could arise from revising the rule to specify that recipients must seek prior approval of single acquisitions of multiple items whose aggregate value exceeds the prior approval threshold?

There are major concerns with this revision. The phrase "single acquisition of multiple items" is an ambiguous and subjective term that creates confusion rather than clarity. Aggregating multiple items acquired at the same time can encompass broad categories of purchases routinely made by programs, including bulk orders for supplies, purchases and replacement of office furniture, computers, printers, etc. It is unclear here if LSC intends to exclude supplies and purchases of small equipment (individual items including computers of less than $5,000) from aggregation? An example would be a purchase of 15 desktop replacement computers, with individual costs of less than $700 each (aggregate $10,500). Under Uniform Guidance and recipient capitalization policies, each computer is expenseable as a supply item due to the low unit cost and because they are not capitalized and depreciated.

This revision could also confuse and complicate attempts by LSC, LSC Grantees and Independent Public Accountants (IPAs) to reconcile regulation 1630 (or updated 1630) to the Uniform Guidance. The Uniform Guidance does not appear to include aggregate items and it further defines items of less than $5,000 as "supplies", specifically including computing devices with individual unit cost of less than $5,000 as supplies, rather than treating these purchases as equipment requiring agency equipment- related authorizations.

The current 1630 rule and preamble, finalized in late 1997, clearly states that approval should only be required for a single item of non-expendable personal property with a purchase price that exceeds the threshold. "The $10,000 threshold of subparagraph (b) (2) applies to individual items of personal property only (emphasis added). Corporation prior approval was deemed no longer necessary for purchases and leases of individual items costing less than this amount, even if a purchase or lease of several related items (emphasis added) with individual costs below $10,000 has a combined cost which exceeds the threshold amount." 62 FR 68223.

This revision could also confuse and complicate attempts by LSC, LSC Grantees and IPA's to reconcile regulation 1630 (or updated 1630) with the Uniform Guidance. The Uniform Guidance does not appear to include aggregate items and it further defines items costing less than $5,000 as "supplies", specifically including computing devices with individual unit cost of less than $5,000 as supplies, rather than treating them as equipment requiring agency equipment related authorizations.

Using a threshold amount for a single item provides a clear, objective standard for grantees to use to easily determine when prior approval is necessary. As noted in the 1997 preamble, even when a recipient is not required to seek prior approval for personal property acquisitions, it must still meet the criteria in 1630.3 and insure that all costs are reasonable and necessary. 62 FR 68223

NLADA consulted our LSC-grantee members, who are clearly opposed to a prior approval process for single acquisitions using an aggregate value of multiple items that exceeds the threshold amount. The prior approval process, especially if expanded to include aggregate items and expendable personal property, can serve to unduly delay normal routine purchases of necessary small equipment and supplies and will burden and restrict the operation of grantee programs, for example, when personal property needs to be purchased or replaced quickly, due to failure, such as when a copier breaks. It also can serve to limit, stall and undermine negotiations and purchasing opportunities with vendors.

Currently grantee expenditures of LSC funds must meet the criteria in 1630, as well as the PAMM and the extensive guidance in the LSC Accounting Guide. The LSC Accounting Guide for LSC Recipients includes significant grantee guidance and expectations related to COSO's (Committee of Sponsoring Organizations) internal control framework and fundamental criteria elements. Information, guidance and training regarding adequate accounting and internal control systems (including guidance on procurement and purchasing) are paramount to grantee accountability. Grantees are also subject to independent annual auditing examinations as well as periodic reviews and visits by the OPP, OCE, OIG, etc.

LSC-grantee members are clear that the prior approval process should only be used for non-expendable personal property for a single large purchase (not the purchase price of an aggregate of items obtained in a single purchase) and the threshold limit should be significantly raised to $25,000, as discussed in our response to question 5 below. NLADA further recommends, to account for inflation, by significantly increasing the threshold for pre-approval of single item non- expendable personal property purchase to at least $25,000 from the current $10,000. The prior approval process should also be flexible, to allow for an expedited process when necessary and focus on the process that the grantee uses in making the decision, as opposed to a rigid set of requirements.

LSC's standards should focus on whether the grantee's purchasing decision is based on reasonable criteria given the nature of the purchase, the specific needs of the grantee and the purchasing environment in the area the grantee is located. There are some instances where a grantee's decision on a particular product or vendor is driven by the specific needs of the program. For example, if a grantee uses a specific operating system, their range of vendors who both sell and support the servers and software may be limited. If the grantee can describe its need in reference to the purchase and set forth its decision making process, this should be sufficient as a basis for evaluating whether it is an appropriate purchase using LSC funds.

If LSC decides to impose a policy of aggregating the value of items obtained in a single purchase, the threshold amount should be significantly increased, to at least $40,000, and an expedited process (maximum of 15 to 30 days) for approval should be used.

LSC Question 4: Would the proposed approach generally be consistent with other funders' requirements for all purchases of nonexpendable personal property costing more than the prior approval threshold?

A number of programs advised NLADA that LSC's proposed approach is not consistent with many other funders who do not require prior approval for purchases of personal property. The requirements regarding personal property are varied. Some funders will not allow grants to be used to purchase personal property; others will not cover administrative costs , operating on a pure fee for service basis. Others call for including anticipated purchases of personal property in the budget and, as previously indicated, many do not have any policies regarding the purchase of personal property.

One recipient's major State funder requires a simple summary program budget/projection by natural line item including a general projected line for total purchases of equipment and property. No detailed listings are required. The grantee is not required to obtain approvals for individual purchases for non-expendable personal property, but rather must explain variances for actual expenditures versus budgeted expenditures at the end of the budget cycle. The funder also conducts biennial visits to review the recipient's internal controls, procurement policies and non-expendable personal property records.

While other funders may require budgeted line item approvals of property and fixed assets, detailed requests and approvals comparable to LSC's practice do not appear common. They generally do not require each property purchase be subject to separate documentation and submission with quotes for approval during the term of the award. The recipient must only show that they were part of the accepted grant budget. LSC-grantees do currently submit to LSC their projected expenditures by prescribed categories, including property acquisition and purchase payments. Expenditure projection information is included with the annual LSC grantee application or renewal package.

LSC Question 5: Should LSC raise the prior approval threshold? If yes, what amount should LSC set as the threshold? Are there any similar prior approval requirements imposed by funders other than the federal government that may help LSC make this determination? Should LSC automatically adjust the threshold on a scheduled basis to account for inflation, or should LSC consider another mechanism to allow for adjustment on a discretionary or as-needed basis?

We recommend raising the individual item threshold up to at least $25,000 from the current $10,000. The current $10,000 threshold was included in 45 C.F.R. 1630 when the regulation was finalized in 1986. Using *the Department of Labor, the consumer price index***,** *inflation calculator,* **http://www.bls.gov/data/inflation_calculator.htm,** this $10,000 is equal in value to about $21,700 in today's dollars considering inflation. We recommend setting the amount slightly above the 2015 inflation rate to $25,000, with a mechanism for periodic review every three to five years to determine if an upward adjustment is supported by inflation data. Setting the amount slightly higher than today's inflation rate creates a buffer that takes into account future inflation for several years. A number of our members agreed that adjusting the rate on an annual basis would be inefficient and support a periodic adjustment.

B. **Clarifying When LSC Provides Notice of its Intent to Disallow Costs**

LSC Question 6: Are there any other changes LSC should consider when revising § 1630.7(b)? How would the proposed approach affect recipients who are subject to a questioned cost proceeding?

NLADA recommends that the current time period for disallowing a question costs remain the standard. NLADA agrees with LSC that the phrase "determination of a basis for disallowing a questioned cost" means the point at which LSC determines that a recipient has in fact incurred a questioned cost as defined in 45 CFR 1630.2(g). NLADA sees this as a reasonable, appropriate and objective standard for commencing a disallowed cost proceeding and to establish the five year period for recovery. Such a period provides programs with a needed level of certainty as to when their books can be closed and any exposure limited regarding the maintenance of relevant financial records. We also agree that providing an earlier good faith notice of intent to disallow costs would be appropriate when LSC has "reasonable belief that a cost is unallowable". LSC proposes revising the regulation so that the five-year period for recovery of costs is calculated from the date LSC issues a notice of intent to disallow a cost, in lieu of the current rule, that establishes the five-year period for recovery from the date when LSC issues a notice actually disallowing the cost.

The basic purposes of all statutes of limitation, to ensure expedited process of claims and the currency of relevant evidence, clearly apply to the questioned cost process. Investigation of suspected misuse of LSC funds should take priority and be resolved as quickly as possible.

LSC's proposed approach further exacerbates the challenges recipients face in attempting to meet the increasing demand for legal services with inadequate resources and annual funding levels that continually fluctuate. The proposed approach does not place any limit on how long LSC may take to conduct a questioned cost investigation once a "notice of intent" is issued. LSC's investigation may take a year,or more, resulting in an indefinite time period that could be extended to six or seven years, or even longer, defeating the purpose of setting the five-year limit. Grantees are left in a state of uncertainty until LSC finishes its investigation and determines whether or not to disallow a cost.

However, if LSC concludes that its approach is necessary NLADA recommends that, consistent with LSC's concern that the current regulation restricts their ability to recover costs regardless of how unreasonable or unlawful the questioned cost may be, the established five-year time period should be reserved for egregious circumstances, such as criminal behavior or intentional violation of LSC regulations. If LSC does pursue this proposed revision, there should be a clear definition of what is meant by "intent to question costs", with requirements for some level of specificity and quantification at the time of the intent to question occurs. This should include safeguards to insure that notices of intent to question costs are not used as a matter of course during all investigations or compliance reviews. These safeguards should include clear criteria for when and how a notice of intent is issued. The regulation should also specify that LSC senior management, such as the Director of the Office of Compliance Enforcement, must review and approve a notice of intent, including confirming that the contents meet established criteria, which clearly delineate the scope of the potential questioned costs to be investigated.

Moreover, if LSC proposes extending the time period in light of its need for time to investigate, there should also be a definite time period set for LSC to complete its investigation. Based on target timelines proposed by LSC, we recommend that this time period for the Office of Compliance Enforcement (OCE) to investigate be limited to four months. In April 2015, LSC proposed target timelines to complete its review of a questioned cost referral from LSC's Office of Inspector General (OIG) in a memo dated April 9, 2015 from Jim Sandman to Jeffrey Schantz, inspector general: "Target Timelines for Review and Resolution of Questioned Costs Referrals". LSC proposed as a target a timeline of 120 days from the date LSC receives a referral from the OIG to initiate a formal questioned cost proceeding. The four-month time period is a reasonable period to complete an investigation of suspected unlawful, unreasonable, or unnecessary expenditures.

Therefore, if LSC does move forward with a change, NLADA recommends revision to this proposed provision of the regulation to provide that:

> If the Corporation management issues a written notice of intent to disallow costs, LSC may recover questioned costs for not more than five years from the date the notice was issued, provided no more than 120 days have elapsed between the date LSC issued the notice of intent and the date a written notice initiating a questioned cost proceeding is issued.

C. Revising the Requirements for Using LSC Funds for Federal Matching Purposes

LSC Question 7: Based on the experiences of grantees who have applied to receive awards from federal agencies with matching requirements, would a program letter stating the Corporation's position on the use of LSC funds as matching funds be an effective alternative to the current requirement of obtaining written consent from the awarding agency? Are there any other workable replacements for this requirement that LSC should consider in this rulemaking?

A program letter would be very beneficial to grantees seeking to match other federal funds with LSC funds. There is significant and increasing non-LSC federal funding available to LSC grantees to help meet the demand for services and supplement scare financial resources for legal services programs. NLADA is working closely with the Department of Justice's Legal Aid Interagency Roundtable (LAIR) to continue the expansion of non-LSC federal funding opportunities for legal services programs. There are currently 20 federal agencies participating in LAIR. NLADA concurs with LSC's analysis that, since LSC funds are not "federal funds" for matching purposes, written consent from a federal awarding agency is not necessary and should not be required. The requirement in 1630.3(a) (8) places unnecessary barriers for programs seeking an award of non-LSC federal funds, a process that is often challenging to navigate.

NLADA recommends that LSC issue a program letter as soon as possible, as this would assist programs in accessing non-LSC federal funds. However, the conflict between the program letter and the language in the regulation should be resolved to eliminate confusion and insure clarity by revising the regulation to eliminate this requirement.

D. Revising the PAMM's Requirements for Disposal of Property

LSC Question 8: Would revising the provisions discussed above to require notice and approval by the Corporation prior to any disposal of personal or real property create or remove problems for grantees? Should any provision governing a particular type of property disposal have its own unique requirements or exceptions?

Revising this provision would definitely create additional problems for grantees by adding additional time-consuming procedures, which would hamper the effective and efficient operation of recipient programs.

Personal Property

The existing Section 6 of the PAMM for Disposal of Personal Property with LSC Funds appears to be comprehensive, clear and reasonable. Section 6 provides reasonable guidelines for grantees and needed flexibility to efficiently dispose of personal property. In addition, for the past four years, LSC has not identified any concerns with the disposal of personal property in its annual compliance guidance for grantees. This LSC guidance describes the most common compliance issues that OCE staff observed during compliance oversight visits or that have otherwise been brought to LSC Management's attention through referrals from LSC's Office of Program

Performance or OIG. According to several of our members virtually all items of personal property that grantees dispose of are fully depreciated and have nominal or no value. Generally, the items programs dispose of are so old and outdated that they must be junked, and electronic waste is disposed of through responsible and reputable recycling firms. Therefore, NLADA recommends that LSC make no changes to the existing PAMM.

If LSC determines that notice and prior approval is necessary, a threshold amount of at least $100,000 for the fair market value of the personal property at the projected disposal date should be set before prior notice and approval is required. In addition, an expedited process (maximum of 15 to 30 days) for approval should be used generally, or at a minimum made available to grantees for situations when time is of the essence.

Note: The PAMM distinguishes between non-expendable personal property (equipment) and expendable personal property (supplies). If LSC does proceed with any proposed revisions to disposition of personal property, this is an important distinction to maintain whenever referencing LSC requirements regarding personal property. No doubt, LSC does not intend to set criteria for when grantees can dispose of expendable items such as pens, pencils, used file folders, and paper and other items that would be considered refuse.

LSC Question 9: How would it affect recipients if LSC revised the disposal provisions of the PAMM to require grantees to seek disposition instructions from LSC?

Revising this provision would definitely create additional barriers to grantee managements' ability to effectively and efficiently operate their programs. Program officials, who live and work in or near the areas they serve, are in the best position to determine the value of the property and the most advantageous method for disposing of real property. The PAMM provides reasonable guidelines for the disposition of real property. Similar to the disposition of personal property noted above, for the past four years LSC has not identified any common compliance concerns with the disposition of real property in its annual compliance guidance. Therefore, NLADA recommends that LSC not require grantees to seek disposition instructions from LSC.

LSC Question 10: What is an appropriate length of time for recipients to provide LSC with written notice prior to disposing of real property?

Unless a recipient ceases to receive funding, as indicated above, recipients should not be required to provide written notice to LSC prior to disposing of real property. If LSC determines that, despite a lack of common compliance concerns, prior notice is necessary to insure accountability, a threshold amount for the fair market value of the property should be set, of at least $100,000, with a 15 day notice period.

The following comment applies to Questions 8, 9, 10 above:

Absent clear evidence that the current provisions regarding the disposition of personal and real property are problematic or inconsistent, there is no benefit to utilizing LSC, or a recipient's, resources to create additional burdens for recipients with provisions that require LSC to be involved in this level of detail in the management of a recipient's program.

The existing PAMM Section 6, Disposal of Personal Property with LSC Funds and Section 7, Disposal of Real Property with LSC Funds appear to be comprehensive, clear and reasonable. NLADA recommends that LSC make no changes to the existing provisions of the PAMM for Disposal of Personal Property Purchased with LSC Funds or Disposal of Real Property Purchased with LSC Funds.

LSC Question 11: Should LSC continue to require former recipients to compensate LSC when the recipients dispose of personal or real property purchased with LSC funds? If so, what are some of the problems facing grantees with regard to the current requirements? How could LSC effectively address such problems in a way that is consistent with the goal of ensuring efficiency and accountability in grant-making and grants oversight practices?

The current requirements and protocols appear reasonable. However, NLADA reiterates its recommendation to use other rulemaking methods. Workshop(s) or negotiated rulemaking would be the most thorough and effective means for revising the current requirements referenced above.

E. Revising Definitions in the PAMM for Clarity and Consistency with Current Practices

LSC Question 12: How should LSC revise the definitions of "acquisition costs for real property" and "capital improvements" in order to address the inconsistencies described in the above proposal? Should the definitions differentiate between renovations done as part of the acquisition process and renovations done on real property already owned by the grantee?

These terms should be clarified and a clear differentiation should be made between renovations done as part of an acquisition process versus general renovations. Renovations that are part of an acquisition should be included, as this cost directly affects the initial value of the asset being acquired. However, general renovations should be excluded as part of 1630 and the PAMM; inclusion of general renovations would limit a grantee's ability to make routine maintenance to their property, changes which do not add value to the property but are necessary to maintain its value.

There should also be a distinction between renovation costs in leases versus purchases. When a grantee purchases property, renovations are part of the cost. However, in lease agreements, these costs are generally a part of a multi-pronged negotiation process (e.g. rent vs. build-out). Programs would lose their best deals if they were required to wait a month for LSC approval. In addition, as indicated above, recipients' management staff know much more about the real estate market in their area than LSC and are in much better position to determine how to proceed in a way that is most advantageous to their programs.

NLADA further recommends that Section 2(c) definition updates include increasing the $10,000 threshold to $25,000, based upon inflation.

LSC Question 13: Should LSC revise the PAMM's definition of "personal property" to include intellectual property? Should LSC create a new provision that governs exclusively rights in intellectual property created using LSC grant funding? Should general rights in data produced under LSC grants be addressed separately from any new provisions governing the acquisition of intellectual property?

The intellectual property area is an extremely complex legal area; NLADA strongly recommends use of a workshop(s) or negotiated rulemaking to address the issues raised by this and the following question.

LSC should not create a new provision that provides exclusive rights in intellectual property created with LSC funding. Rights to recipient created intellectual property is burdensome and contrary to the purposes of LSC and its grantees – does LSC want to be contacted to give permission for use of client education, CLE created, articles published, etc.? The tradition in the intellectual property world, even in LSC's own TIG program, is to make everything open source. While LSC-funded programs may copyright their intellectual property they created, the product they created is generally placed within the public domain. This would create additional complications if the intellectual property was created using additional funding sources.

A distinction should be made between data and intellectual property. LSC should not have ownership rights to grantee data. Data is developed and maintained from a program's services and operations and, for many programs, derived from a mix of funds. Therefore, the data is not exclusively generated by LSC funds. LSC's current access to a recipient's data should not be expanded.

LSC Question 14: Do other funders impose rights-in-data requirements that LSC should be aware of when revising the PAMM, such as the retention of a royalty-free, nonexclusive license to reproduce, publish, or otherwise use products developed by the recipient using those funds? If so, what are those requirements?

Once again, the above questions involve complex legal issues. NLADA strongly recommends use of a workshop(s) or negotiated rulemaking to resolve the questions raised above. Funders have different requirements regarding how products developed with their funds can be used. For example, one LSC funded program explained that their state funder owns the pro se website the program developed and the program retains a license.

F. Revising Procedures and Requirements for Procurements; Including Procurements of Services within the Scope of Part 1630 and the PAMM

Question 15: Should LSC model its revised procurement standards on the standards contained in the Uniform Guidance? What standards do other funders require recipients' procurement policies to meet?

The procurement standards in the Uniform Guidance are very detailed with a one-size-fits-all approach that would be quite burdensome for grantees and unnecessary for recipients to be accountable for following reasonable and responsible procurement standards. LSC current procurement requirements and guidelines are contained in the PAMM and LSC's Accounting Guidelines. These procedures maintain accountability, while allowing programs necessary flexibility to meet their programs' needs effectively and efficiently. In many circumstances, it is simply not feasible or practical for programs to obtain competitive bids, let alone use sealed bidding processes referenced in the Uniform Guidance. For example, programs that cover large rural and/or are located in remote areas, have difficulty locating one vendor, let alone three. In these situations, there is no one financial threshold or type of service that would address when a bidding process should be used versus sole source procurement. Sole source procurement is appropriate and necessary for a service where a program needs unique expertise and/or time is of the essence.

LSC Question 16: What procedures and requirements should LSC adopt to govern services contracts? How can LSC incorporate such procedures and requirements in a way that promotes clarity, efficiency, and accountability, while also minimizing any potential burden to grantees?

Our members strongly oppose prior approval of service contracts and we recommend that LSC not go beyond requiring that grantees have policies and procedures covering service contracts in place approved by their board. It would be very burdensome for LSC to require approvals of "contract services to program" activities. Services contracts include everything from internet service, 800 service, accounting services, licensing, case management system maintenance contracts, software licensing, consulting activities and the list goes on.

There are many varied circumstances when a program needs the flexibility to efficiently and effectively determine service contract needs. Programs must be able to make rapid decisions for example if their computer system crashes and they need the services of a consultant immediately. This is an area where the program's board and staff know best their situation when it comes to obtaining services. Grantees must be able to develop board approved policies that allow for our entering into a service agreement without bids, for example for maintenance coverage on hardware or software when the service vendor is the same as the vendor form whom the equipment was purchased or when the product only has one available source for maintenance. Service contracts for specialty services where the variety of vendors is limited must be permitted. Sound fiscal policies and internal controls will promote clarity, efficiency and accountability while not unduly burdening the recipient.

LSC Question 17: Would codification of the PAMM as a rule create potential burdens to grantees or otherwise unduly disrupt grantees' current property acquisition and management practices?

We do not recommend codification of the PAMM. This would deprive LSC of flexibility and impose rigid rules on LSC and the programs in an ever-evolving delivery system where modifications will need to be made. As indicated in response to question 1 above, although the current PAMM structure has been fine, "consolidating and incorporating all relevant policies and requirements related to the acquisition, use and disposal of real and personal property" into the PAMM does make a lot of sense. The best arrangement would be to have all of LSC fiscal, property, accounting policies in one resource. The regulation itself should provide a very general description of the overall guidelines with references to a resource that consolidates the LSC Accounting Guide, Property Management Guide and other LSC documents with fiscal, property and accounting policies.

LSC Question 18: Are there any significant conflicts between the Corporation's requirements in Part 1630 and the PAMM and rules implemented by other public and private funders? If so,

what steps should LSC take to address such conflicts, whether through rulemaking or otherwise?

The Uniform Rules and Procurement Standards are now in effect for Federal awards and calendar 2015 year-end LSC grantees are engaging IPA's now for their audits. Grantees need specific guidance on what is the OMB's Uniform Guidance general applicability to LSC awards, which explains why and when LSC regulations apply to LSC grant awards rather than the Uniform Guidance.

During rulemaking and in creating policy we recommend that LSC should employ standards of:

1. Consolidating all polices into one comprehensive document,
2. Writing policies in an unambiguous manner as possible
3. Granting broad decision making powers to the grantee's board, staff and auditors
4. Minimize creating complications for programs so they can be entrepreneurial in seeking funds from other sources.

LSC Question 19: Are there any aspects of Part 1630 and the PAMM not identified in this ANPRM that the Corporation should address in this rulemaking?

In addition to our above comments, NLADA reiterates its recommendation that LSC use a method, such a workshop(s) or other method to foster dialogue between LSC and grantees. This would insure a comprehensive set of revisions to that incorporate the appropriate provisions of these complex fiscal requirements. LSC's goals of insuring clarity, efficiency and accountability would be achieved while recipients would be able to maintain the managerial flexibility to determine how their program can maximize their provision of high quality legal services to persons unable to afford adequate legal representation in the most effective and efficient manner.

Thank you again for this valuable opportunity to provide our comments on matters of critical importance to our members.

Sincerely,

Anthony L. Young, Chair, Civil Policy Group (CPG)
Silvia Argueta, Chair, CPG Regulations and Policies Committee
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December 8, 2015

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3333 K Street NW
Washington, D.C. 20007

Re: NJP Comments on Part 1630/PAMM Rulemaking

Dear Ms. Davis:

The Northwest Justice Project (NJP) is the LSC grantee for Washington State. NJP appreciates the opportunity to comment on proposed changes to 45 CFR Part 1630 (Cost Standards and Procedures applicable to LSC grants) and the Property Acquisition and Management Manual (PAMM) set out in the Advanced Notice of Proposed Rulemaking at http://federalregister.gov/a/2015-25735.

NJP has reviewed the comments submitted by the National Legal Aid and Defender Association and generally agrees with those comments. In particular, NJP joins NLADA is commending LSC for seeking early input from the field and, because of the technical nature of the Cost Standards and PAMM, supports the request that LSC consider using workshops or negotiated rulemaking to ensure that the appropriate technical expertise from field program financial leaders and fiscal managers is received prior to formal rulemaking. NJP's Director of Finance, Steve Pelletier, is a leader among field program financial officers and would be happy to participate in such efforts.

NJP repeats below, only the questions on which it has specific comment at this time.

I. Impetus for Rulemaking

The stated purposes of the proposed rulemaking are: (1) to account for changes in federal grant policy; (2) to address ambiguities in existing provisions of Part 1630 and the PAMM; and, (3) to ensure clarity, efficiency and accountability in LSC's grant-making and oversight process. NJP shares these goals and emphasis on clarity, efficiency and accountability. That said, while NJP supports consolidating the rules and processes into one source, NJP disagrees with certain proposed changes as not serving these goals.

Major Areas of Revisions and LSC's Questions for Public Comment

A. Prior Approval Provisions in 1630 and the PAMM: Revising, Restructuring, and Consolidating the Provisions

LSC Question 3: Are there any potential concerns or problems that could arise from revising the rule to specify that recipients must seek prior approval of single acquisitions of multiple items whose aggregate value exceeds the prior approval threshold?

The current provision of 45 CFR 1630.5 now requires approval only for a single item of non-expendable personal property purchased with LSC funds that meets or exceeds the required threshold (currently $10,000). The requirement is very clear, unambiguous and efficient. Requiring prior approval of each transaction in which costs of aggregate items purchased is $10,000 or more would be highly burdensome and unrealistic; it does not take account of how personal property is purchased in contemporary business settings or for the needs of large statewide programs such as NJP's. This requirement would lead to a host of questions as to what actually is an aggregated purchase transaction. Is it one purchase order with one vendor? Is it one invoice for multiple purchase orders that happened to ship and be billed at the same time? Is it one purchase decision with multiple vendors on different purchase orders and multiple invoices? Is it multiple purchase orders and multiple invoices that add up to a payment that exceeds the threshold? Does this aggregation only apply to purchases of depreciable assets (items with a useful life of more than one year and a unit value of $5,000 or more)? Does the threshold apply to the entire purchase or only the portion to be funded with LSC funds?

Bulk purchase of certain products, e.g. computers, office furniture, telephone systems, office supplies, etc. tend to allow for greater savings and bargaining power than multiple orders of the same product. Moreover, for a program such as NJP with 17 offices throughout the state, even small dollar amount supplies orders can add up and thus potentially require prior approval for the aggregated cost of purchasing individually small or relatively inexpensive items. In some cases anticipating the absolute total cost of a purchase of multiple items including applicable State sales taxes and shipping also might not be easy to determine in advance. We believe that this change would be highly burdensome for both LSC staff and recipient staff and would interject LSC into the day-to-day operations of the program as well as potentially delay the purchase of operations critical personal property due to an administratively cumbersome process.

The proposed change is also unnecessary to assure accountability given the recipient's need to maintain reasonable internal controls, purchasing polices and expenditure documentation. It also creates ambiguity if the requirement is applied to all aggregated purchases, including those that may be substantially supported by non-LSC funds.

LSC Question 4: Would the proposed approach generally be consistent with other funders' requirements for all purchases of nonexpendable personal property costing more than the prior approval threshold?

LSC's proposed approach would be generally *inconsistent* with other funders' requirements. None of the other of NJP's multiple funders requires a prior approval for specific purchases of nonexpendable personal property. They do require that grant budgets project what, if any, proposed budget amount is to be allocated to fixed assets and capital purchases, subject to audit and review as appropriate.

LSC Question 5: Should LSC raise the prior approval threshold? If yes, what amount should LSC set as the threshold?

NJP supports raising the approval threshold, even for single item purchases. The current amount of $10,000 appears to have been in place since the mid 80's and does not account for inflation. Assuming that the $10,000 threshold came to be with adoption of 45 CFR 1630 in 1986, it equates to $21,700 in today's dollars considering inflation. In order to account for future inflation without having to repeatedly or annually amend the regulation, NJP supports a single item threshold of $25,000.

B. **Clarifying When LSC Provides Notice of its Intent to Disallow Costs**

LSC Question 6: Are there any other changes LSC should consider when revising 1630.7(b)? How would the proposed approach affect recipients who are subject to a questioned cost proceeding?

NJP disagrees with the proposal to establish the look back time for recovering the amount of questioned costs from when it notifies the recipient of the "intent to disallow a cost" instead of the current five years from when the cost is actually disallowed. There is no time frame proposed as to how long LSC has to determine if the cost will in fact be disallowed, and ongoing uncertainty is not in the best interest of any recipient. Given that some records only need to be retained for five years, and if the disallowed cost is more than five years old, evidence that would support either the propriety of the cost or its disallowance may no longer exist. Moreover, limiting the time for look back recovery to five years from when the cost was disallowed incentivizes LSC to conduct adequate and timely reviews of recipient financial systems, audits, etc. and promotes accountability all around. Delay in either identifying a possible questioned cost and "determination of a basis for disallowing a questioned cost" serves no useful purpose and does nothing to increase efficiency or fiscal accountability.

C. Revising the PAMM's Requirements for Disposal of Property

LSC Questions 8: Would revising the provisions discussed above to require notice and approval by the Corporation prior to any disposal of personal or real property create or remove problems for grantees? Should any provision governing a particular type of property disposal have its own unique requirements or exceptions?

NJP urges LSC not to require notice and obtain approval before disposing of personal property acquired with LSC funds. Again, in a large statewide program supported by multiple funding sources, personal property is acquired all the time and for various needs. Moreover, with planned obsolescence of technology, purchases and disposal of used property is more frequent. Providing notice and obtaining approval every time an item of personal property is disposed of is highly burdensome, inefficient and does nothing to promote accountability. If LSC determines to adopt this change, at minimum it needs to establish an appropriate fair market value or book value for which a large disposal needs approval and that value should be (1) more than *de minimus* (e.g. no less than $25,000 of LSC funds); (2) apply solely to property purchases exclusively with LSC funds; and, (3) take account of depreciation and age of property (e.g. property of X value purchased with LSC funds within the past three years (which coincides with the time frame set out for information to be provided in the competitive bidding process).

LSC Question 9: How would it affect recipients if LSC revised the disposal provisions of the PAMM to require grantees to seek disposition instructions from LSC?

As stated above, requiring NJP to seek transaction specific LSC disposition instructions, beyond those generally found in the regulations themselves, would be administratively burdensome and substantially impractical. This is particularly true in the absence of limitations on (a) the value of property or equipment for which "instruction" would be required; or, (b) time frame in which LSC must provide instructions or deem the proposed disposal approved. Moreover, the proposal provides no reference to any process by which a program can seek review of proposed instruction or exigent circumstances (e.g. natural disaster, fire or theft) that would make an "instruction" meaningless or be contrary to the interests of a recipient, *e.g.* insurance claims, collaborative agreements and partnerships, etc.

LSC Question 13: Should LSC revise the PAMM's definition of "personal property" to include intellectual property? Should LSC create a new provision that governs exclusively rights in intellectual property created using LSC grant funding? Should general rights in data produced under LSC grants be addressed separately from any new provisions governing the acquisition of intellectual property?

NJP urges LSC to not include intellectual property in the definition of "personal property' without more thorough discussion and clearly articulated rationale for doing so. Currently, LSC's logo is required to be affixed to all materials created by an LSC grantee. This serves the laudable purpose of providing LSC visibility within the service area and community at large for the role it places in making recipient services available. However, the provision of funding alone should not dictate ownership. NJP staff produce substantial written materials and legal education videos for the benefit of our client communities. The materials are broadly distributed and posted at www.WashingtonLawHelp.org and at https://www.youtube.com/user/NWJusticeProject.

These materials are often borrowed by pro bono private attorneys, other providers and bar associations as sources of information for clients, for Continuing Legal Education programs, law school clinics, use by law libraries, and other appropriate uses. It is unclear how rights in LSC funded intellectual property would benefit LSC and managing permissions for legitimate use would be burdensome and contrary to the purposes for which the funds were provided. NJP should not have to contact LSC for permission every time a request is made for use of NJP created IP. NJP copyrights its NJP created intellectual property and readily grants permission for its non-commercial use. NJP has also on occasion issued "cease and desist" letters when NJP materials have been wrongfully used for commercial purposes. Does LSC want to get into the business of managing these uses? No NJP funder requires NJP to turn over its intellectual property used for grant related purposes.

We greatly appreciate and thank you for the opportunity to submit these comments in advance of formal publication of proposed revisions to 45 CFR 1630 and the PAMM.

Sincerely,

Deborah Perluss

Deborah Perluss
Director of Advocacy/General Counsel

C Steve Pelletier, NJP Director of Finance
César E. Torres, NJP Executive Director

LSC AGRICULTURAL WORKER POPULATION ESTIMATE UPDATE

January 22, 2016

Federal Register Notice (Draft)

Request for Comments—Agricultural Worker Population Data for Basic Field–Migrant Grants.

Appendix A	Estimate of the Population of Agricultural Workers Eligible for LSC-Funded Services Pursuant to 45 C.F.R. § 1626.4—Anti-Abuse Law.
Table I	Updated Estimates of the Size and Geographic Distribution of The LSC-Eligible Agricultural Worker Population and the Sources and Calculations Used to Develop Those Estimates.
Table II	National and State Estimates of the LSC-Eligible Agricultural Worker Population—Summary Table.
Table III	Percentages of Agricultural Workers by National Agricultural Worker Survey (NAWS) Region and State Who Are Authorized and in Poverty.
Table IV	Average Numbers of Dependents per Farmworker by National Agricultural Worker Survey (NAWS) Region and State.
Table V	Number and Percentage of LSC-Eligible Agricultural Workers in Each State Who Are Crop, Livestock, and Forestry Workers.
Table VI	Number of Unauthorized and Below-Poverty Farmworkers Eligible for LSC-Funded Services Pursuant to Anti-Abuse Provisions of 45 CFR § 1626.4(3).
Table VII	LSC-Eligible Agricultural Worker Population by State: Comparison of Current Population Estimates and Updated January 2016 Department of Labor, Employment and Training Administration (ETA) Estimates.

7050-01

{{Note—Citation formats follow the Federal Register Requirements.
E.g., 45 CFR 1600.1 instead of 45 C.F.R. § 1600.1.}}

LEGAL SERVICES CORPORATION

Notice—Agricultural Worker Population Estimates for Basic Field—Migrant Grants

AGENCY: Legal Services Corporation

ACTION: Notice

SUMMARY: On February 3, 2015, the Legal Services Corporation (LSC) published a notice in the Federal Register requesting comment on a proposal to update the agricultural worker population estimates used for determining the amount of Basic Field funds that LSC will distribute through Basic Field—Migrant grants. 80 FR 5791. Based on comments received in response to this notice, LSC has identified three areas for further public input.

Specifically, LSC seeks (1) comments on the methodology and data used for estimating the agricultural worker population by the U.S. Department of Labor's Employment Training Administration (ETA) considering the additional ETA materials published with this notice; (2) comments on a new estimate of aliens within the agricultural worker population who are eligible for services from LSC grantees based on sexual abuse, domestic violence, trafficking, or other abusive or criminal activities; and (3) submission of available and reliable state- or region-specific data estimates of the population of agricultural workers eligible for LSC-funded services to augment the ETA estimates in individual states or regions. LSC will accept such estimates only if they include the data and methodologies used, including authorship and other relevant information.

DATES: Comments must be submitted on or [INSERT DATE 45 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER].

ADDRESSES: Written comments must be submitted to Mark Freedman, Senior Associate General Counsel, Legal Services Corporation, 3333 K St., NW, Washington, DC 20007-3522; 202-337-6519 (fax); mfreedman@lsc.gov. LSC prefers electronic submissions via email with attachments in Acrobat PDF format. Written comments sent to any other address or received after the end of the comment period may not be considered by LSC.

FOR FURTHER INFORMATION, CONTACT: Mark Freedman, Senior Associate General Counsel, Legal Services Corporation, 3333 K St., NW, Washington, DC 20007-3522; 202-295-1623 (phone); 202-337-6519 (fax); mfreedman@lsc.gov.

SUPPLEMENTARY INFORMATION:

I. INTRODUCTION

The Legal Services Corporation (LSC) seeks public comment on three enhancements to its proposal to obtain and implement more current estimates of the U.S. agricultural worker population eligible for LSC-funded legal assistance. LSC will use those estimates to determine how much of the appropriated Basic Field Programs funds to provide through Basic Field—Migrant grants and the distribution of those grants among the states and other LSC service areas.

On February 3, 2015, LSC published a notice in the Federal Register at 80 FR 5791 requesting comment on a proposal to recalculate the amount and distribution of funds through these grants based on new estimates obtained from the U.S. Department of Labor's Employment Training Administration (ETA). LSC set out three issues for comment:

A. Implementing the new estimates for the distribution of grants beginning in January 2016.

B. Phasing in the changes by providing intermediate funding halfway between the old and new levels for 2016 and fully implementing the new levels for 2017.

C. Obtaining updated estimates every three years for recalculation on the same statutory cycle as LSC obtains updated poverty-population data from the U.S. Census Bureau for the distribution of LSC's Basic Field Program appropriation.

Based on the eleven comments received in response to the notice, LSC identified three issues for additional public comment.

1. LSC is providing increased access to the original source data and methodology used by ETA, and LSC seeks comments on ETA's methodology and data.
2. LSC seeks comments on a new proposal for estimating the number of aliens within the agricultural worker population who are eligible for services from LSC grantees pursuant to 45 CFR 1626.4, based on sexual abuse, domestic violence, trafficking, or other abusive or criminal activities.
3. LSC will accept submission of available and reliable state- or region-specific estimates of the population of agricultural workers eligible for LSC-funded services to augment the ETA estimates in individual states or regions—LSC will accept such estimates only if they include the data and methodologies used, including authorship and other relevant information.

Individuals and organizations can submit materials regarding these three topics to LSC at the address noted above before the specified deadline.

LSC HAS POSTED ON WWW.LSC.GOV THE ORIGINAL NOTICE, THE ORIGINAL ETA REPORT, LSC'S MEMO REGARDING THIS ISSUE, THE COMMENTS RECEIVED, AND THIS NOTICE WITH ALL REFERENCED TABLES AND APPENDICES. www.lsc.gov/ag-worker-data

II. BACKGROUND

On January 21, 2015, LSC Management issued the *LSC Agricultural Worker Population Estimate Update—LSC Management Report to the LSC Board of Directors* (LSC Management Report) providing a detailed background and discussion of the need for new population estimates to inform LSC's decisions about grant funding for legal services to agricultural workers. www.lsc.gov/ag-worker-data (updated January 30, 2015 version of the report).

Briefly summarized, Congress annually appropriates funds to LSC for supporting legal services for eligible clients through grants to "Basic Field Programs" in each state, territory, and the District of Columbia on a per-capita basis using poverty-population data from the U.S. Census Bureau. Pub. L. 104—134, tit. V, 501(a), 110 Stat. 1321, 1321-50 (1996), as amended by Pub. L. 113—6, div. B, tit. IV, 127 Stat. 198, 268 (2013) (LSC funding formula adopted in 1996, incorporated by reference in LSC's appropriations thereafter, and amended in 2013). LSC divides the total per-capita funding for the area into one category for "Basic Field—General" grants and another category for "Basic Field—Migrant" grants (Migrant Grants) to serve the "special difficulties of access to legal services or special legal problems" of agricultural workers. 42 U.S.C. 2996f(h) (LSC Act requirement that LSC address such issues for farmworkers). LSC determines where to provide Migrant Grants and how much of the Basic Field Programs appropriation to allocate to each Migrant Grant based on the agricultural-worker population of that area.

The U.S. Census Bureau does not estimate migrant-worker or agricultural-worker populations. For Migrant Grants, LSC has been using information based on historical estimates dating back to 1990. Furthermore, those estimates include only migrant workers and do not count the entire population of agricultural workers—migrants and non-migrants—that LSC expects grantees to serve with Migrant Grants.

Unlike the U.S. Census Bureau, ETA collects data and provides estimates of the agricultural-worker population for federal grants serving the needs of the agricultural workers in the U.S. LSC contracted with ETA to obtain better and more current estimates of the size and distribution of the population of agricultural workers and their dependents who are eligible for services provided by LSC grantees, and who have incomes below the poverty line (the benchmark used by the U.S. Census Bureau for defining the poverty population that LSC uses for distribution of the Basic Field Programs appropriation) ETA provided LSC with these estimates, including state-by-state breakdowns.

The LSC Management Report described the need for special legal services grants to serve agricultural workers and their dependents, how LSC funds those legal services, and the need to update population estimates for those grants. LSC also provided the new national and state-by-state estimates of the agricultural worker population eligible for LSC services as provided by ETA.

On February 3, 2015, LSC published a notice in the Federal Register at 80 FR 5791 seeking comments on:

A. using the new estimates for distribution of Migrant Grants beginning in January 2016;

B. phasing in the funding changes to provide intermediate funding halfway between the old and new levels for 2016 and to fully implement the new levels for 2017; and

C. obtaining and implementing new estimates every three years on the same cycle as LSC obtains and implements new poverty-population data for LSC's Basic Field—General grants.

III. ANALYSIS OF COMMENTS RECEIVED

LSC received eleven comments from eight organizations and three individuals. The National Legal Aid and Defender Association (NLADA) submitted two comments—one from the NLADA Civil Policy Group and one from the NLADA Farmworker Section. The American Bar Association commented through its Standing Committee of Legal Aid and Indigent Defense. Six LSC grantees submitted comments: (1) Georgia Legal Services, (2) Iowa Legal Aid, (3) the Michigan Advocacy Program (Legal Services of South Central Michigan and Farmworker Legal Services), (4) Southern Minnesota Regional Legal Services, (5) Legal Aid of Nebraska, and (6) Legal Action of Wisconsin. Three individuals submitted comments.

Generally, the comments supported using better estimates for distributing funds for these grants. This section summarizes the comments and identifies three issues about which LSC now seeks further comment. LSC does not seek comment on any of the other issues in the original notice or comments.

A. *The need for specialized services and separate grants to support legal services for agricultural workers.*

The comments all affirmed the need for specialized services to agricultural workers and dependents, and endorsed continuing to separate funds for grants for those specialized services out of the Basic Field Program appropriation. These comments agreed with LSC's determination that due to a variety of factors—including social, cultural, and geographic isolation and the unique body of laws governing agricultural employment —eligible agricultural workers and their families have special legal problems and difficulties accessing civil legal services that are different from those faced by the general population of eligible clients. Thus, consistent with the LSC Act's requirement to address such issues, LSC should provide separate Migrant Grants.

B. *More current estimates of the population of agricultural workers.*

The comments supported LSC's proposal to obtain and use more current estimates of the size of the agricultural worker population within each state.

C. *Updating the definition of agricultural workers.*

Most comments supported LSC's proposal to update its definition of eligible agricultural workers and dependents to include all crop workers (migrant, seasonal, and otherwise), livestock workers, and forestry workers.

One LSC grantee recommended limiting the parameters to people who perform agricultural work as migrants and excluding non-migrant workers. One individual expressed concern about the impact of including livestock and forestry workers (or other non-traditional agricultural workers) in the national count of "agricultural workers." That commenter argued that those other populations have less need for specialized legal services than people working in traditional hand-harvest labor. Furthermore, that commenter expressed concern that the inclusion of these workers would result in a shift in funding and service delivery from the "traditional farmworker states" to other states.

LSC will include the previously-proposed categories of livestock and forestry workers (and other non-migrant agricultural workers) in the new estimates as supported by many of the comments. LSC agrees that migrant workers and their dependents face particular challenges because of their geographic mobility and heightened social and cultural isolation. For the reasons set forth in the LSC Management Report, the legal needs of non-migrant agricultural workers are more similar to those of migrant agricultural workers than to those of non-agricultural workers and are most efficiently and effectively addressed by programs with experience in serving those unique needs. Thus, LSC can best serve the legal needs of all individuals eligible for LSC-funded services by allocating funds to the Migrant Grants for all agricultural workers rather than dividing the agricultural worker population between Migrant Grants and Basic Field—General grants.

The comments expressing concerns that a modification in the definition of agricultural workers will alter the distribution of funds among the states are based on a misunderstanding regarding the allocation of funding to Migrant Grants. *Changes in Migrant Grant funding in one state will not affect Migrant Grant funding in any other state.* Rather, "funding for migrant legal services is based on the estimated size of the migrant poverty population *in each geographic area* . . . [and] the funding for this population is 'backed out' of the funding *for the rest of [that] state's poverty population*." *LSC Management Report,* 19 (emphasis added). Thus, increasing the agricultural-worker count for one State will have *no effect* on any LSC grants in any other state.

Finally, some comments also suggested that LSC include off-farm fruit and vegetable canning workers in its definition of agricultural workers because those workers can face the same barriers to accessing civil legal assistance experienced by the agricultural workers currently included in LSC's "agricultural worker" definition. The ETA expert panel recommended excluding those off-farm workers from the definition of agricultural workers because those workers are not subject to the special Fair Labor Standards Act rules that apply to the other categories of agricultural workers. *See* 29 CFR Part 780 (exemptions for agricultural work). Rather, those off-farm workers are subject to the same Fair Labor Standards Act rules as other non-agricultural U.S. workers. Furthermore, the Migrant and Seasonal Agricultural Worker Protection Act does not apply to local workers employed in packing, processing or canning operations. Therefore, LSC will not include off-farm fruit and vegetable canning workers in the "agricultural worker" definition.

One individual commented that LSC should provide funds to serve both eligible and ineligible workers. LSC does not structure special-purpose grants to serve ineligible people.

D. *Methodological Issues*

Some comments questioned ETA's methodology, source data, and the resulting estimates. As discussed in more detail in Section LSC is providing increased access to the original source data and methodology used by ETA, and LSC seeks comments on ETA's methodology and data. below (Areas for Further Public Input), these comments focused on (1) potential inaccuracies in ETA's final state estimates based on the use of the National Agricultural Worker Survey (NAWS) and United States Department of Agriculture (USDA) National Agricultural Statistics Service (NASS) regional ratios, (2) the lack of access to the source data and methodology used by ETA, and (3) the need for adjustments to the estimates for aliens eligible for LSC-grantee services based on sexual abuse, domestic violence, trafficking, or other abusive or criminal activities. 45 CFR 1626.4—Aliens eligible for assistance under anti-abuse laws. LSC will address these concerns through the information provided in this notice for additional comment.

Some comments also asked if the count of eligible dependents of farmworkers excluded as "unauthorized" aliens who are spouses, parents, or (in some cases) children of U.S. citizens and who are beneficiaries of pending I-130 petitions for permanent residence. LSC grantees can serve those individuals under 45 CFR 1626.5(b). ETA reported that the NAWS survey instrument is designed to identify individuals with pending I-130 petitions, so that those individuals were included in the eligible population estimate.

E. *Implementation of new estimates*

All comments endorsed a phase-in approach, while many suggested a delay to allow grantees (both farmworker and basic field grant recipients) time to implement appropriate delivery changes based on new estimates. LSC's decision to publish this notice seeking additional comment has moved implementation to January 2017. LSC will phase in funding changes so that one-half of the transition occurs in 2017 and the full changes occur in 2018.

All comments supported LSC's proposal to update the estimates at regular intervals. These comments agreed with LSC that updating those estimates on a more regular basis would cause less disruption for recipients in the future.

A number of comments, however, questioned whether LSC's proposal to update these estimates in three-year intervals would be sufficiently regular enough to account for rapid changes in agricultural worker populations. Furthermore, comments requested that LSC accept additional public comment once more information is known about the impact of the Census Bureau's recent announcement concerning discontinuing the so-called "three-year estimates" produced in conjunction with the American Community Survey. LSC will adopt the proposed triennial adjustment because Congress mandates that LSC obtain updated poverty-population data from the Census Bureau every three years for redistribution of the Basic Field Program appropriation. Pub. L. 104—134, tit. V, 501(a)(2)(A), 110 Stat. 1321, 1321-51 (1996), as amended by Pub. L. 113—6, div. B, tit. IV, 127 Stat. 198, 268 (2013) (LSC funding formula adopted in the 1996 LSC appropriation, incorporated by reference in LSC's appropriations thereafter, and amended in the 2013 LSC appropriation). LSC grantees can budget and plan service delivery better if LSC makes one adjustment to the distribution of grant funds every three years that includes both (1) the national distribution *among* states and territories and (2) the local distribution *within* each state or territory between farmworker grants and general-purpose grants.

IV. AREAS FOR FURTHER PUBLIC INPUT

LSC has identified three additional areas for public comment.

A. *LSC is providing increased access to the original source data and methodology used by ETA, and LSC seeks comments on ETA's methodology and data.*

Some comments maintained that they could not evaluate the validity of the ETA estimates because they did not have all the necessary information about the methodologies and data used to develop those estimates. LSC has provided greater access to the data and methodology used by ETA by producing the following additional tables. All tables are published at www.lsc.gov/ag-worker-data.

Table I—Updated Estimates of the Size and Geographic Distribution of The LSC-Eligible Agricultural Worker Population and the Sources and Calculations Used to Develop Those Estimates

Table I is a forty-three-column table that provides updated estimates of the LSC-Eligible Agricultural Worker Population for each state, region and nationally and identifies all of the data sources, methods and calculations on which the updated agricultural working population estimates are based.

Table II—National and State Estimates of the LSC-Eligible Agricultural Worker Population—Summary Table

Table II is an abbreviated version of Table I. This fifteen-column table provides the updated estimates of the LSC-Eligible Agricultural Worker Population for each state, region and nationally and identifies the most significant steps in the estimation formula on which the updated agricultural working population estimates are based.

Table III—Percentages of Agricultural Workers by National Agricultural Worker Survey (NAWS) Region and State Who Are Authorized and in Poverty

Table III is a five-column table that identifies for each state, region and nationally the percentage of agricultural workers in poverty, the percentage of farmworkers that are U.S. citizens or authorized aliens, and the percentage of farmworkers that are in both categories.

Table IV—Average Numbers of Dependents per Farmworker by National Agricultural Worker Survey (NAWS) Region and State

Table IV is a five-column table that identifies for each state, region and nationally the percentage of agricultural worker dependents that are in poverty, the percentage that are U.S. citizens or authorized aliens, and the percentage that are in both categories.

Table V—Number and Percentage of LSC-Eligible Agricultural Workers in Each State Who Are Crop, Livestock, and Forestry Workers

Table V is a nine-column table that identifies for each state, for each region, and nationally the percentage and number of the eligible agricultural workers (i.e., U.S. citizens or authorized aliens and in poverty) who are crop, livestock, and forestry workers.

Table VI—Number of Unauthorized and Below-Poverty Farmworkers Eligible for LSC-Funded Services Pursuant to Anti-Abuse Provisions of 45 CFR § 1626.4(3)

Table VI is a twelve-column table that identifies each for state, region and nationally the number of unauthorized and below-poverty agricultural workers eligible for LSC-funded services pursuant to Anti-Abuse provisions of 45 CFR § 1626.4(3).

Table VII—LSC-Eligible Agricultural Worker Population by State: Comparison of Current Population Estimates and Updated January 2016

Department of Labor, Employment and Training Administration (ETA) Estimates

Table VII is a seven-column table that provides for each state and nationally the estimated migrant population currently used to allocate LSC funding and the updated estimated agricultural worker population.

Because of NAWS survey data confidentiality issues, not all survey data can be published. Persons or entities needing access to the restricted NAWS data may seek approval to access the data in Washington, D.C., at the Employment and Training Administration, U.S. Department of Labor, or in Burlingame, California, at the office of ETA's NAWS contractor, JBS International, by writing to Mr. Daniel Carroll at ETA: carroll.daniel.j@dol.gov. The request should identify the need for the NAWS information for commenting on this LSC proposal and explain why the NAWS public data file does not provide sufficient information.

B. *LSC seeks comments on a new proposal for estimating the number of aliens within the agricultural worker population who are eligible for services from LSC grantees pursuant to 45 CFR 1626.4, based on sexual abuse, domestic violence, trafficking, or other abusive or criminal activities.*

Several comments questioned the potential exclusion in the published estimates of certain "unauthorized" farmworkers who could be LSC eligible pursuant to certain anti-abuse statutes, as provided in 45 C.F.R. 1626.4. LSC separates Basic Field Program funds into Basic Field—General Grants and Migrant Grants in order to make LSC funds available through grantees that are best equipped to serve the needs of different parts of the population of LSC-eligible clients. LSC therefore needs to use the best available information to estimate those populations and direct funds accordingly. Notably, these numbers do not affect the eligibility of any applicants for services; the numbers are used only for distribution of funding.

It is widely recognized by experts in the field that significant numbers of "unauthorized" farmworkers are already subject to the abusive or criminal activities that would qualify them for LSC grantees' services pursuant to § 1626.4. However, the lack of data on this population precluded ETA from developing a national number to estimate this population. As a result, the published estimates implicitly assume that no unauthorized farmworkers are eligible for LSC-funded services.

This implicit assumption is inconsistent with statutes that explicitly authorize representation of unauthorized individuals who have been subject to abuse, sexual assault, trafficking, or certain other crimes and both public and private data that demonstrate that significant numbers of farmworkers are subject to such crimes and therefore eligible for LSC-funded services based on the provisions of 45 CFR 1626.4. In response to these concerns, LSC has identified and assessed available sources regarding the extent of these crimes against farmworkers and developed a methodology to estimate the size of the farmworker population that would be eligible for LSC grantees' services based on the provisions of Section 1626.4. *See* Appendix A—*Estimate of the Population of Agricultural Workers Eligible for LSC-Funded Services Pursuant to 45 C.F.R. § 1626.4—Anti-Abuse Law*. LSC seeks feedback on the methodology and results produced by this methodology.

C. *LSC will accept submission of available and reliable state- or region-specific estimates of the population of agricultural workers eligible for LSC-funded services to augment the ETA estimates in individual states or regions—LSC will accept such estimates only if they* include *the data and methodologies used, including authorship and other relevant information.*

Some comments raised concerns about the source data and the methodology used by ETA. In particular, concerns were raised about the types of state groupings used for distribution of the data among the states, leading to understatements of the number of LSC-eligible farmworkers in particular states. Specifically, comments stated that differences in a NAWS/NASS region produced inaccurate estimates for states within that region. Comments expressed the concern that states grouped together by geographic proximity did not share similarities in commodities or farmworker workforces. These comments also identified potential sources of more detailed estimates within specific states or regions.

LSC investigated the possibility of ETA's developing alternative estimates of the LSC-eligible population by reconfiguring the NAWS/NASS regions, but ETA determined that doing so is not feasible.

Although the NAWS/NASS regions produce the best available nationwide and regional population estimates, LSC understands that the NAWS/NASS regions might not account for unique, state-specific factors that could be relevant to delivery of these legal services in some states. Therefore, LSC requests submission of available and reliable state- or region-specific estimates of the population of agricultural workers eligible for LSC-funded services to augment the ETA estimates in individual states or regions. We underscore that the estimates must include both the source data (and data description) and a detailed summary of the research methodology employed to derive the estimates. The information should also include a reference to authors and any relevant citations and references. Please note that LSC uses the 100%-of-poverty threshold for population estimates. After the close of the comment period, LSC will publish on www.lsc.gov all actual, potentially reliable estimates submitted and related information. LSC will also publish a notice in the Federal Register regarding the availability of the estimates and providing a comment period.

Dated: January XX, 2016

LSC
America's Partner for Equal Justice

MEMORANDUM

To: Operations and Regulations Committee

From: Ronald S. Flagg, General Counsel RF
Bristow Hardin, Program Analyst III BH
Mark Freedman, Senior Associate General Counsel MF

Re: Estimate of the Population of Agricultural Workers Eligible for LSC-Funded Services Pursuant to 45 C.F.R. § 1626.4—Anti-Abuse Laws

Date: January 20, 2016

I. Introduction

On February 3, 2015, the Legal Services Corporation (LSC) published a notice in the Federal Register, 80 Fed. Reg. 5791 (Public Notice), requesting comment on a proposal to recalculate the distribution of funds through Basic Field—Migrant grants based on new population estimates obtained from the U.S. Department of Labor (DOL) Employment and Employment Training Administration (ETA). The ETA estimate of the agricultural worker population eligible for LSC-funded services includes only those persons who meet the LSC eligibility criteria regarding citizenship and alien status as set forth in Part 1626 of the LSC Regulations. The Public Notice reflected management's recommendation[1] that LSC reduce the population estimates by 50% to exclude agricultural workers and dependents who are non-U.S. citizens without authorized alien status.[2] Management recommended that LSC limit the population estimates to the extent credible data show that a

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[1] Legal Services Corporation, *LSC Agricultural Worker Population Estimate Update. LSC Management Report to LSC Board of Directors.* (JANUARY 30, 2015), http://www.lsc.gov/about-lsc/matters-comment/agricultural-worker-population-estimates.

[2] "NATIONAL AGRICULTURAL WORKERS SURVEY (NAWS), PUBLIC DATA SETS," U.S. Department of Labor, Employment and Training Administration, last modified DECEMBER 11, 2015, http://www.doleta.gov/agworker/naws.cfm.

material proportion of the agricultural worker population would not likely qualify for LSC-funded services.

Several comments filed in response to the Public Notice questioned whether the exclusion of all unauthorized farmworkers from the estimates caused a material undercount of the numbers of farmworkers eligible for LSC-funded services because of the failure to include unauthorized farmworkers who could be eligible for LSC-funded services pursuant to Congressionally-specified anti-abuse statutes. *See* 45 C.F.R. § 1626.4. ETA did not include in its estimate any individuals eligible pursuant to these anti-abuse statutes and 45 C.F.R. § 1626.4, because it could not identify data sets that would enable it to make population estimates consistent with its standards of accuracy. As a result, the published estimates implicitly assume that no unauthorized farmworkers are eligible for LSC-funded services.

That implicit assumption is inconsistent with statutes that explicitly authorize representation of unauthorized individuals who have been subject to abuse, sexual assault, trafficking, or certain other crimes, and with both public and private data that demonstrate that significant numbers of farmworkers are subject to such crimes and therefore eligible for LSC-funded services based on the provisions of 45 C.F.R. § 1626.4. Although these data do not permit a precise estimate of the numbers of such farmworkers, they do support estimates of such eligible farmworkers that are far more reasonable than the 0% reflected in the Public Notice. As described below, we estimate that 26.2% of unauthorized female farmworkers living in poverty and 16.3% of unauthorized male farmworkers living in poverty are eligible for LSC-funded services pursuant to 45 C.F.R. § 1626.4. We recommend modifying the original ETA estimates to include these additional populations of eligible workers.

II. Eligibility of Aliens for Services from LSC-Grantees Pursuant to 45 C.F.R. § 1626.4

Congress restricts client eligibility for LSC-grantee services to U.S. Citizens and statutorily-defined categories of aliens. LSC implemented these restrictions at 45 C.F.R. Part 1626. Generally, LSC grantees cannot represent non-U.S. citizens, although Congress provided exceptions for aliens with specific types of immigration status, *e.g.,* permanent residence or lawful presence related to natural disasters. Additionally, Congress provided that the alienage restrictions do not apply to victims of abuse, sexual assault, trafficking, or certain other crimes or acts of violence. LSC implemented those statutory provisions in 45 C.F.R. § 1626.4—Anti-abuse laws.

For this analysis, we have placed the victim statuses that would make aliens eligible for LSC-funded services into two categories that correspond to available data:

1. *Sexual- and physical violence-related crimes:* rape, sexual assault, abusive sexual contact, domestic violence, physical violence, stalking, and battering.
2. *Forced labor and labor trafficking-related crimes:* being held hostage, peonage, involuntary servitude, labor trafficking, and fraud in foreign labor contracting.[3]

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[3] Although trafficking has been classified as a subset of forced labor crimes, the differences between them have become blurred in definitional and practical terms. We exclude sex trafficking because sex trafficking for economic purposes is different from other forms of labor trafficking. *See e.g.,* International Labor Office, *ILO Global Estimate of Forced Labour—Results and methodology* (2012), http://www.ilo.org/wcmsp5/groups/public/---ed_norm/---declaration/documents/publication/wcms_182004.pdf; Urban Institute, *Understanding the Organization, Operation, and Victimization Process of Labor Trafficking in the United States* by Colleen Owens, Meredith Dank, Justin Breaux, Isela Bañuelos, Amy Farrell, Rebecca Pfeffer, Katie Bright, Ryan Heitsmith, and Jack McDevitt (2014), http://www.urban.org/sites/default/files/alfresco/publication-pdfs/413249-Understanding-the-Organization-Operation-and-Victimization-Process-of-Labor-Trafficking-in-the-United-States.PDF.

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These categories correlate well with the § 1626.4 qualifications and correspond to available studies that provide useful estimates of rates of occurrence in relevant populations.

III. Data Regarding Crimes of Sexual and Physical Violence

Data focusing on the farmworker population subjected to sexual and physical violence are scarce, in part because of the geographic, social, economic, and cultural isolation of farmworker women. A reasonable estimate of the numbers of farmworkers subject to such crimes can be made, however, based on government data regarding rates of sexual and physical violence against women in the general U.S. population. Studies that have identified factors that tend to increase the prevalence of these crimes against farmworker women and data from relevant small-scale surveys indicate that the prevalence of these crimes against female farmworkers may well be higher than against women in the general population, although these data do not, in our view, provide a reasonable basis for adjusting the general population data.

A. Sexual- and physical violence-related crime rates in the general population

The Centers for Disease Control and Prevention (CDC) and the Department of Justice (DOJ) are the primary sources of data regarding the prevalence of sexual and physical violence among the U.S. population.[4] The most recent CDC report on

[4] *See* National Center for Injury Prevention and Control, Centers for Disease Control and Prevention, *Intimate Partner Violence in the United States — 2010* by Matthew Breiding, Jieru Chen, and Michele Black (2014), http://www.cdc.gov/violenceprevention/pdf/cdc_nisvs_ipv_report_2013_v17_single_a.pdf; U.S. Department of Justice, Office of Justice Programs, *Extent, Nature, and Consequences of Intimate Partner Violence, Findings From the National Violence Against Women Survey*. NCJ 181867 (2000), https://www.ncjrs.gov/pdffiles1/nij/181867.pdf; National Center for Injury Prevention and Control, Centers for Disease Control and Prevention, *Costs of Intimate Partner Violence Against Women in the United States* (2003), http://www.cdc.gov/violenceprevention/pdf/IPVBook-a.pdf; U.S. Department of Justice,

intimate partner violence (IPV) showed that, in their lifetimes, 9.4% of women have been raped, 15.9% have experienced sexual violence other than rape,[5] and 10.7% have experienced stalking in which the victim "felt very fearful or believed that they or someone close to them would be harmed or killed."[6] Furthermore, 32.9% of women have experienced physical violence other than sexual violence.[7]

Women of color and women experiencing economic stress experience higher rates of these acts. The twelve-month prevalence of rape, physical violence, or stalking by intimate partners is 5.1% for White women; 8.1% for Hispanic women; and 9.2% for Black women.[8] Categorized by income, these rates are 9.7% for women with annual household incomes under $25,000 and 2.8% for women in households with annual incomes greater than $75,000.[9] Lastly, these rates are 11.6% for women experiencing food insecurity and 10.0% for women experiencing housing insecurity.[10]

The CDC also gathered data on acts of "coercive control," examples of which include threats of physical harm, physically harming loved ones, threatening to physically harm loved ones, trying to isolate one from family and friends, limiting mobility,

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Bureau of Justice Statistics, *Family Violence Statistics: Including Statistics on Strangers and Acquaintances* by Matthew Durose, Caroline Wolf Harlow, Patrick Langan, Mark Motivans, Ramona Rantala, and Erica Smith, NCJ 207846 (2005), http://www.bjs.gov/content/pub/pdf/fvs02.pdf; U.S. Department of Justice, Bureau of Justice Statistics, *Nonfatal Domestic Violence, 2003–2012,* NCJ 244697 (2014), http://www.bjs.gov/content/pub/pdf/ndv0312.pdf; U.S. Department of Justice Bureau of Justice Statistics, *Intimate Partner Violence, 1993–2010* by Shannan Catalano, NCJ 239203 (2012), http://www.bjs.gov/content/pub/pdf/ipv9310.pdf.

[5] *Intimate Partner Violence in the United States — 2010*, supra note 4 at 14.

[6] *Id.* at 17.

[7] *Id.* at 15.

[8] *Id.* at 30, Table 3.3.

[9] *Id.* at 32, Table 3.6.

[10] *Id.* at 34, Table 3.8.

threating to take away children, and denying access to money.[11] The CDC determined that 41% of women have been subjected to "coercive control" by an intimate partner in their lifetimes[12] and found a twelve-month prevalence rate of 10.7%.[13]

B. Increased Prevalence of Sexual and Physical Violence for Farmworker Women

Government and other research studies have identified a range of factors that can increase the prevalence of sexual and physical violence for farmworker women compared to women in the general population.[14] Compared to other women in the U.S., farmworker women (1) are far more likely to be immigrants unfamiliar with U.S. laws, (2) have significantly lower levels of educational achievement and

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[11] *Id.* at 19, Figure 2.5.

[12] *Id.* at 19, Figure 2.5.

[13] *Id.* at 20.

[14] Among others, *see* Maria Dominguez, "Sex Discrimination and Sexual Harassment in Agricultural Labor," *Journal of Gender and the Law* 6 (1997); Human Rights Watch, *Cultivating Fear: The Vulnerability of Immigrant Farmworkers in the US to Sexual Violence and Sexual Harassment* by Grace Meng (2012), https://www.hrw.org/report/2012/05/15/cultivating-fear/vulnerability-immigrant-farmworkers-us-sexual-violence-and-sexual; Oxfam America, *Working in Fear. Sexual violence against women farmworkers in the United States* by Sara Kominers (2015), https://www.northeastern.edu/law/pdfs/academics/phrge/kominers-report.pdf; Southern Poverty Law Center, *Injustice on Our Plates—Immigrant Women in the U.S. Food Industry* by Mary Bauer and Mónica Ramírez (2010), https://www.splcenter.org/sites/default/files/d6_legacy_files/downloads/publication/Injustice_on_Our_Plates.pdf; William Tamayo, "Forging Our Identity: Transformative Resistance In The Areas Of Work, Class, And The Law: The Role of the EEOC in Protecting the Civil Rights of Farm Workers," *U.C. Davis Law Review* 33 (2000) at 1057; William Tamayo, "Rape, Other Egregious Harassment, Threats of Physical Harm to Deter Reporting, and Retaliation," *American Bar Association* (November 2011), http://www.americanbar.org/content/dam/aba/administrative/labor_law/meetings/2011/ac2011/036.authcheckdam.pdf; Equal Employment Opportunity Commission, *Selected List of Pending and Resolved Cases Involving Farmworkers from 1999 to the Present (as of August 2014)*, http://www.eeoc.gov/eeoc/litigation/selected/farmworkers_august_2014.cfm; Irma Morales Waugh, "Examining the Sexual Harassment Experiences of Mexican Immigrant Farmworking Women," *Violence Against Women* 16 (2010) at 237.

proficiency in English, (3) are nearly twice as likely to live in poverty,[15] (4) are more likely to live and work in geographically isolated areas, and (5) are less likely to trust law enforcement or the justice system.

These circumstances are further intensified by the imbalance of authority and control between workers and their employers and supervisors. Perpetrators may be in positions of power, with the authority to hire, fire, set wages, and provide or deny benefits such as better hours or work assignments. They may control whether and when workers are paid and may control workers' access to housing. In addition, unauthorized workers may believe that they risk deportation if they confront their abusers, especially if they are not aware of their legal rights. Congress recognized these concerns when it enacted laws permitting LSC grantees to represent these individuals notwithstanding their immigration status.

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[15] Immigrants compose 73% of farmworker women, and 100% of unauthorized farmworker women, compared to 13% of the total population. About 49% of farmworker women are unauthorized aliens, but only 5% of all workers are unauthorized. In 96% of U.S. households, at least one member 13 years and older speaks English "very well." In contrast, only 32% of farmworker women, and only 5% unauthorized farmworker women in poverty, speak English "well." The mean highest grade completed by women farmworkers and unauthorized female farmworkers are 8th and 6th, respectively. In contrast, only 13% of all 18–24-year-old U.S. women have not graduated high school and only 6% of women over 25 years have not completed the ninth grade. Thirty-one percent (31%) of farmworker women in the U.S. have annual incomes below the poverty line, compared with 17% of all women in the U.S. The mean annual household income for all farmworker women and farmworker women in poverty are $18,750 and $13,750, respectively. (The NAWS reports annual incomes in ranges. The incomes reported here are the mid-points of the ranges for these groups.) In contrast, only 13.3% of all U.S. households have annual incomes less than $15,000 and only 18.8% have annual incomes less than $20,000. All data above for farmworkers are based on restricted data from the Employment and Training Administration's National Agricultural Workers Survey. All data for the general population are from the U.S. Census Bureau, 2012 *American Community Survey 1-year estimates*, except for the percent of all workers who are unauthorized, which is from Pew Research Center, *Share of Unauthorized Immigrant Workers in Production, Construction Jobs Falls Since 2007: In States, Hospitality, Manufacturing and Construction are Top Industries* by Jeffrey Passel and D'Vera Cohn (2015), http://www.pewhispanic.org/files/2015/03/2015-03-26_unauthorized-immigrants-passel-testimony_REPORT.pdf.

Three studies include survey data from immigrant women working in agricultural settings and similar industries (e.g., meatpacking) about the sexual violence they experienced at work.[16]

- Of the farmworker women surveyed as part of a 2006 study conducted by researchers at the University of California, Santa Cruz, 80% reported they had experienced some form of sexual harassment; 42% reported they had been subjected to unwanted sexual attention that ranged from inappropriate and offensive physical or verbal advances to gross sexual imposition, including rape; and 24% reported they had experienced sexual coercion by a supervisor.[17]
- As part of a 2010 study, the Southern Poverty Law Center interviewed immigrant women who had worked in the food industry – the fields, food packinghouses or processing plants – in six states. A "majority" of those interviewed said they were subjected "to sexual harassment that, at times, rose to the level of sexual assault."[18]
- The legal research and advocacy group ASISTA surveyed women working at Iowa meatpacking plants in 2009.[19] These survey results are relevant for

[16] Because of the isolated nature of this population, random or "probabilistic" sampling of female farmworkers is not feasible. Instead, these surveys were based on purposive sampling methods such as snowball or convenience sampling approaches. Researchers use these approaches to develop samples that can provide the best understanding of the population being studied. In snowball sampling, existing study participants recruit or identify other participants from among their acquaintances. In convenience sampling, researchers identify participants based on their accessibility or willingness to participate.

[17] Waugh, "Examining the Sexual Harassment Experiences of Mexican Immigrant Farmworking Women," supra note 14. The survey sample included 150 farmworker women in California's Central Valley. Survey respondents were contacted for participation at community flea markets and community markets.

[18] *Injustice on Our Plates. Immigrant Women in the U.S. Food Industry*, supra note 14 at 44. Over 150 women were interviewed. Participants were identified by service providers and other project partners.

[19] Reported in Bernice Yeung and Grace Rubenstein, "Female workers face rape, harassment in U.S. agriculture industry," *Center for Investigative Reporting*, JUNE 25, 2013, http://cironline.org/reports/female-workers-face-rape-harassment-us-agriculture-

this analysis because immigrant women farmworker and meatpacking workers often come from the same or similar communities, have similar socioeconomic characteristics, and confront comparable challenges in the workplace. Of those surveyed, 84% said they experienced one or more forms of sexual harassment at work; 41% said they experienced unwanted physical contact; and 26% said they were threatened with firing or demotion if they resisted those advances.[20]

In combination with the qualitative studies, farmworker women's socioeconomic characteristics, and the dynamics of farmworkers' employment conditions, these data indicate that the prevalence of sexual violence and other crimes against female farmworkers are at least as high as, if not higher than, the prevalence of such crimes against women in the general population.[21] These data, however, are based on limited samples that were not randomly selected. Accordingly, we do not believe the data provide a reasonable basis for making a precise adjustment to the general population data provided by the CDC.

IV. Data Regarding Forced Labor and Labor Trafficking Among Farmworkers

Data regarding the population of forced labor and labor trafficking victims in agriculture are scarce because these are particularly secretive criminal activities, the population of victims is relatively small and hidden, workers are vulnerable to retaliation, and the victim population is socially, economically and culturally isolated.[22] None of the U.S. government entities with statutory mandates to

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industry-4798. More than 100 women workers were surveyed. Other information about the study methodology is unavailable at this time.

[20] *Id.*

[21] Based on these factors Equal Employment Opportunity Commission (EEOC) Chairwoman Ida Castro stated that farmworker women are "perhaps the most vulnerable sector of the workforce." Quoted in Tamayo, "Forging Our Identity": Transformative Resistance in the Areas of Work, Class, and the Law: The Role of the EEOC in Protecting the Civil Rights of Farm Workers," supra note 14.

[22] International Labor Office, *Hard to see, harder to count. Survey guidelines to estimate forced labour of adults and children.* (2012), http://www.ilo.org/wcmsp5/groups/public/---

identify and combat trafficking and forced labor crimes has published recent estimates of the number of forced labor or trafficking victims in the U.S.[23]

Two studies funded by the Department of Justice do provide data about the scope and magnitude of these crimes in agriculture and, in the absence of other government data, we turn to these studies. Both studies used a "conservative (or narrow) interpretation" of trafficking: "actual/threatened infringement of freedom of movement (e.g., holding a migrant hostage in order to extort ransom during transportation) or actual/threatened violation of one's physical integrity (e.g.,

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ed_norm/---declaration/documents/publication/wcms_182096.pdf. *See also* Prepared for the U.S. Department of Justice, National Institute of Justice, *Indicators of Labor Trafficking Among North Carolina Migrant Farmworkers* by Kelle Barrick, Pamela Lattimore, Wayne Pitts, and Sheldon Zhang, 244204 (2013), https://www.ncjrs.gov/pdffiles1/nij/grants/244204.pdf; International Labour Office, *ILO Minimum Estimate of Forced Labour in the World by* Patrick Belser, Michaëlle de Cock, and Farhad Mehran (2005); *ILO Global Estimate of Forced Labour. Results and methodology*, supra note 3; Supreme Court of the State of New York, Appellate Division, First Department and New York State Judicial Committee on Women and the Courts, *Lawyer's Manual On Human Trafficking: Pursuing Justice for Victims,* edited by Jill Goodman and Dorchen Leidhold (2013), Chapters 1 and 2, https://www.nycourts.gov/ip/womeninthecourts/pdfs/LMHT.pdf; *Understanding the Organization, Operation, and Victimization Process of Labor Trafficking in the United States*, supra note 3; Southern Poverty Law Center, *Close to Slavery; Guestworker Programs in the United States* by Mary Bauer (2013), https://www.splcenter.org/sites/default/files/d6_legacy_files/downloads/Close_to_Slavery.pdf ; United Nations Office on Drugs and Crime, *Global Report on Trafficking in Persons 2014,* Sales No. E.14.V.10 (2014), https://www.unodc.org/documents/data-and-analysis/glotip/GLOTIP_2014_full_report.pdf; Verité, *Immigrant Workers in US Agriculture: The Role of Labor Brokers in Vulnerability to Forced Labor* (2010), http://digitalcommons.ilr.cornell.edu/cgi/viewcontent.cgi?article=2174&context=globaldocs; San Diego State University, *Looking for a Hidden Population: Trafficking of Migrant Laborers in San Diego County* by Sheldon X. Zhang, 240223 (2012), https://www.ncjrs.gov/pdffiles1/nij/grants/240223.pdf.

[23] These entities include the Departments of State, Justice, Labor, Homeland Security, and Health and Human Services.

physical or sexual assaults)."[24] Victims of these crimes would be eligible for LSC-funded services under the provisions of § 1626.4.

A San Diego county study was designed to "provide statistically sound estimates of the prevalence of trafficking victimization" of unauthorized farmworkers in the county and to identify "the types of trafficking victimization experienced by these laborers."[25] The study found "rampant trafficking violations and gross exploitation of unauthorized workers," and that a "victims' legal status [i.e., undocumented] appears to be the most important factor in determining their likelihood of victimization, as few other variables seem to explain much of their experience."[26] For workers in all occupations, the study found a 28% trafficking violation rate by employers;[27] the trafficking violation rate by agricultural employers was 16%.[28]

The study report stated that "the San Diego data provide empirical evidence that labor trafficking and abusive labor practices may indeed be common in areas where

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[24] *Looking for a Hidden Population: Trafficking of Migrant Laborers in San Diego County,* supra note 22 at 8; *Indicators of Labor Trafficking Among North Carolina Migrant Farmworkers*, supra note 22 at ES-1.

[25] *Looking for a Hidden Population: Trafficking of Migrant Laborers in San Diego County,* supra note 22. Sheldon Zhang, the study director, is a San Diego State University professor and internationally recognized expert in trafficking. For example, Zhang was a reviewer of the 2014 United Nations global trafficking report. *See Global Report on Trafficking in Persons 2014,* supra note 22 at 2.

[26] *Looking for a Hidden Population: Trafficking of Migrant Laborers in San Diego County,* supra note 22 at 18.

[27] *Id.* at 117, Table 4.

[28] *Id.* at 120, Table 7. The study's multiple-methods design included interviews with 826 unauthorized workers primarily employed in the areas of agriculture, janitorial services, food processing, landscaping, construction and manufacturing. The total sample included 826 unauthorized workers, of these 182 were agricultural workers. Calculated from data in *Looking for a Hidden Population: Trafficking of Migrant Laborers in San Diego County, Id.* at 11.

there are large numbers of unauthorized immigrants in the unregulated workforce." Because the study's sampling method "allows unbiased estimation of the target population [i.e., victimization rates],"[29] the report stated that "one may estimate the size of the victim population by making inference from what we have learned in San Diego County."[30] "Using the San Diego findings to estimate national figures," the report estimated "there could be as many as 2,472,000 trafficking victims just among unauthorized Mexican immigrants in the U.S., of which 495,293 are in California."[31]

A North Carolina study sought to "document the characteristics and indicators of labor trafficking . . . [and] . . . "provide law enforcement with actionable knowledge to help identify labor trafficking."[32] It found that 26% of farmworkers were subjected to trafficking offenses.[33] Like the San Diego study, the North Carolina study found that a "worker's legal status was the strongest and most consistent

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[29] *Id.* at 6. The study used "Respondent-Driven Sampling" (RDS), which Goździak and Bump identify as one of the "estimation methods that have been gaining currency in studies of hidden populations." Prepared for the U.S. Department of Justice, *Data and Research on Human Trafficking: Bibliography of Research-Based Literature* by Elżbieta Goździak and Micah N. Bump, 224392 (2008), 10. It should be emphasized, however, that the report acknowledged the study design had "several limitations." In particular, "the RDS method is still evolving and some researchers are questioning the accuracy of its estimates based on various assumptions." *Looking for a Hidden Population: Trafficking of Migrant Laborers in San Diego County*, supra note 22 at 18.

[30] *Looking for a Hidden Population: Trafficking of Migrant Laborers in San Diego County*, supra note 22 at 16.

[31] *Id.* at 17. This projection was for all workers. No projections were made for the sizes of the worker subpopulations (e.g., janitorial, construction, agricultural).

[32] *Indicators of Labor Trafficking Among North Carolina Migrant Farmworkers*, supra note 22 at ES-1.

[33] *Id.* at 32, Table 3.6. Findings are based on interviews with 380 farmworkers in 16 counties in the state.

predictor of experiencing trafficking and other violations."[34] Undocumented workers were subjected to trafficking crimes at more than twice the rates of authorized workers (37% vs. 16%), and farmworker women were subjected to these crimes at much higher rates than men (39% vs. 24%).[35]

The study report emphasized that the findings are not "generalizable to the population of migrant farmworkers in North Carolina" because it used non-probabilistic sampling methods. The report noted, however, that the "findings most likely represent an *underestimate* of exposure to trafficking and other abuse" because those "who were being held captive and were subjects of the most egregious trafficking practices were not included in [the] study."[36]

V. A Methodology to Estimate the Population of Unauthorized Farmworkers Eligible for LSC-Funded Services Under Section 1626.4

The foregoing discussion and data support at least two conclusions. First, the estimates of undocumented farmworkers eligible for LSC-funded services published in February 2015 implicitly assumed that **no** unauthorized farmworkers are eligible for LSC-funded legal services. That assumption is not reasonable. Second, while the data do not permit one to make a precise estimate of the farmworker population subject to crimes related to sexual and physical violence or crimes related to forced labor and labor trafficking, they do permit estimates that are certainly more accurate than an implicit assumption of 0%.

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[34] *Id.* at ES-4. A study undertaken by the Urban Institute and Northeastern reached the same conclusion. *See Understanding the Organization, Operation, and Victimization Process of Labor Trafficking in the United State,* supra note 3 at VII.

[35] *Indicators of Labor Trafficking Among North Carolina Migrant Farmworkers*, supra note 22 at 3-28, Table 3.7.

[36] *Id.* at ES-7.

A. Eliminating Duplication from the Data.

In developing such an estimate, we must initially address the following challenge: the population of farmworkers subject to crimes related to sexual and physical violence certainly overlaps, perhaps substantially, with the farmworker population subject to forced labor and labor trafficking. In other words, developing an estimate of the percentage of farmworkers subject to each of these two categories of crime and then adding the percentages to each other would overstate the total percentage of unauthorized farmworkers eligible for LSC-funded services.

To address this challenge, our proposed estimation methodology uses two separate bases for the population estimates. We use **unauthorized female farmworkers in poverty** as the base for the estimate of those eligible based on **sexual and physical violence-related crimes**; we use **unauthorized male farmworkers in poverty** as the base for the estimate of those eligible based on **forced labor and labor trafficking related crimes**. Separate calculations are used to develop the estimates for these populations. The total §1626.4-eligible population estimate is the sum of the estimates of those two population groups.

These separate bases are used in the estimation methodology to eliminate the challenge of duplication identified above and because data are not available to develop separate estimates of numbers of unauthorized male and female farmworkers in poverty who are victimized by sexual and physical violence-related crimes and forced labor and labor trafficking-related crimes. We propose to apply data regarding sexual and other violent crimes to the population of female farmworkers because women are far more likely than men to be subjected to crimes of sexual violence in the general U.S. population, and the available data on farmworkers likewise indicate that women are significantly more likely than to be victims of these crimes.[37] The extent to which male farmworkers are subjected to these crimes will be captured, at least in part, by the forced labor and labor trafficking estimate, because crimes of sexual violence are among the forced labor/labor trafficking qualifying crimes. Likewise, many of the forced labor/labor trafficking crimes to which female farmworkers may be subjected will be captured in the estimate of those subjected to crimes of sexual and physical violence and coercive control. Although this approach is not perfect, we believe that it will yield an LSC-eligible population estimate far more reasonable than the 0% estimate implicitly embedded in the ETA data.

B. Estimation Methodology for Sexual and Physical Violence Qualifying Crimes.

We propose the following methodology to estimate the population of unauthorized female farmworkers who are subject to sexual and physical violence crimes. **Based on this methodology, we estimate that 26.2% of unauthorized female farmworkers with incomes below the federal poverty line are eligible for LSC-funded services under 45 C.F.R. § 1626.4.**

1. The population base is the total number of unauthorized farmworker women who have incomes less than the federal poverty line.

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[37] As noted in a Department of Justice report, "About 4 in 5 victims of intimate partner violence were female from 1994 to 2010." *Intimate Partner Violence, 1993–2010*, supra note 4 at 3. According to the most recent CDC data, the lifetime prevalence rates for women of sexual violence other than rape and severe physical violence are about twice the rates for men. ("Too few men reported rape by an intimate partner to produce reliable estimates for overall rape or individual types of rape") *Intimate Partner Violence in the United States—2010*, supra note 4 at 14, Table 2.1, and Figure 2.1. None of the studies of sexual violence against farmworkers analyze sexual violence against farmworker men. These studies were informed by the view articulated in a Human Rights Watch report: noted, "Although both male and female farmworkers can be victims of sexual violence and sexual harassment, this report focuses on women and girls, for whom the prevalence of abuses is reportedly higher." *Cultivating Fear: The Vulnerability of Immigrant Farmworkers in the US to Sexual Violence and Sexual Harassment*, supra note 14 at12.

2. CDC data show that the 12-month prevalence of rape, physical violence or stalking experienced by women throughout the U.S. with incomes less than $25,000, is 9.7%.[38] Based on these government data, we estimate that at least 9.7% of unauthorized farmworker women who have incomes less than the federal poverty line have been subjected to rape, physical violence, or stalking.

3. We estimate that an additional 16.5% of unauthorized farmworker women with incomes less than the federal poverty line have been subjected to acts of coercive control other than rape, physical violence, or stalking, as the CDC study has used those terms.[39] We presume that farmworker women experience coercive control at the same rate (or more) as women throughout the U.S. as determined by the CDC. The 16.5% factor is based on the following:

    a. To avoid duplication, the estimate must account for the overlap between the victims of rape/physical violence/ stalking and the victims of coercive control. The CDC reports that nearly all (92.4%) of women subjected to rape and stalking are also subjected to physical violence,[40] but it does not report overlap rates for these crimes and coercive control. The estimate assumes that all of the women subjected to physical violence are also subjected to coercive control, and therefore subtracts from the coercive control population estimate the entire physical violence population estimate

    b. The estimate calculates the overlap of coercive control and physical violence using the ratio between the CDC twelve-month prevalence rates of coercive control (10.7%) and physical violence (4.0%) among all women in the U.S. population. This ratio is 2.7: 10.7/4.0 = 2.7.[41] This

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[38] *Intimate Partner Violence in the United States—2010*, supra note 4 at 32, Table 3.6.

[39] *Id.* at 19.

[40] Calculated from *Intimate Partner Violence in the United States—2010*, supra note 4 at 24, Table 2.8.

[41] Physical violence and coercive control rates are from *Intimate Partner Violence in the United States—2010*, supra note 4 at 21, Figure 2.6 and 16, Figure 2.2, respectively. The CDC report does not provide a combined 12-month prevalence rate for rape, physical violence and stalking. The physical violence rate is an acceptable proxy for the combined

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means that 270 women are victims of coercive control for every 100 who are victims of physical violence. Because the estimate assumes that all of the women subjected to physical violence are also subjected to coercive control, for every 100 women subjected to both physical violence and coercive control, another 170 are subjected to only coercive control. (270 victims of coercive control–100 victims of physical violence *and* coercive control = 170 victims of coercive control alone.) This means that the number of women subjected to coercive control alone is 1.7 times higher than the number of women subjected to physical violence *and* coercive control (170/100 = 1.7).

c. Given that 9.7% of unauthorized farmworker women are estimated to be eligible because they have been subjected to sexual or physical violence, another 16.5% of these women are eligible because they have been subjected to coercive control alone: 9.7% * 1.7 = 16.5%.

4. We estimate that the farmworker women with incomes less than the federal poverty line who are eligible for LSC-funded services under 45 C.F.R. § 1626.4 are distributed among the states in the same proportion as the population of unauthorized farmworker women as determined by ETA.

The methodology for estimating the population of unauthorized female farmworkers in poverty eligible for LSC-funded services based on the provisions of § 1626.4 is summarized in Table 1.

C. Estimation Methodology for Forced Labor and Trafficking Qualifying Crimes

The estimate of the population subject to forced labor and trafficking is derived from data in the San Diego County study discussed above. **We estimate that 16.3% of the unauthorized male farmworkers with annual incomes less than the federal poverty line are eligible for LSC-funded services under § 1626.4.**

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rate because given that physical violence is involved in 92.4% of lifetime occurrences of rape or stalking.

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1. The initial base for this estimate is the population of unauthorized male farmworkers who have annual household incomes less than the federal poverty line.
2. The San Diego County study found that 16.3% of unauthorized farmworkers were subjected to employer trafficking violations.
3. We propose using the 16.3% trafficking rate estimate identified in the San Diego County study because it used a Respondent Driven Sampling method that is particularly effective for deriving estimates in studies of hidden populations and for drawing inferences from the sample group to broader populations.[42]
4. We estimate that the population of unauthorized male farmworkers who are §1626.4 eligible are distributed among the states in the same proportion as the population of unauthorized male farmworkers with incomes below the federal poverty line as determined by ETA.

The methodology for estimating the population of unauthorized male farmworkers in poverty eligible for LSC-funded services based on the provisions of §1626.4 is summarized in Table 2 below.

[42] Matthew J. Salganik and Douglas D. Heckathorn, "Sampling and estimation in hidden populations using respondent-driven sampling," *Sociological Methodology* 34 (2004), at 193–240, https://www.princeton.edu/~mjs3/salganik_heckathorn04.pdf. See also, *Data and Research on Human Trafficking: Bibliography of Research-Based Literature*, supra note 29 at 10; *Looking for a Hidden Population: Trafficking of Migrant Laborers in San Diego County*, supra note 22 at 6.

Table 1				
Estimation Calculations for Population of Unauthorized Female Farmworkers in Poverty Eligible for LSC-funded Services Based on Victimization of Sexual Violence / Physical Violence 1626.4 Qualifying Crimes				
Base Population: Unauthorized Female Farmworkers with Incomes Below Poverty Line				
	A	B	C	D
	Adjustment Factor	Adjustment Factor Value	Adjustment Factor Rationale / Source	Calculation
1	Combined rate for rape, physical violence and stalking	9.7% of base population	Based on CDC 12-month prevalence rate for rape, physical violence and stalking for women with annual incomes <$25,000	.097 * base
2	Rate for coercive control	16.5% of base population	Based on ratio of CDC 12-month prevalence rates of coercive control to 12-month rate for physical violence Ratio is 2.7/1 = 1.7 instances of coercive control for every instance of physical violence.	.165 * base
3	Total: Estimate of population of unauthorized farmworker women in poverty eligible for LSC-funded services because they are subjected to or threatened by Section 1626.4 qualifying crimes related to sexual and physical violence			Cell D1 + Cell D2
4	Geographic distribution of population among states based on ETA/ NAWS data regarding the geographic distribution of unauthorized female farmworkers in poverty.			

Table 2				
Estimation Calculations for Population of Unauthorized Male Farmworkers In Poverty Eligible for LSC-funded Services Based on Victimization of Forced Labor / Labor Trafficking 1626.4 Qualifying Crimes				
Base Population: Unauthorized Male Farmworkers with Incomes Below Poverty Line				
	A	B	C	D
	Adjustment Factor	Adjustment Factor Value	Adjustment Factor Rationale / Source	Calculation
1	Estimate rate of forced labor / labor trafficking victimization of unauthorized male farmworkers in poverty migrant	16.3% of unauthorized migrant farmworkers in poverty migrant	16.3% estimate based on findings of San Diego County study	.163* Base Population
2	Total: Estimate of population of unauthorized farmworker men in poverty eligible for LSC-funded services because they are subjected to or threatened by Section 1626.4 qualifying crimes related to forced labor / labor trafficking			Cell D1
3	Geographic distribution of population among states based on ETA / NAWS data regarding the geographic distribution of unauthorized male farmworkers in poverty.			

LSC AGRICULTURAL WORKER POPULATION ESTIMATE UPDATE

January 22, 2016

Table I: Updated Estimates of the Size and Geographic Distribution of The LSC-Eligible Agricultural Worker Population and the Sources and Calculations Used to Develop Those Estimates.

Table I is a forty-three-column table; due to its size, we have not printed it for the Board Book. It can be found as an Excel table on LSC's Agricultural Worker Population Estimate page at www.lsc.gov/ag-worker-data/.

NATIONAL AND STATE ESTIMATES OF THE LSC-ELIGIBLE AGRICULTURAL WORKER POPULATION (1)

Estimate of the Number of Current Agricultural Workers, Dependents of Agricultural Workers and Out-of-the-Workforce and Retired Agricultural Workers (and Their Dependents) in Each State and Nationally that is Authorized and In Poverty

A	B	C	D	E	F	G	H	I	J	K	L		N	O
State	Total Number of Farmworkers in the State	Total Number of H2A and H2B Forestry Workers	Number of Active Agricultural Workers That Are Not H2 Workers	Average Number of LSC-Eligible Workers per Active Farmworker	Number of LSC-Eligible Agricultural Workers that Are Not H2 Workers	Total Number of LSC-Eligible Active Agricultural Workers	Average Number of LSC-Eligible Dependents per Active Farmworker	Total Number of LSC-Eligible Dependents (of Non-H2 Workers)	Total LSC-Eligible Population of Active Farmworkers and Their Dependents	Retired / Out-of-Workforce Agricultural Worker Population Variable	LSC-Eligible Retired / Out-of-Workforce Population	Number Of Unauthorized And Below Poverty §1626.4(3)-Eligible Farmworkers	Total LSC-Eligible Agricultural Worker Population	State Percentage (%) Share of the Total LSC-Eligible Population
Sources / Calculations (see notes below)	(2)	(3)	Column B - Column C	(4)	Column D * Column E	Column C + Column F	(5)	Column D * Column H	Column G + Column I	(6)	Column J * Column K	(7)	Column J + Column L + Column M	State LSC-Eligible Agricultural Worker Population / Total LSC -Eligible Agricultural Worker Population
ALABAMA	34,241	1,219	33,022	0.07349	2,427	3,646	0.20951	6,918	10,564	18.97%	2,004	1,503	14,071	0.890%
ALASKA	2,759	126	2,633	0.13879	365	491	0.29283	771	1,262	18.97%	239	95	1,597	0.101%
ARIZONA	35,130	4,424	30,706	0.30998	9,518	13,942	0.59184	18,173	32,115	18.97%	6,092	674	38,881	2.458%
ARKANSAS	30,802	3,083	27,719	0.07349	2,037	5,120	0.20951	5,807	10,927	18.97%	2,073	1,262	14,262	0.902%
CALIFORNIA	633,978	2,938	631,040	0.09534	60,165	63,103	0.32033	202,142	265,245	18.97%	50,317	28,706	344,268	21.766%
COLORADO	48,899	1,079	47,820	0.14354	6,864	7,943	0.28774	13,760	21,703	18.97%	4,117	1,755	27,575	1.743%
CONNECTICUT	15,159	721	14,438	0.17238	2,489	3,210	0.26819	3,872	7,082	18.97%	1,343	428	8,854	0.560%
DELAWARE	3,655	32	3,623	0.18020	653	685	0.14070	510	1,195	18.97%	227	107	1,529	0.097%
FLORIDA	134,352	7,043	127,309	0.08976	11,428	18,471	0.44581	56,755	75,226	18.97%	14,270	5,794	95,290	6.025%
GEORGIA	60,532	8,956	51,576	0.07349	3,790	12,746	0.20951	10,806	23,552	18.97%	4,468	2,347	30,367	1.920%
HAWAII	23,706	98	23,608	0.13879	3,277	3,375	0.29283	6,913	10,288	18.97%	1,952	855	13,094	0.828%
IDAHO	56,144	3,320	52,824	0.14354	7,582	10,902	0.28774	15,200	26,102	18.97%	4,951	1,939	32,992	2.086%
ILLINOIS	62,896	784	62,112	0.23115	14,357	15,141	0.20180	12,534	27,675	18.97%	5,250	1,591	34,516	2.182%
INDIANA	46,347	458	45,889	0.23115	10,607	11,065	0.20180	9,260	20,326	18.97%	3,856	1,175	25,357	1.603%
IOWA	81,458	1,173	80,285	0.23115	18,558	19,731	0.20180	16,201	35,932	18.97%	6,816	2,056	44,804	2.833%
KANSAS	53,173	751	52,422	0.23115	12,117	12,868	0.20180	10,579	23,447	18.97%	4,448	1,342	29,237	1.849%
KENTUCKY	45,957	4,754	41,203	0.20266	8,350	13,104	0.17567	7,238	20,342	18.97%	3,859	1,222	25,424	1.607%
LOUISIANA	31,467	6,891	24,576	0.07349	1,806	8,697	0.20951	5,149	13,846	18.97%	2,627	1,119	17,591	1.112%
MAINE	21,328	804	20,524	0.17238	3,538	4,342	0.26819	5,504	9,846	18.97%	1,868	609	12,323	0.779%
MARYLAND	13,197	639	12,558	0.18020	2,263	2,902	0.14070	1,767	4,669	18.97%	886	373	5,927	0.375%
MASSACHUSETTS	15,673	449	15,224	0.17238	2,624	3,073	0.26819	4,083	7,156	18.97%	1,358	452	8,965	0.567%
MICHIGAN	80,549	344	80,205	0.12680	10,170	10,514	0.31122	24,961	35,476	18.97%	6,730	2,054	44,259	2.798%
MINNESOTA	70,633	761	69,872	0.12680	8,860	9,621	0.31122	21,746	31,367	18.97%	5,950	1,789	39,106	2.472%
MISSISSIPPI	31,169	3,499	27,670	0.07349	2,033	5,532	0.20951	5,797	11,329	18.97%	2,149	1,259	14,738	0.932%
MISSOURI	49,206	250	48,956	0.23115	11,316	11,566	0.20180	9,879	21,445	18.97%	4,068	1,254	26,767	1.692%
MONTANA	24,747	480	24,267	0.14354	3,483	3,963	0.28774	6,983	10,946	18.97%	2,076	891	13,913	0.880%
NEBRASKA	56,342	281	56,061	0.23115	12,958	13,239	0.20180	11,313	24,552	18.97%	4,658	1,436	30,646	1.938%
NEVADA	8,262	1,910	6,352	0.14354	912	2,822	0.28774	1,828	4,649	18.97%	882	233	5,765	0.364%
NEW HAMPSHIRE	6,736	153	6,583	0.17238	1,135	1,288	0.26819	1,766	3,053	18.97%	579	195	3,828	0.242%
NEW JERSEY	19,141	545	18,596	0.18020	3,351	3,896	0.14070	2,616	6,512	18.97%	1,235	552	8,299	0.525%
NEW MEXICO	17,206	226	16,980	0.30998	5,263	5,489	0.59184	10,049	15,539	18.97%	2,948	373	18,859	1.192%
NEW YORK	64,623	3,632	60,991	0.17238	10,514	14,146	0.26819	16,357	30,502	18.97%	5,786	1,809	38,098	2.409%
NORTH CAROLINA	93,905	10,589	83,316	0.20266	16,885	27,474	0.17567	14,636	42,110	18.97%	7,988	2,472	52,570	3.324%
NORTH DAKOTA	29,303	940	28,363	0.23115	6,556	7,496	0.20180	5,724	13,219	18.97%	2,508	726	16,454	1.040%
OHIO	56,497	770	55,727	0.23115	12,881	13,651	0.20180	11,246	24,897	18.97%	4,723	1,427	31,047	1.963%
OKLAHOMA	24,801	506	24,295	0.19109	4,642	5,148	0.28958	7,035	12,184	18.97%	2,311	533	15,028	0.950%
OREGON	105,096	697	104,399	0.09015	9,411	10,108	0.37154	38,788	48,896	18.97%	9,276	3,832	62,004	3.920%
PENNSYLVANIA	50,004	554	49,450	0.18020	8,911	9,465	0.14070	6,958	16,423	18.97%	3,115	1,467	21,005	1.328%
Puerto Rico	13,316	0	13,316	0.13879	1,848	1,848	0.29283	3,899	5,747	18.97%	1,090	482	7,320	0.463%
RHODE ISLAND	1,771	4	1,767	0.17238	305	309	0.26819	474	782	18.97%	148	52	983	0.062%
SOUTH CAROLINA	30,175	3,337	26,838	0.07349	1,972	5,309	0.20951	5,623	10,932	18.97%	2,074	1,222	14,227	0.900%
SOUTH DAKOTA	27,361	619	26,742	0.23115	6,181	6,800	0.20180	5,396	12,197	18.97%	2,314	685	15,195	0.961%
TENNESSEE	34,520	2,400	32,120	0.20266	6,509	8,909	0.17567	5,643	14,552	18.97%	2,761	953	18,265	1.155%
TEXAS	133,995	2,237	131,758	0.19109	25,178	27,415	0.28958	38,155	65,570	18.97%	12,439	2,892	80,901	5.115%
UTAH	16,935	1,532	15,403	0.14354	2,211	3,743	0.28774	4,432	8,175	18.97%	1,551	565	10,291	0.651%
VERMONT	8,297	418	7,879	0.17238	1,358	1,776	0.26819	2,113	3,889	18.97%	738	234	4,861	0.307%
VIRGINIA	41,419	2,201	39,218	0.20266	7,948	10,149	0.17567	6,889	17,038	18.97%	3,232	1,164	21,434	1.355%
WASHINGTON	135,362	4,772	130,590	0.09015	11,772	16,544	0.37154	48,520	65,064	18.97%	12,343	4,793	82,199	5.197%
WEST VIRGINIA	7,857	134	7,723	0.20266	1,565	1,699	0.17567	1,357	3,056	18.97%	580	229	3,865	0.244%
WISCONSIN	84,164	370	83,794	0.12680	10,625	10,995	0.31122	26,078	37,073	18.97%	7,033	2,146	46,252	2.924%
WYOMING	11,540	319	11,221	0.14354	1,611	1,930	0.28774	3,229	5,158	18.97%	979	412	6,549	0.414%
US TOTAL	**2,785,784**	**94,222**	**2,691,562**		**393,180**	**487,402**		**763,432**	**1,250,834**	**18.97%**	**237,283**	**93,534**	**1,581,651**	**100.000%**

Notes on Sources / Calculations

(1) The "LSC Eligible Agricultural Worker Population" includes current agricultural workers, the dependents of agricultural workers, agricultural workers who are temporarily out of the agricultural workforce or retired, and the dependents of the retired and out-of-the-workforce agricultural workers, who are authorized and have household incomes below the poverty level. The data in this TABLE I, UPDATED ESTIMATES OF THE SIZE AND GEOGRAPHIC DISTRIBUTION OF THE LSC-ELIGIBLE AGRICULTURAL WORKER POPULATION AND THE SOURCES AND CALCULATIONS USED TO DEVELOP THOSE ESTIMATES. Detailed information about the methodology used to develop these estimates is set forth in *LSC Agricultural Worker Population Estimate Update, LSC Management Report to LSC Board of Directors* (January 30, 2015), Appendix A, memorandum of JBS International to Daniel Carroll (January 21, 2015).

(2) Data from Column X in TABLE I, UPDATED ESTIMATES OF THE SIZE AND GEOGRAPHIC DISTRIBUTION OF THE LSC-ELIGIBLE AGRICULTURAL WORKER POPULATION AND THE SOURCES AND CALCULATIONS USED TO DEVELOP THOSE ESTIMATES.

(3) Data from Column AE in TABLE I, UPDATED ESTIMATES OF THE SIZE AND GEOGRAPHIC DISTRIBUTION OF THE LSC-ELIGIBLE AGRICULTURAL WORKER POPULATION AND THE SOURCES AND CALCULATIONS USED TO DEVELOP THOSE ESTIMATES. Based on comments received in response to the February 3, 2015, public notice, H2B Forestry Tree Planters, Laborer, Tree Tapping workers have been added to the universe of LSC-eligible H-2B forestry workers.

(4) Data from Column AG in TABLE I, UPDATED ESTIMATES OF THE SIZE AND GEOGRAPHIC DISTRIBUTION OF THE LSC-ELIGIBLE AGRICULTURAL WORKER POPULATION AND THE SOURCES AND CALCULATIONS USED TO DEVELOP THOSE ESTIMATES.

(5) Data from Column AJ in TABLE I, UPDATED ESTIMATES OF THE SIZE AND GEOGRAPHIC DISTRIBUTION OF THE LSC-ELIGIBLE AGRICULTURAL WORKER POPULATION AND THE SOURCES AND CALCULATIONS USED TO DEVELOP THOSE ESTIMATES.

(6) Data from Column AM in TABLE I, UPDATED ESTIMATES OF THE SIZE AND GEOGRAPHIC DISTRIBUTION OF THE LSC-ELIGIBLE AGRICULTURAL WORKER POPULATION AND THE SOURCES AND CALCULATIONS USED TO DEVELOP THOSE ESTIMATES.

TABLE III				
Percentages of Agricultural Workers by National Agricultural Worker Survey (NAWS) Region and State that Are Authorized and in Poverty				
State	NAWS Region	Share of NAWS Crop Workers with Household Income Below Poverty	Share of NAWS Crop Workers Who Are Authorized	Share of NAWS Crop Workers With Household Income Below Poverty AND Who Are Authorized
Alabama	DLSE	29.09%	59.97%	7.35%
Alaska	Not in NAWS Region (U.S. Average)	38.85%	50.95%	13.88%
Arizona	MN3	47.00%	70.35%	31.00%
Arkansas	DLSE	29.09%	59.97%	7.35%
California	CA	42.12%	37.07%	9.53%
Colorado	MN12	34.16%	56.22%	14.35%
Connecticut	NE1	53.54%	49.14%	17.24%
Delaware	NE2	33.52%	55.46%	18.02%
Florida	FL	49.38%	30.97%	8.98%
Georgia	DLSE	29.09%	59.97%	7.35%
Hawaii	Not in NAWS Region (U.S. Average)	38.85%	50.95%	13.88%
Idaho	MN12	34.16%	56.22%	14.35%
Illinois	CBNP	36.79%	68.79%	23.11%
Indiana	CBNP	36.79%	68.79%	23.11%
Iowa	CBNP	36.79%	68.79%	23.11%
Kansas	CBNP	36.79%	68.79%	23.11%
Kentucky	AP12	42.21%	59.83%	20.27%
Louisiana	DLSE	29.09%	59.97%	7.35%
Maine	NE1	53.54%	49.14%	17.24%
Maryland	NE2	33.52%	55.46%	18.02%
Massachusetts	NE1	53.54%	49.14%	17.24%
Michigan	LK	30.54%	61.77%	12.68%
Minnesota	LK	30.54%	61.77%	12.68%
Mississippi	DLSE	29.09%	59.97%	7.35%
Missouri	CBNP	36.79%	68.79%	23.11%
Montana	MN12	34.16%	56.22%	14.35%
Nebraska	CBNP	36.79%	68.79%	23.11%
Nevada	MN12	34.16%	56.22%	14.35%
New Hampshire	NE1	53.54%	49.14%	17.24%
New Jersey	NE2	33.52%	55.46%	18.02%

TABLE III				
Percentages of Agricultural Workers by National Agricultural Worker Survey (NAWS) Region and State that Are Authorized and in Poverty				
State	NAWS Region	Share of NAWS Crop Workers with Household Income Below Poverty	Share of NAWS Crop Workers Who Are Authorized	Share of NAWS Crop Workers With Household Income Below Poverty AND Who Are Authorized
New Mexico	MN3	47.00%	70.35%	31.00%
New York	NE1	53.54%	49.14%	17.24%
North Carolina	AP12	42.21%	59.83%	20.27%
North Dakota	CBNP	36.79%	68.79%	23.11%
Ohio	CBNP	36.79%	68.79%	23.11%
Oklahoma	SP	32.98%	70.13%	19.11%
Oregon	PC	36.01%	44.03%	9.01%
Pennsylvania	NE2	33.52%	55.46%	18.02%
Puerto Rico	Not in NAWS Region (U.S. Average)	38.85%	50.95%	13.88%
Rhode Island	NE1	53.54%	49.14%	17.24%
South Carolina	DLSE	29.09%	59.97%	7.35%
South Dakota	CBNP	36.79%	68.79%	23.11%
Tennessee	AP12	42.21%	59.83%	20.27%
Texas	SP	32.98%	70.13%	19.11%
Utah	MN12	34.16%	56.22%	14.35%
Vermont	NE1	53.54%	49.14%	17.24%
Virginia	AP12	42.21%	59.83%	20.27%
Washington	PC	36.01%	44.03%	9.01%
West Virginia	LK	30.54%	61.77%	12.68%
Wisconsin	AP12	42.21%	59.83%	20.27%
Wyoming	MN12	34.16%	56.22%	14.35%
US Total	U.S. Average	38.85%	50.95%	13.88%

Note : Calculations based on restricted data from the Department of Labor, Employment and Training Administration, *2008-2012 National Agricultural Workers Survey (NAWS)* , and U.S. Census Bureau, *2012 Poverty Thresholds by Size of Family and Number of Children* . December 12, 2014. For explanation of calculations, see LSC Management Report to LSC Board of Directors, *LSC Agricultural Worker Population Estimate Update* (January 30, 2015), Appendix A, memorandum of JBS International to Daniel Carroll (January 21, 2015), Sec. V.B.,pp. 10-13.

TABLE IV				
Average Numbers of Dependents Per Farmworker by National Agricultural Worker Survey (NAWS) Region and State (See table notes below)				
State	NAWS Region	Average Number of Dependents Who Are Living in the U.S.	Average Number of Dependents Who Are Authorized and Living in the U.S.	Average Number of LSC-Eligible Dependents
ALABAMA	DLSE	2.027	1.683	0.210
ALASKA	Not NAWS Region (U.S. Average)	2.065	1.691	0.293
ARIZONA	MN3	2.415	1.959	0.592
ARKANSAS	DLSE	2.027	1.683	0.210
CALIFORNIA	CA	2.030	1.615	0.320
COLORADO	MN12	2.157	1.807	0.288
CONNECTICUT	NE1	2.040	1.997	0.268
DELAWARE	NE2	2.068	1.653	0.141
FLORIDA	FL	2.225	1.780	0.446
GEORGIA	DLSE	2.027	1.683	0.210
HAWAII	Not NAWS Region (U.S. Average)	2.065	1.691	0.293
IDAHO	MN12	2.157	1.807	0.288
ILLINOIS	CBNP	1.736	1.471	0.202
INDIANA	CBNP	1.736	1.471	0.202
IOWA	CBNP	1.736	1.471	0.202
KANSAS	CBNP	1.736	1.471	0.202
KENTUCKY	AP12	2.077	1.651	0.176
LOUISIANA	DLSE	2.027	1.683	0.210
MAINE	NE1	2.040	1.997	0.268
MARYLAND	NE2	2.068	1.653	0.141
MASSACHUSETTS	NE1	2.040	1.997	0.268
MICHIGAN	LK	2.205	1.864	0.311
MINNESOTA	LK	2.205	1.864	0.311
MISSISSIPPI	DLSE	2.027	1.683	0.210
MISSOURI	CBNP	1.736	1.471	0.202
MONTANA	MN12	2.157	1.807	0.288
NEBRASKA	CBNP	1.736	1.471	0.202
NEVADA	MN12	2.157	1.807	0.288
NEW HAMPSHIRE	NE1	2.040	1.997	0.268
NEW JERSEY	NE2	2.068	1.653	0.141
NEW MEXICO	MN3	2.415	1.959	0.592
NEW YORK	NE1	2.040	1.997	0.268
NORTH CAROLINA	AP12	2.077	1.651	0.176
NORTH DAKOTA	CBNP	1.736	1.471	0.202

TABLE IV				
Average Numbers of Dependents Per Farmworker by National Agricultural Worker Survey (NAWS) Region and State (See table notes below)				
State	NAWS Region	Average Number of Dependents Who Are Living in the U.S.	Average Number of Dependents Who Are Authorized and Living in the U.S.	Average Number of LSC-Eligible Dependents
OHIO	CBNP	1.736	1.471	0.202
OKLAHOMA	SP	2.208	1.888	0.290
OREGON	PC	2.232	1.784	0.372
PENNSYLVANIA	NE2	2.068	1.653	0.141
PUERTO RICO	Not NAWS Region (U.S. Average)	2.065	1.691	0.293
RHODE ISLAND	NE1	2.040	1.997	0.268
SOUTH CAROLINA	DLSE	2.027	1.683	0.210
SOUTH DAKOTA	CBNP	1.736	1.471	0.202
TENNESSEE	AP12	2.077	1.651	0.176
TEXAS	SP	2.208	1.888	0.290
UTAH	MN12	2.157	1.807	0.288
VERMONT	NE1	2.040	1.997	0.268
VIRGINIA	AP12	2.077	1.651	0.176
WASHINGTON	PC	2.232	1.784	0.372
WEST VIRGINIA	AP12	2.077	1.651	0.176
WEST VIRGINIA	LK	2.205	1.864	0.311
WYOMING	MN12	2.157	1.807	0.288
US TOTAL	U.S. Average	2.065	1.691	0.293

Notes:

(1) The averages are for all dependents in poverty and authorized per farmworker, regardless of the farmworker's authorization status.

(2) Calculations are based on restricted data from the Department of Labor, Employment and Training Administration, 2008-2012 *National Agricultural Workers Survey (* NAWS), and U.S. Census Bureau, *2012 Poverty Thresholds by Size of Family and Number of Children* . December 12, 2014. For explanation of calculations, see *LSC Agricultural Worker Population Estimate Update, LSC Management Report to LSC Board of Directors* (January 30, 2015), Appendix A, memorandum of JBS International to Daniel Carroll (January 21, 2015), Sec. V.B.,pp. 10-13.

(3) The NAWS is the only national source of data available from which U.S. farmworker households' poverty status can be calculated and which also provides data on farmworkers' authorization status and their dependents' places of birth and residence. However, the NAWS only collects data on crop workers. Therefore, the poverty and authorization estimates for livestock and forestry workers and their dependents are based on the NAWS data collected from crop workers.

(4) Estimates for the NE1 and Lake regions, and the states they contain,should be interpreted with caution because they have relative standard errors between 31 and 50 percent.

TABLE V

Number and Percentage (%) of LSC-Eligible Agricultural Workers in Each State Who Are Crop, Livestock and Forestry Workers

A	B	C	D	E	F	G	H
State	Total Number of LSC-Eligible Agricultural Workers (1)	LSC-Eligible Crop Workers in State		LSC-Eligible Livestock Workers in State		LSC-Eligible Forestry Workers in State	
		% of State's LSC-Eligible Agricultural Workers (2)	Number (3)	% of State's LSC-Eligible Agricultural Workers (2)	Number (4)	% of State's LSC-Eligible Agricultural Workers (2)	Number (5)
Alabama	3,646	39.7%	1,449	18.5%	675	41.7%	1,522
Alaska (6)	491	16.1%	79	27.9%	137	56.0%	275
Arizona	13,942	74.1%	10,329	15.5%	2,160	10.4%	1,454
Arkansas	5,120	75.0%	3,840	15.5%	793	9.5%	487
California	63,103	88.5%	55,870	9.6%	6,088	1.8%	1,145
Colorado	7,943	53.0%	4,207	45.4%	3,604	1.7%	132
Connecticut	3,210	77.2%	2,479	22.5%	723	0.2%	8
Delaware	685	55.8%	382	44.2%	302	0.0%	0
Florida	18,471	85.4%	15,770	9.0%	1,668	5.6%	1,032
Georgia	12,746	75.4%	9,615	9.0%	1,145	15.6%	1,986
Hawaii (6)	3,375	94.0%	3,171	5.9%	199	0.2%	5
Idaho	10,902	51.4%	5,608	32.8%	3,581	15.7%	1,712
Illinois	15,141	79.0%	11,957	20.6%	3,123	0.4%	61
Indiana	11,065	62.8%	6,945	36.9%	4,087	0.3%	34
Iowa	19,731	51.4%	10,145	48.5%	9,576	0.0%	10
Kansas	12,868	55.4%	7,135	44.6%	5,733	0.0%	0
Kentucky	13,104	63.4%	8,314	36.5%	4,784	0.1%	7
Louisiana	8,697	73.5%	6,391	16.9%	1,471	9.6%	834
Maine	4,342	42.7%	1,856	17.3%	751	40.0%	1,735
Maryland	2,902	67.5%	1,959	29.6%	858	2.9%	85
Massachusetts	3,073	71.1%	2,187	26.5%	813	2.4%	73
Michigan	10,514	64.9%	6,821	28.7%	3,014	6.5%	679
Minnesota	9,621	56.4%	5,431	39.9%	3,837	3.7%	353

TABLE V

Number and Percentage (%) of LSC-Eligible Agricultural Workers in Each State Who Are Crop, Livestock and Forestry Workers

A	B	C	D	E	F	G	H
State	Total Number of LSC-Eligible Agricultural Workers (1)	LSC-Eligible Crop Workers in State		LSC-Eligible Livestock Workers in State		LSC-Eligible Forestry Workers in State	
		% of State's LSC-Eligible Agricultural Workers (2)	Number (3)	% of State's LSC-Eligible Agricultural Workers (2)	Number (4)	% of State's LSC-Eligible Agricultural Workers (2)	Number (5)
Mississippi	5,532	55.1%	3,050	12.8%	708	32.1%	1,774
Missouri	11,566	54.0%	6,240	44.7%	5,174	1.3%	151
Montana	3,963	45.4%	1,801	44.0%	1,745	10.5%	417
Nebraska	13,239	58.7%	7,775	41.3%	5,464	0.0%	0
Nevada	2,822	72.7%	2,051	26.9%	760	0.4%	11
New Hampshire	1,288	51.8%	668	20.7%	267	27.4%	353
New Jersey	3,896	88.0%	3,428	11.4%	442	0.7%	26
New Mexico	5,489	48.0%	2,634	51.1%	2,807	0.9%	48
New York	14,146	63.5%	8,989	34.0%	4,803	2.5%	354
North Carolina	27,474	74.9%	20,585	17.3%	4,755	7.8%	2,133
North Dakota	7,496	86.0%	6,444	14.0%	1,048	0.1%	4
Ohio	13,651	65.9%	8,991	32.5%	4,443	1.6%	218
Oklahoma	5,148	45.4%	2,335	52.0%	2,675	2.7%	138
Oregon	10,108	48.7%	4,927	8.4%	846	42.9%	4,335
Pennsylvania	9,465	62.0%	5,872	34.1%	3,227	3.9%	365
Puerto Rico (6)	1,848	100.0%	1,848	0.0%	0	0.0%	0
Rhode Island	309	81.6%	252	18.0%	56	0.4%	1
South Carolina	5,309	73.8%	3,919	6.4%	342	19.7%	1,048
South Dakota	6,800	57.6%	3,915	41.0%	2,788	1.4%	97
Tennessee	8,909	73.3%	6,532	20.1%	1,787	6.6%	591
Texas	27,415	51.9%	14,229	43.1%	11,828	5.0%	1,358
Utah	3,743	29.2%	1,093	70.3%	2,633	0.5%	17
Vermont	1,776	40.7%	724	57.2%	1,016	2.1%	36

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TABLE V

Number and Percentage (%) of LSC-Eligible Agricultural Workers in Each State Who Are Crop, Livestock and Forestry Workers

A	B	C	D	E	F	G	H
State	Total Number of LSC-Eligible Agricultural Workers (1)	LSC-Eligible Crop Workers in State		LSC-Eligible Livestock Workers in State		LSC-Eligible Forestry Workers in State	
		% of State's LSC-Eligible Agricultural Workers (2)	Number (3)	% of State's LSC-Eligible Agricultural Workers (2)	Number (4)	% of State's LSC-Eligible Agricultural Workers (2)	Number (5)
Virginia	10,149	58.6%	5,942	28.7%	2,915	12.7%	1,291
Washington	16,544	81.1%	13,423	7.9%	1,310	10.9%	1,811
West Virginia	1,699	38.6%	655	30.1%	512	31.3%	532
Wisconsin	10,995	35.4%	3,887	60.3%	6,635	4.3%	473
Wyoming	1,930	22.6%	436	77.1%	1,488	0.3%	6
Total U.S.	***487,402***	***66.6%***	***324,585***	***27.0%***	***131,596***	***6.4%***	***31,221***

Sources / Calculations *:*

(1) Data from Column AF of TABLE I: UPDATED ESTIMATES OF THE SIZE AND GEOGRAPHIC DISTRIBUTION OF THE LSC-ELIGIBLE AGRICULTURAL WORKER POPULATION AND THE SOURCES AND CALCULATIONS USED TO DEVELOP THOSE ESTIMATES

(2) Based on restricted data from the Department of Labor, Employment and Training Administration, *2008-2012 National Agricultural Workers Survey* (NAWS), and U.S. Census Bureau. *2012 Poverty Thresholds by Size of Family and Number of Children*. December 12, 2014. For explanation of calculations, see LSC Management Report to LSC Board of Directors, *LSC Agricultural Worker Population Estimate Update* (January 30, 2015), Appendix A, memorandum of JBS International to Daniel Carroll (January 21, 2015), Sec. V.B.,pp. 10-13.

(3) Column B * Column C

(4) Column B * Column E

(5) Column B * Column G

(6) Because this state/territory is not included in the six NAWS regions, US factors were used.

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TABLE VI							TABLE VI				
Number of Unauthorized and Below Poverty Farmworkers Eligible for LSC-funded Services Pursuant to Anti-Abuse Provisions of 45 CFR § 1626.4(3) ("§1626.4(3)-Eligible")							Number of Unauthorized and Below Poverty Farmworkers Eligible for LSC-funded Services Pursuant to Anti-Abuse Provisions of 45 CFR § 1626.4(3) ("§1626.4(3)-Eligible")				
A	B	C	D	E	F	G	H	I	J	K	L
		Number of Unauthorized and Below Poverty §1626.4(3)-Eligible Farmworker Women					Number of Unauthorized and Below Poverty §1626.4(3)-Eligible Farmworker Men				
State	Region(1)	Total Number of NAICS II Workers That Are Not H2 Workers	Percent of NAWS respondents who are female, unauthorized and below poverty	Number of female farmworkers who are unauthorized and below poverty	Percent of unauthorized and below poverty farmworker women who are §1626.4(3)-eligible	Number of unauthorized and below poverty farmworker women who are §1626.4(3)-eligible	Percent of NAWS respondents who are male, unauthorized and below poverty	Number of male farmworkers who are unauthorized and below poverty	Percent of unauthorized and below poverty farmworker men who are §1626.4(3)-eligible	Number of unauthorized and below poverty farmworker men who are §1626.4(3)-eligible	**Total Number of Unauthorized and Below Poverty §1626.4(3)-Eligible Farmworkers**
Source / Calculation		(2)	(3)	Column C * Column D	(4)	Column E * Column F	(5)	Column C * Column H	(4)	Column H * Column J	Column G + Column K
Alabama	Southeast	33,022	8.7141%	2,878	26.20%	754	13.9156%	4,595	16.3%	749	1,503
Alaska	US(6)	2,633	5.7478%	151	26.20%	40	12.9703%	341	16.3%	56	95
Arizona	Southwest	30,706	4.4295%	1,360	26.20%	356	6.3481%	1,949	16.3%	318	674
Arkansas	Southeast	27,719	8.7141%	2,415	26.20%	633	13.9156%	3,857	16.3%	629	1,262
California	California	631,040	6.6243%	41,802	26.20%	10,952	17.2599%	108,917	16.3%	17,753	28,706
Colorado	Northwest	47,820	6.2795%	3,003	26.20%	787	12.4233%	5,941	16.3%	968	1,755
Connecticut	East	14,438	2.4959%	360	26.20%	94	14.1895%	2,049	16.3%	334	428
Delaware	East	3,623	2.4959%	90	26.20%	24	14.1895%	514	16.3%	84	107
Florida	Southeast	127,309	8.7141%	11,094	26.20%	2,907	13.9156%	17,716	16.3%	2,888	5,794
Georgia	Southeast	51,576	8.7141%	4,494	26.20%	1,178	13.9156%	7,177	16.3%	1,170	2,347
Hawaii	US(6)	23,608	5.7478%	1,357	26.20%	356	12.9703%	3,062	16.3%	499	855
Idaho	Northwest	52,824	6.2795%	3,317	26.20%	869	12.4233%	6,562	16.3%	1,070	1,939
Illinois	Midwest	62,112	4.9370%	3,066	26.20%	803	7.7748%	4,829	16.3%	787	1,591
Indiana	Midwest	45,889	4.9370%	2,266	26.20%	594	7.7748%	3,568	16.3%	582	1,175
Iowa	Midwest	80,285	4.9370%	3,964	26.20%	1,038	7.7748%	6,242	16.3%	1,017	2,056
Kansas	Midwest	52,422	4.9370%	2,588	26.20%	678	7.7748%	4,076	16.3%	664	1,342
Kentucky	East	41,203	2.4959%	1,028	26.20%	269	14.1895%	5,847	16.3%	953	1,222
Louisiana	Southeast	24,576	8.7141%	2,142	26.20%	561	13.9156%	3,420	16.3%	557	1,119
Maine	East	20,524	2.4959%	512	26.20%	134	14.1895%	2,912	16.3%	475	609
Maryland	East	12,558	2.4959%	313	26.20%	82	14.1895%	1,782	16.3%	290	373
Massachusetts	East	15,224	2.4959%	380	26.20%	100	14.1895%	2,160	16.3%	352	452
Michigan	Midwest	80,205	4.9370%	3,960	26.20%	1,037	7.7748%	6,236	16.3%	1,016	2,054
Minnesota	Midwest	69,872	4.9370%	3,450	26.20%	904	7.7748%	5,432	16.3%	885	1,789
Mississippi	Southeast	27,670	8.7141%	2,411	26.20%	632	13.9156%	3,850	16.3%	628	1,259
Missouri	Midwest	48,956	4.9370%	2,417	26.20%	633	7.7748%	3,806	16.3%	620	1,254
Montana	Northwest	24,267	6.2795%	1,524	26.20%	399	12.4233%	3,015	16.3%	491	891
Nebraska	Midwest	56,061	4.9370%	2,768	26.20%	725	7.7748%	4,359	16.3%	710	1,436
Nevada	Northwest	6,352	6.2795%	399	26.20%	105	12.4233%	789	16.3%	129	233

TABLE VI							TABLE VI				
Number of Unauthorized and Below Poverty Farmworkers Eligible for LSC-funded Services Pursuant to Anti-Abuse Provisions of 45 CFR § 1626.4(3) ("§1626.4(3)-Eligible")							Number of Unauthorized and Below Poverty Farmworkers Eligible for LSC-funded Services Pursuant to Anti-Abuse Provisions of 45 CFR § 1626.4(3) ("§1626.4(3)-Eligible")				
A	B	C	D	E	F	G	H	I	J	K	L
		Number of Unauthorized and Below Poverty §1626.4(3)-Eligible Farmworker Women					Number of Unauthorized and Below Poverty §1626.4(3)-Eligible Farmworker Men				
State	Region(1)	Total Number of NAICS II Workers That Are Not H2 Workers	Percent of NAWS respondents who are female, unauthorized and below poverty	Number of female farmworkers who are unauthorized and below poverty	Percent of unauthorized and below poverty farmworker women who are §1626.4(3)-eligible	Number of unauthorized and below poverty farmworker women who are §1626.4(3)-eligible	Percent of NAWS respondents who are male, unauthorized and below poverty	Number of male farmworkers who are unauthorized and below poverty	Percent of unauthorized and below poverty farmworker men who are §1626.4(3)-eligible	Number of unauthorized and below poverty farmworker men who are §1626.4(3)-eligible	**Total Number of Unauthorized and Below Poverty §1626.4(3)-Eligible Farmworkers**
Source / Calculation		(2)	(3)	Column C * Column D	(4)	Column E * Column F	(5)	Column C * Column H	(4)	Column H * Column J	Column G + Column K
New Hampshire	East	6,583	2.4959%	164	26.20%	43	14.1895%	934	16.3%	152	195
New Jersey	East	18,596	2.4959%	464	26.20%	122	14.1895%	2,639	16.3%	430	552
New Mexico	Southwest	16,980	4.4295%	752	26.20%	197	6.3481%	1,078	16.3%	176	373
New York	East	60,991	2.4959%	1,522	26.20%	399	14.1895%	8,654	16.3%	1,411	1,809
North Carolina	East	83,316	2.4959%	2,079	26.20%	545	14.1895%	11,822	16.3%	1,927	2,472
North Dakota	Midwest	28,363	4.9370%	1,400	26.20%	367	7.7748%	2,205	16.3%	359	726
Ohio	Midwest	55,727	4.9370%	2,751	26.20%	721	7.7748%	4,333	16.3%	706	1,427
Oklahoma	Southwest	24,295	4.4295%	1,076	26.20%	282	6.3481%	1,542	16.3%	251	533
Oregon	Northwest	104,399	6.2795%	6,556	26.20%	1,718	12.4233%	12,970	16.3%	2,114	3,832
Pennsylvania	East	49,450	2.4959%	1,234	26.20%	323	14.1895%	7,017	16.3%	1,144	1,467
Puerto Rico	US(6)	13,316	5.7478%	765	26.20%	201	12.9703%	1,727	16.3%	282	482
Rhode Island	East	1,767	2.4959%	44	26.20%	12	14.1895%	251	16.3%	41	52
South Carolina	Southeast	26,838	8.7141%	2,339	26.20%	613	13.9156%	3,735	16.3%	609	1,222
South Dakota	Midwest	26,742	4.9370%	1,320	26.20%	346	7.7748%	2,079	16.3%	339	685
Tennessee	East	32,120	2.4959%	802	26.20%	210	14.1895%	4,558	16.3%	743	953
Texas	Southwest	131,758	4.4295%	5,836	26.20%	1,529	6.3481%	8,364	16.3%	1,363	2,892
Utah	Northwest	15,403	6.2795%	967	26.20%	253	12.4233%	1,914	16.3%	312	565
Vermont	East	7,879	2.4959%	197	26.20%	52	14.1895%	1,118	16.3%	182	234
Virginia	East	39,218	2.4959%	979	26.20%	256	14.1895%	5,565	16.3%	907	1,164
Washington	Northwest	130,590	6.2795%	8,200	26.20%	2,149	12.4233%	16,224	16.3%	2,644	4,793
West Virginia	East	7,723	2.4959%	193	26.20%	51	14.1895%	1,096	16.3%	179	229
Wisconsin	Midwest	83,794	4.9370%	4,137	26.20%	1,084	7.7748%	6,515	16.3%	1,062	2,146
Wyoming	Northwest	11,221	6.2795%	705	26.20%	185	12.4233%	1,394	16.3%	227	412
US	Total(7)	2,691,562	5.7478%	149,993	26.20%	39,298	12.9703%	332,736	16.3%	54,236	93,534
		Notes :									

TABLE VI

Number of Unauthorized and Below Poverty Farmworkers Eligible for LSC-funded Services Pursuant to Anti-Abuse Provisions of 45 CFR § 1626.4(3) ("§1626.4(3)-Eligible")

A	B	C	D	E	F	G	H	I	J	K	L
		Number of Unauthorized and Below Poverty §1626.4(3)-Eligible Farmworker Women					**Number of Unauthorized and Below Poverty §1626.4(3)-Eligible Farmworker Men**				
State	Region(1)	Total Number of NAICS II Workers That Are Not H2 Workers	Percent of NAWS respondents who are female, unauthorized and below poverty	Number of female farmworkers who are unauthorized and below poverty	Percent of unauthorized and below poverty farmworker women who are §1626.4(3)-eligible	Number of unauthorized and below poverty farmworker women who are §1626.4(3)-eligible	Percent of NAWS respondents who are male, unauthorized and below poverty	Number of male farmworkers who are unauthorized and below poverty	Percent of unauthorized and below poverty farmworker men who are §1626.4(3)-eligible	Number of unauthorized and below poverty farmworker men who are §1626.4(3)-eligible	**Total Number of Unauthorized and Below Poverty §1626.4(3)-Eligible Farmworkers**
Source / Calculation		(2)	(3)	Column C * Column D	(4)	Column E * Column F	(5)	Column C * Column H	(4)	Column H * Column J	Column G + Column K

(1) It was necessary to group the 12 NAWS Regions into six regions in order to achieve sufficiently robust estimates of Column D (Percent of NAWS respondents who are female, unauthorized and below poverty) and Column XX (). NAWS sampling regions were grouped as follows: Appalachia, Northeast I and Northeast II were combined to form the East region, Delta Southeast and Florida were combined to form the Southeast region, Corn Belt, Northern Plain and Lake were combined to form the Midwest region, Mountain III and Southern Plains were combined to form the Southwest region, Mountain I, II and Pacific Northwest were combined to form the Northwest region, and California remained its own region.

(2) Column AF of Table I: LSC 2016 Agricultural Worker Population Update: All Data Sources and Calculations.

(3) Calculations are based on restricted data from the Department of Labor, Employment and Training Administration, *2008-2012 National Agricultural Workers Survey (NAWS).* Estimates for the East region should be interpreted with caution because they have relative standard errors between 31 and 50 percent.

(4) Based on calculations in January 11, 2016, memorandum entitled "Estimate of the Population of Agricultural Workers Eligible for LSC-Funded Services Pursuant to 45 C.F.R. § 1626.4—Anti-Abuse Laws " from Ron Flagg, Mark Freedman and Bristow Hardin to the LSC Board of Directors Operations and Regulations Committee.

(5) Calculations are based on restricted data from the Department of Labor, Employment and Training Administration, *2008-2012 National Agricultural Workers Survey (NAWS)*. Estimates for the Southwest region should be interpreted with caution because they have relative standard errors between 31 and 50 percent.

(6) Because this state/territory is not included in the six NAWS regions, US factors were used.

(7) US Total is the sum of state totals.

TABLE VII							
LSC-ELIGIBLE AGRICULTURAL WORKER POPULATION BY STATE: COMPARISON OF CURRENT POPULATION ESTIMATES AND UPDATED JANUARY 2016 DEPARTMENT OF LABOR, EMPLOYMENT AND TRAINING ADMINISTRATION (ETA) ESTIMATES							
STATE	Current Population Estimate		Updated ETA Estimate		Change: Updated ETA Estimate +/- Current Estimate		
	Persons (1)	Percentage (%) Share of National Total	Persons (2)	Percentage (%) Share of National Total	Persons	Percent (%) Change	Percentage (%) Share of National Total
Alabama (3)	4,949	0.291%	14,068	0.890%	9,118	184.2%	205.9%
Alaska (4)	0	NA	1,597	0.101%	1,597	NA	NA
Arizona	22,336	1.313%	38,871	2.458%	16,536	74.0%	87.3%
Arkansas (3)	11,891	0.699%	14,258	0.902%	2,367	19.9%	29.0%
California	397,137	23.340%	344,188	21.767%	-52,949	-13.3%	-6.7%
Colorado	22,343	1.313%	27,568	1.743%	5,225	23.4%	32.8%
Connecticut (5)	2,506	0.147%	8,852	0.560%	6,346	253.2%	280.1%
Delaware	3,735	0.220%	1,528	0.097%	-2,207	-59.1%	-56.0%
Florida	135,111	7.940%	95,268	6.025%	-39,843	-29.5%	-24.1%
Georgia	58,983	3.466%	30,360	1.920%	-28,623	-48.5%	-44.6%
Hawaii (4)	0	0.000%	13,091	0.828%	13,091	NA	NA
Idaho	28,119	1.653%	32,984	2.086%	4,865	17.3%	26.2%
Illinois	37,555	2.207%	34,508	2.182%	-3,047	-8.1%	-1.1%
Indiana	17,105	1.005%	25,350	1.603%	8,245	48.2%	59.5%
Iowa	5,676	0.334%	44,793	2.833%	39,117	689.1%	749.2%
Kansas (4)	0	NA	29,230	1.849%	29,230	NA	NA
Kentucky (3)	6,403	0.376%	25,418	1.607%	19,015	297.0%	327.2%
Louisiana (3)	4,144	0.244%	17,587	1.112%	13,443	324.4%	356.7%
Maine (5)	10,799	0.635%	12,320	0.779%	1,521	14.1%	22.8%
Maryland	13,678	0.804%	5,926	0.375%	-7,752	-56.7%	-53.4%
Massachusetts (5)	2,504	0.147%	8,963	0.567%	6,459	257.9%	285.2%
Michigan	90,556	5.322%	44,249	2.798%	-46,307	-51.1%	-47.4%
Minnesota	30,099	1.769%	39,097	2.472%	8,997	29.9%	39.8%
Mississippi (3)	8,586	0.505%	14,734	0.932%	6,149	71.6%	84.7%
Missouri	12,256	0.720%	26,760	1.692%	14,505	118.4%	135.0%
Montana	8,212	0.483%	13,910	0.880%	5,698	69.4%	82.3%
Nebraska	6,361	0.374%	30,638	1.938%	24,277	381.7%	418.3%
Nevada (4)	0	NA	5,763	0.364%	5,763	NA	NA
New Hampshire (5)	1,496	0.088%	3,827	0.242%	2,331	155.9%	175.3%
New Jersey	18,151	1.067%	8,298	0.525%	-9,854	-54.3%	-50.8%
New Mexico	13,139	0.772%	18,854	1.192%	5,715	43.5%	54.4%
New York	41,642	2.447%	38,089	2.409%	-3,552	-8.5%	-1.6%
North Carolina	80,630	4.739%	52,557	3.324%	-28,073	-34.8%	-29.9%
North Dakota	17,438	1.025%	16,450	1.040%	-989	-5.7%	1.5%
Ohio	18,951	1.114%	31,039	1.963%	12,089	63.8%	76.2%
Oklahoma	9,414	0.553%	15,025	0.950%	5,610	59.6%	71.7%
Oregon	83,800	4.925%	61,989	3.920%	-21,811	-26.0%	-20.4%
Pennsylvania	24,935	1.465%	21,000	1.328%	-3,934	-15.8%	-9.4%
Puerto Rico	43,739	2.571%	7,318	0.463%	-36,421	-83.3%	-82.0%
Rhode Island (5)	266	0.016%	983	0.062%	717	269.9%	298.0%
South Carolina	29,757	1.749%	14,224	0.900%	-15,533	-52.2%	-48.6%

TABLE VII							
LSC-ELIGIBLE AGRICULTURAL WORKER POPULATION BY STATE: COMPARISON OF CURRENT POPULATION ESTIMATES AND UPDATED JANUARY 2016 DEPARTMENT OF LABOR, EMPLOYMENT AND TRAINING ADMINISTRATION (ETA) ESTIMATES							
STATE	**Current Population Estimate**		**Updated ETA Estimate**		**Change: Updated ETA Estimate +/- Current Estimate**		
	Persons (1)	**Percentage (%) Share of National Total**	**Persons (2)**	**Percentage (%) Share of National Total**	**Persons**	**Percent (%) Change**	**Percentage (%) Share of National Total**
South Dakota (4)	0	NA	15,191	0.961%	15,191	NA	NA
Tennessee (3)	9,541	0.561%	18,261	1.155%	8,720	91.4%	105.9%
Texas (3)	208,967	12.281%	80,881	5.115%	-128,086	-61.3%	-58.4%
Utah	10,204	0.600%	10,289	0.651%	84	0.8%	8.5%
Vermont (5)	1,219	0.072%	4,859	0.307%	3,640	298.5%	328.8%
Virginia	23,727	1.394%	21,429	1.355%	-2,298	-9.7%	-2.8%
Washington	109,810	6.453%	82,180	5.197%	-27,630	-25.2%	-19.5%
West Virginia (4)	0	NA	3,864	0.244%	3,864	NA	NA
Wisconsin	13,697	0.805%	46,241	2.924%	32,544	237.6%	263.3%
Wyoming (4)	0	NA	6,547	0.414%	6,547	NA	NA
US TOTAL	**1,701,566**	**100.000%**	**1,581,276**	**100.000%**	**-120,291**	**-7.07%**	**NA**

Notes:

(1) Estimate of migrant poverty population used for allocation of Fiscal Year 2016 Migrant Funding. The current population estimate of 1,701,566 (Column B) is 81,584 greater than the "current estimate" of 1,619,982 published in February 2015. The February 2015 estimate was the basis for the allocation of FY2015 funding. LSC was required by statute to allocate FY2016 funding based on the most recent poverty estimates provided by the U.S. Census Bureau. These estimates showed that the total LSC poverty population increased by 5.036%. In the absence of updated migrant population numbers, the FY2016 allocation was based on the assumption that the migrant population nationally and in each state changed at the same rate as the overall LSC poverty population (+5.036). This increased the "current estimate" of the total migrant population from 1,619,982 to 1,701,566, and increased the migrant populations of every state by 5.036%.

(2) Data from column AP of TABLE I, UPDATED ESTIMATES OF THE SIZE AND GEOGRAPHIC DISTRIBUTION OF THE LSC-ELIGIBLE AGRICULTURAL WORKER POPULATION AND THE SOURCES AND CALCULATIONS USED TO DEVELOP THOSE ESTIMATES. The updated estimate of 1,581,276 (Column D) is 28,273 higher than the 1,553,003 updated estimate published in February 2015. This variance results from two factors: (a) the addition of the 93,534 "Unauthorized and Below Poverty §1626.4(3)-Eligible Farmworkers," and (b) the reduction in the dependent population of 61,431 (from 824,863 to 763,432), which resulted from an updated calculation factor used by ETA.

(3) Migrants in the states of Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont are served through the MMX-1 service area.

(4) Migrant population is listed as "0" because state does not have a migrant service area.

(5) Migrants in the states of Alabama, Arkansas, Kentucky, Louisiana, Mississippi, Tennessee, and Texas are served through the MSTX-2 service area.

Strategic Plan 2012 – 2016
Implementation Update

ACTIONS IN 2015 TO IMPLEMENT LSC'S STRATEGIC PLAN
ANNUAL REPORT TO THE OPERATIONS AND REGULATIONS COMMITTEE
JANUARY 2016

The following is an overview of actions LSC has undertaken to implement the three goals and related initiatives identified in LSC's 2012-2016 Strategic Plan.

<u>Goal No. 1: Maximize the Availability, Quality, and Effectiveness of Legal Services (Strategic Plan pp. 5-11)</u>

Initiative One: Identify, promote, and spread best practices in meeting the civil legal needs of the poor

1) Highlighted best practices at LSC's quarterly Board meetings, White House forums, and 40th Anniversary events. Captured presentations on video, posted links to them on LSC's website and on social media, and included links in *LSC Updates*.

2) Expanded collection of useful practice and operational tips in the Grantee Resources section of LSC's website, which includes many examples of best practices from LSC grantees and other sources. Recent updates include overviews of Geographical Information Systems (GIS) mapping and organizing data through the use of Google Fusion Tables; these were also subjects of webinars for LSC grantees. LSC is currently recruiting for a researcher/writer to compile additional resources on best practices and add them to the website.

3) Continued to maintain LSC's prominent role at the largest conferences for legal aid providers – including the Equal Justice Conference, the annual conference of the National Legal Aid and Defender Association (NLADA), and the Management Information Exchange (MIE) conference. For example, in 2015, Office of Program Performance (OPP) staff presented sessions on using LSC's Technology Baselines, LSC's Pro Bono Task Force recommendations, lessons learned from Hurricane Katrina, integrating resource development into program management, innovations in legal aid, client board member responsibilities, and technology tips.

4) OCE held a live webinar outlining key compliance considerations for recipients of Technology Initiative Grant and Pro Bono Innovation Fund awards.

5) In 2015, the Office of Program Performance (OPP) conducted 27 on-site grantee visits and one "capability assessment visit" to two applicants for the Detroit service area. Through these visits, OPP educated grantees about best practices and provided advice about improving legal practice and program operations. OPP tracked and followed up on grantees' implementation of recommendations from prior visits through the Post Program Quality Visit grant application process and through regular contact with grantees. The Post Program Quality Visit grant application inquires about compliance with prior LSC recommendations by grantees that have had a program quality visit in the last two years.

6) In 2015, OCE conducted 25 on-site oversight visits. These visits included 17 compliance reviews, two follow-up reviews focused on fiscal issues, four technical assistance reviews, one targeted fiscal review, and one fiscal capability assessment. OCE also conducted three Executive Director orientation webinars and participated in two webinars related to the annual competition process.

7) The American Samoa service area was funded for the first time since 2007. American Samoa Legal Aid (ASLA) is the new LSC grantee and received a grant of $222,417. In addition to the field grant for 2015, LSC provided ASLA start-up funds that had been reserved for the service area. ALSA has a fully operational board, an executive director and two other staff, and is now providing service.

8) In 2015, LSC awarded 36 TIG grants. Through its TIG grants, LSC has improved grantee efficiency, and has increased access to the courts and legal information. For example, a grant to the Volunteer Lawyers Project of the Boston Bar Association of $137,200 will be used to enhance mobile access to information and guidance for volunteer lawyers handling pro bono cases. LSC has been a leader in funding online intake solutions that allow prospective clients to apply for assistance conveniently through the web. Following some early successful pilots, the TIG program has encouraged replication and improvement of online intake systems across the country. For example:

    Pine Tree Legal Aid in Maine: This grant builds on several earlier TIGs to develop an online legal triage tool to help users more quickly find resources to address their needs, and direct users to an online application to request assistance. Programs operating Drupal-based websites will be able to easily adapt and incorporate this core Drupal-based architecture for online triage and intake.

    Three Rivers Legal Services in Florida: An earlier TIG to the Legal Aid Society of Kentucky funded a project to create embeddable content widgets into the LawHelp statewide website template so that libraries could deliver the content of the statewide websites to their patrons. As part of this training, webinars were conducted to train librarians nationally on statewide websites that LSC has funded. Over 40 Florida librarians participated in that training, more than any other state. Because of this response, Three Rivers is increasing access to online legal information and self-help resources in Florida through a statewide outreach and partnership initiative targeting Florida public libraries. The project will include a webinar series for library staff on free legal information and resources available to library patrons, development of customized legal information satellite sites for up to four public library partners, and enhanced technical capacities that allow librarians and other partners to keep up-to-date on new resources available through Florida's statewide legal information website, FloridaLawHelp.org.

9) Used Pro Bono Innovation Fund (PBIF) grants to support innovative ways to engage more pro bono lawyers in the delivery of legal services and to enhance the quality of pro bono programs at LSC grantees. LSC awarded 15 PBIF grants in 13 states in 2015.

10) Inaugurated a process for including clients in some program quality visits to improve client service.

11) Arranged to make Ravel Law, an innovative, online legal research tool, available free to LSC grantees.

12) OPP staff presented webinars to grantees and applicants for basic field grants, TIGs, and PBIF grants. These webinars addressed best practices that LSC looks for in grantees.

13) Used regional meetings of grantee Executive Directors in the Southeast, Midwest, and Mountain West to spread information about best practices.

Initiative Two: Develop meaningful performance standards and metrics

1) Created a new Office of Data Governance and Analysis and hired a director for it. The new office will allow LSC to improve its collection and analysis of data from grantees and to develop new performance standards and metrics.
2) Completed an online tool-kit for collecting data on case outcomes. Conducted an informational session at the annual NLADA conference and two webinars to educate LSC grantees about the toolkit and to prepare them to collect outcomes data.
3) Began developing e-learning materials on outcomes measurement to supplement the toolkit. The e-learning project, like the development of the toolkit itself, is funded by the Public Welfare Foundation.
4) Announced a requirement that LSC grantees will need to collect outcomes data in all extended service cases as of June 1, 2016.
5) Arranged for Professor Deborah Rhode of Stanford Law School to work with the Alaska Legal Services Corporation on evaluating outcomes in brief service cases.
6) LSC President participated in meetings at the University of South Carolina Law School and the U.S. Department of Justice to stimulate academic research on civil legal aid.
7) Introduced a new online portal to serve as a central LSC data and document repository for all staff to use. The portal will allow enhanced analysis of and reporting on grantee performance.
8) Retained a consultant to develop a new grants management system that will permit easier generation of reports and data regarding grantees and improve LSC's ability to track grantee performance.
9) Improved LSC's system for responding to complaints relating to grantee services. Revised LSC's standard forms relating to complaints to make them clearer to clients.
10) Began process of revising LSC's Performance Criteria for grantees. Prepared a revision schedule for consideration by the Delivery of Legal Services Committee at its January 2016 meeting.

11) Continued to implement performance standards for LSC staff. Managers created Employee Performance Plans for each of their employees. The Employee Performance Plan identifies the work, consistent with the employee's position description, that the employee is expected to perform and how that work relates to the office performance plan and to LSC's strategic goals. The Employee Performance Plan identifies performance standards expressed in terms such as quantity, quality, timeliness, process, product, or other measure of performance. Employee Performance Plans also identify areas for training and development that can be used to help the employee improve performance and grow.

    Our first full-cycle assessments under the revised performance management process are currently under way. All assessments for 2015 will be completed and discussed with staff by the close of March.

Initiative Three: Provide legal practice and operational support to improve measurably the quality of civil legal services to the poor

1) Continued to use program visits by OPP to educate grantees about best practices and to provide practical advice about improving legal practice and program operations. Through the Program Quality Visit process, OPP discusses findings and recommendations at an exit conference, formalizes recommendations in a written report that is posted on LSC's website, and follows up through subsequent grant applications and through discussions with the grantee.

2) Continued to host and facilitate quarterly webinars featuring staff of the Federal Trade Commission's Bureau of Consumer Protection. The webinars, developed for LSC grantees, provide substantive training on consumer protection issues relevant to legal aid programs and identify free resources for grantees to access.

3) Introduced the privately-funded Vieth Leadership Development Grant program to improve leadership and service delivery at LSC grantees. LSC awarded seven grants in 2015.

4) Office of Compliance and Enforcement (OCE) staff made presentations at the annual NLADA conference, including an overview of recent regulatory and fiscal findings from reports of the OCE and Office of Inspector General and a primer on proper direct and indirect cost allocations. OCE also made a presentation regarding fiscal oversight at the annual Southeast Project Directors meeting. LSC's annual compliance advisory was released on August 17, 2015.

Other Activities to Promote Goal 1:

1) Continued the Midwest Legal Disaster Coordination Project with private funding. The subgrantees (Iowa Legal Aid and Legal Aid of Nebraska) have started building relationships with disaster service providers, lawyers, community organizations, and legal services programs to build a network of stakeholders that will ensure coordinated disaster preparedness and relief efforts. They have developed community legal education training materials. Iowa has had more than five governor-declared state disaster declarations during the grant period. Following the first disaster, the

subgrant enabled Iowa Legal Aid to create a written Disaster Declaration Checklist for its response to state declared disaster declarations.

2) Continued expanding outreach to Members of Congress (MOCs) to increase prospects for LSC's funding. In 2015, 32 MOCs provided quotes for LSC press releases regarding TIG and PBIF grants. Six MOCs participated in press conferences related to TIG and PBIF grants. Four MOCs attended LSC Board meetings in 2015.

3) Representatives Joe Kennedy and Susan Brooks announced the formation of the bipartisan Access to Civil Legal Services Caucus.

4) Continued to work with grantee Executive Directors to develop appropriate educational outreach to federal and state legislators and staff regarding constituent service.

5) Made additional improvements to LSC's formal budget request to Congress, LSC's Annual Report, and LSC's By the Numbers (formerly LSC's Fact Book) to make a stronger case for funding. The 2014 Annual Report used a new design to optimize display of photos and multi-page layouts, incorporated more multi-media, and continued to broaden its focus on constituent services. The 2014 LSC By the Numbers received more upgrades in its design to make it more user-friendly.

6) Conducted three Executive Director Orientation (EDO) sessions. Began developing an orientation program for new Chief Financial Officers of grantees.

7) OCE worked with an outside consultant, Barker & Scott, to assess its on-site review process in order to develop and implement the use of standardized processes and templates. These will guide OCE's visit-selection process and its pre-visit, on-site, and post-visit activities. The final documents are currently undergoing review. OCE's procedures manual will be revised once the project is complete.

8) The Office of Legal Affairs assisted in promulgating regulations relating to recipient fund balances (Part 1628) and the proper use of federal funds (Part 1640); developed a rulemaking agenda; and coordinated internal risk management, including regular reporting to the Board.

9) In 2015, LSC's Herbert S. Garten Loan Assistance Repayment Program received 147 new applications from attorneys at 70 grantee offices in 35 states, the District of Columbia, and Micronesia. In 2015, LSC provided loan repayment assistance to 80 new applicants.

10) Continued to improve OCE's report-writing process for on-site compliance reviews to provide more timely, clear, and effective communication of findings and required corrective actions. Engaged consultants to revise OCE's report structure to allow for more timely and streamlined reporting of OCE findings.

11) Introduced a new LSC website. Enhanced search and content listings to make content relevant to the user easier to find. Critical information has been migrated from PDF format to plain HTML. In the coming months, as we continue to properly tag all existing web pages, the searching and

content referral will continuously improve. We oversee postings to ensure consistency in messaging across the website.

12) Inaugurated a Rural Summer Legal Corps fellowship program using private funds. The program will place 31 law students with LSC grantees serving rural areas in the summer of 2016. LSC has partnered with Equal Justice Works, which has relationships with approximately 200 law schools and extensive experience managing fellowship programs, for administrative assistance and orientation for the fellows.

Goal No. 2: Become a Leading Voice for Access to Justice and Quality Legal Assistance in the United States (Strategic Plan pp. 11-15)

Initiative One: Provide a comprehensive communications program around a compelling message

1) Continued to provide effective and rapid response to congressional and media inquiries.
2) Continued to implement effective congressional strategy by meeting with staff and Members of the House and Senate Appropriations Committees. Continued to identify potential allies in advance of the budget votes.
3) As part of the strategy to reach Members of Congress, increased Board member engagement in Hill meetings.
4) Continued active participation in Voices for Civil Justice, the "communications hub" funded by the Public Welfare Foundation and the Kresge Foundation, which is using survey research and communications expertise to expand public awareness of the role and importance of civil legal aid in the United States. LSC President serves on the hub's advisory committee. This project is a collaboration with a number of stakeholders, including the National Center for State Courts, the U.S. Department of Justice's Access to Justice Initiative, and the American Bar Association.
5) Organized Senate briefing with four state Supreme Court Chief Justices to educate Congressional staff about the impact of pro se litigants on state courts.
6) Organized House of Representative briefing on the legal needs of low-income veterans and the work LSC grantees do to meet those needs.
7) Board Chair and Vice Chair arranged for multi-day symposium on "Making Justice Accessible" at the American Academy of Arts and Sciences.
8) LSC President and Chairman were both interviewed for an *American Lawyer* story on big law firm support for legal aid. LSC President was also interviewed by *New York Times* and *Bloomberg* for stories on legal technology. The 2015 Board meetings received solid local coverage of the judicial panels and the pro bono awards.
9) Increased targeted press releases to local markets with success placing stories related to Technology Initiative Grants (TIG), Pro Bono Innovation Fund (PBIF) grant awards, and Congressional

appropriations. Organized press events with Members of Congress and grantees for TIG and PBIF grant awards in New York City; Albany, NY; Kansas City, MO; Chicago, IL; Seattle, WA and Boston, MA. These press releases and events resulted in more than 30 stories on PBIF grants and 15 on TIG grants in local papers.

10) LSC organized a press event with the Chairman in Omaha to announce disaster grants and the Rural Summer Legal Corps, which resulted in four stories in local press.
11) Placed op-eds in local papers in conjunction with Board meetings in Miami, Washington, and Minneapolis, as well as in publications in St. Louis and Detroit.
12) The Chairman and the President of LSC continued to seek and accept opportunities to speak to multiple audiences – such as law students, law firms, bar associations, pro bono groups, community leaders, and state access-to-justice convenings.
13) LSC President serves on the ABA Commission on the Future of Legal Services and spoke at the ABA's National Summit on the Future of Legal Services at Stanford Law School in May 2015.
14) Continued to expand use of social media to amplify and promote LSC activity and practices. Facebook followers increased from 510 to 795 in 2015, Twitter followers grew from 3,700 to 4,735, and Linkedin followers expanded from 722 to 1,180. LSC Launched social media campaign to promote our client success stories. Live-tweeted judicial panels and our House and Senate briefings, with the House briefing garnering 250,000 impressions.
15) LSC's "story bank" of success stories was updated, edited, and posted best 100 stories covering each state from our 1,000-story bank. The stories are now displayed two ways: (1) by state, on an interactive map; and (2) by theme, as "impact stories" on the web site.
16) Expanded the use of analytics. Used social media to drive traffic to web pages and highlight specific messaging campaigns, e.g., the 50-state display of client success stories and the PBIF and TIG awards. Deepened our analytics to include monitoring of how people interact with LSC's social media, e.g., impressions, engagements. Continue to provide quarterly updates to the Board of Directors on the increasing role of social media, and our increased use of analytics to determine which campaigns are most successful.

Initiative Two: Build a business case for funding civil legal services

1) Expanded LSC's library of studies of the economic benefits of legal aid for communities and for government. Studies in several states illustrate that civil legal aid grows economies, positively affecting the housing market, homeless shelter costs, foreclosure and eviction rates, incidence of domestic abuse, and employment. In 2014 and 2015, seven states – Massachusetts, Montana, New York, North Carolina, Pennsylvania, Tennessee, and Virginia – released economic studies highlighting the benefits of civil legal aid. LSC is including this information in its FY17 budget justification to Congress.

2) Continued to work with the Public Welfare Foundation to build a business case for private funding for civil legal aid. The 2016 annual meeting of the Council on Foundations will include a focus on civil legal aid.

Initiative Three: Recruit and enlist new messengers and sources of funds to increase private support for civil legal services

1) Have secured grants, contributions, or pledges now totaling $5,128,782.02 million from law firms, private foundations, and individuals.

2) Continued convening panels of justices and judges to address access to justice issues at quarterly Board meetings. Panel videos are posted on LSC's website and highlighted in *LSC Updates*. Continued working with individual judges on access to justice issues. Promptly provided information on messaging to state Chief Judges and Justices, as requested.

3) Continued working with the Conference of Chief Justices (CCJ) and the Conference of State Court Administrators (COSCA) to encourage judges and court administrators to address the access to justice crisis in America. CCJ and COSCA passed resolutions recommending funding for LSC "at the level necessary to enable legal services providers to furnish critically-needed legal assistance and advice to low-income and vulnerable Americans" and supporting "the aspirational goal of 100 percent access to effective assistance for essential civil legal needs." This aspirational goal derives from the report of LSC's Technology Summit.

4) Established relationships with private foundations interested in exploring funding opportunities in civil legal aid.

5) Secured five new grants from private foundations totaling $650,000. Secured a $100,000 family foundation multi-year pledge for unrestricted work. Held second year-end appeal to individual donors.

6) Expanded projects for private funding, building on the Campaign for Justice case statement.

7) LSC was featured by DLA Piper in their law school recruiting materials in 2015.

Initiative Four: Institutional advancement and grantee development support

1) The Chief Development Officer spoke to grantees at the Equal Justice Conference and the annual NLADA meeting regarding sustaining programs through private fundraising.

2) LSC has made subgrants available to grantees in the Midwestern Disaster project.

3) The Rural Summer Legal Corps and the Vieth Leadership Development Project support grantee development.

Initiative Five: Enhanced Strategic Collaboration

1) Continued working with the Department of Justice's Access to Justice Initiative and the White House Legal Aid Interagency Roundtable (LAIR) to expand awareness of civil legal aid in federal government agencies and to increase sources of funding for legal aid using grants by federal agencies that serve clients of legal aid programs. LSC President is a member of the Roundtable. President Obama signed a Presidential Memorandum formally establishing the Roundtable.
2) Continued strong working relationships with state IOLTA programs and state bar foundations funding civil legal aid. LSC President participated in and spoke at biannual meetings of IOLTA funders and state bar foundations. Consulted with state funders on data collection and reporting, grant applications, and legal aid program oversight.
3) Collaborated regularly with the American Bar Association's leadership, Standing Committee on Legal Aid and Indigent Defendants, Standing Committee on Pro Bono and Public Service, and Resource Center for Access to Justice Initiatives.
4) LSC President participated in and spoke at multiple annual convenings of state access to justice leaders.
5) Coordinated regularly with the Conference of Chief Justices.
6) Participated actively in Voices for Civil Justice, the communications hub.

<u>Goal No. 3: Ensure Superior Fiscal Management (Strategic Plan pp. 15-17)</u>

1) LSC received an unmodified audit of its FY2014 annual financial statements.
2) Under the leadership of the Vice President for Grants Management (VPGM), the Directors of OPP and OCE continue to focus on maximizing communication, coordination, and cooperation between their offices. The new Director of the Office of Data Governance and Analysis will now be included in regular meetings with the VPGM and the Directors of OPP and OCE.
3) In 2015, LSC instituted joint regional teams of OCE and OPP staff to share information about grantees with which staff in both offices work and to educate each office about the other's work. This integration of OCE and OPP staff will provide a more holistic perspective on grantee activities and improve oversight, consistent with the recommendations of the Fiscal Oversight Task Force.
4) OCE continued to revise and improve upon the Fiscal Compliance Analysts' (FCA) review of grantees' grant applications during the LSC Grants Competition and Renewal Process. The grant application was revised to require applicants to submit various policies, procedures, and charters that are required by LSC regulations and guidance. Applicants that submitted insufficient documents were provided an opportunity to cure the deficiency; those that were unable to address the noted concerns will have their 2016 funding subjected to Special Grant Conditions. For grantees in renewal status, the FCAs reviewed/assessed historical fiscal information and performance to assess the current fiscal health of the grantee.

Over the last two years, LSC has increased the number of documents each applicant is required to submit in conjunction with the fiscal component of the funding application, as well as the review conducted of those documents.

For the 2016 funding cycle, 29 applicants submitted applications that were either missing required fiscal policies or where the fiscal policies provided were insufficient. OCE staff worked with the applicants to reduce that number to 11. OCE has improved efficiency by attempting to resolve grantees' fiscal documentation problems informally through grantees' submission of compliant documents while the application process is still open, rather than by imposing special grant conditions requiring submission of the documents after the beginning of the new grant year. For 2016, 15 grantees have OCE Special Grant Conditions.

5) LSC's President and the Inspector General meet every two weeks. OCE, along with OPP and the VP for Grants Management, continued to hold monthly meetings with representatives of the OIG staff to discuss issues of concern and share information.

6) LSC Management has begun reviewing open OIG recommendations to grantees to see if the recommendations should be made Special Grant Conditions, as OIG does not have its own enforcement mechanisms.

7) Continued to improve sharing of information between management and OIG to expedite investigations, avoid duplicative work, and provide early notice to management of potential problems with grantees.

8) OCE, along with members of the OIG staff, continued to make quarterly presentations to the Audit Committee of the LSC Board of Directors regarding fiscal oversight and communications between OIG and LSC Management and LSC Management's activities in responding to referrals from the OIG. As part of this process, target time frames for resolving OIG referrals that involve potential questioned costs were developed and implemented by LSC Management. OCE, along with OIG staff, report on compliance with the time frames at each quarterly Board meeting.

9) The Delivery of Legal Services Committee received a panel presentation on internal controls best practices, which included grantee Executive Directors, Chief Financial Officers, and an OIG staff member.

10) The Office of Information Technology worked to implement new software to ensure that all LSC staff have access to LSC information and documentation relating to grantees.

11) Continued using outside reviewers in the grant application process to ensure objectivity in the process.

12) Continued rotating review of grant applications by Program Counsel to ensure objectivity in the process.

13) Continued the use of short-term funding to address fiscal concerns.

14) Began an overhaul of the grants management system to improve access to and management of all information LSC maintains on grantees.

15) During 2015, OCE brought six questioned cost referrals from the Office of Inspector General's Audit Division to resolution. This was accomplished by engaging in informal negotiations with four grantees, which resulted in $502,865 being restated to the LSC funding line at the grantee level and $969 being returned to LSC. In addition, two questioned cost proceedings were initiated, which resulted in $3,842 being restated to the LSC funding line at the grantee level and $21,521 being recouped by LSC. During 2015, OCE brought two referrals from the Office of Inspector General's Investigation Divisions to resolution and two additional referrals are pending. As a result of a questioned cost proceeding initiated at the end of 2014, during 2015 LSC issued a decision by which it recouped $139,190 from a grantee.

16) For the 2015 funding cycle, 18 grantees had Special Grant Conditions imposed which required OCE review and/or follow-up. With the exception of one grantee, each grantee's responses addressed OCE's concerns.

17) Increased the use of Technical Assistance Reviews (TAR) as a vehicle for providing grantees with practical guidance on regulatory and fiscal compliance issues. TARs focus on subjects such as intake, accurate case tracking and reporting, internal controls and segregation of duties, and compliance with regulatory restrictions and guidelines. During 2015, OCE conducted 4 TARs; by comparison, in 2014, 3 TARs were conducted and, in both 2012 and 2013, one was conducted each year.

18) In response to recommendations from the Office of Inspector General, LSC modified the subgrant approval request process to require the submission of specific subgrantee fiscal documents as part of the application process. LSC also requested additional information on each applicant's procedures for subgrant oversight.

19) New procedures were implemented for the audited financial statement (AFS) review process, which will allow LSC to better assess the fiscal health/stability of a grantee based on the information contained in the AFS.

20) LSC issued its annual compliance advisory to grantees. The advisory outlined the most significant regulatory and fiscal issues noted as a result of OCE on-site and desk reviews during the previous 15 months, as well as the most frequent findings referred to LSC Management by the Office of Inspector General.

21) Implemented a development database to track private donor prospects, interactions, and gifts that integrates with LSC's new document management system.

22) Created systems to track private grant spending and gift processing. Created a protocol and procedures for processing private funds and establishing systems to track expenses and time against private funds.

23) The Development Office and OLA collaborated on contracts and RFPs using private funding.
24) Provided project management for each private grant to ensure funds are collected and reported in accordance with the corresponding funder agreements.
25) The Office of Legal Affairs (OLA) developed and finalized a new Procurement and Contracting Protocol and provided enhanced procurement/contract coordination services under the new Protocol
26) OLA revised and helped roll out LSC's revised Code of Ethics and Conduct, including multiple office-wide training sessions
27) OLA revised and finalized LSC's Records Management Policy and began implementation of the new policy.

DELIVERY OF LEGAL SERVICES COMMITTEE

January 28, 2016

Agenda

Open Session

1. Approval of Agenda

2. Approval of minutes of the Committee's Open Session meeting on October 5, 2015

3. Discussion of Committee's evaluations for 2015 and the Committee's goals for 2016

4. Review of LSC management proposal to review and revise Performance Criteria

   - Lynn Jennings, Vice President for Grants Management

5. Panel presentation and Committee discussion on best practices for effective intake

   - Joan Kleinberg, Manager of CLEAR (Coordinated Legal Education, Advice and Referral), Northwest Justice Project
   - Frank Tenuta, Managing Attorney, Iowa Legal Aid
   - Beverly Allen, Managing Attorney, Land of Lincoln Legal Assistance Foundation
   - Adrienne Worthy, Executive Director, Legal Aid of West Virginia
   - Ronké Hughes, Program Counsel, Office of Program Performance, LSC

6. Public comment

7. Consider and act on other business

8. Consider and act on motion to adjourn the meeting

Draft Minutes of the October 5, 2015 Open Session Meeting

Legal Services Corporation
Meeting of the
Delivery of Legal Services Committee

Open Session

Monday, October 5, 2015

DRAFT

Co-Chair Father Pius Pietrzyk convened an open session meeting of the Legal Services Corporation's ("LSC") Delivery of Legal Services Committee ("the Committee") at 3:18 p.m. on Sunday, October 5, 2015. The meeting was held at the Hyatt Regency San Francisco, 5 Embarcadero Center, San Francisco, California 94111.

The following Committee members were present:

Father Pius Pietrzyk, Co-Chair
Gloria Valencia-Weber, Co-Chair
Victor Maddox
Julie A. Reiskin
John G. Levi, *ex officio*

Other Board members present:

Robert J. Grey, Jr.
Charles N.W. Keckler
Harry J. F. Korrell, III
Laurie Mikva
Martha Minow

Also attending were:

James J. Sandman	President
Rebecca Fertig Cohen	Chief of Staff
Mayealie Adams	Special Assistant to the President for Board Affairs
Lynn Jennings	Vice President for Grants Management
Ronald S. Flagg	Vice President for Legal Affairs, General Counsel & Corporate Secretary
David Richardson	Comptroller and Treasurer, Office of Finance and Administrative Services (OFAS)
Wendy Rhein	Chief Development Officer
Carol Bergman	Director, Office of Government Relations and Public Affairs (GRPA)

Carl Rauscher	Director of Communications and Media Relations, Office of Government Relations and Public Affairs (GRPA)
Marcos Navarro	Office of Government Relations and Public Affairs (GRPA)
Jeffrey Schanz	Inspector General
David Maddox	Assistant Inspector General for Management and Evaluation (OIG)
Daniel O'Rourke	Assistant Inspector General for Investigations (OIG)
Laurie Tarantowicz	Assistant Inspector General and Legal Counsel, Office of the Inspector General (OIG)
Joel Gallay	Special Counsel to the Inspector General, Office of the Inspector General (OIG)
John Seeba	Assistant Inspector General for Audit, Office of the Inspector General
Lora M. Rath	Director, Office of Compliance and Enforcement (OCE)
Janet LaBella	Director, Office of Program Performance (OPP)
Allan Tanenbaum	Non-Director Member, Finance Committee
Gregory Knoll	Executive Director, Legal Aid Society of San Diego, Inc.
Mohammed Sheikh	Director of Finance, Bay Area Legal Aid
Bivett Brackett	Board of Directors member, Bay Area Legal Aid
Arielle Hyman	Bay Area Legal Aid
Josefina Valdez	Legal Aid Society of San Bernardino
Jose R. Padilla	California Rural Legal Aid, Inc.
Ilene Jacobs	California Rural Legal Aid, Inc.
Frank Bittner	California Rural Legal Aid, Inc.
Robert Sikin	California Rural Legal Aid, Inc.
Darrell Moore	Inland Counties Legal Services
Chris Schneider	Central California Legal Services
Don Saunders	National Legal Aid and Defenders Association (NLADA)
Robin C. Murphy	National Legal Aid and Defenders Association (NLADA)

The following summarizes actions taken by, and presentations made to, the Committee:

Committee Co-Chairman Father Pius called the meeting to order.

MOTION

Ms. Reiskin moved to approve the agenda. Committee Co-Chair Professor Valencia-Weber seconded the motion.

VOTE

The motion passed by voice vote.

MOTION

Committee Co-Chair Professor Valencia-Weber moved to approve the minutes of the Committee's meeting of July 17, 2015. Mr. Maddox seconded the motion.

VOTE

The motion passed by voice vote.

Ms. Janet LaBella, Director of the Office of Program Performance, briefed the Committee on LSC's proposal to include client-eligible representatives on the Office of Program Performance's oversight visits. Ms. LaBella stated the purpose of client-eligible participation in program visits is to get the clients' perception of the services that the grantee is offering.

Ms. Lora Rath, panel moderator and Director of the Office of Compliance and Performance, introduced the panelists: Gregory Knoll, Executive Director, Legal Aid Society of San Diego, Inc.; John Seeba, Assistant Inspector General for Audit, Office of Inspector General; Mohammed Sheikh, Director of Finance, Bay Area Legal Aid. The panel briefed the Committee on fiscal oversight and internal controls. Ms. Rath and the panel answered the Committee members' questions.

Committee Co-Chair Father Pius invited public comment and received none.

New business to consider: Co-Chair Father Pius informed the Committee a telephonic meeting will be scheduled to further discuss ways to update performance criteria.

MOTION

Committee Co-Chair Valencia-Weber moved to adjourn the meeting. Ms. Reiskin seconded the motion.

VOTE

The motion passed by voice vote.

The Committee meeting adjourned at 4:19 p.m.

2015 Committee Evaluations and 2016 Goals

SUMMARY OF 2015 DELIVERY OF LEGAL SERVICES COMMITTEE EVALUATION RESPONSES

(Members: Father Pius Pietrzyk, O.P., Co-Chair, Gloria Valencia-Weber, Co-Chair, Victor B. Maddox, Julie A. Reiskin)

Members either strongly agreed or agreed that:

- Committee members understand the goals and purpose of our committee; committee members agree on the goals and purpose of the committee. (2 strongly agree/2 agree)

  Comments:
  - *I'm not sure we all agree.*
  - *Re-doing the Committee charge has improved how the goals and purposes are pursued*.

- There is alignment between our committee's goals and purposes and the actions taken and/or the decisions made by the committee. (1 strongly agree/3 agree)

  Comments:
  - *We haven't actually taken action, to my knowledge.*
  - *Was not sure to say agree or disagree as we never have time to make decisions or do much other than listen to panels, this has improved a little over the past year in that we have had a couple discussions over performance criteria.*

- There is alignment between our committee's goals and purposes and the goals of LSC's Strategic Plan. (1 strongly agree/3 agree)

  Comments:
  - *This is also hard to answer. We should be using this committee to improve performance criteria and to help programs be the best they can by doing things like producing training modules for boards or advising program staff on doing this. It is hard to do much on this committee without meetings in between the board meetings because the time is so limited at our meetings and the panels are valuab*le.

- Our committee has responded effectively and appropriately to issues of immediate concern brought before it; our committee has made significant progress on long-term strategic issues related to its goals and purposes. (2 strongly agree/2 agree)

  Comments:
  - *Not sure many issues are actually brought to this committee.*

- Our committee meetings are held regularly and with appropriate frequency. (1 strongly agree/3 agree)

Comments:

- *The Board meetings are too tightly packed and scheduled. The Committee needs some informal discussion time, without an official agenda or tasks, so we can explore how we want to do our future work.*

- *We meet regularly but not sure as frequently as we should.*

- The minutes of our meetings are accurate and reflect the discussion, next steps and/or action items articulated by the members. (3 strongly agree/1agree)

- Our committee membership represents the talents and skills required to fulfill the goals and purposes of the committee. Our committee members come to meetings prepared and ready to contribute. (3 strongly agree/1 agree)

- Our committee members treat each other with respect and courtesy. (3 strongly agree/1 agree)

- As a general rule, when I speak I feel listened to and that my comments are valued. (1 strongly agree/3 agree)

  Comments:

  - *Generally yes, but sometimes my inclusion seems like an afterthought. A small nuisance and not worth dwelling on this as the committee has hard working members.*

Mixed Responses (some strongly agreed, agreed or disagreed):

- Our committee has adequate resources (for example, staff time and expertise) to support its function. (1 strongly agree/2 agree/1 disagree)

  Comments:

  - *Janet LaBella and staff have been super in collaborating on how the committee does its work.*

  - *Not sure there are staff assigned to this committee or if so that they have time to really work this committee but there is great expertise on the committee with the members especially the leaders (Father Pius and Professor Valencia-Weber). We should have more time for discussion on major issues affecting LSC and the field.*

- The length of our committee meetings is appropriate and respectful of the agenda. We consistently use our meeting time well; issues get the time and attention proportionate to their importance. (3 agree/1 disagree)

  Comments:

  - *I believe the committee would be an effective vehicle for fact-finding regarding grantee programs and for discussion with grantee representatives and other panelists. There is little of that in our meetings, or on the board generally. This is not a criticism of the co-chairs but more of a suggestion for going forward.*

- *The Board meetings are too tightly packed and scheduled. The Committee needs some informal discussion time, without an official agenda or tasks, so we can explore how we want to do our future work.*

- *Meeting time is used as well as possible given that it is mostly panels.*

- We receive the meeting agenda and materials sufficiently in advance of the meeting to allow for appropriate review and preparation. (1 strongly agree/2 agree/1 disagree)

  Comments:
  - *I usually have no insight into the agenda until the board book is circulated.*

  - *Usually the only materials we have are bios of the presenters and on occasion a page or two of performance criteria. It would be good to have summaries of program quality visits the way the other committees get for Inspector General and Compliance visits.*

The following are direct quotes:

Members liked (3 of 4 responded):
- The co-chairs are excellent.
  Providing real life grantee experiences for the Board
- I do enjoy the panels and rare discussions we have had re criteria

Ideas for Improvement (3 of 4 responded):
- I would like more time in the agenda to exchange ideas, and to interact with panelists.
- Some informal time for committee to meet and talk.
- More time for discussion of issues and time to actually engage with panel.

Future Focus (3 of 4 responded):
- I believe we should examine the Performance Criteria. I also believe that we should ascertain the extent to which LSC grantees have adopted a model of delivering services that eschews devoting resources to individual clients with personal legal problems, in favor of a model that adopts the "poverty community at large" as the client, and devotes significant resources to essentially providing loaned servants who serve as in-house counsel for non-profits that then use the legal service to assist them in pursuing their own agendas. The former is consistent with the LSC Act. The latter is not. To the extent that our Performance Criteria encourage the latter, we should look closely at those criteria.
- Grantee board training and inclusion of client Board members.
- Performance criteria, also focus on areas we are assigned for risk mitigation, identify what programs need to run more effectively like board training and see what we can do to help.

Performance Criteria Revision Plan

Proposed Approach and Timeline to Revise LSC's Performance Criteria

LSC management proposes to sequence the revision of LSC's Performance Criteria. Specifically, management would like to update Performance Area 4 first and then turn its efforts to updating Performance Areas 1-3. Performance Area 4 assesses the "[e]ffectiveness of governance, leadership, and administration."

LSC's current board has explored grantee board, management, and leadership challenges in depth. The board has also expended significant energy to improve the fiscal health of LSC's grantees through the work of the Fiscal Oversight Task Force. It is management's view that solid board stewardship and strong, agile, dynamic leadership are essential to a successful legal aid program.

When LSC identifies challenged programs, a common theme often emerges: the program has an uninvolved or unsophisticated board of directors that does not exercise adequate oversight of the program, and/or the executive director does a poor job leading his or her organization programmatically or administratively. As a result, the quality of client services is jeopardized.

To date, LSC staff has conducted initial research and benchmarking to enhance Performance Area 4. Following is a proposed timeline for revising LSC's Performance Criteria.

A. Proposed Timeline for Revising Performance Area 4:

January 2016 – Establish Internal Working Group and Advisory Committee

- Establish an internal working group to spearhead Performance Area 4 revision. This working group will have significant representation from the Offices of Program Performance and Compliance and Enforcement.
- Identify and establish an Advisory Committee to Review Performance Area 4. Advisory Committee members will come from outside LSC and have broader representation than previous revision processes. LSC will invite non-profit governance experts to participate. (e.g. Board Source, non-profit attorneys, financial experts).

February 2016—Prepare Draft Revision and Seek Advisory Committee Input

- LSC prepares a draft revision of Performance Area 4 to share with the Advisory Committee.
- The Advisory Committee reviews and comments on the proposed revision. The Advisory Committee will have two to three weeks for review and comment.

March – May 2016 – Circulate Draft for Comment and Hold Stakeholder Briefing Sessions

- LSC incorporates the comments of the Advisory Committee.
- LSC circulates the revised Performance Area 4 to stakeholders for comment. LSC should allow 45 – 60 days for this process.
- LSC management will provide periodic updates to the board's Delivery of Legal Services Committee and the entire board of directors.
- During the comment period, if LSC elects to, hold webinars to discuss the proposed revisions.

June 2016 – Issue Revised Performance Area 4

- LSC incorporates stakeholder comments into final revision.
- LSC issues final Performance Area 4 revision.

July 2016 – Presentation to Delivery of Legal Services Committee

- LSC Management presents the revised Performance Area 4 to the DLS Committee at the July Board Meeting

B. Proposed Timeline for Revising Performance Areas 1 – 3

July – September 2016 – Research to Improve Performance Areas 1 - 3

- Establish an internal working group to spearhead Performance Areas 1-3 revision. This working group will be much more Office of Program Performance-centric and have fewer representatives from the Office of Compliance and Enforcement.
- LSC staff will research and analyze which components of Performance Areas 1 – 3 may need to be updated.
- Benchmark and research best practices related to Performance Areas 1 – 3 that can be incorporated into a revision.
- Draft revised Performance Criteria for Performance Areas 1 -3.
- Identify and establish an Advisory Committee to review Performance Areas 1-3. This Advisory Committee will have a different cross-section of experts than those needed for Performance Area 4.

October 2016 -- Seek Advisory Committee Input

- LSC prepares a draft revision of Performance Areas 1-3 to share with the Advisory Committee.
- The Advisory Committee reviews and comments on the proposed revision. The Advisory Committee will have two to three weeks for review and comment.

October – December 2016 -- Circulate Draft for Comment and Hold Stakeholder Briefing Sessions

- LSC incorporates the comments of the Advisory Committee.
- LSC circulates the revised Performance Areas 1-3 to stakeholders for comment. LSC should allow 45 – 60 days for this process.
- During the comment period, if LSC elects to, hold webinars to discuss the proposed revisions.

January 2017 – Issue Revised Performance Areas 1-3.

- LSC incorporates stakeholder comments into a final revision.
- LSC issues the final Performance Areas 1-3 revision.

April 2017 – Presentation to Delivery of Legal Services Committee

- LSC Management presents the revised Performance Criteria to the DLS Committee at the April Board Meeting

Panel Presentation:
Best Practices for Effective Intake

Background Information &
Panelist Biographies

Criterion 1. **Dignity and sensitivity.** The program conducts its work in a way that affirms and reinforces the dignity of clients, is sensitive to clients' individual circumstances, is responsive to each client's legal problems, and is culturally and linguistically competent.

Indicators

Consistent with the applicable rules of professional conduct and funding requirements, and within the limits of the legal assistance that the program has agreed to provide a particular client, the program identifies and attempts to achieve each client's objective.

Program operations are carried out in ways that affirm client dignity and are sensitive to client circumstances.

The program has effective methods to assess clients' reactions to its services, and addresses problems identified through such assessments.

Legal Services programs in a state, and to the extent feasible other legal assistance providers in that state, collaborate so that clients do not experience multiple referrals before they reach the provider that will offer the maximum level of service.

Program services, communications and activities are conducted in a culturally and linguistically competent fashion, and reach the significant low-income population segments, given the program's explicit goals and objectives and available resources.

The program places primary importance on establishing a relationship of trust and confidence with each client, ensuring that each client understands the scope of representation, adhering to the client's objectives, and informing and consulting with the client about all significant developments in the matter.

Areas of Inquiry

Does the intake policy and procedure reflect a concern for the client's needs? Are office hours convenient, including for those who work, such as being available during lunch or in the evening? How long are clients required to wait for an eligibility determination? For an initial substantive interview? For a determination of case acceptance? Are clients required to return more than once for such determinations? What is done for those for whom access is limited by geography, disability, limited English proficiency, or other factors?

Is telephone intake conducted so as to minimize waiting time and the possibility of lost calls, such as by offering callback or other alternatives? How long are clients kept in queue? Are they offered information during the time in queue?

If representation is limited or denied, how are clients informed? Is there notification of a grievance procedure? Is there referral of clients who are denied service or given limited assistance?

How well does the program keep clients informed of developments in their case? Are clients consulted if a significant change in case strategy is contemplated?

What is the reputation of the program among client and community groups? What do they say about telephone and in-person reception and intake? About the courtesy extended to clients by program staff? How does the program gauge client satisfaction?

Areas of Inquiry

From observations of facilities: Are waiting rooms clean and comfortable? Are educational materials available in the waiting rooms? Is privacy provided for interviews, intake (by telephone or in-person), and for client meetings?

Do the Legal Services providers in the state articulate and follow a policy of minimizing the number of times a client is referred from one provider to another? Is this followed by non-LSC funded legal assistance providers as well? Do potential clients experience a seamless and efficient referral from their first point of contact to the eventual provider of service, without unnecessary delay? Does the program facilitate referrals to other non-LSC providers, including Web-based resources?

Does the program provide cultural competency training for staff? Are the staff reasonably diverse? Do they reflect the diversity of the community served? Does the staff demonstrate cultural sensitivity in their work?

STANDARDS
FOR THE PROVISION OF CIVIL LEGAL AID

AMERICAN BAR ASSOCIATION
STANDING COMMITTEE ON LEGAL AID AND INDIGENT DEFENDANTS

AUGUST 2006

Resolution adopted by ABA House of Delegates

August 7, 2006

RESOLVED, That the American Bar Association adoptes revised STANDARDS FOR THE PROVISION OF CIVIL LEGAL AID, dated August 2006, including the Introduction; and

FURTHER RESOLVED, That the American Bar Association recommends implementation of these STANDARDS by entities providing civil legal aid to the poor.

STANDARD 4.1 ON THE PROVIDER'S INTAKE SYSTEM

STANDARD

A provider should design and operate an intake system that treats all persons seeking assistance with respect, accurately identifies their legal needs and promptly determines the assistance to be offered.

COMMENTARY

General considerations

The first contact a person seeking services has with a provider is likely to be through its intake system. It is important that the system foster confidence - among those whom the provider agrees to help as well as those it turns away - that the organization is professional and capable and that it is considerate of persons seeking and utilizing its services. The logistical challenges associated with intake systems can be significant. They typically process large numbers of applicants and need to identify accurately the nature of each applicant's legal problem and make a prompt decision regarding who will be helped and the type of assistance that will be offered. A provider needs to design its intake system to accomplish these tasks in a way that does not inadvertently convey a lack of respect for applicants' time or sensitivities.

Persons seeking assistance from a provider will be offered different levels of assistance. Some applicants will be accepted as clients and offered assistance that may range from full representation[1] to representation limited to advice or brief service.[2] Others will not be accepted as clients, but will be given legal information about their problem.[3] Still others will be given assistance to represent themselves through pro se clinics and other methods that teach self help.[4] A number will be denied any form of assistance because they are ineligible or seek help in an area that the provider does not handle. Regardless of the service they ultimately receive, all persons seeking services need to be treated respectfully and professionally.

For those who will be accepted as clients, the initial experience with the provider may well set the tone for the subsequent representation. Because effective legal representation calls for a relationship of mutual trust and candor between the client and the practitioner, it is particularly important that the client's experience in intake inspires confidence in the provider and the practitioner.

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1 *See* ABA Standards for the Provision of Civil Legal Aid (2006), Standard 3.1 (on Full Legal Representation).

2 *See* ABA Standards for the Provision of Civil Legal Aid (2006): Standards 3.4 (on Limited Representation); Standard 3.4-1 (on Representation Limited to Legal Advice); Standard 3.4-2 (on Representation Limited to Brief Service).

3 *See* ABA Standards for the Provision of Civil Legal Aid (2006), Standard 3.6 (on Provision of Legal Information).

4 *See* ABA Standards for the Provision of Civil Legal Aid (2006), Standard 3.5 (on Assistance to Pro Se Litigants).

Standard 4.1 on the Provider's Intake System

Operation of intake systems

There is a range of ways that persons may initially contact the provider. Some will walk into the provider's offices or another intake site. For others, initial contact may be by telephone or on-line through the internet. Some forms of intake may involve submission of an application on-line in which there is no initial personal contact. In some cases, all of the assistance provided may be offered on-line and without any personal interaction. All aspects of a provider's intake system should be respectful of applicants' time and resources and should facilitate prompt decision-making regarding the applicants' legal needs and what the provider commits to do on their behalf.

Applicants should be interviewed promptly to determine eligibility and to identify the nature of their legal problem. Applicants should not be subjected to unnecessarily repetitive intake interviews.[5] Telephonic intake and advice systems should avoid long waits on hold and long delays for call backs. The provider should be sensitive to the perceptions of persons using its services and should strive for a professional atmosphere in its offices. Intake procedures should assure the confidentiality of the information that is offered in support of the application.[6]

Different types of intake process—telephonic, walk-in, or on-line—will impact differently on different persons in need of help. For many isolated persons, telephone intake may be the only viable option to seek help. For others, face to face contact may be very important, and for some cultures may be essential. Others may work hours that make any contact during normal business hours extremely difficult. A provider should strive, therefore, to offer multiple avenues for persons to seek assistance, or should actively participate in a delivery system that provides such opportunities.[7]

Training. Personnel who are involved in intake should receive training to support their effective interaction with applicants and to assure the efficient operation of the system. Personnel should be trained in how the intake system operates and in the appropriate use of technology that is integral to the intake process. Training should reinforce the importance of all personnel treating applicants with dignity and respect. Interviews should be conducted by personnel who have been trained in effective interviewing.[8]

Overcoming impediments to effective communication with applicants

The provider should be sensitive to cultural, linguistic and personal issues that may impede effective interaction with persons seeking its assistance. Many applicants may be anxious about contacting a legal aid provider, may be intimidated by attorneys and other legal professionals and

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5 *See* ABA Standards for the Provision of Civil Legal Aid (2006), Standard 7.4 (on Initial Exploration of the Client's Legal Problem).

6 *See* ABA Standards for the Provision of Civil Legal Aid (2006), Standard 4.3 (on Protecting Client Confidences).

7 *See* ABA Standards for the Provision of Civil Legal Aid (2006), Standard 2.3 (on Participation in Statewide and Regional Systems).

8 *See also*, ABA Standards for the Provision of Civil Legal Aid (2006): Standard 7.2 (on Practitioners' Responsibilities in Establishing an Effective Relationship and a Clear Understanding with the Client).

may misunderstand what constitutes a legal problem or what remedies are available through the legal system. The provider's intake processes should be capable of responding effectively to the diverse communities its serves and of overcoming differences in culture.[9] Intake should also have appropriate language capacity for persons with limited English proficiency.[10] The intake system should be designed to be open and responsive to persons with physical impairments that impede access or hinder communication.[11]

The provider should also be attentive to the many different personal circumstances that low income persons face that can impede communication. Persons who are homeless, for example, confront a number of obstacles, including the lack of a telephone, lack of a permanent address and ongoing disruption of their lives. A person with a diminished capacity because of mental or emotional impairments may call for specially trained staff to obtain the necessary facts to determine eligibility and conduct an initial analysis of the individual's legal problem.[12] Persons who are institutionalized may require specific outreach efforts to make initial contact possible.

Identification of applicants' legal needs and prompt determination of the assistance to be offered

Intake procedures should be designed to act quickly on applications for service. The process should gather pertinent facts regarding the applicant's legal problem so that the provider can make a prompt decision regarding whether to accept the matter for representation or another form of assistance. Applicants for service should not be subjected to a lengthy wait to find out if the provider will assist them. The provider should communicate clearly with each applicant regarding what services, if any, it will offer.[13] If the provider offers assistance short of legal representation, it should clearly inform the individual that it is not entering into an attorney-client relationship.[14]

Denials of service

The provider should strive to preserve good will among those who are denied service. Reasons for rejecting a case should be explained clearly and promptly, and applicants who desire a review of the decision should be given immediate assistance to pursue their grievance.[15] The provider should refer rejected applicants to other sources of assistance, if available. Such referrals should be made as quickly as possible to allow rejected applicants to seek other assistance if necessary to protect their rights.

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9 *See* ABA Standards for the Provision of Civil Legal Aid (2006), Standard 2.4 (on Cultural Competence).

10 *See* ABA Standards for the Provision of Civil Legal Aid (2006), Standard 4.6 (on Communication in the Primary Languages of Persons Served).

11 *See* ABA Standards for the Provision of Civil Legal Aid (2006), Standard 4.5 (on Access to Services).

12 *See also* Model Rules of Prof'l Conduct R. 1.14 (2003) on Client with Diminished Capacity.

13 *See* ABA Standards for the Provision of Civil Legal Aid (2006), Standard 4.2 (on Establishing a Clear Understanding).

14 *See* ABA Standards for the Provision of Civil Legal Aid (2006): Standard 3.6 (on Provision of Legal Information).

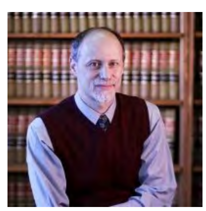
15 *See* ABA Standards for the Provision of Civil Legal Aid (2006), Standard 4.7 (on Client Complaint Procedure).

Delivery of Legal Services Committee
Panel: Best Practices for Effective Intake
January 28, 2016
Mills House
Charleston, SC

Joan Kleinberg, Manager of CLEAR, Northwest Justice Project

Joan Kleinberg is a member of the management team of the Northwest Justice Project (NJP) where she works on projects that support the strategic objectives of the organization including outcomes measurement, use of data, intake system flow, case management system development and private attorney involvement. She is one of three founders of the Northwest Justice Project, and developed the CLEAR hotline in 1996 as the centralized intake point for civil legal aid in Washington State. CLEAR, which stands for "Coordinating Legal Education, Advice and Referral," was the first LSC-funded statewide hotline and established a model later adopted by many LSC grantees around the country. CLEAR is currently the largest LSC-funded centralized intake system, with 25 attorneys and paralegals and 10 non-lawyer screeners. CLEAR has a TIG-funded online intake component as well as TIG-funded capacity to serve deaf and hard of hearing clients in American Sign Language using a videophone. Before her move to NJP, Ms. Kleinberg worked at Evergreen Legal Services as a staff attorney from 1977 to 1981 and as a private attorney involvement specialist from 1982 to 1995.

Frank Tenuta, Managing Attorney, Iowa Legal Aid



Frank Tenuta is a Managing Attorney II with Iowa Legal Aid. He manages the Northwest Regional Office in Sioux City and co-manages the unified Intake system of Iowa Legal Aid. He also provides direct representation to clients. He was hired as a staff attorney after graduating cum laude from The University of Minnesota Law School in 1985. He was promoted to managing attorney in 1994. Mr. Tenuta has provided representation to individuals in housing, family, consumer, government benefit, and individual rights cases. He served on the Iowa Supreme court committee that drafted divorce and child support forms for self-represented litigants. He currently serves on the Iowa Supreme Court's Guardianship and Conservatorship Reform Task Force.

Beverly Allen, Managing Attorney, Land of Lincoln Legal Assistance Foundation

Beverly A. Allen is the Managing Attorney of the Legal Advice and Referral Center at Land of Lincoln Legal Assistance Foundation, Inc. She graduated from St. Louis University Law School in 1990 after completing her undergraduate education at Alcorn State University, in Lorman, MS in 1987. She obtained a Bachelor of Arts degree in Political Science, summa cum laude.

She has been with Land of Lincoln in some capacity since November 1994, when she started as a staff attorney in the East St. Louis office, where she handled private landlord/tenant, consumer, utility and family law cases. In 1996 she was appointed to plan, develop and implement the legal hotline for LOLLAF, which was implemented in April 1998. She was promoted to managing attorney of the Legal Advice and Referral Center (LARC) in March 1999. Ms. Allen also serves as Co-Chair of the Race Equity Task Force at LOLLAF. She has been a member of the Missouri Bar Association since 1990 and a member of the Illinois State Bar Association since 1995; She was Selected to participate as a the ISBA Diversity and Leadership Institute Fellow in 2012; Appointed to serve on the ISBA Standing Committee on the Delivery of Legal Services 2014; Has served as a member of the National Legal Aid and Defenders Association since 1995; Served on the NLADA Leadership and Diversity Committee since 2009; She has been a member of the St. Clair County Bar Association since 1995 and Served on their Public Relations Committee 1999-2000. In 2015, she was appointed to serve on the Illinois Supreme Court Committee on Equality.

Adrienne Worthy, Executive Director, Legal Aid of West Virginia

Adrienne Worthy is currently the Executive Director of Legal Aid of West Virginia, a position she has held for 13 years. Prior to assuming her current position, she was the director of two other regional legal aid organizations in West Virginia for a total of six years. She has the distinction of being one of the few non-attorney directors of a legal aid program in the country.

Ms. Worthy has more than 34 years of experience working at a leadership level within non-profits and government agencies on poverty, environmental, health, consumer, literacy and justice issues, particularly focusing on the needs of low-income women and girls. Adrienne considers herself a West Virginian by choice, despite growing up in Ohio. She and her husband have lived happily in West Virginia for the past 34 years, raising three sons in an old farmhouse outside the capitol city of Charleston.

INSTITUTIONAL ADVANCEMENT COMMITTEE

January 29, 2016

Agenda

OPEN SESSION

1. Approval of agenda
2. Approval of the minutes of the Committee's Open Session meeting on October 4, 2015
3. Discussion of Committee's evaluations for 2015 and the Committee's goals for 2016
4. Update on development activities
5. Update on Campaign for Justice and website
6. Consider and act on Minnesota Charitable Organization Annual Report Form, ***Resolution 2016-XXX***
7. Public comment
8. Consider and act on other business
9. Consider and act on motion to adjourn the open session meeting and proceed to a closed session

CLOSED SESSION

1. Approval of minutes of the Committee's closed session meeting on October 4, 2015
2. Donor report
3. Consider and act on prospective donors
4. Consider and act on motion to adjourn the closed session meeting

Draft Minutes of the October 4, 2015 Open Session Meeting

Legal Services Corporation
Meeting of the Institutional Advancement Committee

Open Session

Sunday, October 4, 2015

DRAFT

Chairman John G. Levi convened an open session meeting of the Legal Services Corporation's ("LSC") Institutional Advancement Committee ("the Committee") at 4:35 p.m. on Sunday, October 4, 2015. The meeting was held at the Hyatt Regency San Francisco, 5 Embarcadero Center, San Francisco, California 94111.

The following Committee members were present:

John G. Levi, Chairman
Robert J. Grey, Jr.
Charles N. W. Keckler
Martha L. Minow
Father Pius Pietrzyk
Herbert S. Garten, (Non-Director Member)
Thomas Smegal, (Non-Director Member)

Other Board members present:
Harry J. F. Korrell, III
Victor B. Maddox
Julie A. Reiskin
Gloria Valencia-Weber

Also attending were:

James J. Sandman	President
Rebecca Fertig Cohen	Chief of Staff
Mayealie Adams	Special Assistant to the President for Board Affairs
Wendy Rhein	Chief Development Officer
Ronald S. Flagg	Vice President for Legal Affairs, General Counsel, and Corporate Secretary (OLA)
David Richardson	Comptroller/Treasurer, Office of Financial and Administrative Services (OFAS)
Lynn Jennings	Vice President for Grants Management
Carol Bergman	Director, Office of Government Relations and Public Affairs (GRPA)
Carl Rauscher	Director of Media Relations, Office of Government Relations and Public Affairs (GRPA)

Jeffrey E. Schanz	Inspector General
David Maddox	Assistant Inspector General for Management and Evaluation, Office of the Inspector General (OIG)
Daniel O'Rourke	Assistant Inspector General for Investigations, Office of the Inspector General (OIG)
Laurie Tarantowicz	Assistant Inspector General and Legal Counsel, Office of the Inspector General (OIG)
John Seeba	Assistant Inspector General for Audit, Office of the Inspector General (OIG)
Joel Gallay	Special Counsel to the Inspector General, Office of the Inspector General (OIG)
Allan Tanenbaum	Non-Director Member, Finance Committee
Lora M. Rath	Director, Office of Compliance and Enforcement (OCE)
Janet LaBella	Director, Office of Program Performance (OPP)
Robin C. Murphy	National Legal Aid and Defenders Association (NLADA)

The following summarizes actions taken by, and presentations made to, the Committee:

Chairman Levi called the meeting to order.

MOTION

Father Pius moved to approve the agenda. Dean Minow seconded the motion.

VOTE

The motion passed by voice vote.

MOTION

Father Pius moved to approve the minutes of the Committee's meeting of July 17, 2015. Dean Minow seconded the motion.

VOTE

The motion passed by voice vote.

Ms. Rhein gave an updated report on development activities. She answered Committee members' questions.

Chairman Levi briefed the Committee on the Leadership Council on Legal Diversity (LCLD) an organization in which Robert Grey is Executive Director. He thanked Mr. Grey for the opportunity to talk about legal services, and Dean Minow for participating in LCLD's event as a speaker.

Chairman Levi invited public comment and received none. There was no new business to consider.

MOTION

Mr. Keckler moved to authorize an executive session of the Committee meeting. Father Pius seconded the motion.

VOTE

The motion passed by voice vote.

The Committee continued its meeting in close session at 4:44 p.m.

2015 Committee Evaluations and 2016 Goals

SUMMARY OF 2015 INSTITUTIONAL ADVANCEMENT COMMITTEE EVALUATION RESPONSES

(Members: John G. Levi, Chair, Martha Minow, Robert J. Grey Jr., Charles N.W. Keckler, Father Pius Pietrzyk, O.P., Herbert S. Garten, Thomas Smegal, Frank B. Strickland)

All members strongly agreed that:

- Committee members understand the goals and purpose of our committee; committee members agree on the goals and purpose of the committee.

  Comments:
  - *Our committee has worked hard to create possibilities for LSC and its grantees that might not otherwise exist.*

- There is alignment between our committee's goals and purposes and the actions taken and/or the decisions made by the committee.

- Our committee members treat each other with respect and courtesy.

Members either strongly agreed or agreed that:

- Our committee has responded effectively and appropriately to issues of immediate concern brought before it; our committee has made significant progress on long-term strategic issues related to its goals and purposes. (7 strongly agree/1 agree)

  Comments:
  - *I think we're doing well. Now that we've wrapped up the 40th, I think we might need to revisit the long-term development strategy and clarify its focus. The grant operation is very robust and a great and overdue success for the organization. But maintaining a system of regular donor cultivation and the external board -- if we want to pursue that -- might require more attention.*

- Our committee meetings are held regularly and with appropriate frequency. (6 strongly agree/2 agree)

- The length of our committee meetings is appropriate and respectful of the agenda. We consistently use our meeting time well; issues get the time and attention proportionate to their importance. (7 strongly agree/1 agree)

- We receive the meeting agenda and materials sufficiently in advance of the meeting to allow for appropriate review and preparation. (6 strongly agree/2 agree)

- The minutes of our meetings are accurate and reflect the discussion, next steps and/or action items articulated by the members. (6 strongly agree/2 agree)

- As a general rule, when I speak I feel listened to and that my comments are valued. (7 strongly agree/1 agree)

Mixed Responses (some strongly agreed, agreed or disagreed):

- There is alignment between our committee's goals and purposes and the goals of LSC's Strategic Plan. (6 strongly agree/1 strongly disagree)

- Our committee has adequate resources (for example, staff time and expertise) to support its function. (6 strongly agree/1 agree/1 disagree)

- Our committee membership represents the talents and skills required to fulfill the goals and purposes of the committee. Our committee members come to meetings prepared and ready to contribute. (7 strongly agree/1 disagree)

The following are direct quotes:

Members liked (4 of 8 responded):
- Efficient.
- Our groundbreaking initiatives.
- We continue to bring concrete benefits to LSC.
- Collegiality among our members.

Ideas for Improvement (4 of 8 responded):
- Nothing.
- Expanded outreach roles for committee members.
- No issues.
- Our committee is working well.

Future Focus (5 of 8 responded):

- Continue with current focus.
- Enhancing and strengthening the committee's role for the future.
- Determine the sort of operation we want to leave to the next Board, and seek to get it in place fully.
- With the 40th Anniversary over, we need to discuss the direction that Advancement will take in the future. For example, should we have additional large fundraising events?
- Continue to develop strategies to broaden support from law firms and other potential donors.

Development Report

LSC CONTRIBUTION RECORD: 2012 - Current	
Source	**Amount**
Individuals	$131,272.02
Foundations	$2,339,000.00
Corporations	$19,510.00
Law Firms	$2,639,000.00
TOTAL	**$5,128,782.02**

Minnesota Charitable Organization Registration

STATE OF MINNESOTA
CHARITABLE ORGANIZATION INITIAL REGISTRATION & ANNUAL REPORT FORM

ATTORNEY GENERAL LORI SWANSON
SUITE 1200, BREMER TOWER
445 MINNESOTA STREET
ST. PAUL, MN 55101-2130
(651) 757-1311
(651) 296-1410 (TTY)
www.ag.state.mn.us

☒ **Annual Reporting** ☐ **Initial Registration**

FEDERAL EIN NUMBER: 52-1039060

FOR YEAR ENDING: 9/30/2015

SECTION A: REQUIRED INFORMATION FOR INITIAL REGISTRATION & ANNUAL REPORTING

1. *Legal Name of Organization*: Legal Services Corporation

   If annual reporting, is this a new name since the organization's last filing? ☐ Yes ☒ No

   If so, please state former name: ______

2. List all names under which the organization solicits contributions:
   Legal Services Corporation

3. *Mailing Address of Organization (required)*
   3333 K Street, NW, 3rd Floor
   Washington, DC 20007

   Physical Address of Organization (required)
   3333 K Street, NW, 3rd Floor
   Washington, DC 20007

4. *Contact Person* Wendy Rhein
   E-mail rheinw@lsc.gov
   Tel. No. (202) 295-1500
   Fax No. (202) 337-6386

5. Does the organization use the services of a professional fund-raiser (outside solicitor or consultant)?
   ☐ Yes ☒ No

   If so, provide name and address of any outside professional fund-raiser employed by the organization and state the total amount of compensation each outside fund-raiser received from the filing organization during the year. ***Attach schedule if more than one.***

   Name N/A
   Address ______
   City ______ State ______ Zip ______ Compensation ______

6. a) Does this professional fund-raiser solicit or consult in Minnesota? ☐ Yes ☐ No N/A
   b) Is this professional fund-raiser registered to solicit or consult in Minnesota? ☐ Yes ☐ No N/A

7. Month and day accounting year ends: 9/30

8. Has the organization included the filing fee, late fee (if any) and all attachments required by the instructions? ☒ Yes ☐ No

Office Use Only: ☐**ARF** ☐**$25** ☐**$50** ☐**N(e-Postcard)** ☐**990** ☐**EZ** ☐**PF** ☐**FES** ☐**SIG** ☐**BD** ☐**SAL** ☐**Audit**

Upon request this material can be made available in alternate formats.

9. This Section A(9) must be completed by organizations filing a 990-N (e-Postcard) or organizations whose filing does not contain the information requested below. This includes organizations that: 1) do not file an IRS Form 990, 2) file an IRS Form 990-EZ or 990-PF, or 3) organizations that file a group return that does not include the filing organization's individual financial information.

INCOME

Contributions from the public	$________________
Government Grants	$________________
Other revenue	$________________
TOTAL REVENUE	**$** 0.00

EXCESS or DEFICIT	$______________
TOTAL Assets	$______________
TOTAL Liabilities	$______________

END OF YEAR FUND BALANCE/NET WORTH (Assets minus Liabilities) $________________

SECTION B: REQUIRED FOR INITIAL REGISTRATION ONLY

1. Address of registered agent in the State of Minnesota or the address of the person who has custody of the organization's books and records if not kept at the organization's office.
   Name ______________________________
   Street and Number ______________________________
   City________________ State_______ Zip________ Telephone # ______________________________

2. Type of legal entity (**Attach** the creating document):
   ☐ Nonprofit corporation ☐ Trust ☐ Unincorporated association ☐ Other ______________

3. Place and date the organization was incorporated: ______________________________
   (state) (date)

4. Is the organization exempt from federal income taxes?
   ☐ Yes (**Attach** a copy of the IRS determination letter) Status: 501(c)(_____)
   ☐ No Date organization submitted Form 1023 to the IRS ______________________________

5. If the organization is not exempt from federal income taxes and uses a fiscal agent, state the fiscal agent's name, address and federal EIN:______________________________
   ____

6. Has the organization been denied the right to solicit contributions?
   a. By any government agency? ☐ Yes ☐ No If yes, attach explanation.
   b. By any court? ☐ Yes ☐ No If yes, attach explanation.

7. Explain in detail the charitable purposes of the organization, including major program activities.
   ____
   ____
   ____

8. Please mark all items that describe the organization's charitable mission:
   ☐ Arts & Culture ☐ Human Services ☐ Civic/Lobbying ☐ International ☐ Health
   ☐ Environment ☐ Mental Health ☐ Education ☐ Religious ☐ Other ________________
   Or: List the NTEE code(s) that describe the organization's purpose: ______________________________

9. Which of the above two best describes the organization's primary purpose(s)?
   1.______________________________ 2. ______________________________

10. Check one or more methods of solicitation the organization anticipates using:
    ☐ Telephone appeals ☐ Grant writing ☐ Sweepstakes ☐ Other_________________
    ☐ Direct mail ☐ Internet ☐ Media

11. State the total contributions the organization received during the accounting year last ended: $__________________________________

12. **Attach** a list of organization's officers, directors, trustees, and chief executive officer, including their titles, addresses, and total annual compensation paid to each. ☐ Attached

SECTION C: REQUIRED FOR ANNUAL REPORTING ONLY

ALL Annual Report filers MUST complete questions 1-6

1. Has the organization's accounting year changed since the last report was filed? ☐ Yes No ☒
   If yes, provide the new year-end date:___________________________

2. **Attach** an explanation if there has been any change in the organization's tax status with the Internal Revenue Service; a significant change in the purposes of the organization; or if the organization's right to solicit funds has been denied, suspended, revoked or enjoined by any state agency or court in any state, or if there are proceedings pending. ☒ None ☐ Attached

3. List of the five highest paid directors, officers, and employees of the organization and its related organizations, as that term is defined by section 317A.011, subdivision 18, that receive total compensation of more than $100,000, together with the compensation paid to each. For purposes of this subdivision, "compensation" is defined as the total amount reported on Form W-2 (Box 5) or Form 1099-MISC (Box 7) issued by the organization and its related organizations to the individual. The value of fringe benefits and deferred compensation paid by the charitable organization and all related organizations as that term is defined by section 317A.011, subdivision 18, shall also be reported as a separate item for each person whose compensation is required to be reported pursuant to this subdivision.

	Name/Title	Compensation	Deferred Compensation	Fringe Benefits
1				
2				
3				
4				
5				

4. **Attach** a list of organization's board of directors. ☒ Attached ☐ Included in IRS Return

5. **Attach a GAAP audit** if total revenue exceeds $750,000. ☒ Attached ☐ Audit not included under the Food Shelf Exemption (excluding from total revenue the value of food donated to a nonprofit food shelf for redistribution at no cost). ☐ Audit not required

6. Minnesota law requires that an organization file a copy of all tax or informational returns filed with the IRS, including IRS Form 990-N (e-Postcard), 990, 990-EZ, or 990-PF, including all schedules and amendments. Has the organization included with this annual report a copy of all tax or informational returns, including IRS Form 990-N (e-Postcard), 990, 990 -EZ or 990-PF that it filed with the IRS (excluding Schedule B or any other donor list)? ☒ Yes ☐ No (Not required to file a return with IRS or files a group return).

   NOTE: By answering YES to the above question, you are attesting that the IRS informational return filed with this office is an exact copy, including all schedules and attachments, of the IRS informational return filed with the IRS (excluding Schedule B or any other donor list the IRS may require).

7. This Section C(7) must be completed by organizations that: 1) do not file an informational return with the IRS; 2) file a 990-N (e-Postcard), 990-EZ, or 990-PF; 3) file a group return that does not include the filing organization's functional expense information; or 4) file an IRS Form 990 that does not contain a completed functional expenses statement within the IRS Form 990.

Statement of Functional Expenses					
		(A) Total expenses	**(B)** Program service expenses	**(C)** Management and general expenses	**(D)** Fundraising expenses
1	Grants and other assistance to governments and organizations in the U.S.				
2	Grants and other assistance to individuals in the U.S.				
3	Grants and other assistance to governments, organizations, and individuals outside the U.S.				
4	Benefits paid to or for members				
5	Compensation of current officers, directors, trustees, and key employees				
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1) and persons described in section 4958(c)(3)(B)				
7	Other salaries and wages				
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)				
9	Other employee benefits				
10	Payroll taxes				
11	Fees for services (non-employees):				
a	Management				
b	Legal				
c	Accounting				
d	Lobbying				
e	Professional fundraising services				
f	Investment management fees				
g	Other				
12	Advertising and promotion				
13	Office expenses				
14	Information technology				
15	Royalties				
16	Occupancy				
17	Travel				
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings				
20	Interest				
21	Payments to affiliates				
22	Depreciation, depletion, and amortization				
23	Insurance				
24	Other expenses. Itemize expenses not covered above. (Expenses grouped together and labeled miscellaneous may not exceed 5% of total expenses shown on line 25 below.)				
a	…………………………………………………………				
b	…………………………………………………………				
c	…………………………………………………………				
d	All other expenses				
25	**Total functional expenses.** Add lines 1 through 24d	$ 0.00	$ 0.00	$ 0.00	$ 0.00
26	**Joint costs.** Check here ► ☐ if following SOP 98-2. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Must be prepared in accordance with generally accepted accounting principles.

For 990-EZ filers: Column A, Line 25 should equal line 17 IRS Form 990-EZ

For 990-PF filers: Column A, Line 25 should equal line 26 IRS Form 990-PF

The total of Column A, lines 1 through 24d should equal line 25a.

The total of lines 25b, 25c and 25d , should equal line 25a

<u>SECTION D: REQUIRED FOR INITIAL REGISTRATION & ANNUAL REPORTING</u>

BOARD OF DIRECTORS
<u>SIGNATURES AND ACKNOWLEDGMENT</u>

We, the undersigned, state and acknowledge that we are duly constituted officers of this organization, being the Comptroller/Treasurer (Title) and Vice President & General Counsel (Title) respectively, and that we execute this document on behalf of the organization pursuant to the resolution of the Legal Services Corporation's (Board of Directors, Trustees, or Managing Group) adopted on the 30 day of January, 20 16, approving the contents of the document, and do hereby certify that the Legal Services Corporation's (Board of Directors, Trustees or Managing Group) has assumed, and will continue to assume, responsibility for determining matters of policy, and have supervised, and will continue to supervise, the finances of the organization. We further state that the information supplied is true, correct and complete to the best of our knowledge.

David L. Richardson	Ronald S. Flagg
Name (Print)	Name (Print)
Signature	Signature
Comptroller/Treasurer	Vice President & General Counsel
Title	Title
Date	Date

✸ NOTICE ✸

Documents required to be filed are public records. Please do not include *social security numbers, driver's license numbers* or *bank account numbers* on the documents filed with this Office as they are not required, but could become part of the public records. A charitable organization is not required to file a list of its donors. If it is included, it may become part of the public file.

AG: #3124563-v1

Attachment

Section C(4). Attach a list of organization's board of directors.

Name	Title	Address
John G. Levi	Chairman	3333 K Street, NW Washington, DC 20007
Martha Minow	Vice Chair	3333 K Street, NW Washington, DC 20007
Robert J. Grey Jr.	Director	3333 K Street, NW Washington, DC 20007
Charles N.W. Keckler	Director	3333 K Street, NW Washington, DC 20007
Harry J.F. Korrell III	Director	3333 K Street, NW Washington, DC 20007
Victor B. Maddox	Director	3333 K Street, NW Washington, DC 20007
Laurie I. Mikva	Director	3333 K Street, NW Washington, DC 20007
Father Pius Pietrzyk	Director	3333 K Street, NW Washington, DC 20007
Julie A. Reiskin	Director	3333 K Street, NW Washington, DC 20007
Gloria Valencia-Weber	Director	3333 K Street, NW Washington, DC 20007

RESOLUTION

APPROVING THE MINNESOTA CHARITABLE ORGANIZATION ANNUAL REPORT FORM

WHEREAS, on July 23, 2013, the LSC Board of Directors ("Board") adopted Resolution 2013-013 approving the Minnesota Charitable Organization Initial Registration & Annual Report Form;

WHEREAS, section 309.53 of the Minnesota Charitable Solicitations Act requires registered charitable organizations to file an annual report to remain in good standing with the Office of the Attorney General of Minnesota;

WHEREAS, the Minnesota Charitable Organization Initial Registration & Annual Report Form requires a resolution by the Board approving the contents of the document and authorizing LSC's officers to execute the document;

WHEREAS, LSC has completed the Minnesota Charitable Organization Initial Registration & Annual Report Form and presented it to the Board to approve the contents of the document;

NOW, THEREFORE, BE IT RESOLVED THAT, the Board of Directors approves the contents of the attached Minnesota Charitable Organization Initial Registration & Annual Report Form and authorizes LSC's officers to submit the document to the Attorney General of Minnesota.

Adopted by the Board of Directors
On January 30, 2016

____
John G. Levi
Chairman

Attest:

____
Ronald S. Flagg
Vice President for Legal Affairs,
General Counsel & Corporate Secretary

Protocol for Allocation of Private Contributions

Protocol for the Allocation
Of
Private Contributions of Funds to LSC

(*for inclusion in the LSC Accounting and Administrative Manuals)*

1. Protocol and Purposes

This Protocol ("Protocol") governs the procedure for the allocation of private contributions of funds to the Legal Services Corporation ("LSC" or "Corporation").

The purpose of this Protocol is to provide guidance to LSC's Board of Directors ("Board"), members of the Institutional Advancement Committee ("IAC"), staff, and other stakeholders concerning the allocation of private contributions of funds to LSC. This Protocol does not address the acceptance and use of private contributions of funds, which are set forth in the *Protocol for the Acceptance and Use of Private Contributions of Funds*. LSC's Board reserves the right to revise or revoke this Protocol at any time and to make exceptions. Any changes or exceptions to this Protocol must be approved by the Board in writing. This Protocol, and any changes or exceptions to it, will be made available on the LSC website at www.lsc.gov.

2. Definitions

An Initiator is a Director, non-Director member of the IAC officer, or LSC employee who submits a request to allocate Private Funds toward a proposed project or program. LSC employees must submit requests through the LSC President, who has full discretion whether or not to approve submission of the proposal for consideration through the process in Section 3.

Private Funds are financial contributions received by LSC from a private source. Private Funds include, but are not limited to, financial contributions, solicited or unsolicited, designated or non-designated, made by a third party in the form of a gift and/or a grant. For purposes of this Protocol, designated funds are funds that are restricted by the donor for a designated purpose or time period. Non-designated funds are funds given to LSC by a third party to use toward projects or programs that will advance LSC's mission of providing financial support for civil legal aid to persons financially unable to afford such assistance. Private Funds do not include in-kind contributions of goods or services or funds appropriated to LSC by the federal government. Private Funds may not be used for any purpose prohibited by the Legal Services Corporation Act or Title V of Public Law 104-134, 110 Stat. 1321, 1321-50 (1996) (LSC FY 1996 appropriation) as incorporated by reference in Title V of Public Law 105-119, 111 Stat. 2440, 2510 (LSC FY 1998 appropriation), to the extent incorporated in LSC's appropriation at the time of the expenditure.

3. Procedure for the Allocation of Private Funds

Before any Private Funds subject to this Protocol are allocated to a project or program, the allocation must be approved through the following process:

A. An Initiator submits in writing via email to the Chief Development Officer a detailed description of the proposed project or program, estimated budget, and timeline for completion. If the Initiator seeks to launch a project or program from the *Legal Services Corporation at 40: A Campaign for Justice* case statement ("Case Statement"), the Initiator will submit in writing to the Chief Development Officer a request to launch the specific Case Statement project or program and the Chief Development Officer will draft the corresponding budget and proposed timeline, if needed.

B. Upon receipt of the written proposal, the Chief Development Officer will forward the proposal to the General Counsel to assess the proposal for potential legal issues. If the General Counsel determines there are no legal issues, the Chief Development Officer will forward the proposal to the President for his or her recommendation. If the proposal presents a legal issue, the General Counsel will advise the Chief Development Officer of any such issue(s) and the Chief Development Officer, in collaboration with the Office of Legal Affairs and, if appropriate, the Initiator will attempt to resolve those legal issues before the proposal is evaluated further. Upon successful resolution of any legal issue(s), the Chief Development Officer will forward the proposal to the President for his or her recommendation. If the legal issues cannot be resolved, the proposal will not be evaluated further and the Chief Development Officer will communicate the denial to the Initiator.

C. Upon the President's recommendation, the Chief Development Officer will submit the proposal to the Chair of the IAC, who will present the proposal to the full IAC for review.

D. If the IAC recommends to the Board that LSC allocate the Private Funds to the proposal, the Board will vote on the recommendation.

E. Upon Board approval, the President will identify the offices and staff members that will be responsible for implementing, monitoring, and reporting on the project or program.

F. If the IAC, President, or Board, as appropriate, determines that LSC will not pursue the project proposal, the Chief Development Officer will communicate the reason for the decision to the Initiator.

G. The Chief Development Officer will retain documentation related to all project proposals consistent with LSC's Records Management Policy.

4. Accounting for Use of Private Funds

Any Private Funds allocated to an approved project or program shall be accounted for and reported as receipts and disbursements separate and distinct from federal funds.

5. Use of Private Funds

In the event that Private Funds are to be used to pay for expenses for which federal funds may not be used, such Private Funds must be received and their use approved pursuant to this Protocol prior to any such expense being incurred. Furthermore, under no circumstance will LSC use federal funds to pay for any such expense at any time—regardless of whether Private Funds would be available to reimburse the federal funds account.

6. Reporting

Once the allocation of Private Funds has been approved pursuant to this Protocol, the Chief Development Officer will be responsible for reporting on the project or program to the appropriate donor(s) and will provide the IAC all reporting documents shared with any such donor(s).

Institutional Advancement Communications Subcommittee Agenda

COMMUNICATIONS SUBCOMMITTEE OF THE INSTITUTIONAL ADVANCEMENT COMMITTEE

January 29, 2016

Agenda

1. Approval of agenda

2. Approval of the minutes of the Subcommittee's Open Session meeting on October 4, 2015

3. Discussion of Subcommittee's evaluations for 2015 and the Subcommittee's goals for 2016

4. Communications analytics update

5. Discussion of brochure for young people

6. Public comment

7. Consider and act on other business

8. Consider and act on motion to adjourn the meeting

Draft Minutes of the October 4, 2015 Subcommittee Open Session Meeting

Legal Services Corporation
Meeting of the Institutional Advancement Communications Subcommittee

Open Session

Sunday, October 4, 2015

DRAFT

Chairman Julie A. Reiskin convened an open session meeting of the Legal Services Corporation's ("LSC") Institutional Advancement Communications Subcommittee ("the Subcommittee") at 5:00 p.m. on Sunday, October 4, 2015. The meeting was held at the Hyatt Regency San Francisco, 5 Embarcadero Center, San Francisco, California 94111.

The following Subcommittee members were present:

Julie A. Reiskin, Chairman
Robert J. Grey, Jr.
Martha L. Minow
Father Pius Pietrzyk, O.P.
Gloria Valencia-Weber
John G. Levi, ex officio

Other Board members present:

Charles N.W. Keckler
Harry J. F. Korrell, III
Victor B. Maddox
Laurie Mikva

Also attending were:

Jim Sandman	President
Rebecca Fertig Cohen	Chief of Staff
Ronald S. Flagg	Vice President for Legal Affairs, General Counsel, and Corporate Secretary
Wendy Rhein	Chief Development Officer
Lynn Jennings	Vice President for Grants Management
Carol A. Bergman	Director, Office of Government Relations and Public Affairs
Carl Rauscher	Director of Media Relations, Office of Government Relations and Public Affairs (GRPA)
David Maddox	Assistant Inspector General for Management and Evaluation, Office of the Inspector General (OIG)
Laurie Tarantowicz	Assistant Inspector General and Legal Counsel, Office of the Inspector General (OIG)

Joel Gallay	Special Counsel to the Inspector General, Office of the Inspector General (OIG)
Lora M. Rath	Director, Office of Compliance and Enforcement (OCE)
Janet LaBella	Director, Office of Program Performance (OPP)
Herbert Garten	Non-Director Member, Institutional Advancement Committee
Thomas Smegal	Non-Director Member, Institutional Advancement Committee
Allan Tanenbaum	Non-Director Member, Finance Committee
Robin C. Murphy	National Legal Aid and Defenders Association (NLADA)

The following summarizes actions taken by, and presentations made to, the Subcommittee:

Chairman Reiskin called the meeting to order.

MOTION

Mr. Levi moved to approve the agenda. Dean Minow seconded the motion.

VOTE

The motion passed by voice vote.

MOTION

Professor Valencia-Weber moved to approve the minutes of July 16, 2015. Dean Minow seconded the motion.

VOTE

The motion passed by voice vote.

Chairman Reiskin informed the board that she is still working on arranging a webinar presentation by Kate Marple, of Medical Legal Partnerships in the coming weeks.

Mr. Rauscher briefed the Subcommittee on LSC's communication updates including the addition of closed captions. Mr. Rauscher spoke of the use and outcomes of social media machines of New Media Advocacy, Twitter, Facebook, and LinkedIn. He also, spoke of the press releases regarding the recipients of the Pro Bono Innovation Fund grants. Mr. Rauscher answered Subcommittee members' questions.

Chairman Reiskin invited public comments and received none.

There was no other business to consider.

MOTION

Father Pius moved to adjourn the meeting. Professor Valencia-Weber seconded the motion.

VOTE

The motion passed by voice vote.

The Subcommittee meeting adjourned at 5:20 p.m.

2015 Communications Subcommittee Evaluations and 2016 Goals

SUMMARY OF 2015 INSTITUTIONAL ADVANCEMENT COMMUNICATIONS SUBCOMMITTEE EVALUATION RESPONSES

(Members: Julie A. Reiskin, Chair, Robert J. Grey, Jr., Martha Minow, Father Pius Pietrzyk, O.P., Gloria Valencia-Weber)[1]

All members strongly agreed that:

- There is alignment between our committee's goals and purposes and the goals of LSC's Strategic Plan.

- Our committee members treat each other with respect and courtesy.

Members either strongly agreed or agreed that:

- Committee members understand the goals and purpose of our committee; committee members agree on the goals and purpose of the committee. (2 strongly agree/4 agree)

  Comments:
  - *The purpose was to assist with communications through the 40th but has morphed into a bit more--not sure if this will continue but hope it will because communications are important for our overall mission and connected to the strategic plan.*

- There is alignment between our committee's goals and purposes and the actions taken and/or the decisions made by the committee. (3 strongly agree/3 agree)

  Comments:
  - *Increasing public education and awareness of the issues*

  - *This is a bit hard to answer as we have not made real decisions and have not taken many actions, we have mostly just listened to staff but have been able to advise staff and the fact that the committee exists may have helped to move the communications functions of the corporation forward.*

- Our committee meetings are held regularly and with appropriate frequency. (2 strongly agree/4 agree)

  Comments:
  - *Again, not sure if the frequency is adequate but without the internal support to increase activity, there is not a need for additional meetings.*

[1] John Levi also responded.

- The length of our committee meetings is appropriate and respectful of the agenda. We consistently use our meeting time well; issues get the time and attention proportionate to their importance. (2 strongly agree/4 agree)

  Comments:
  - *The demonstrations are helpful to understand the technology the committee is trying to utilize.*

- The minutes of our meetings are accurate and reflect the discussion, next steps and/or action items articulated by the members. (4 strongly agree/2 agree)

- As a general rule, when I speak I feel listened to and that my comments are valued. (5 strongly agree/1 agree)

Mixed Responses (some strongly agreed, agreed or disagreed):

- Our committee has responded effectively and appropriately to issues of immediate concern brought before it; our committee has made significant progress on long-term strategic issues related to its goals and purposes. (2 strongly agree/3 agree/1 disagree)

  Comments:
  - *The Chair is informed, energetic, and imaginative. Her commitment is matched by the excellent work of Carl Rauscher and other LSC staff who provide expertise and know how to do what needs to be done.*

  - *I am not sure any issues have been brought to our committee. I think the communication efforts of the corporation have made substantial progress but not sure this is due to anything done by our committee. We have not really been able to do much --other than give some basic advice at meetings.*

- Our committee has adequate resources (for example, staff time and expertise) to support its function. (1 strongly agree/3 agree/2 disagree)

  Comments:
  - *The function has been a bit unclear but I know that staff time constraints have been the primary reason that we have not been able to do more. This does not mean the staff are not working hard, just that they have other things they need to do.*

- We receive the meeting agenda and materials sufficiently in advance of the meeting to allow for appropriate review and preparation. (3 strongly agree/2 agree/1 disagree)

  Comments:
  - *Agendas are very short and there are not materials that are needed ahead of the meetings.*

- Our committee membership represents the talents and skills required to fulfill the goals and purposes of the committee. Our committee members come to meetings prepared and ready to contribute. (3 strongly agree/2 agree/1 disagree)

The following are direct quotes:

Members liked (4 of 6 responded)

- Specific goals, targeted implementation
- Good discussion and information sharing
- Quality of the briefings
- getting reports about the communications efforts of corporation

Ideas for Improvement (3 of 6 responded)

- This is a new committee and it will solidify its role
- Some of the materials could be printed and provided in the Board Book
- I would like us to have a stronger purpose and activities

Future Focus (4 of 6 responded)

- Does LSC have staff, resources to produce the quality needed
- The increasing importance of communication in social media and its implications for LSC
- Now that the 40th Anniversary is over, should the Subcommittee be folded back into the main committee?
- Developing communications strategies for broadening reach --for example reaching other professions and populations

AUDIT COMMITTEE

January 29, 2016

Agenda

Open Session

1. Approval of agenda

2. Approval of minutes of the Committee's Open Session meeting on October 4, 2015

3. Committee review of charter responsibilities and development of work plan

4. Briefing by Office of Inspector General

   - Jeffrey Schanz, Inspector General

5. Discussion of Committee's evaluations for 2015 and the Committee's Goals for 2016

6. Management update regarding risk management

   - Ron Flagg, General Counsel

7. Briefing about referrals by the Office of Inspector General to the Office of Compliance and Enforcement including matters from the annual Independent Public Accountants' audits of grantees

   - Jeffrey Schanz, Inspector General
   - John Seeba, Assistant IG for Audits
   - Lora Rath, Director of Compliance and Enforcement

8. Briefing about LSC's oversight of grantees' services to groups

9. Briefing about 403(b) Thrift Plan

10. Public comment

11. Consider and act on other business

12. Consider and act on motion to adjourn the open session meeting and proceed to a closed session

Closed Session

13. Approval of minutes of the Committee's Closed Session meeting on October 4, 2015

14. Briefing by Office Compliance and Enforcement on active enforcement matter(s) and follow-up to open investigation referrals from the Office of Inspector General

    - Lora Rath, Director of Compliance and Enforcement

15. Consider and act on motion to adjourn the meeting

Draft Minutes of the October 4, 2015 Open Session Meeting

Legal Services Corporation
Meeting of the Audit Committee

Open Session

Sunday, October 4, 2015

DRAFT

Chairman Victor B. Maddox convened an open session meeting of the Legal Services Corporation's ("LSC") Audit Committee ("the Committee") at 2:30 p.m. on Sunday, October 4, 2015. The meeting was held at the Hyatt Regency San Francisco, 5 Embarcadero Center, San Francisco, California 94111.

The following Committee members were in attendance:

Victor B. Maddox, Chairman
Harry J.F. Korrell, III
Gloria Valencia-Weber
Paul Snyder, Non-Director Member (by telephone)
John G. Levi, *ex officio*

Other Board members present:

Robert J. Grey, Jr.
Charles N. W. Keckler
Father Pius Pietrzyk, O.P.
Laurie Mikva
Martha L. Minow
Julie A. Reiskin

Also in attendance were:

James Sandman	President
Rebecca Fertig Cohen	Chief of Staff
Mayealie Jennings	Special Assistant to the President for Board Affairs
Lynn Jennings	Vice President for Grants Management
Ronald S. Flagg	Vice President for Legal Affairs, General Counsel & Corporate Secretary
David L. Richardson	Treasurer and Comptroller, Office of Financial and Administrative Services
Wendy Rhein	Chief Development Officer
Jeffrey E. Schanz	Inspector General
David Maddox	Assistant Inspector General for Management and Evaluation, Office of the Inspector General (OIG)

John Seeba	Assistant Inspector General for Audit, Office of the Inspector General (OIG
Daniel O'Rourke	Assistant Inspector General for Investigations, Office of the Inspector General (OIG)
Laurie Tarantowicz	Assistant Inspector General, and Legal Counsel, Office of the Inspector General (OIG)
Carol Bergman	Director, Office of Government Relations and Public Affairs (GRPA)
Janet LaBella	Director, Office of Program Performance (OPP)
Lora M. Rath	Director, Office of Compliance and Enforcement (OCE)
Allan J. Tanenbaum	Non-Director Member, Finance Committee
Herbert Garten	Non-Director Member, Institutional Advancement Committee
Robin C. Murphy	National Legal Aid and Defender Association (NLADA)
Don Saunders	National Legal Aid and Defender Association (NLADA)

The following summarizes actions taken by and presentations made to the Committee:

Committee Chairman Maddox called the meeting to order.

MOTION

Mr. Korrell moved to approve the agenda. Professor Valencia-Weber seconded the motion.

VOTE

The motion was approved by voice vote.

MOTION

Professor Valencia-Weber moved to approve the minutes of the Committee's meeting of July 16, 2015. Mr. Korrell seconded the motion.

VOTE

The motion passed by voice vote.

Chairman Maddox and the Committee members reviewed the Committee's charter including the duties and responsibilities under the charter and developed a work plan.

Mr. Schanz briefed the Committee on current projects OIG is working on. Mr. Seeba briefed the Committee on LSC's financial statement audit by WithumSmith+Brown.

Mr. Flagg briefed the Committee on updates to the LSC Risk Management matrix.

Ms. Rath provided a briefing on OCE's follow-up of referrals from the OIG regarding audit reports and the annual independent public accountants' audits of grantees. Ms. Rath answered Committee members' questions.

Committee Chairman Maddox invited public comment and received none.

MOTION

Mr. Korrell moved to authorize a closed session of the Audit Committee meeting. Professor Valencia-Weber seconded the motion.

VOTE

The motion passed by voice vote.

The Committee moved into closed session at 3:13 p.m.

Audit Charter

CHARTER OF THE AUDIT COMMITTEE OF LEGAL SERVICES CORPORATION

As Amended October 1, 2012

I. Establishment

On March 24, 2008, the Board of Directors ("Board") of the Legal Services Corporation ("LSC" or "Corporation") established, as a standing Board advisory committee, to be known as the Audit Committee (the "Committee").

II. Purposes

The purpose of the Committee shall be: (1) to perform the functions delineated below as a means of assessing the matters addressed herein and advising the Board in fulfilling the Board's responsibilities to ensure that the Corporation's assets are properly safeguarded and to oversee the quality and integrity of the Corporation's accounting, auditing, and reporting practices and, when warranted, report on such practices to the Board; and (2) to perform such other duties as assigned by the Board.

III. Membership

The Board or, upon delegation, the Chairman of the Board ("Chairman") shall appoint at least three Directors other than the Chairman to serve on the Committee. The Board or, upon delegation, the Chairman shall appoint the Chair of the Audit Committee from among these Directors. The Board or, up on delegation, the Chairman, may appoint non-Directors as members of the Committee. A majority of the Director members of the Committee (or two, if their number is even) will be required in order to constitute a quorum. No member of the Committee may be an officer or employee of the Corporation. To the extent practicable, members of the Committee should have at least a basic understanding of finance and accounting, be able to read and understand fundamental financial statements, and understand the Corporation's financial operations and reporting requirements.

IV. Terms

Members of the Committee shall serve for a term of one year, or until their earlier resignation, replacement or removal from the Committee or Board.

V. Meetings

The Committee:

(1) shall meet at least four times per calendar year, but may meet more frequently at the call of any member of the Committee; and

(2) may adopt procedural rules that are not inconsistent with this Charter, the Corporation's Bylaws, or the laws to which the Corporation is subject.

VI. Resources

All offices, divisions and components of the Corporation ("Management"), including the Office of Inspector General ("OIG") are expected to cooperate with all requests made by the Committee for information, and Management shall provide any necessary support. The Committee shall be given the resources necessary to carry out its responsibilities.

VII. Authority

The Committee:

(1) shall, unless otherwise directed by the Board, annually review and discuss with the Inspector General (IG) the selection and retention of the external auditor (External Auditor) by the IG, and shall provide the Board with its assessment of the qualifications and independence of the External Auditor selected and retained by the IG;

(2) shall have unrestricted access to the Corporation's books, records, facilities, personnel, and External Auditor(s), except with regard to confidential information in the possession of the OIG that it is prohibited by law from sharing with the Board;

(3) is authorized to carry out the functions described in this Charter, as well as any other activities reasonably related to the Committee's purposes or as may be directed by the Board from time to time;

(4) may delegate authority to one or more designated members of the Committee;

(5) may rely on the expertise and knowledge of Management, the OIG, External Auditor(s), and such consultants and experts that the Board approves for carrying out its oversight responsibilities;

(6) may authorize to be conducted, or itself conduct, reviews into any matters within the scope of its responsibilities; and

(7) may request that the Board require any person, including the External

Auditor or any officer or employee of the Corporation, to attend Committee meetings or to meet with any member(s) of or advisor(s) to the Committee.

VIII. Duties and Responsibilities

A. Audits and Audit Related Matters

To best understand audits and audit related matters in order to report to and properly advise the Board, the Committee shall:

(1) review and discuss with Management, the OIG, and the Corporation's External Auditor(s) the contemplated scope and plan for LSC's required annual audit;

(2) review and discuss with the External Auditor(s), the OIG, and Management the annual audit report and results of the External Auditor's year-end audit, including any problems or difficulties encountered by the External Auditor(s); any response by Management or the OIG to any audit findings, any areas of significant disagreement between Management, the OIG, and the External Auditor(s); and any recommendations of the External Auditor(s);

(3) review and discuss with the OIG its audit responsibilities and performance; its audit plan for the Corporation and the risk assessment that drives its audit plan; and the effectiveness of its audit plan and activities; and may suggest to the OIG the performance of any audits that would assist the Committee or the Board of Directors;

(4) review and discuss with the OIG all significant matters relative to audits performed by the OIG, including any problems the OIG encountered while performing their audits, and thus better understand LSC's control environment;

(5) review and discuss with Management and the Board the Corporation's response to and, where appropriate, timely implementation of, significant findings and recommendations made by the OIG and External Auditor(s); and

(6) review and discuss with Management any internal audit or review activities, including its audit or review plan, its audit or review reports, and the performance of those portions of Management that perform audits or reviews.

B. Financial Reporting

To best understand financial reporting at LSC in order to report to and properly advise the Board, the Committee shall:

(1) review Management representation letters or certifications and the LSC Finance Committee chairperson's letters or certifications regarding the contents, accuracy, or completeness of financial reports, as appropriate;

(2) review all issues identified and brought to the Committee's attention by Management, the OIG, the GAO or the External Auditor that may have a material effect on the Corporation's financial statements; and

(3) review any significant deficiencies in internal control over financial reporting identified by Management, the OIG, or the External Auditor(s) and ensure that corrective action is taken by Management.

C *Risk Management*

To best understand risk management issues at LSC in order to report to and properly advise the Board, the Committee shall:

(1) review LSC's system of internal controls that are designed to minimize the risk of fraud, theft, corruption, or misuse of funds and, for such purpose, is authorized to receive information:

a. from Management about whether internal controls performed by Management are operating properly,

b. from OIG about whether its investigations function, audit function, and compliance function are operating properly, and

c. from Management and OIG about whether there is proper coordination and communication between them regarding their respective operations designed to minimize the risk of fraud, theft, corruption, or misuse of funds;

(2) ensure that its review of the OIG's investigations *function* occurs in a manner that does not compromise the OIG's independence or the confidentiality of its investigations;

(3) consult with the Inspector General as to an appropriate approach regarding communications and meetings between the Committee and the OIG;

(4) review any concerns expressed regarding any impediments to the independence of the OIG, and report to the Board on any such concerns;

(5) itself verify and then confirm for the Board that there is a proper

confidential mechanism in place for individuals to make complaints, anonymously if desired, regarding suspected fraud, theft, corruption, or misuse of funds, or problems involving internal controls, auditing, or accounting, and that there are proper procedures in place for the receipt, retention, and handling of such complaints; and

(6) review LSC's efforts, including training and education, to help ensure that LSC employees and grantees act ethically and safeguard LSC funds.

D. Other Duties and Responsibilities

The Committee shall:

(1) report to the Board at least four times per calendar year and on such other occasions as requested to do so by the Board;

(2) periodically assess the Committee's performance under the Charter, reassess the adequacy of the Charter, and report to the Board the results of the evaluation and any recommendations for proposed changes to the Charter; and

(3) perform such other duties, consistent with this Charter, as are assigned to the Committee by the Board.

IX. Overall Limitations

(1) Nothing contained in this Charter is intended to expand the applicable standards of liability under statutory or regulatory requirements for the Board or its Directors.

(2) Members of the Committee are entitled to rely on the expertise, knowledge, and judgment of Management, the Inspector General, and the External Auditor(s) and any consultant or expert retained by them. The Committee's responsibilities are not to be interpreted as a substitute for the professional obligations of others.

(3) It is not the duty of the Committee to conduct audits or to determine that the Corporation's financial statements are in accordance with generally accepted accounting principles, generally accepted government auditing standards (the "Yellow Book") and other applicable rules, regulations, guidelines and instructions. These are the responsibilities of the OIG, the External Auditor(s) and Management.

(4) Nothing contained in this Charter shall be construed as limiting the authority of the Inspector General under the Inspector General Act or is intended to restrict the authority of the Inspector General to conduct, supervise, and coordinate audits and investigations relating to

the programs and operations of the Corporation.

(5) The Committee is an advisory committee, as defined at D.C. Code § 29-406.25(h), and nothing contained in this Charter shall be construed as authorizing the Committee to exercise the powers of the Board of Directors.

2015 Committee Evaluations and 2016 Goals

SUMMARY OF 2015 AUDIT COMMITTEE EVALUATION RESPONSES

(Members: Victor B. Maddox, Chair, Harry J.F. Korrell III, Gloria Valencia-Weber, David Hoffman, Paul Snyder)

Members either strongly agreed or agreed that:

- Committee members understand the goals and purpose of our committee; committee members agree on the goals and purpose of the committee. (4 strongly agree/1 agree)

- There is alignment between our committee's goals and purposes and the actions taken and/or the decisions made by the committee. (4 strongly agree/1 agree)

  Comments:
  - *Our work has improved as the Committee has collaborated with the OIG and LSC Compliance and the Performance evaluating staff. The data produced for the committee has allowed more thorough understanding of how LSC operates. Maybe ways to help improve grantee performance and compliance may be developed.*

- There is alignment between our committee's goals and purposes and the goals of LSC's Strategic Plan. (4 strongly agree/1 agree)

- Our committee has responded effectively and appropriately to issues of immediate concern brought before it; our committee has made significant progress on long-term strategic issues related to its goals and purposes. (4 strongly agree/1 agree)

  Comments:
  - *how to help grantees fulfill their audit responsibilities*

- Our committee has adequate resources (for example, staff time and expertise) to support its function. (3 strongly agree/2 agree)

  Comments:
  - *Our work has improved as the Committee has collaborated with the OIG and LSC Compliance and the Performance evaluating staff. The data produced for the committee has allowed more thorough understanding of how LSC operates. Maybe ways to help improve grantee performance and compliance may be develo*ped.

- Our committee meetings are held regularly and with appropriate frequency. (3 strongly agree/2 agree)

- The length of our committee meetings is appropriate and respectful of the agenda. We consistently use our meeting time well; issues get the time and attention proportionate to their importance. (1 strongly agree/4 agree)

Comments:

- *At times it feels that our time in committee meetings is insufficient to address all issues, in part because of the need to fit in so many other events, such as panel discussions and the like.*

- *I wish we had some time for committee to talk, outside of formal meetings. I understand this is a time and place problem with very busy directors. Our Board meetings are too tightly packed for this to occur. If we could schedule "retreat" type time, where no official agenda and tasks eat up the time, it would be helpful.*

- We receive the meeting agenda and materials sufficiently in advance of the meeting to allow for appropriate review and preparation. (2 strongly agree/3 agree)

- The minutes of our meetings are accurate and reflect the discussion, next steps and/or action items articulated by the members. (3 strongly agree/2 agree)

- Our committee membership represents the talents and skills required to fulfill the goals and purposes of the committee. Our committee members come to meetings prepared and ready to contribute. (3 strongly agree/2 agree)

- Our committee members treat each other with respect and courtesy. (4 strongly agree/1 agree)

- As a general rule, when I speak I feel listened to and that my comments are valued. (4 strongly agree/1 agree)

The following are direct quotes:

Members liked (4 of 5 responded):

- I believe we are productive and effective on issues relating to the OIG and OCE.
- Management is highly responsive to our concerns.
- We focus on substantive and practical issues.
- Members freely share their points of view and the Chair does an effective job of keeping us on track.

Ideas for Improvement (4 of 5 responded):

- It would be helpful to get the materials farther in advance, but I know this is often difficult to achieve.
- Time management.
- Some informal time for committee to meet and talk.
- Most of our time is spent on the OIG's activities and observations for improvement. I would like to hear from management as well on opportunities for improvement in the organization and at the grantee level.

Future Focus (4 of 5 responded):

- Ensuring that the system (mainly within the OIG) for examining the independent accountants who audit the books of grantees is strong enough, and that we are doing everything at the grantee/IPA level to minimize the chance that fraud and abuse are occurring.
- Grantee compliance with LSC regulations. Fiscal oversight.
- How to help grantees fulfill their audit responsibilities.
- Continued focus on improvements in internal controls including our ability to monitor/measure such improvements.

Risk Management Matrix

RISK TO LSC RESOURCES – PEOPLE							
Risks			Strategies	Who is responsible?		Last report to Board[1]	Next report to Board
	Probability	Severity		Management	Board		
Board Leadership and Governance -- Potential for problems	L	H	• Good information flow from management (including legal, financial, programmatic information) and from the OIG and outside auditors • Training of board • Orientation of new board • Evaluations/self-assessments • Sufficient staff support • Staying abreast of best board governance practices • Staying abreast of stakeholder and client concerns • Periodic review of governing documents to assure compliance and relevancy		Board, Chairman, Gov. & Performance Review Com.	10/15 (Board orientations) 4/15 (Compilation of authorities applicable to Board)	1/16
-- Board Transitions	M	M	• Board transition plan • Board orientation	Secretary	Board, Chairman, Gov. & Performance Review Com.	10/15	1/16
Management Leadership Transitions					Gov. & Performance Review Com.		

[1] Tracking of risk management reports to the Board began with the Board meeting in 2013, and thus no dates before that year are recorded in this matrix.

RISK TO LSC RESOURCES – PEOPLE

Risks			Strategies	Who is responsible?		Last report to Board[1]	Next report to Board
	Probability	Severity		Management	Board		
-- President	H	M	• Presidential transition plan	President		1/15	
-- Other senior leadership changes	M	M	• Transition plan	President	Gov. & Performance Review Com.	1/15	
Management/IG Relations -- Potential for problems	M	H	• Communicate, coordinate, cooperate • Regular meetings	President	Audit Com.	10/15	1/16
Management Leadership Performance -- Preventing leadership problems	L	H	• Cohesive, effective management team • Emphasis on high standards • Regular communications with board, staff, grantees, public, OIG • Regular performance evaluations	President	Gov. & Performance Review Com	4/15	4/16
Management System Risks ■ Performance Management (failure to achieve performance of defined goals including implementation of LSC Strategic Plan)	M	H	• Create formal organizational management performance cycle including articulation of goals and metrics • Routine reporting of performance • Providing training to close competency gaps	President OHR Director	Ops. & Regs. Com.	4/15	

RISK TO LSC RESOURCES – PEOPLE

Risks			Strategies	Who is responsible?		Last report to Board[1]	Next report to Board
	Probability	Severity		Management	Board		
■ Human Capital Management (failure to attract, motivate and retain high quality staff)	M	H	• Professional training for staff and managers • Routine performance evaluations and feedback • Robust communications with employees	President OHR Director	Ops. & Regs. Com.	4/15	
■ Information Management (failure to collect and share vital information)	M	H	• Create a common data portal for collection and sharing of grantee data	Vice President for Grants Management (VPGM) CIO	Ops. & Regs. Com.	10/15 (Data Portal)	
■ Acquisitions Management (higher contract costs and possible areas of fraud, waste and abuse)	M	H	• Periodically review and strengthen procurement and contracting policies • Routine training of employees on policies	Vice President for Legal Affairs (VPLA) Controller	Ops. & Regs. Com.	7/20/14	4/16
Conflicts of Interest/Ethics Violations	L	M	• Training on ethics code • Reminders, emphasis on ethics	Ethics Officer	Audit Com. Gov. & Performance Review Com	10/15	

RISK TO LSC RESOURCES – FUNDING

Risks			Strategies	Who is responsible?		Last report to Board	Next report to Board
	Probability	Severity		Management	Board		
Adequacy of Basic Field Funding -- Insufficient funding to accomplish LSC's mission of providing equal access to justice	H	H	• Public education • Strengthen congressional relationships • Develop stronger data to support funding requests, including data on outcomes and economic benefits of legal aid	Government Relations/ Public Affairs (GRPA) Director	Finance Com.	10/15	1/16
-- Funding cut so severely that programs must close altogether or radically cut back services	H	H	• Develop crisis-mode messaging and network	GRPA Director			
Adequacy of MGO Funding -- Insufficient Management and Grants Oversight funding	H	H	• Strengthen congressional relationships • Emphasize quantifying return on investment from oversight funding • Emphasize grants oversight function	GRPA Director	Finance Com.	10/15	1/16
			• Respond to and implement GAO recommendations		Gov. & Perform. Review Com.	10/14	

			• Continue to assess MGO expenses to reduce any unnecessary duplication and inefficiencies	VPGM			

RISK TO LSC RESOURCES –ASSETS

Risks			Strategies	Who is responsible?		Last report to Board	Next report to Board
	Probability	Severity		Management	Board		
Internal Fraud	L	H	• Effective internal controls • IG oversight • Annual corporate audit	Treasurer	Audit Com.	1/15	1/16
			• Staff training on ethics	Ethics Officer			
Internal Financial Controls -- Failures at LSC	L	H	• Management accountability • Annual audit • Board oversight • Regular review/update of Accounting Manual • Implement GAO recommendations and OMB guidance	Treasurer	Audit Com.	10/20/13	
Litigation -- Employment	M	M	• Regular training of managers • Clear-cut policies and uniform application	OHR Director	Ops. & Regs. Com.	4/15	
			• Effective negotiation and use of releases	VPLA			
Integrity of electronic data/ information -- Potential for Problems -- Security of electronic data	M	H	• Effective system back-ups • Effective disaster recovery • Regular staff training • Maintain qualified IT staff • Effective document and system security • Maintain up-to-date	CIO	Audit Com.	4/15	

RISK TO LSC RESOURCES –ASSETS

Risks			Strategies	Who is responsible?		Last report to Board	Next report to Board
	Probability	Severity		Management	Board		
			technology				
Accuracy of grantee data -- Potential for Problems	M	H	• Data validation protocols (electronic analysis) • Clear guidance/training on grantee reporting • Improve grantee Activity Reports to receive better data	VPGM Director OPP Director OCE	Ops. & Regs. Com.		4/16
LSC Records Management -- Potential for Problems	L	M	• Update records management policy, including statement on the handling of confidential information • Train staff in new policy • Effective FOIA procedures • Stay abreast of best practices • Maintain effective computer back-ups • Maintain effective security on electronic information access *(continued on next page)* • Improve internal access to key records	CIO VPLA	Ops. & Regs. Com.	10/15	

RISK TO LSC RESOURCES –ASSETS							
Risks			**Strategies**	**Who is responsible?**		**Last report to Board**	**Next report to Board**
	Probability	**Severity**		**Management**	**Board**		
			• improve public access to records • Ensure compliance with legal requirements				
Preservation of LSC interest in grantee property **--** Potential for loss	L	L	• Maintain up to date Property Acquisition Manual • Remind grantees of LSC policy • Pursue remedies as necessary	VPLA	Ops. & Regs. Com.		
Continuation of Operations & Organizational Resilience	L L	H H	• Effective COOP plan • Computer network back-up	Chief of Staff CIO	Ops. & Regs. Com.		

RISK TO LSC RESOURCES – GRANTEES

Risks			Strategies	Who is responsible?		Last report to Board	Next report to Board
	Probability	Severity		Management	Board		
Grantee Oversight by LSC & IPAs **--** Preventing lapses	M	H	• Rigorous Compliance oversight • Maintain comprehensive procedures manuals • Well-defined workplans for program visits • Careful review of grantee reports to LSC • Communications between offices • Internal training • Regular communications with programs • Monitoring media reports	VPGM	Ops & Regs. Com. Del. Of Legal Serv. Com.	4/15 Grantee Oversight by OPP	
Interpretations of regulations by LSC Staff -- Preventing inconsistencies	L	H	• Joint meetings and trainings • Joint work groups by topic • Feedback from grantees	VPGM	Ops & Regs. Com.		

RISK TO LSC RESOURCES – GRANTEES

Risks			Strategies	Who is responsible?		Last report to Board	Next report to Board
	Probability	Severity		Management	Board		
Grantee Operations -- Major misuse of grant funds	M	H	• Rigorous selection process for grantees • Enforcement of regulations	VPGM Director OPP	Del. Of Legal Serv. Com.	10/15 (Internal Controls Best Practices)	1/16 (Best Practices for Effective Intake)
-- Failure of leadership	L	H	• Grant assurances • Grant conditions • Advisories • Program letters	Director OCE		4/15 (Enforcement Mechanisms) (Ops & Regs Cttee)	
-- Failure of internal controls	M	H	• Compliance/Fiscal visits				
-- Lack of board oversight	M	H	• LSC Resource Information • Training of grantee staff			1/15 (Performance Criteria – Leadership)	
-- Leadership transitions	H	M	• Performance Criteria • Outreach to local boards			7/20/14 (board composition and client board members)	
-- Restriction violations	M	H	• Local board education • Outreach to Access to Justice community in region				
-- Poor records management	M	M	• Review/redefine services			4/7/14 (financial planning & budgeting)	
-- Poor Quality legal services	L	H	• Seek interim provider • Work with programs to improve compliance and reduce chances that they will violate restrictions or otherwise require the imposition of sanctions			1/24/14 (Board governance – fiscal and financial oversight)	
-- Need to replace program	L	H				10/21/13 (Performance Criteria)	

RISK TO LSC RESOURCES – GRANTEES

Risks			Strategies	Who is responsible?		Last report to Board	Next report to Board
	Probability	Severity		Management	Board		
						4/15/2013 Comprehensive legal needs assessments 1/25/2013 Succession planning and leadership development	

RISK TO LSC RESOURCES – GRANTEES

Risks			Strategies	Who is responsible?		Last report to Board	Next report to Board
	Probability	Severity		Management	Board		
			• Annual review of regulations • OLA opinions	VPLA	Ops & Regs. Com.	7/15	

Responsibilities for Risk Management

Board of Directors

- Sets strategic goals and objectives, adopts annual operating budget, and approves risk management plan.
- Reviews operational reports to monitor progress towards goals as defined in *Strategic Directions* and assure compliance with organizational requirements.
- Adopts and establishes policies and regulations.
- Reviews the organization's risk management plan (RMP).
- Maintains working relationship with members of Congress.
- Board Committees to review implementation of RMP.

President

- Has overall responsibility for the effective implementation of the RMP.
- Assigns staff to design and carry out risk management activities.
- Assigns staff to perform annual review of the risk management activities.
- Approves all grants for the Corporation.
- Executes major contracts for the organization.
- Keeps the Board apprised of emerging threats and opportunities facing the organization.
- Leads the Executive Team in periodic review and update of the risk management plan.
- Gives final approval to the plan.
- Maintains effective relationship with members of Congress and staff.

Vice President for Legal Affairs

- Serves as advisor to the Board of Directors in legal matters, consulting outside counsel on an as needed basis.
- Advises senior staff on contracts; reviews contracts on an as needed basis.
- Monitors implementation of risk management program.
- Recommends any necessary modifications.

Vice President for Grants Management

- Supervises oversight of grantee operations and compliance.

Treasurer/Comptroller

- Establishes, conducts, and maintains internal controls for financial transactions.
- Purchases D&O insurance.

Executive Team

- Oversees organization-wide effort to protect the vital assets of LSC
- Convenes periodically to review the Corporation's priority risks and corresponding risk management strategies.

Office Directors

- Review and recommend modifications to corporate risk management program.
- Supervise implementation of risk management strategies within their area of responsibility.

Office of the Inspector General Referrals to the Office of Compliance & Enforcement

Office of Compliance and Enforcement

MEMORANDUM

To: Audit Committee

From: Lynn A. Jennings, Vice President for Grants Management
Lora M. Rath, Director, Office of Compliance and Enforcement

Re: Status of Referrals from the OIG Audit Division to LSC Management

Date: January 7, 2016

The following details LSC Management's activities related to questioned costs referrals from the OIG Audit Division during Calendar Year (CY) 2015. At the beginning of CY 2015, two referrals from the Office of Inspector General's Audit Division remained open. One referral was closed during the first quarter. Two new referrals were received during the first half of CY 2015, one during the first quarter and a second during the second quarter. There were no new referrals received from the Audit Division during the third quarter; two referrals were closed during the third quarter. Two new referrals were received during the fourth quarter and three were closed, with evidence confirming closure of the third referral being received in January 2016. There are currently no open questioned costs referrals from the OIG Audit Division.

	Pending at Outset	Referred during Quarter	Closed during Quarter	Remaining Open at End of Quarter
Q 1	2	1	1	2
Q 2	2	1	0	3
Q 3	3	0	2	1
Q 4	1	2	3	0

Summary of Calendar Year 2015 Activity

OIG Audit Referrals Open at the Beginning of the Year and Remaining Open at End of the Fourth Quarter: 0

OIG Audit Referrals Opened During the First Quarter and Closed During the Fourth Quarter: 1

1. **Legal Aid of West Virginia, Inc.** On March 13, 2015, the OIG referred $9,579 in questioned costs:

    a. $3,842 in incorrectly allocated attorneys' fees, and

b. $5,737 in unallowable costs (including membership dues, flower purchases, credit card fees, and late payment fees).

The OIG's Final Report on Selected Internal Controls included approximately $14,000 in expenditures that were not included in the referral memorandum to LSC Management. On June 5, 2015, during a discussion with OCE, OIG agreed that those costs should have been included in the March 13, 2015 referral.

On June 18, 2015, an updated referral was issued in which the OIG referred $24,141 in questioned costs:

a. $3,842 in incorrectly allocated attorneys' fees;
b. $5,737 in unallowable costs (including membership dues, flower purchases, credit card fees, and late payment fees); and
c. $14,562 for contract costs that were not allocated properly (allocated only to LSC rather than across multiple funding sources).

On November 13, 2015, a Notice of Questioned Costs was issued pursuant to 45 CFR Part 1630. The Recipient was granted a brief extension of time to respond, pursuant to 45 CFR § 1630.13. The response was received on December 14, 2015.

In its response, the Recipient provided evidence that it had re-allocated $3,842 in non-LSC funds to the LSC funding line to account for the attorneys' fees on December 7, 2015. The response also indicated that the Recipient would not be presenting evidence or arguments related to the remaining $20,299 in questioned costs. LSC will recoup these funds by withholding equal amounts from the Recipient's monthly LSC grant award beginning in February 2016.

Total time from date of the revised OIG referral to final resolution was 179 days.

<u>OIG Audit Referrals Opened During the Fourth Quarter and Closed During the Fourth Quarter:</u> 2

1. **Acadiana Legal Services Corporation.** On October 5, 2015, OIG referred $969 in questioned costs:

   a. $969 for unallowable costs (including $654 for flower purchases and $315 for late fees, gift cards, and a gift purchase).

After reviewing the information provided by OIG and the Recipients, OCE recommended a course of action to the Vice President for Grants Management. After receiving the VPGM's approval, OCE contacted the Recipient to engage in informal negotiations. As a result of those negotiations, on December 11, 2015, the Recipient agreed to provide LSC with a check for $969 from an unrestricted funding source. The check, dated

December 16, 2015, has been received and was forward to the Office of Financial and Administrative Services for processing.

Total time from date of OIG referral to final resolution was 72 days.

2. **Southern Minnesota Regional Legal Services.** On December 11, 2015, OIG issued a report which indicated that $21,248 in questioned costs would be referred:

   a. $18,250 for derivative income related to State Supplemental Security Income reimbursements which was not properly allocated; and
   b. $2,998 for derivative income related to rental income which was not appropriately allocated.

   After reviewing the information provided by OIG and the Recipient, OCE recommended a course of action to the Vice President for Grants Management. Pursuant to informal negotiations held on December 17, 2015, the Recipient agreed to transfer the funds in question from the program's unrestricted funding line to its LSC funding line by December 31, 2015. On January 7, 2016, OCE received documentation to confirm the transfer had taken place.

   Total time from date of OIG referral to final resolution was 27 days.

<u>OIG Audit Referrals Open at the Beginning of the Year and Closed in a Previous Quarter:</u> 2

1. **Nevada Legal Services, Inc.** On August 18, 2014, OIG referred $1,375 in questioned costs:

   a. $1,246 in unallowable costs (flower and alcohol purchases, membership fees), and
   b. $129 in inadequately supported costs (cell phone charges for staff member).

   On October 17, 2014, the Nevada Legal Services, Inc. (NLS) Executive Director (ED) provided OCE with additional information which NLS felt the OIG had not correctly considered. Based on its review of the OIG's Report on Selected Internal Controls, as well as the information provided by NLS, OCE recommended that informal negotiations be pursued, rather than initiating a costly questioned costs procedure. The Vice President for Grants Management accepted that recommendation. By letter dated March 20, 2015, NLS provided a check in the amount of $1,222, and also provided evidence of policy amendments and trainings to ensure that deficiencies noted by OIG do not occur again. The $1,222 recouped was for:

   a. $1,093 in unallowable costs (flower and alcohol purchases, membership fees), and
   b. $129 in inadequately supported costs (cell phone charges for staff member).

OCE determined that the remaining $153 referred by the OIG for membership fees to a discount warehouse retailer to purchase office supplies was an allowable expense and not subject to recovery.

Total time from date of OIG referral to final resolution was 214 days.

2. **Legal Services NYC.** On October 16, 2014, OIG referred $196,837 in questioned costs for attorneys' fees received by the program during Fiscal Year 2013, for cases supported in whole or in part with LSC funds, but for which the attorneys' fees received were not allocated to the LSC funding line.

   On October 22, 2014, LSC Management contacted LSNYC to request an accounting of the time charged to, and the funding sources so charged, for each of the 25 cases in question. That information was provided on November 27, 2014. After reviewing the materials provided, on December 15, 2014, LSC asked LSNYC to provide additional documentation. LSC received that information from LSNYC on February 6 and 13, 2015. OCE analyzed the information and provided a recommended course of action to the Vice President for Grants Management on February 24, 2015. The Vice President entered into initial conversations with LSNYC Management during the week of March 2, 2015 and worked with the program to facilitate resolution of this issue, which included LSNYC transferring non-LSC funds to the LSC funding line to account for the derivative income not properly allocated and OCE providing Technical Assistance to ensure LSNYC Management and fiscal staff are aware of LSC fiscal requirements, including how to properly allocate derivative income.

   LSNYC agreed with OCE's calculation that $286,946 was improperly allocated in 2013 and agreed to disclose the derivative income amounts as a reclassification entry for attorneys' fees for both 2013 and 2014 as part of its 2015 audit. OCE and LSNYC worked together to determine the timing and documentation of this transfer. OCE received documentation to confirm the transfer had taken place on September 9, 2015. A total of $409,045 in derivative income derived from attorneys' fees was reallocated from unrestricted funds to LSNYC's LSC funding line: $286,946 for 2013 and $122,099 for 2014.

   Total time from date of OIG referral to final resolution was 328 days.

<u>OIG Audit Referrals Opened During the Second Quarter and Closed during a Previous Quarter:</u> 1

1. **Northeast New Jersey Legal Services Corporation**: On April 1, 2015, OIG referred $72,572 in questioned derivative income:

   a. $18,487 in State Supplemental Security Income;
   b. $345 in interest income;
   c. $10,766 in attorneys' fees; and

d. $42,974 in rental income.

OCE reviewed the OIG's Final Report on Selected Internal Controls, as well as the program's response to the OIG's Draft Report. Based on the program's agreement with the OIG's findings, OCE recommended that informal negotiations be pursued, rather than initiating a costly questioned costs procedure. The Vice President for Grants Management accepted that recommendation. During a telephone call on June 8, 2015, Northeast New Jersey Legal Services Corporation's Executive Director and Controller notified OCE that the funds in question would be transferred from the program's unrestricted funding line to its LSC funding line by June 30, 2015 (the program's fiscal year end for 2014-15). As noted orally during the July Audit Committee Meeting, on July 15, 2015, OCE received documentation to confirm the transfer had taken place.

Total time from date of OIG referral to final resolution was 105 days.

Reconciliation of OIG Questioned Costs to Amounts Recouped on Closed Referrals

One referral, Nevada Legal Services, Inc., was closed during the first half of CY 2015. Two referrals, Legal Services NYC and Northeast New Jersey Legal Services Corporation, were closed in the third quarter and three referrals, Southern Minnesota Regional Legal Services, Acadiana Legal Services Corporation, and Legal Aid of Western Virginia, Inc., were closed in the fourth quarter. Information related to all six closed referrals includes:

	Costs	% of Total
Total Questioned Costs on Closed Referrals	$ 317,142	100%
Supporting Documentation Subsequently Received or Research Indicated Was Allowable	$ 153	.05%
Questioned Cost Not Pursued Due to Statute of Limitations	$ 0	- %
Subtotal of Costs for Management to Pursue	$ 407,098	128.4%
Amount Recouped	$ 529,197	166.9%

The percentage for the “Subtotal of Costs for Management to Pursue” exceeds 100% because OCE calculated the amount of derivative income to be reallocated from LSNYC’s unrestricted funds for 2013 for 2013 to be $286,946 rather than $196,837. The percentage for “Amount Recouped” exceeds 100% because, in addition to the additional $90,109 OCE determined should be reallocated for 2013, LSNYC determined that $122,099 should be reallocated for 2014.

	State	Grantee	Date of OIG Onsite/ Review	Date of OIG Report	Date of Referral to OCE	OIG Referral - Issues and Amounts	LSC Action	Amount Disallowed by LSC	Resolution	Date Closed
1	WV	Legal Aid of West Virginia, Inc.	7/14 - 7/23/14	1/27/2015	3/13/15 (referral was dated 2/2/15 but was not received until 3/13/15). Referral reissued on 6/18/15	The revised amount referred by OIG is $24,141 in questioned costs: $3,842 in incorrectly allocated attorneys' fees; and $5,737 in unallowable costs (including membership dues, flower purchases, credit card fees, and late payment fees); and $14,562 in incorrectly allocated contract costs.	OCE has begun reviewing the OIG's Final Report on Selected Internal Controls, as well as the program's response to the Draft Report, in order to provide a recommended course of action to the Vice President for Grants Management. Review of the OIG's Final Report revealed approximately $14,000 in expenditures noted in the report that were not included in the referral memo to LSC Management. On June 5, 2015 ,during a discussion between OCE and OIG staff, OIG recognized that those expenditures should have been referred to LSC Management and provided supporting documentation for OCE to review. On June 18, 2015, OIG reissued the referral memo to reflect the correct amounts referred, as well as the underlying justifications for each referral. OCE completed its review of the OIG's documentation and provided a recommendation memo for the Vice President of Grants Management. With the Vice President's approval, a Notice of Questioned Costs in the amount of $24,141 was issued on November 13, 2015. On December 14, 2015, the Recipient provided evidence of the reallocation of $3,842 to the LSC funding line and reported that it would not argue with the amount or nature of the remaining costs. The additional amount will be recouped by LSC during 2016, by withholding equal amounts from the Recipient's monthly grant award.	$24,141	The Recipient agreed with the amount questioned. The derivative income has already been reallocated to its LSC funding line, and the remaining costs will be recouped during 2016.	12/14/2015
2	LA	Acadiana Legal Services Corporation	5/11 - 5/19/15	9/30/2015	10/5/2015	$969 for unallowable costs (flowers ($654) and gift cards, late fees, etc. ($315))	Based on its review of the OIG's Report on Selected Internal Controls, as well as the information provided by the Recipient, OCE recommended that informal negotiations be pursued, rather than initiating a costly questioned costs procedure. The Vice President for Grants Management accepted that recommendation. During a telephone conference on December 11, 2015, the Executive Director agreed with OCE's proposal. A letter was sent by OCE on the same date, outlining the proposal and the Executive Director responded that a check would be provided to LSC for the full amount during the week of December 14, 2015. The check, dated December 16, 2015, has been received and was forwarded to the Office of Financial and Administrative Services for processing.	$969	The Recipient agreed with the amount questioned and provided LSC with a check for the full amount - drawn from non-LSC funds.	12/16/2015
3	MN	Southern Minnesota Regional Legal Services, Inc.	6/22 - 6/25/15	12/7/2015	12/11/2015	$21,2148 in improperly allocated derivative income: $18,250 for State Supplemental Security Income reimbursements and $2,998 for rental income.	Based on its review of the OIG's Report on Selected Internal Controls, as well as the information provided by the Recipient, OCE recommended that informal negotiations be pursued, rather than initiating a costly questioned costs procedure. The Vice President for Grants Management accepted that recommendation. During a telephone conference on December 17, 2015, the Executive Director agreed with OCE's proposal. The Recipient agreed that the funds in question would be transferred from the program's unrestricted funding line to its LSC funding line by December 31, 2015. On January 7, 2016, OCE received documentation to confirm the transfer had taken place.	$21,248	The recipient agreed with the amount to be recouped. OCE has received documentation to confirm the transfer has taken place.	1/7/2016

Pending and Recently Closed Issues Referred from Audited Financial Statements (Thru December 31, 2015)

		Grantee Name	Referral Number	Date of Referral	OIG's Finding Description	OIG's Justification for Referral	OCE's Determination	Status of Referral
1	KY	Appalachian Research and Defense Fund	2013-618030-01	9/10/2013	For the second straight year, there was a prior period adjustment required.	OIG noted that, for the second straight year, there was a prior period adjustment required due to improper recording of unearned grant revenue. Referred to OCE for follow-up to ensure corrective action is taken.	OCE conducted an onsite Compliance Review in June 2013 Fiscal and regulatory compliance issues noted during the review have been the subject of ongoing communications with the grantee and LSC has continued to provide this grantee with necessary technical assistance and training as it deals with ongoing financial and leadership issues. Specifically, two Technical Assistance Reviews were conducted in 2015. Additionally, as part of the 2016 grant application process, this grantee completed a fiscal application. Based on the information obtained during the fiscal Technical Assistance Review and via the fiscal component of the application for 2016 funding, the issues referred to in the 2014 audited financial statements do not appear to be ongoing. To further confirm that the deficiencies had been addressed, on December 3, 2015, the grantee provided LSC with an update on the specific actions it has taken in response to the noted IPA recommendations for FY 2014. OCE is evaluating this response in the context of other information received by the program on its fiscal-oversight processes.	OCE and OPP continue to work with this program. A new Executive Director began work in February 2015. LSC imposed Special Grant Conditions on the program's 2015 funding which required that the new Executive Director undergo an OCE-provided training webinar within his first two months of employment and that the program submit to a Technical Assistance Review within 6 months of his start date. The new ED participated in an OCE-provided webinar on February 24, 2015. A general Technical Assistance Review took place during the week of June 23, 2015 and a specific fiscal-related Technical Assistance Review took place in August 2015. These referrals will also be considered in OCE's risk assessment to determine future OCE visits. OCE staff is evaluating the grantee's most recent submission and based on its assessment of the actions take to date will continue to work with this grantee to ensure appropriate trainings and staff oversight take place.
			2013-618030-02	9/10/2013	The grantee does not have a formal written policy that was effectively communicated to staff.	OIG reported that timekeeping requirements were not met because the grantee lacked a formal written policy which was effectively communicated to staff. Grantee management stated that they would implement policies. Referred to OCE for follow-up to ensure corrective action is taken.		
			2013-618030-03	10/3/2013	Timekeeping requirements were not met in that the grantee lacked a formal written policy which was effectively communicated to staff.	OIG noted that grantee management stated that they would develop a written time keeping requirements policy in accordance with Legal Services Corporation regulations and ensure that the policy is effectively communicated to staff. Referred to OCE for follow-up to ensure corrective action is taken.		
			2015-618030-08	9/14/2015 (11/4/15)	(1) Signed checks were returned to an individual who had the ability to alter checks and hide transactions; (2) grantee does not use an approved vendor list; and (3) grantee has no formal reconciliation process.	OIG noted that the IPA identified three internal control issues in the management letter. The findings related to lack of internal control over cash disbursement, fixed assets, and case file management.		
			2015-618030-08	9/14/2015 (11/4/15)	The grantee does not use software to reduce issues with fixed assets and accumulated depreciation.			
			2015-618030-08	9/14/2015 (11/4/15)	The grantee has no formal process related to case management and file maintenance.			

Pending and Recently Closed Issues Referred from Audited Financial Statements (Thru December 31, 2015)

		Grantee Name	Referral Number	Date of Referral	OIG's Finding Description	OIG's Justification for Referral	OCE's Determination	Status of Referral
2	AZ	DNA Peoples Legal Services	2014-703068-01 2015-703068-05	6/3/2014 9/4/2015 (11/4/15)	IPA noted numerous material audit adjustments were required at year-end. Thus, the unadjusted General Ledger was not materially correct under accounting principles accepted in the United States.	OIG noted that grant allocation information should be accurate and timely so it properly reflects the operations of the organization. This was repeat finding in the 2014 audited financial statements.	The program appeared to have sufficiently completed the actions required by its Special Grant Condition. It was anticipated that the new processes would cure the deficiencies noted in the 2013 audit; however review of the 2014 audit indicates that the same problems existed during 2014. On December 3, 2015, OCE received an update from the grantee on the actions it has taken in response to this finding. These referrals will remain open as OCE evaluates this information in the context of the grantee's other efforts to improve in the fiscal arena.	These referrals will be considered in OCE's risk assessment to determine future OCE visits. OCE also provided the program New Executive Director Orientation training to assist the program with fiscal oversight. A targeted Special Grant Condition, related to budgetary controls and processes, was imposed on the program's 2014 grant. That SGC was sufficiently completed. However due to ongoing concerns, OCE continues to work with DNA's Director of Finance to ensure that new policies, procedures, and practices are put into place to ensure adequate and timely oversight of the allocation processes. As review of the 2014 audited financial statements indicated that this continues to be an issue, the adjustment referral must remain open. In discussions with DNA management, LSC learned that new fiscal staff had been hired. OCE is working with DNA to ensure that new staff members are appropriately trained and managed so that these deficiencies do not continue. As a result of the ongoing concerns related to this grantee, LSC imposed two fiscal-related SGCs on its LSC funding for 2016. The SGCs require that DNA provide: information regarding policies implemented and trainings provided to staff on the importance of internal controls and fiscal oversight (using LSC Program Letter 10-2 "Embezzlement, Fraud, and The Critical Importance of Effective Internal Control" as a reference) and evidence of training for all Board members concerning fiduciary responsibilities, conflicts of interest, board and staff leadership, evaluation and oversight, program governance, internal controls and fiscal oversight, executive director evaluation; and compliance with LSC regulations.
			2015-703068-05	9/4/2015 (11/5/15)	IPA noted that 14 out of 30 disbursements tested indicated that expenses were not properly allocated to various funding sources, including LSC.	OIG noted that this was a high percentage (47%) of the of disbursements tested.		
3	CA	Inland Counties Legal Services, Inc.	2012-805230-01	8/13/2012	Internal Controls over cash accounts were not adequate.	OIG noted that grantee management accepted the finding and stated that a new controller had been hired. Referred to OCE for follow-up to ensure that controls over cash accounts have been implemented.	OCE reviewed the documents submitted by ICLS and found the actions taken appear to be sufficient. Closed: OCE conducted an onsite review in January 2015, at which time internal controls were assessed and found to be sufficient.	Partially Closed: These referrals were considered in OCE's risk assessment to determine future OCE visits, which resulted in OCE conducting an onsite review in January 2015, at which time all of the IPA's concerns were reviewed. Notably, another new Controller for the grantee started in June 2015. OCE staff have spoken to the new Controller and he appears to be eager and able to undertake the necessary improvements. The Final Report from that visit was released on December 22, 2015. The cover letter notes that several required corrective action items were still pending, including oversight of subgrant activities, and requires the grantee to provide evidence of actions taken within 30 days of the release of the report. While the majority of the OIG's referrals related to this grantee can be closed based on the January 2015 visit and December 2015 Final Report, the referral related to subgrantee activities must remain opening pending the receipt and assessment of further information.
			2012-805230-02	8/13/2012	Policies and procedures for use of the accounting software and preparing transactions and reconciliations was not adequately documented. The new controller did not expend a significant effort to understand the system.	OIG noted that grantee management stated that they would strive to have that accounting manual updated in 2012 by the new controller. Referred to OCE for follow-up needed to determine if accounting manual was updated.	OCE reached out to the program to request the new policies, procedures, Manual etc. OCE has reviewed documents submitted by ICLS and determined the new procedures to be appropriate and adequately documented. Closed: No issues or concerns regarding the implementation of these policies were noted during the January 2015 onsite review.	

Pending and Recently Closed Issues Referred from Audited Financial Statements (Thru December 31, 2015)

		Grantee Name	Referral Number	Date of Referral	OIG's Finding Description	OIG's Justification for Referral	OCE's Determination	Status of Referral
			2014-805230-01	6/3/2014	Grantee did not have a system in place to verify whether vendors were suspended or disbarred.	According to the IPA, the grantee stated that written protocols would be put in place to ensure that when considering bids for procurement in excess of $25,000, a debarment and suspension check would be conducted. Referred to OCE for follow-up to ensure corrective action is taken.	OCE reviewed the sufficiency of the corrective actions take by the program during the January 2015 onsite review. Closed: The January 2015 onsite review did not reveal any continuing concerns related to this referral.	
			2014-805230-02	6/3/2014	IPA noted that 5 clients who had expired immigration cards received legal services.	The IPA noted that the program is reviewing and revising their policies to ensure compliance with 45 CFR Part 1626. The OIG referred the issue to OCE to ensure necessary actions are undertaken.	The program's adherence to 45 CFR Part 1626 was assessed as part of the OCE onsite review in January 2015. Closed: The review did not reveal any significant compliance concerns regarding screening and documenting citizenship/alien eligibility.	
			2015-805230-07	9/4/2015 (11/4/15)	Subrecipient monitoring during the year was not performed in accordance with federal requirements.	The IPA noted that the grantee's 3 subrecipients should be more closely monitored.	Subgrantee oversight was assessed as part of the OCE onsite review in January 2015. On December 4, 2015, OCE also received additional information regarding the actions the grantee has taken to address this finding. This information is being evaluated for sufficiency, and in light of other actions the grantee is taking in response to OCE's Final Report issued on December 22, 2015.	
4	AL	Legal Services Alabama, Inc.	2013-601037-01	10/3/2013	One difference was noted for payroll time entry used for cost allocation purposes.	OIG referred this as a repeat finding which requires OCE follow-up.	Closed: An onsite OCE site visit was conducted in January 2015. The Final Report from that visit was issued on October 15, 2015. No ongoing concerns with payroll time entries or the grantee's cost allocation methodology were noted. This referral is considered closed.	Closed: OCE has noted this deficiency in its risk assessment chart. OCE conducted an onsite visit in January 2015. At that time OCE conducted testing to determine whether this a systemic issue or has been solved. The Final Report from that visit was issued on October 15, 2015. No ongoing concerns with payroll time entries or the grantee's cost allocation methodology were noted. This referral is considered closed.

		Grantee Name	Referral Number	Date of Referral	OIG's Finding Description	OIG's Justification for Referral	OCE's Determination	Status of Referral
5	VA	Central Virginia Legal Services, Inc.	2014-447030-01	2/25/2014	Recipient must state who prepares monthly bank reconciliations, who reviews the reconciliations, and who approves & certifies the reconciliations. Due dates for each steps to be established. Follow-up by LSC management needed to ensure implementation.	OIG noted based upon inquires with management that bank reconciliations and reviews were not being performed on a timely basis. OIG also noted that CVLAS management was not tracing bank reconciliation totals back to the trial balance and General Ledger.	Closed: By letter dated March 7, 2014, OCE requested specific information regarding the IPA's findings. The program responded on March 21, 2014. OCE reviewed the information received and found it sufficient to address some but not all of the IPA's concerns. OCE continues to work with the program to close these referrals. OCE conducted a Technical Assistance Review of this program on August 18-20, 2014. Although responses to the January - June 2015 Special Grant Conditions (SGCs) indicated that this deficiency has been cured, new SGCs were imposed on the recipient's funding for July - December 2015 to ensure that forward progress continued. The grantee successfully complied with the SGCs. OCE will continue to provide any necessary technical assistance and support.	Closed: The recipient's LSC funding for 2015 was subject to several Special Grant Conditions designed to address these issues. CVLAS was able to successfully fulfill all of the SGCs attached to its January - June 2015 funding. New SGCs were imposed on the recipient's funding for July - December 2015 to ensure that forward progress continued. Included in the documentation provided in response to SGCs was evidence of: timely bank reconciliations; training and implementation of oversight regarding timekeeping and payroll; training provided to fiscal and executive staff, as well as board finance and audit committee members, regarding budgeting financial management, financial reporting, fiscal oversight, internal controls, and risk management; the Executive Director receiving monthly reports (statement of financial position, statement of activities, trial balances, general ledgers and journal entries) and reviewing them for accuracy and reasonableness; copies of letters to grant sources notifying them of 45 Part 1610 restrictions/prohibitions; and copies of bank signatory cards for each month showing any changes (addition/removal) to signature authority. The recipient successfully complied with all fiscal-related SGCs and the only fiscal-related SGC imposed on the grantee's LSC funding for 2016 is related to the timely completion of CVLAS' annual audit. Based on recipient's successful completion of the 2015 SGCs, as well as the findings of the 2014 Technical Assistance Review, these referrals are considered closed.
			2014-447030-02	2/25/2014	CVLAS indicated that a payroll module would be added to the case management system but did not provide a timeframe. This is a repeat finding from the prior year.	Based upon inquires with management and review of time records OIG noted instances were attorneys had not contemporaneously input a portion of their time into CVLAS' time keeping system by case, matter, and supporting activities.	Closed: By letter dated March 7, 2014, OCE requested specific information regarding the IPA's findings. The program responded on March 21, 2014. OCE reviewed the information received and found it sufficient to address some but not all of the IPA's concerns. OCE continues to work with the program to close these referrals. OCE conducted a Technical Assistance Review of this program on August 18-20, 2014 and noted no concerns related to this referral or accurate timekeeping.	

		Grantee Name	Referral Number	Date of Referral	OIG's Finding Description	OIG's Justification for Referral	OCE's Determination	Status of Referral
			2014-447030-03 2015-447030-01	2/25/2014 2/15/2015	OIG indicated that LSC Management may want to follow-up on this requirement as 12 of 25 selections made by the IPA did not contain notice to the funding source. The CA mentions sending letters will be the sole responsibility of the ED, does not mention when the action will be put into place.	OIG noted instances where CVLAS had not provided to the source of funds written notification of LSC prohibitions and conditions.	Closed: By letter dated March 7, 2014, OCE requested specific information regarding the IPA's findings. The program responded on March 21, 2014. OCE reviewed the information received and found it sufficient to address some but not all of the IPA's concerns. OCE continues to work with the program to close these referrals. OCE conducted a Technical Assistance Review of this program on August 18-20, 2014. Although responses to the January - June 2015 Special Grant Conditions (SGCs) indicated that this deficiency has been cured, new SGCs were imposed on the recipient's funding for July - December 2015 to ensure that forward progress continued. The grantee successfully complied with the SGCs. OCE will continue to provide any necessary technical assistance and support.	
			2014-447030-04 2015-447030-03 2015-447030-04	2/25/2014 3/202015	Incorrect cost and time allocations can lead to possibly incorrect revenues and expenses for grants/contracts. Program management should make decisions based on revenues/expenses. The CA should be followed up on. The OIG noted that the IPA reviewed time sheets on which no supervisor signature was noted.	Cost allocations are not being performed on a timely basis. Also timesheet are not being properly monitored by management and adjusted when funding sources have been eliminated or depleted. Also the funds in the accounting system need to be utilized. The absence of supervisory approval allows for the possibility of fraudulent or misallocated time.	Closed: This issue was addressed via Special Grant Conditions. OCE also conducted a Technical Assistance Review (TAR) of this program in August 2014 and provided additional training and support. This deficiency was noted during OCE August 18-20, 2014 TAR and is the subject of 2015 Special Grant Conditions. Although responses to the January - June 2015 Special Grant Conditions (SGCs) indicated that this deficiency has been cured, new SGCs were imposed on the recipient's funding for July - December 2015 to ensure that forward progress continued. The grantee successfully complied with the SGCs. OCE will continue to provide any necessary technical assistance and support.	

		Grantee Name	Referral Number	Date of Referral	OIG's Finding Description	OIG's Justification for Referral	OCE's Determination	Status of Referral
			2014-447030-05	2/25/2014	Based on review of the CA OIG feels LSC Management should ensure that the CA s are being followed and follow-up on whether the Board approved the drafted policy mentioned.	OIG noted during inquires with management and review of credit card files instances were credit card receipts were not being properly maintained.	Closed: By letter dated March 7, 2014, OCE requested specific information regarding the IPA's findings. The program responded on March 21, 2014. OCE reviewed the information received and found it sufficient to address some but not all of the IPA's concerns. OCE continued to work with the program to close these referrals. OCE conducted a Technical Assistance Review of this program on August 18-20, 2014 and noted no ongoing concerns related to this referral. OCE will continue to provide necessary technical assistance and oversight.	
			2015-447030-02	2/14/2015	The OIG noted that former employees had not been removed as authorized signatories on CVLAS bank accounts.	There is the possibility of fraud by former employees.	Closed: This deficiency was noted during OCE August 18-20, 2014 review and is the subject of 2015 Special Grant Conditions. Although responses to the January - June 2015 Special Grant Conditions (SGCs) indicated that this deficiency has been cured, new SGCs were imposed on the recipient's funding for July - December 2015 to ensure that forward progress continued. The grantee successfully complied with the SGCs.	
			2015-447030-01	9/4/2015 (11/4/15)	Bank reconciliations were not completed on a timely basis.	Failure to perform bank reconciliations in a timely fashion, evidences a lapse in internal controls.	Closed: This deficiency was the subject of 2015 Special Grant Conditions. Although responses to the January - June 2015 Special Grant Conditions (SGCs) indicated that this deficiency has been cured, new SGCs were imposed on the recipient's funding for July - December 2015 to ensure that forward progress continued. The grantee successfully complied with the SGCs.	

		Grantee Name	Referral Number	Date of Referral	OIG's Finding Description	OIG's Justification for Referral	OCE's Determination	Status of Referral
			2015-447030-01	9/4/2015 (11/4/15)	The General Ledger was not reviewed for accuracy or on a timely basis.	Reviewing the general ledger for accuracy in a timely fashion is a basic internal control.	Closed: This deficiency was the subject of 2015 Special Grant Conditions. Although responses to the January - June 2015 Special Grant Conditions (SGCs) indicated that this deficiency has been cured, new SGCs were imposed on the recipient's funding for July - December 2015 to ensure that forward progress continued. The grantee successfully complied with the SGCs.	
6	SD	Dakota Plains Legal Services, Inc.	2014-742018-01 2014-742018-12	12/4/2014 9/4/2015 (11/4/15)	The OIG noted that, during course of engagement, the IPA proposed material audit adjustments - some of which were the result of the Administrator resigning in January 2014 and not completing the year end close-out process. In the 2014 audited financial statements, the IPA continued to note concern over internal controls in financial statement preparation because the IPA was proposing material adjustments.	Although the program reports hiring a new Administrator, more specific corrective action is required to address the internal control weaknesses. The OIG noted that this finding was repeated in a prior year. It is of concern because it is the grantee's responsibility to provide the IPA with correct financial documents and statements. If the grantee depends on the IPA to correct mistakes, it is more difficult for the IPA to objectively review the records.	OCE conducted an onsite Compliance Review in September 2014. Fiscal and regulatory compliance issues noted during the review have been the subject of ongoing communications with the grantee and resulted in several special grant conditions being imposed on DPLS' 2015 funding. LSC has continued to provide this grantee with necessary technical assistance to resolve the noted concerns.	These referrals have been included in OCE's risk assessment criteria to determine future OCE visits. OCE conducted an onsite review in September 2014. Many of the issues noted in the OIG's referral of IPA findings were also discovered during the course of that review. As a result, additional Special Grant Conditions were imposed on the program's 2015 funding. A Draft Report was issued on May 22, 2015, which contained 26 Required Corrective Actions, 8 of which were related to fiscal oversight. During the drafting of the report, OCE and OPP provided DPLS with technical assistance regarding the various policies and procedures which required revision or drafting to facilitate compliance with LSC regulations and fiscal oversight requirements. DPLS management has demonstrated sincere willingness to make the necessary improvements. The Final Report from OCE's September 2014 visit was issued on October 19, 2015. Although the report noted that the program has begun the process of taking appropriate corrective actions to cure the noted deficiencies, additional actions are required. Both OPP and OCE continue to work with DPLS to ensure these efforts continue, and are successful.
			2014-742018-02	12/3/2014	The December bank account reconciliations were not prepared as of audit fieldwork due to the vacant Administrator position in January 2014.	The IPA noted that 2 checks totaling $279.99 were duplicated w/in GL. A check for $9,418.18 written before year end was not included as an outstanding item. A deposit for $26,307.23 prepared before year end was not deposited until Feb. 2014.		
			2014-742018-03	12/3/2014	The grantee carried outstanding travel advance amounts from transactions which occurred throughout 2013. Some accounts showed amounts due the grantee; some showed amounts due back to employees.	Outstanding travel advance amounts due to Program. Long outstanding travel amounts potentially put the Program at risk of collecting such.		

Pending and Recently Closed Issues Referred from Audited Financial Statements (Thru December 31, 2015)

		Grantee Name	Referral Number	Date of Referral	OIG's Finding Description	OIG's Justification for Referral	OCE's Determination	Status of Referral
			2014-742018-04	12/4/2014	The IPA noted three disbursements to two individuals for contract services. Based on supporting documentation including approved pay rates, timesheets, and purpose for the service, the individuals should have been paid as employees.	Processing payments to individuals as contract services who meet the employee criteria is not in accordance with Dept. of Labor regulations.		
			2014-742018-05	12/4/2014	The IPA noted several instances of lack of proper supporting documentation or approval for payments.	Disbursements without proper payment voucher documentation, receipts and approvals.		
			2014-742018-06	12/3/2014	The IPA noted employees were not paid the proper amounts based on supporting time cards and approved pay rates. IPA also noted instances where payroll was not charged to the proper program. Annual leave was paid without adequate approval or a formal policy.	No written policy on how overtime is calculated. Payroll not processed as calculated by the approved pay rate. There is risk that the annual leave payout may be different than calculated on annual leave listing.		

Pending and Recently Closed Issues Referred from Audited Financial Statements (Thru December 31, 2015)

		Grantee Name	Referral Number	Date of Referral	OIG's Finding Description	OIG's Justification for Referral	OCE's Determination	Status of Referral
7	CA	California Rural Legal Assistance, Inc.	2015-805260-13	9/14/2015 (11/14/15)	IPA noted non-compliance compliance with provisions of 45 CFR 1610, where one of the grantee's field offices did not have sufficient physical signage and personnel separation from a bar-sponsored volunteer attorney organization to which grantee rents space.	The IPA noted that the organization renting the space from the grantee engages in restricted activities, so appropriate separation must be made apparent.	Closed: OCE conducted an onsite visit of this grantee in October 2011. The Final Report from that visit indicated sufficient signage to distinguish shared spaces and noted no concerns in this area. In December 2014, however, the grantee submitted a qualified Certification of Program Integrity, in which the grantee identified concerns over signage. On December 18, 2015, OCE received the grantee's most recent Certification of Program Integrity, noting full compliance with 45 CFR Part 1610. On January 5, 2016, the grantee advised OCE that it had entered into a Memorandum of Understanding with the entity in question which required the entity to: 1) provide signage at all entrances and exits; 2) agree to adhere to LSC restrictions; and 3) abide certain requirements to ensure separation of personnel and operations required by 45 CFR Part 1610. Additionally, the grantee installed a door on the premises to create separate work spaces for each entity.	This referral will be considered in OCE's risk assessment to determine future OCE visits. However, based on the narrative and supporting documentation submitted by the grantee on January 8, 2016, it appears that this deficiency has been adequately addressed.

Pending and Recently Closed Issues Referred from Audited Financial Statements (Thru December 31, 2015)

		Grantee Name	Referral Number	Date of Referral	OIG's Finding Description	OIG's Justification for Referral	OCE's Determination	Status of Referral
8	PR	Puerto Rico Legal Services, Inc.	2015-253010-15	10/8/2015 (11/4/15)	IPA noted revenue recognition for contributions received as non-exchange transactions, and that the grantee defers revenue. However, the FASB requires recognition in the period the promise to receive funds is received.	The grantee deferred revenues on certain non-LSC contributions affecting revenue recognition on prior year transactions. The effect was that revenue from non-LSC grants and contracts had not been recorded in the proper period.	On November 15, 2015, OCE requested the grantee provide an update on any measures it has taken in response this finding. On November 30, 2015, OCE received a response from PRLS disagreeing with the IPA's finding, and noting a difference of opinion regarding the relevant requirements. OCE is working to resolve this matter in collaboration with the OIG.	This issue appears to be the result of conflicting guidance between the LSC Accounting Guide and generally accepted accounting principles. OCE and OIG have met to discuss this issue and OCE is drafting additional guidance to send to grantees regarding the proper recognition of grant funds when notice of a grant award is received in one fiscal year but the funds are not received until the next fiscal year.
9	IL	Legal Aid Foundation of Metropolitan Chicago (LAF)	2015-514020-02	9/4/2015 (11/4/15)	The grantee did not prepare financial statements and footnote disclosures in accordance with the applicable professional standards.	If an organization does not stay current with all new accounting pronouncements, this could impact its financial statement reporting.	On December 4, 2015, the grantee provided OCE with a report identifying the causes of the issues noted by the IPA and the actions it has taken. Based on the information provided, it appears the grantee has taken significant actions. However, OCE is still reviewing the information submitted to determine if any additional actions are needed.	OCE will review the information submitted by the grantee in order to determine appropriate next steps, which may include providing technical assistance. Additionally, OCE will follow-up with the grantee regarding the unallowable expenses noted by the IPA in order to determine if those costs need to be reallocated from non-LSC funds.
			2015-514020-02	9/4/2015 (11/4/15)	IPA found that several months of bank reconciliations for all cash accounts were not prepared until several months subsequent to fiscal year end. It also found that some bank reconciliations were neither reviewed nor approved by a person independent of the preparation function.	Several months of bank reconciliations for all cash accounts were not prepared timely, not reviewed, and not approved.		
			2015-514020-02	9/4/2015 (11/4/15)	IPA found that the grantee's LSC grant was charged for an unallowable cost.	The IPA noted that LSC was charged for an expenditure of $174 for alcoholic beverages.		
			2015-514020-02	9/4/2015 (11/4/15)	IPA found inadequate supporting documentation.	LAF was unable to provide adequate documentation to support two items during testing.		

Pending and Recently Closed Issues Referred from Audited Financial Statements (Thru December 31, 2015)

		Grantee Name	Referral Number	Date of Referral	OIG's Finding Description	OIG's Justification for Referral	OCE's Determination	Status of Referral
10	OK	Oklahoma Indian Legal Services, Inc.	2015-737018-06	9/4/2015 (11/14/15)	Misstatements were found in the grantee's financial statements but the financial statements for the year ending December 31, 2014 have been corrected.	Material misstatements were present in the financial statements and were not detected except through the external audit process.	According to information received on December 4, 2015, OILS met with its IPA on April 28, 2015 to discuss actions to prevent such errors going forward, including the quarterly reconciling of grants to ensure correct fund accounting. OILS also has made adjusted journal entries to reimburse the LSC funding line for the incorrectly allocated funds. OCE is evaluating the supporting documentation OILS provided to support the actions took in 2015 to address the IPA's concerns.	Partially Closed: These referrals will be considered in OCE's risk assessment to determine future OCE visits. OCE last visited the grantee in 2013. A number of fiscal-related findings were identified. The grantee was responsive to OCE's recommendations and Required Corrective Actions. OCE will work with the grantee to ensure these referrals are adequately addressed.
			2015-737018-06	9/4/2015 (11/14/15)	The grantee over-allocated employee benefits expenses.	These expenditures were improperly allocated.		
			2015-737018-06	9/4/2015 (11/14/15)	The grantee claimed certain non-LSC expenditures totaling $14,848 as LSC program expenditures on the 2014 GAR D-1 Actual Expense Report.	Incorrect expenditures were reported to LSC in its GAR D-1 Actual Expense Report.	Closed: On June 8, 2015, OILS submitted a revised 2014 GAR D-1 Form to LSC with corrected figures.	
11	SD	East River Legal Services	2015-542026-03	9/14/2015 (11/4/15)	The grantee has a limited staff and, accordingly, does not have adequate internal accounting controls in certain areas of the accounting function. It also noted that the grantee's Administrator handles multiple accounting functions, including posting.	The OIG noted significant deficiencies in segregation of duties.	OCE conducted an onsite Compliance Review of this grantee in April 2014. The concerns over sufficient internal controls were also discovered during the course of that review. OCE recommended and/or required actions that could mitigate risks posed by the inherent lack of controls with limited staff numbers. The grantee responded favorably to those recommendations/requirements. As of January 26, 2015, ERLA provided evidence of completing all required actions relating to fiscal controls listed in the report.	This referral will be considered in OCE's risk assessment to determine future OCE visits. OCE will continue to work with ERLS to ensure that it works to improve controls and, where possible, involves non-fiscal staff and Board of Director members in fiscal processes as mitigating controls.
12	FL	Community Legal Services of Mid-Florida, Inc.	2015-610010-01	9/14/2015 (11/4/15)	The OIG noted the IPA issued a qualified opinion because the grantee's financial statements did not include the accounts of the Legal Advocacy Center of Central Florida, Inc., a related entity.	The OIG noted, however, that although this condition has existed for two years, the IPA had not identified the issue as a finding so the grantee had not been required to respond.	On December 5, 2015, the grantee informed OCE that it is working with its IPA to resolve this issue for FY 2015, and sought additional guidance from LSC about the concern. OCE will work with the grantee to resolve this matter.	This referral will be considered in OCE's risk assessment to determine future OCE visits. OCE is working with the grantee to provide any needed guidance to resolve this referral.

Pending and Recently Closed Issues Referred from Audited Financial Statements (Thru December 31, 2015)

		Grantee Name	Referral Number	Date of Referral	OIG's Finding Description	OIG's Justification for Referral	OCE's Determination	Status of Referral
13	LA	Acadiana Legal Services Corporation	2015-619051-09	9/14/2015 (11/4/15)	IPA noted findings related to internal control over the preparation of financial statements.	The IPA's role in the preparation of the financial statements is an indication that the internal control over the grantee's year-end GAAP financial statements is not sufficient. This is a repeat finding.	LSC imposed Special Grant Conditions on this grantee's 2016 funding, requiring its cost allocation formula and various financial statements and reports be submitted for LSC review. These referrals will remain open until OCE has evaluated the information submitted for sufficiency.	OCE plans to conduct an onsite visit of this grantee in 2016, and will evaluate its fiscal internal controls and allocation methodologies as a part of this review.
			2015-619051-09	9/14/2015 (11/4/15)	IPA noted findings relating to the allocation of grant expenses.	The grantee did not document in writing the formula used in the allocation of common expenses to the various funding sources. The allocation methodology was not reviewed and assessed to determine whether it fairly represented the total costs of an activity.		
14	LA	Legal Services of North Louisiana, Inc.	2015-619061-10	9/14/2015 (11/4/15)	IPA noted that grantee's monitoring of its subgrant was not effectively documented.	Controls were not in place to ensure proper monitoring of the grantee's subgrant during the year.	On December 7, 2015, OCE received a report from the grantee on the actions it took in 2015 to increase oversight of its subgrantee. The measures described are responsive to the noted concern. OCE will evaluate the issue in greater detail during the anticipated 2016 onsite Compliance Review of this grantee.	OCE plans to conduct an onsite visit of this grantee in 2016, and will evaluate subgrant oversight as a part of that review.
15	PA	Philadelphia Legal Assistance	2015-339000-14	10/6/2015 (11/4/15)	IPA noted that two citizenship attestations were not included in sampled case files.	The OIG noted that missing citizenship attestations have been an on-going concern, and that the IPA had reported a similar finding in the prior year.	On November 15, 2015, OCE requested an update from the grantee on the actions it has taken in response to this finding. On December 4, 2015, OCE received a memorandum from the grantee explaining the actions that have been implemented or are being implemented to address this issue. A review of that information indicates the actions taken are sufficient. However, since OCE plans to visit this grantee in 2016, this referral will remain open until it can be verified that the actions taken have cured the compliance deficiency.	This grantee is on OCE's proposed list of grantees to visit in 2016 to conduct a full Compliance Review.
16	ND	Legal Services of North Dakota	2015-535007-16	10/8/2015 (11/4/15)	The auditor prepared the draft financial statements.	The IPA noted that the grantee is required to prepare financial statements according to GAAP requirements. This is a repeat finding.	On December 4, 2015, the grantee provided OCE with a report identifying the causes of the issues noted by the IPA and the actions it has taken to date. OCE is evaluating this information to determine its sufficiency.	This referral will be considered in OCE's risk assessment to determine future OCE visits. This grantee has a new Executive Director as of November 17, 2015. OCE will offer technical assistance in 2016, including an Executive Director Orientation Webinar, to ensure their familiarity with LSC requirements.

Pending and Recently Closed Issues Referred from Audited Financial Statements (Thru December 31, 2015)

		Grantee Name	Referral Number	Date of Referral	OIG's Finding Description	OIG's Justification for Referral	OCE's Determination	Status of Referral
17	TN	Memphis Area Legal Services, Inc.	2015-643030-04	10/8/2015 (11/14/15)	IPA noted that rent expenses and the related liability for the abatement incentive period were not properly recorded.	Failure to properly record rent expenditures and related liabilities resulted in an audit adjustment of $84,838.	On December 2, 2015, OCE received a report from this grantee explaining and documenting the actions it took in 2015 to address these findings, including making adjusted entries for the year-to-date to ensure that rent abatements are properly recorded, and adopting revised cash receipts procedures. The actions appear to be responsive to the concerns. OCE is evaluating the documentation provided.	These referrals will be considered in OCE's risk assessment to determine future OCE visits. OCE is reviewing the information provided by the grantee and will work with the grantee to resolve these referrals.
			2015-643030-05	10/8/2015 (11/14/15)	Processes and controls over pledges receivable were weak due to a lack of segregation of duties and processes to ensure pledges are recorded in a timely manner.	An audit adjustment of $21,050 was required. Also, since one person is primarily handling all of the processes for the pledges receivable, the IPA noted an increased risk that a pledge payment could be diverted and go undetected by management.		
18	NM	New Mexico Legal Aid.	2015-732010-11	10/14/2015 (11/14/15)	The IPA noted concerns over case file maintenance.	The IPA noted this was a repeat finding.	On December 2, 2015, OCE received a report from this grantee explaining and documenting the actions it took in 2015 to improve case file compliance. The actions appear to be responsive to the concerns noted, and OCE will evaluate this matter in greater detail during the onsite Compliance Review of this grantee, scheduled for February 2016.	OCE is scheduled to conduct a Compliance Review of this grantee on February 22-26, 2016, and will evaluate case files for compliance concerns as a part of that review.

Memorandum Analyzing Article and Compliance with LSC Restrictions

To: James J. Sandman, President

From: Ronald S. Flagg, Vice President for Legal Affairs and General Counsel
Stefanie K. Davis, Assistant General Counsel

Date: January 19, 2016

Re: *Poverty Warriors* Article in Management Information Exchange Journal – Compliance with LSC Restrictions

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QUESTIONS PRESENTED

1. Do the drafting of the Article *Poverty Warriors: An Historical Perspective on the Mission of Legal Services* (Article) and the activities described in the Article violate LSC's governing authorities?

2. Are Legal Services of Northern California's (LSNC's) interpretation and application of the LSC Performance Criteria, reflected in the Article, inconsistent with the LSC restrictions?

3. Do LSNC's group representation activities violate the LSC Act and LSC's regulations?

4. Does LSNC's community-based approach violate its obligation to provide individual legal assistance to eligible clients?

BRIEF ANSWERS

1. No. The drafting of the Article does not violate any of LSC's statutory or regulatory restrictions on lobbying, grassroots advocacy, training, organizing, or attempts to influence legislative or executive action. The Article neither advocates nor urges readers to advocate a particular outcome to any proposed or pending executive, legislative, or regulatory action.[1] To the extent the Article can be read as promoting LSNC's approach to delivering legal assistance, the Article neither suggests that LSNC has engaged in impermissible activities nor encourages other LSC grantees to engage in impermissible activities.

2. No. The description of LSNC's delivery model appears consistent with the Performance Criteria. The Criteria establish standards against which LSC will evaluate the quality and effectiveness of a recipient's services, which can range from the provision of legal information to both limited and extended direct representation to LSC-eligible individuals.

3. No. Nothing in the LSC Act prohibits group representation, and LSC established group eligibility criteria in its regulations beginning in 1976. Recipients may represent groups that meet the criteria set forth at 45 C.F.R. § 1611.6.

[1] The Office of Compliance and Enforcement has reviewed this analysis and determined that there is no basis for an enforcement action.

4. No. The plain language of the Act makes clear that organizations must provide legal assistance to eligible clients to be eligible to receive LSC funding. However, the Act allows recipients considerable flexibility to provide legal assistance in forms that will address the needs of their clients most effectively. As evidenced by its Case Service Reporting data, individual representation is a significant part of LSNC's delivery model, in addition to providing legal assistance through group representation. LSNC provided services to approximately 30,000 individuals in 2014 and closed substantially more cases per 10,000 persons in poverty in its service area than the national average for LSC grantees.

BACKGROUND

With just over 100 staff members, LSNC serves twenty-three counties in northern California through nine regional offices. Its service area is roughly the size of the state of Ohio. LSNC serves its clients through a combination of activities including self-help clinics operated in partnerships with local courts; a legal hotline for senior citizens; a medical-legal partnership; civil legal representation; and a veterans outreach project. LSNC is funded by more than 100 sources, including LSC. LSC funds constitute approximately 30% of LSNC's total funding. LSNC's Case Service Reporting data for 2014 show that LSNC closed 12,225 limited representation cases and 948 extended representation cases in that year, for a total of 13,173 cases. It served 19,728 adults and 10,219 children in those cases. LSNC closed 252 total cases per 10,000 persons in poverty in its service area in 2014, which was higher than the national average of 172 cases; LSNC closed 18 extended representation cases per 10,000, compared to the national average of 39 cases.

The Article, *Poverty Warriors: An Historical Perspective on the Mission of Legal Services*, originally appeared in the Spring 2011 issue of the Management Information Exchange Journal (MIEJ). Gary F. Smith, LSNC's Executive Director, wrote the Article.[2] The Article is attached to this analysis as Exhibit 1. MIEJ republished the article as part of its Summer 2015 retrospective of articles published in MIEJ over its thirty-year history.

The primary theme of the Article is that legal aid providers have changed their focus over time from an "anti-poverty" agenda to a narrower, less ambitious "access to justice" agenda. The Article argues that the original purpose of LSC's predecessor, the federal Legal Services Program, was to "fund lawyers who would give entire poor *communities* a legal voice. That voice was intended to sound not only in the courts, but in all the various corridors of power where decisions were made which impacted the poor." Exh. 1, p. 1 (emphasis in original). The Article quotes one of the creators of the Legal Services Program, who described the "new legal aid lawyer's central role" as

> helping to articulate and promote the hopes, the dreams, and the real possibility for the impoverished to make the social changes that they feel are needed, through whatever lawful methods are available . . . defined

[2] Because OLA has concluded that the writing of the Article does not violate any of the applicable restrictions, we have not inquired whether Mr. Smith used LSC funds to draft the Article or prepared the Article during business hours.

> by the broadest reaches of advocacy, just as the role of the corporation lawyer and the labor lawyer and the real estate lawyer.

Id.

The Article goes on to describe the evolution of legal aid providers from organizations striving to reform the structures that create systemic poverty to organizations representing individual clients who meet financial eligibility guidelines on issues affecting those individuals directly, regardless of whether the issues were related to the individuals' poverty. Id. at 2. The Article asserts that legal aid providers have chosen to adopt this more limited approach to addressing the legal needs of the poor, and suggests that although the restrictions placed on LSC recipients in 1996 frustrated "traditional legal services 'impact advocacy,'" LSC recipients could develop new ways to engage in systemic anti-poverty work that comport with the restrictions. Id.

The Article concludes with a section describing the work that LSNC does to further an anti-poverty mission. According to the Article, LSNC "annually provides some level of legal assistance to tens of thousands of poor individuals," although it notes that "[s]ignificantly, and intentionally, [LSNC] does *not* allocate significant resources to the *extended* court representation of individuals with personal legal problems unconnected to causes or effects of poverty." Id. at 5 (emphasis in original). The Article describes LSNC's approach as a "community lawyering" model through which it pursues a "multi-forum, community-based, anti-poverty agenda." Id. Among the activities LSNC conducts through its community lawyering model are:

- LSNC attorneys serving as corporate counsel for non-profit organizations in its service area that focus on developing affordable housing, micro-lending and micro-enterprise business creation, and job training opportunities;
- Land-use litigation and local legislative advocacy;
- Statewide legislative and administrative advocacy conducted in compliance with the LSC Act and regulations; and
- Impact litigation.

Id.

This memorandum addresses several questions: 1) whether the preparation of the Article and the activities described in the Article violate LSC's governing authorities; 2) whether LSNC's interpretation of LSC's Performance Criteria violates LSC's restrictions; 3) whether LSNC's group representation activities violate LSC's regulations; and 4) whether LSNC's group representation activities violate its obligation to provide individual legal assistance to eligible clients. To analyze these questions, the Office of Legal Affairs (OLA) has evaluated whether the drafting and publication of the Article violated the LSC restrictions on attempts to influence government decisionmaking, lobbying, organizing, and training. We also reviewed the Article's description of LSNC's work to determine whether it is consistent with the LSC restrictions. Finally, we reviewed the legislative history of the LSC Act and the regulatory history of Part 1611 regarding group eligibility.

We underscore that our analysis is based on the contents of the Article itself. OLA did not conduct a program visit to investigate these issues. We understand that the Office of Compliance and Enforcement conducted an on-site Case Services Report/Case Management System review in 2012 and found LSNC in compliance with the LSC restrictions, including the restrictions on lobbying and other legislative, administrative, and regulatory advocacy.

Lastly, OLA does not take a position on either the Article's presentation of the historical background of the LSC Act or on LSNC's anti-poverty orientation toward its work. For this opinion, OLA considered solely whether the publication of the Article or the activities described therein violated LSC governing statutes or its regulations. We express no opinion about whether LSNC's approach to its work is more effective or less effective than other permissible approaches to providing legal services.

ANALYSIS

I. Neither LSNC's Drafting of the Article Nor the Activities Described Therein Violate LSC's Restrictions on Attempts to Influence

The fiscal year 1996 LSC appropriations act significantly limited LSC recipients' ability to advocate for policy changes at the legislative, executive, and administrative levels. Pub. L. 104-134, § 504(a)(1)-(6), 121 Stat. 1321, 1321-53. LSC's regulations implementing the restrictions clearly prohibit recipients from using any funds to attempt to influence, directly or indirectly, state or local legislatures and executive branch officials. 45 C.F.R. §§ 1612.3, 1612.4. The regulations permit recipients to use non-LSC funds to communicate with legislators and government officials pursuant to a written request for the recipients' testimony as long as certain conditions are met, or to provide comments in a public rulemaking proceeding. Id. § 1612.6. After reviewing the Article, OLA believes that neither the preparation of the Article nor the activities described therein implicate the restrictions on attempts to influence. The Article at issue here is distinctly different from the article OLA analyzed in 2013, which OLA found violated the attempt-to-influence restriction.

A. 2013 OLA Opinion Advising that a Legal Services of Eastern Missouri Article Violated Part 1612.

In 2013, OLA issued AO-2013-010, in which we analyzed whether a recipient's actions in drafting an article published in the MIEJ violated LSC's prohibitions on grassroots lobbying, organizing, training, and attempts to influence legislative or administrative action. That opinion analyzed an article discussing the Medicaid expansion authorized by the Affordable Care Act (ACA) written by a staff member at Legal Services of Eastern Missouri (Eastern Missouri). The author wrote the article during work hours using LSC funds.

In the article, the author took the position that legal aid attorneys must be involved in efforts to ensure that states expand Medicaid under the ACA. The author acknowledged that LSC recipients "cannot lobby or do grass roots or political work like other groups, but conclude[d] that most of the work that is needed from legal services lawyers can be performed under LSC regulations." AO-2013-010 at 3 (Dec. 10, 2013) (internal quotations omitted). The author included a section entitled “What We Must Do” that identified four categories of activities that legal aid providers could undertake: “policy analysis, community education, provide technical assistance and collaboration, and meet with state policymakers on implementation issues.” Id. at 5 (internal quotations omitted). The author concluded the article by “stating that legal services programs ‘cannot afford to let our clients be left behind,’ that legal services lawyers ‘must rise to meet this challenge,’ and that ‘legal services must support these efforts.’” Id. at 7.

OLA evaluated the Eastern Missouri article for compliance with the statutory restrictions on lobbying, organizing, training, and attempts to influence legislative and administrative actions. See, e.g., 42 U.S.C. § 2996f(a)(5), (b)(6)–(7) (LSC Act restrictions); Pub. L. 104-134, § 504(a)(2), (3), (4), 110 Stat. 1321, 1321-53 (1996) (fiscal year 1996 LSC appropriations act restrictions). OLA also analyzed whether the writing of the article complied with the regulations implementing the statutory restrictions, 45 C.F.R. Part 1612. OLA determined that Eastern Missouri’s use of LSC funds to draft the article did not violate the prohibitions on grassroots lobbying, organizing, and training. OLA concluded that the writing of the article did violate the restrictions on attempts to influence legislative, executive, and administrative activities. AO-2013-010 at 19-21.

OLA determined that Eastern Missouri violated the attempt-to-influence restriction because the article advocated for Medicaid expansion and called for legal services programs to take a series of actions to promote Medicaid expansion. The following three facts supported that conclusion:

1) The article identified specific legislation and executive actions under active consideration by legislatures and governors;
2) The article advocated a position on the outcome of decisions on Medicaid expansion; and
3) The article proposed a series of actions for legal services programs and legal services lawyers to achieve the outcome of ensuring enactment of the expansion.

Id. at 19. With respect to the first factor, the author identified the Medicaid expansion provision of the ACA as one that governors and state legislators would need to consider implementing. Id. With respect to the second factor, the author advocated strongly that legal services providers “must play” a role in the government decisionmaking process and that rejection of the Medicaid expansion in any state “should not be allowed to happen. The sheer magnitude of this negative outcome demands that legal services programs take on the challenge of ensuring Medicaid expansion in their states.” Id. Finally, the author proposed several actions that legal aid programs could take to ensure that their states pursue Medicaid expansion:

- “write timely and accurate policy analyses, papers, reports and/or fact sheets that describe the costs and benefits of the expansion”;
- “educate service providers, advocates, and members of the community about the expansion and what is at stake”;
- “give public presentations about the Supreme Court’s decision and what it means for residents of our states . . . for the state budget, the state social safety net, and the state and local economies”;

- collaborate with non-legal-services groups, such as disability rights organizations, that would have a stake in the outcome of the state's decision whether to pursue Medicaid expansion; and
- meet with state legislators and executive branch officials to discuss "critical 'nuts and bolts' issues [and] technical aspects of the ACA's Medicaid provisions that will affect low-income clients."

Id. at 5-6. Based on these factors, OLA concluded that the grantee advocated for a specific outcome and encouraged others to advocate for that outcome in their own states, which violated the attempt-to-influence restrictions of the fiscal year 1996 appropriations act and 45 C.F.R. § 1612.3(a)(1), (b). OLA expanded on this analysis in Program Letter 13-5 and AO-2014-005, which explained that "attempts to influence" involve advocating for specific outcomes of covered government decisionmaking.

OLA also found unpersuasive Eastern Missouri's arguments that the article did not violate the restrictions, including an argument that the LSC Performance Criteria "encourag[e] recipients to contact the government on behalf of clients . . . ." Id. at 22–23. The Performance Criteria provide standards that allow LSC to evaluate how a recipient is, *within the confines of LSC's governing statutes and regulations*, working to inform government officials about the effects their policy decisions may have on a recipient's client population. The Criteria do not themselves, however, authorize a recipient to violate the restrictions in furtherance of its mission.

B. The Facts Causing the Eastern Missouri Article to Violate the LSC Restrictions Are Not Present in the LSNC Article.

In this Article, LSNC did not violate the attempt-to-influence restrictions.[3] First, LSNC did not identify any particular legislative or administrative activity, pending or potential. LSNC described generally advocacy efforts in which it had engaged, such as "play[ing] a critical role in the statewide extension of the amount of notice a landlord has to provide, before evicting a tenant for no cause," but did not describe pending or future actions. LSNC did not indicate what role it played, or what activities it engaged in to ensure extension of the notice requirement, but there are activities LSNC could have undertaken that would have complied with the restrictions on lobbying or attempts to influence. For example, LSNC could have used non-LSC funds to respond to a legislator's request for its views on the legislation as permitted by 45 C.F.R. § 1612.6(a), or it could have brought litigation challenging the notice period on behalf of a client.

Second, LSNC did not advocate a position on the outcome of any legislative or administrative activity. Again, LSNC described generally activities that it had undertaken to achieve beneficial outcomes for its clients and the low-income population.

[3] OLA has also determined that the Article did not violate the restrictions on grassroots lobbying, organizing, or training. The reasons for these determinations are substantially similar to the reasons stated in AO-2013-010 for why OLA believed Eastern Missouri's article did not violate the grassroots lobbying, organizing, or training restrictions. Consequently, we do not repeat the full analysis in this memorandum.

Finally, LSNC did not urge other legal services providers to take steps to ensure that a particular legislative or administrative proposal result in a particular outcome. The author framed his discussion of LSNC's anti-poverty activities as "illustrative, not prescriptive." He also made a point of saying in the conclusion of the Article that it was not his intent "to denigrate programs which choose *not* to pursue such a mission. Organizational missions are value-neutral; one legal aid mission is not 'better' or 'worse' than another[.]" Exh. 1, p. 7 (emphasis in original). For these reasons, we concluded that the drafting and publication of the Article did not violate the restrictions on attempts to influence.

II. LSNC's Interpretation and Application of the LSC Performance Criteria Are Not Inconsistent with the LSC Restrictions

We have also analyzed whether the Article misrepresents the LSC Performance Criteria. For example, the Article states that the LSC Performance Criteria "actually *encourage* programs to engage in advocacy which will achieve systemic benefits and create broad legal remedies, not only for individual clients, but for similarly-situated low-income persons and indeed the poor community as a whole." The questions raised by this statement include whether the Program Criteria include requirement to focus primarily on legal assistance to *individual* low-income clients, as opposed to groups of low-income individuals.

We have reviewed the LSC Performance Criteria and do not believe that LSNC misinterpreted or misapplied the Criteria. The Performance Criteria do not appear to give the provision of individual legal assistance primacy. To the contrary, the Performance Criteria contemplate that recipients will undertake legal representation both as a means of obtaining large-scale relief for the low-income population where possible and as part of a considered strategy to address the legal issues facing their client communities. The Performance Criteria state that they were designed to allow LSC to evaluate delivery models ranging from a traditional legal services provider to a program that is "through a state planning process [] designated as [a] provider[] of limited legal assistance, for example, intake or hotline operations in connection with a comprehensive delivery system that provides a full range of services, including full representation." LSC Performance Criteria, p. 1.

Performance Area 1 establishes the criteria LSC will use to evaluate a program's "effectiveness in identifying the most pressing civil legal needs of low-income people in the service area and targeting resources to address those needs." Id. at 5. Criterion 2 evaluates how well a recipient sets goals and objectives, develops strategies for meeting those goals and objectives, and allocates resources. Id. at 6. Criterion 2 describes what LSC believes is necessary, and expects a recipient to do, to determine what needs exist in its service area and what activities to pursue in order to meet those needs.

> In light of its comprehensive and ongoing assessments of need, and its available resources, the program periodically sets explicit goals and objectives and develops strategies to achieve them. Insofar as possible, *these objectives should be expressed in terms of desired outcomes for both individual clients and the low-income population as a whole or any of its major segments*, as may be applicable. The program should

> consider and adopt strategies for its delivery approaches and its representation and advocacy that are calculated to achieve the goals and objectives. Next, the program should express its objectives, to the extent possible, in terms of outcomes that can be measured or assessed, and allocate and target its resources, consistent with these goals, objectives, and strategies. To the extent that pressing legal needs have been identified which the program will not, because of resources or other limitations, be able to address directly, *the program should consider what other methods, including innovative or alternative delivery approaches, other legal assistance activity,* or collaboration with or referral to other entities, might be employed to provide some measure of assistance to affected individuals *or communities*.

Id. (emphasis added).

One of the quality indicators for Criterion 2 is whether, with respect to pressing legal needs that the program cannot address through full representation "or which do not require such representation to achieve the outcomes desired," the program has considered alternative approaches. Id. at 10. Examples of alternative approaches include providing advice only, brief services, group legal information clinics, self-help materials, collaboration with and referral to other providers "and other available responses." Id. In other words, delivery methods other than full representation are viable not only when a recipient may not be able to dedicate resources to extended representation in individual cases, but also when a method other than full representation is appropriate for meeting a particular legal need.

Performance Area 3 expressly addresses the "effectiveness of legal representation and other program activities intended to benefit the low-income population in the service area." Id. at 19. The services evaluated under Performance Area 3 "include direct legal representation, activity by private attorneys, and additional services and efforts to benefit the low-income population." Id. There are four criteria in Performance Area 3:

1. Legal representation
2. Private attorney involvement
3. Other program services to the eligible client population
4. Other program services on behalf of the eligible client population

Id. at 19-21. Each of these criteria explains what LSC will look for to evaluate the quality of the service provided, which includes the effectiveness of the service.

Moreover, the Areas of Inquiry for Criterion 4 appear to contemplate activities beyond just communication and coordination.

- Are program staff aware of legislative developments that affect the low-income population in the service area? *Have they considered strategies that address problems at policy levels*?

- Does the program expect and support work to address systemic legal problems and improved economic opportunities benefiting the low-income population? Does it collaborate with the private bar and others to achieve such change? *Are program personnel engaged in undertakings such as committees and task forces that relate to program objectives*? Do they have sufficient experience, reputation, and credibility to be effective?
- *Do staff work with government agencies, social service agencies, or research centers concerned with issues affecting the service area*? Do they work with the organized bar and judiciary when possible to address legal access or other problems faced by the low-income population?

Id. at 32 (emphasis added).

Nothing in the Article suggests that LSNC's activities violated any of LSC's statutory or regulatory requirements.[4] Rather, it states that LSNC complied with all LSC restrictions during its administrative and legislative advocacy. Additionally, the author describes LSNC's process for determining its overall approach to delivering legal services as "a rigorous, regular, and informed priority-setting and needs assessment process, which now employs sophisticated demographic data and GIS technology to better understand multiple socio-economic trends in the poor community," combined with an internal staff evaluation of LSNC's past work and determination of "where, given the changing circumstances of our client communities, our advocacy efforts should be concentrated over the next two years." That approach appears to be entirely consistent with the searching, data-driven process described in Performance Area 1.

The LSC Act does not require recipients to dedicate a specific percentage of their grants to providing any particular type of legal assistance, and the LSC Performance Criteria reflect the flexibility that the Act offers. LSC does not now, and has not historically, required recipients to prioritize the delivery of direct legal assistance over other services to or on behalf of the eligible client population.

III. 45 C.F.R. Part 1611 Authorizes LSNC and Other LSC Recipients to Represent Groups

Another question raised by the Article is whether LSNC's "community-based" approach and provision of lawyers to serve as counsel to non-profit groups is consistent with statutory and regulatory restrictions on LSC funding recipients.

Section 1002 of the LSC Act defines "eligible client" as "any person financially unable to afford legal assistance, and § 1006(a) authorizes LSC to provide grants to programs "furnishing

[4] In AO-2013-010, we rejected Eastern Missouri's claim that the Performance Criteria "encourage" recipients to engage in advocacy that would otherwise violate the restrictions. LSC clearly stated in the Introduction to the Performance Criteria that "the Criteria reflect congressional directives and restrictions and should be applied consistent with funding source requirements." LSC Performance Criteria, p. 2. We quoted this language from the Performance Criteria, followed by an explicit statement that "[t]hose directives, restrictions, and funding source requirements include the prohibition on attempts to influence government policy." AO-2013-010, p. 22. We believe that AO-2013-010 makes it clear that a recipient cannot invoke the Performance Criteria to justify engaging in activities that violate the LSC restrictions.

legal assistance to eligible clients." The text of the LSC Act is silent on the subject of using LSC funds to represent groups. Virtually since its creation, however, LSC has interpreted the Act as authorizing group representation. In 1976, LSC promulgated 45 C.F.R. Part 1611, the first rule governing financial eligibility for LSC-funded legal assistance. 41 Fed. Reg. 51604, 51607 (Nov. 23, 1976). That rule included criteria for assessing a group's eligibility for LSC-funded legal assistance.

LSC stated the following requirements for group eligibility in the notice of proposed rulemaking for the original Part 1611:

> (d) A recipient may provide legal assistance to a group or association if:
> (1) The group is primarily composed of persons eligible for legal assistance under the Act, or
> (2) The primary purpose of the group is to represent the interests of persons in the community unable to afford legal assistance, and
> (3) The group provides information showing that it lacks, and has no practical means of obtaining funds to retain private counsel.

41 Fed. Reg. 23727, 23728 (June 11, 1976). In the final rule, LSC explained that "[a] group, corporation, or association may be afforded representation if the criteria of § 1611.5(d) are met. The legislative history of the Act makes clear that Congress intended to permit recipients to aid such organizations, as they have in the past." 41 Fed. Reg. 51604, 51607 (Nov. 23, 1976). It is worth noting that Congress' subsequent actions do not evidence Congressional disagreement with LSC's interpretation. Congress has enacted legislation amending the LSC Act and placing new restrictions on LSC grantees on several occasions without prohibiting recipients from representing groups consistent with Part 1611.

LSC's views on what types of groups recipients could represent have evolved since that time. The 1976 rule permitted recipients to represent two types of groups—those composed primarily of persons eligible to receive LSC-funded legal assistance and those whose primary purpose was to represent the interests of individuals who were financially unable to afford legal assistance. Id. at 51608. LSC later limited group representation to "a group, corporation, or association if it is primarily composed of persons eligible for legal assistance under the Act and if it provides information showing that it lacks, and has no practical means of obtaining, funds to retain private counsel." 48 Fed. Reg. 54205, 54206 (Nov. 30, 1983). LSC last revised Part 1611 in 2005. At that time, LSC adopted the rule that is in place today:

> (a) A recipient may provide legal assistance to a group, corporation, association or other entity if it provides information showing that it lacks, and has no practical means of obtaining, funds to retain private counsel and either:
>
> (1) The group, or for a non-membership group the organizing or operating body of the group, is primarily composed of individuals who would be financially eligible for LSC-funded legal assistance; or

> (2) The group has as a principal activity the delivery of services to those persons in the community who would be financially eligible for LSC-funded legal assistance and the legal assistance sought relates to such activity.

70 Fed. Reg. 45545 (Aug. 8, 2005).

In summary, LSNC, and other LSC recipients, may use LSC funds to represent groups that satisfy the criteria set forth at 45 C.F.R. § 1611.6.

IV. LSC Funding Recipients Must Provide Legal Assistance to Eligible Clients

Finally, we have considered the question whether LSNC's community-based approach violates any obligation to provide individual legal assistance to eligible clients. At the outset, we note that, as described above, LSNC provided services to approximately 30,000 individuals in 2014 and closed substantially more cases per 10,000 persons in poverty in its service area than the national average for LSC grantees.

Section 1006(a)(1)(A) of the LSC Act authorizes LSC "to provide financial assistance to qualified programs furnishing legal assistance to eligible clients, and to make grants to and contracts with . . . individuals, partnerships, firms, corporations, and nonprofit organizations . . . for the purpose of providing legal assistance to eligible clients under this subchapter[.]" 42 U.S.C. § 2996e(a)(1)(A). The LSC Act defines "legal assistance" as "the provision of any legal services consistent with the purposes and provisions of this subchapter[.]" Id. § 2996a(5). The Act does not further define "legal services."

The Act's purposes are broad and include providing high quality legal assistance to those who would otherwise be unable to afford it and to those who face economic barriers to adequate legal counsel in order to "serve best the ends of justice and assist in improving opportunities for low-income persons consistent with the purposes of this chapter[.]" Id. § 2996(2), (3). The LSC Act, and later the fiscal year 1996 LSC appropriations act, established clear boundaries that prohibit recipients from engaging in activities that Congress did not believe were "consistent with the purposes of this chapter," such as lobbying, becoming involved in desegregation cases, or providing assistance to individuals seeking nontherapeutic abortions. Id. § 2996f(b)(4), (8), and (9).

Recipients must structure their programs to provide the services that best meet the needs of their client populations, within the boundaries established by LSC's governing statutes and regulations. Recipients assess the needs of their client communities to establish program priorities and determine their strategies for addressing clients' needs. 45 C.F.R. § 1620.1. In some service areas, clients' legal issues may be addressed best by a recipient that provides extended representation in a large percentage of cases. In other service areas, meeting clients' needs may require recipients to engage in a mix of brief services, extended representation, group representation, and provision of legal information.

The plain language of the Act makes clear that organizations must provide legal assistance to eligible clients to be eligible to receive LSC funding. However, the Act allows recipients considerable flexibility to provide legal assistance in forms that will address the needs of their clients most effectively. As evidenced by its Case Service Reporting data, individual representation (which includes brief advice to individuals) is a significant part of LSNC's delivery model, in addition to providing legal assistance through group representation. Based on the information presented in the Article and the service and case closure data cited above, it appears that LSNC's delivery model is consistent with the Act, LSC's regulations, and the Performance Criteria.

CONCLUSION

For the reasons stated above, we conclude that LSNC's writing and publication of the Article in MIEJ do not violate the restrictions on attempts to influence legislative, administrative, or executive decisionmaking. We also conclude that the activities described in the article as part of LSNC's "community lawyering" model are not inconsistent with the LSC Performance Criteria and restrictions.

Poverty Warriors Article

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Poverty Warriors: An Historical Perspective on the Mission of Legal Services

By Gary Smith, Executive Director[1]
Legal Services of Northern California, Inc.

A. "I do believe we can end poverty in America." (R. Sargent Shriver, 1965)

Every so often, an article or two circulates within the national legal services community reminding us — perhaps painfully — of our undeniable roots as anti-poverty lawyers, whose mission, so hopefully launched by the first Legal Services for the Poor (LSP) program within the Office of Economic Opportunity in 1965, was to use the law to help poor and disadvantaged communities, long excluded from participation in the mainstream American political process, to attack and overcome the social and economic effects of poverty. Typically such articles describe an ongoing "debate" within our community over the unending competition between two conflicting legal services missions, each struggling for prioritization, a dialectic once characterized as "law reform v. individual service," and, more recently, as "alleviation of poverty v. equal access to justice."[2] This "debate" over the appropriate focus of our work, it is widely assumed, must reflect some primordial tension over the appropriate focus of our work which arose simultaneously with the very creation of the LSP in 1965.

This assumption is wrong. The recent passing of Sargent Shriver — a true American hero of the 20th century — makes it particularly appropriate to firmly dispel any lingering ambiguity surrounding the true goals and intent of the original federal legal services program. As Director of the first Office of Economic Opportunity, Shriver oversaw the creation of the LSP, alongside the other OEO anti-poverty programs — Head Start, Job Corps, Neighborhood Health Services, Community Action Agencies, and more — with an express mission to fund lawyers who would give entire poor *communities* a legal voice. That voice was intended to sound not only in the courts, but in all the various corridors of power where decisions were made which impacted the poor.[3] There was no "debate" over the proper mission of the LSP: it was an anti-poverty agency, which shared the same single goal as its many sister programs within the constellation of Lyndon Johnson's "Great Society," a goal which Sargent Shriver repeatedly articulated with his characteristic boundless optimism: "I do believe we can end poverty in America."[4]

Thus there was no dispute, among the principal architects of that first federally funded legal services program for the poor — Shriver, Earl Johnson, Clint Bamberger, Edward Sparer, Edgar and Jean Cahn, and so many more — over the proper "mission" of that program. The LSP was conceived and constructed — explicitly and unashamedly — as a critical weapon in the "war on poverty." No less a public figure than the Attorney General of the United States, speaking forcefully in support of the new program in 1964, praised its potential for creating "a new breed of lawyers ... dedicated to using the law as an instrument of orderly and constructive social change."[5] A year later, Ed Sparer described the "new legal aid lawyer's central role" in terms of "helping to articulate and promote the hopes, the dreams, and the real possibility for the impoverished to make the social changes that they feel are needed, through whatever lawful methods are available," and he understood that role to be "defined by the broadest reaches of advocacy, just as the role of the corporation lawyer and the labor lawyer and the real estate lawyer."[6]

Finally, and most astonishingly, the broad anti-poverty mission of the "new legal aid lawyers" was expressly endorsed by a sitting Justice of the United States Supreme Court:

> *Society's overriding concern today is with providing freedom and equality of rights and opportunities, in a realistic and not merely formal sense, to all the people of this nation: justice, equal and practical, to the poor, to the members of minority groups…*

to the urban masses — to all, in short who do not partake of the abundance of American life… It seems to me unquestionable that the lawyer in America is uniquely situated to play a creative role in American social progress. Indeed I would make bold to suggest that the success with which he responds to the challenges of what is plainly a new era of crisis and promise in the life of our nation may prove decisive in determining the outcome of the social experiments on which we are embarked.[7]

Indeed, Justice Brennan echoed Attorney General Katzenbach's understanding that the successful pursuit of an aggressive anti-poverty mission would require a "new breed" of legal aid lawyers: "What we need are not narrow-minded, single track poverty lawyers," but rather lawyers equipped with "the background and breadth of understanding to recognize the scope of the poverty problem."[8]

To be sure, some of the leaders of that first generation of poverty warriors differed over the most effective strategies to implement LSP's anti-poverty objectives,[9] but they were united in the goal to achieve social and economic *justice* for the poor, in the moral sense, with all the stirring reverberations of the parallel civil rights movement giving full meaning to that term. The mission was to provide justice itself, not merely "access" to it.

B. The "Access to Justice" Model

The term "equal *access* to justice" is a modern formulation, unknown in the 1960s, and describes the provision of piecemeal assistance to address the personal legal problems of disconnected individual clients who cannot afford lawyers, without necessary reference to the critical needs of the larger poor community. The resolution of these individual demands for personal service, either singly or in the aggregate, has no necessary correlation whatsoever to the causes or conditions of poverty. To Shriver and his contemporaries, a model in which the poverty of the client mattered only to the extent it rendered him or her unable to pay for a lawyer (to address some personal "legal problem") would have made no sense; for them, the poverty of the client was itself the "legal problem" in need of redress.

Of course, in the decades that followed, the political and social winds in America changed direction, bringing an end to that shining moment in our history wherein the collective social consciousness briefly supported a national consensus around the need, in Lyndon Johnson's words, "to free forty million Americans from the prison of poverty."[10] The years passed, and optimism over the potential for achieving broad social improvements for disadvantaged groups in America through government intervention waned. In particular, the affirmative use of the law to provide, in the words of Justice Brennan, "justice, equal and practical, to all who do not now partake of the abundance of American life," fell into political disfavor. So did the poor themselves. The same clients for whom the LSP attorneys fought to establish "welfare rights" in the 1960s were, by the 1980s, derided by prominent public figures as "welfare queens." The Legal Services Corporation (LSC), which succeeded the LSP in 1974,

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responded to decades of political attacks by discouraging the second and third generations of legal aid lawyers from engaging in anti-poverty advocacy, in an effort to deflect the relentless critique of their work as "social activism" (a characterization which Sargent Shriver would have warmly embraced).

By the first decade of the 21st century, LSC had been reduced to a battered and tarnished keeper of the old LSP's anti-poverty flame. Grateful for having survived political extinction in 1996, at the price of accepting humiliating and intentionally burdensome restrictions upon its grantees' advocacy, LSC withdrew from the lofty aspirations of its original mission, and formally downgraded its institutional focus from "justice" to "access."[11]

Conveniently, various social and cultural changes since the 1960s had by then produced vast numbers of people in America who perfectly fit the new client paradigm for legal services: individuals with personal legal problems, not necessarily related to their poverty, who needed to process those problems through the court system, and who were unable to afford private attorneys to help them do so. In the early 1960s, the practice of "family law" was a relatively obscure specialty; the divorce rate was negligible, and the stigmatization attached to children born of unmarried parents made such births rare. But by the 1990s, the cultural forces unleashed in the 1960s had wrought wholesale societal changes in attitudes towards marriage, divorce, gender roles, and family relations, creating millions of new clients — rich and poor — requiring a court's intervention to bring resolution to personal relationship disputes involving spouses, partners, and children. The sheer number of such clients, and the expense of their full representation, overwhelmed the ability and inclination of the private bar to assist them.

Eventually, the flood of unrepresented, often low-income litigants created an efficiency crisis for the family law courts, which turned, for the first time, to the legal services community for "collaboration."[12] Over the past ten years, the bar and the courts effectively have redefined the primary mission of legal services, at least from their institutional perspectives, in terms of the provision of individual assistance to unrepresented litigants in family court.[13] Today, many of the legal services organizations which, like LSC, now pursue a mission of providing legal *access* for the poor, find no shortage of work in this great multitude of unrepresented family court litigants.

> There was no "debate" over the proper mission of the LSP: it was an anti-poverty agency, which shared the same single goal as its many sister programs within the constellation of Lyndon Johnson's "Great Society," a goal which Sargent Shriver repeatedly articulated with his characteristic boundless optimism: "I do believe we can end poverty in America."

C. The "Civil Gideon" Movement

The new enthusiasm in the national legal services community accompanying the quest for a so-called "Civil Gideon" model ultimately may well serve to further erode any resemblance between today's legal services "advocacy," and the anti-poverty mission envisioned by the founders of the original legal services program. Civil Gideon is simply the logical — perhaps the ultimate — extension of the "access to justice" model; indeed, Civil Gideon is essentially "access to justice" on steroids.[14]

Fueled, initially, by the efforts of various legal academics and civil rights/public interest lawyers to establish, through a "test-case" litigation approach, an entitlement to counsel in civil cases as a matter of state constitutional interpretation, the Civil Gideon "movement" has since spurred the drafting of model "right-to-counsel" statutes[15] and, recently in California, the enactment of a pilot project to fund partnerships between courts and legal aid programs which will provide, in part, representation to poor litigants in certain kinds of cases.[16]

Notwithstanding the Civil Gideon momentum, the continuing national discussion around this effort is, for the most part, silent on how the establishment of such a model might cause a massive paradigm shift in how existing legal services programs may understand their missions, and more specifically, the impact a Civil Gideon regime would have upon the advocacy of those remaining legal aid programs which (1) still prioritize the use of the law to challenge the causes and effects of poverty; and (2) still consider their primary "client" to be the entire poor *community* they serve.

For the most part, the "Civil Gideon" model seems even more narrowly focused than the "access to justice" model upon a single forum — the courts — and seems primarily concerned (not surprisingly, given the public defender model which Civil Gideon emulates) with providing assistance to unrepresented *defendants* in court.[17]

To be sure, some thoughtful leaders within the Civil Gideon movement have acknowledged that a comprehensive right-to-counsel model should include not only representation of plaintiffs (under limited circumstances) but also "representation in administrative forums, non-lawyer assistance, advice and counsel, and self-help assistance."[18] The overall focus, however, indisputably remains centered upon assisting unrepresented litigants (primarily defendants) in court, and, as in the "access-to-justice" model, the poverty of the litigant is primarily relevant only to the extent it renders him or her unable to afford an attorney.

The Civil Gideon movement has gained momentum over the last decade in large part because of support from prominent members of the judiciary.[19] Although these individual judges no doubt are genuinely concerned over the plight of low-income pro per litigants, it certainly is not surprising that the judiciary's growing *institutional* support for a Civil Gideon model coincides with the undeniable efficiency crisis in the courts, precipitated by the ever-increasing flood of pro per filings, particularly in the family courts. It also seems clear that no Civil Gideon model could successfully be implemented, let alone funded, without the strong support of a state's judiciary. The courts simply have no institutional interest in supporting any right-to-counsel model which does not directly and positively impact their caseloads, and it seems very unlikely that a model which does not specifically target those concerns will succeed.

D. The Mythology of LSC's Role in the Decline of Anti-Poverty Advocacy

It is widely assumed in our national community, and especially among the community of legal services programs funded by LSC, that the major cause of the ultimate discontinuance of anti-poverty work by many legal aid lawyers was the relentless, decades-long pressure from LSC to abandon "policy advocacy" for the poor, finally culminating in the regime of restrictions imposed by Congress in 1996.[20] I think that this assumption is wrong. By the late 1980s and early 1990s, most LSC-funded programs already had abandoned, mostly by default rather by design or compulsion, their original anti-poverty missions.[21] From my observation, there is one primary reason for that abandonment, and it had little to do with politics or LSC oversight: it was because most of the second (and now third) generation of leaders and advocates of the legal services community simply lacked the desire and/or the creativity to pursue such a mission under vastly different and challenging legal, socio-economic, and cultural circumstances.

To be sure, the 1996 LSC restrictions posed some frustrating and irritating impediments to traditional legal services "impact advocacy," but they were not fatal impediments. For too long our community has wrongly blamed LSC for our collective loss of interest and initiative in using the law to challenge the causes and effects of poverty. Proof of this hypothesis is easily found; first, in the small but still significant number of LSC-funded programs which have continued to engage in very inspired and very effective anti-poverty advocacy, all in full compliance with LSC's rules;[22] and second, in the fact that although the vast majority of the legal services organizations in America today are not subject to LSC regulation, relatively few of *those* programs aggressively pursue an anti-poverty agenda, even though they are unconstrained in their ability to do so.[23]

The LSC restrictions are fifteen years old; the national legal services community no longer should hide behind them to excuse its own collective disinterest in going to war against poverty. Indeed, to its credit, LSC itself took a significant step towards redemption by the 2007 publication of its "Performance Criteria," which actually *encourage* programs to engage in advocacy which will achieve systemic benefits and create broad legal remedies, not only for individual clients, but for similarly-situated low-income persons and indeed the poor community as a whole.[24]

E. Anti-Poverty Advocacy in the 21st Century

Two generations after the founding of the Legal Services Program for the Poor program, anti-poverty advocacy remains a viable potential mission for legal aid programs. The following is a brief description of how that mission is pursued in one such program: Legal Services of Northern California, Inc. (LSNC). The use of LSNC's work as an example is illustrative, not prescriptive; as noted, there is a significant number of legal services programs which continue to prioritize

Poverty Warriors
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anti-poverty advocacy, many no doubt doing so with greater consistency and effectiveness than LSNC.[25] But having been employed in various capacities by LSNC for twenty-three years, I am most familiar with LSNC's work and operations, and with how it at least has attempted, over its fifty-five year history, to remain connected to its anti-poverty roots.

LSNC has a mission statement which was adopted decades ago: "To provide quality legal services to empower the poor to identify and defeat the causes and effects of poverty within their communities." That formulation has served as a consistent beacon to guide the allocation of resources and the prioritization of advocacy within the program. Moreover, although LSNC self-identifies as an "anti-poverty" program, rather than an "access to justice" program, it nevertheless annually provides some level of legal assistance to tens of thousands of poor individuals, regularly closing more cases than many programs with much larger staffs and far greater revenue.

LSNC long ago embraced a "community lawyering" model for its advocacy and delivery structure (spanning a geographical area the size of Ohio), and over time the program has established deep roots within the many different poor communities it serves. Although it attempts to prioritize advocacy which addresses causes and effects of poverty on a systemic basis, LSNC also respects its institutional obligation to try and provide some level of individual assistance for as many of its low-income constituents as possible, not only because it is the right thing to do, but because part of LSNC's ongoing assessment of the larger legal *needs* of the low-income community involves a review of trends and changes in client *demands* for personal legal services. LSNC thus allocates significant resources both to systemic, anti-poverty advocacy and to the provision of brief assistance to large numbers of individual clients with critical legal needs. Significantly, and intentionally, it does *not* allocate significant resources to the *extended* court representation of individuals with personal legal problems unconnected to causes or effects of poverty.

Over the past two decades, LSNC specifically has attempted to pursue a multi-forum, community-based, anti-poverty agenda. For example, its attorneys serve as corporate house counsel for dozens of non-profit organizations across our service area, assisting them to achieve their own agendas, such as affordable housing development, micro-lending and micro-enterprise business creation; and job training opportunities. LSNC's land-use litigation and local legislative advocacy has, over the past twenty years, directly resulted in the development and construction of over 20,000 new apartment units which are truly affordable to very low-income families. In the areas of housing, health care, and public benefit programs, LSNC's statewide legislative and administrative advocacy (all done in full compliance with LSC restrictions) has resulted in tangible benefits for literally millions of poor Californians (for example, LSNC played a critical role in the statewide extension of the amount of notice a landlord has to provide, before evicting a tenant for no cause, from thirty to sixty days). And after all these years, "impact" litigation continues to be an effective anti-poverty tool. In July 2010 alone, two LSNC lawsuits (1) prevented unlawful reductions in a county's state-mandated indigent health care program, providing relief to nearly 30,000 very poor patients, many with life-threatening illnesses and disabilities; and (2) resulted in a settlement requiring a county to correct its unlawful processing of emergency Food Stamp applications, directly benefitting over 4,000 needy and hungry persons.

To be clear, LSNC's implementation of an anti-poverty mission always has been imperfect, halting, and periodically ineffective. We persevere. There are some structural mechanisms which facilitate these efforts, including (1) a rigorous, regular, and informed priority-setting and needs assessment process, which now employs sophisticated demographic data and GIS technology to better understand multiple socio-economic trends in the poor community; and (2) a biennial All Staff Conference, where the entire program takes stock of our past work, and decides where, given the changing circumstances of our client communities, our advocacy efforts should be concentrated over the next two years. For more than two decades, LSNC has used the All Staff Conference to launch broad and innovative anti-poverty advocacy initiatives in areas such as child support enforcement and collection, education, economic development, community lawyering, and race equity.[26]

Notwithstanding program culture, community engagement, careful hiring practices, and structural support, there is a single primary reason why LSNC has continued, over a span of decades, to at least try and prioritize anti-poverty advocacy. It is also a simple reason: the core of the management, and the core of the advocate staff, strongly believe in this work; they are strongly and personally motivated to engage this work;

and they are given the freedom and encouragement to actually *do* this work.

Conclusion

It is not the intent of this article to suggest that it is easy to create and support an anti-poverty mission in a legal services program. To the contrary, it is hard work, and requires the willingness, and occasionally the courage, to move in new and uncomfortable advocacy directions, if the needs of the larger poor community so require.[27] It also is not the intent of this article to denigrate programs which choose *not* to pursue such a mission. Organizational missions are value-neutral; one legal aid mission is not "better" or "worse" than another, so long as both are carefully considered, thoughtfully articulated, and faithfully implemented. In particular, a mission of "access to the courts for the poor" is, indisputably, a vital and noble mission; indeed, it is a fundamental governmental obligation of a democratic society.

But it was not Sargent Shriver's mission, nor was it the mission of the first federal legal services program. The good news is that the continued pursuit of that original mission also remains possible, a half century later, for those legal aid lawyers (and programs) who still want to do so.

1 Gary F. Smith is Executive Director of Legal Services of Northern California, Inc., 517 12th Street, Sacramento, California 95814, 916.551.2111; *gsmith@lsnc.net.* He also is Visiting Professor of Law at the University of California at Davis King Hall School of Law in Davis, California, teaching public interest and public benefits law.

2 *See, e.g.*, Edward Hoort, "Equal Access to Justice v. Alleviation of Poverty: A New Version of an Old Debate," MIE *Journal* Fall 1999; Gary Smith, "Remembering Edward V. Sparer: An Enduring Vision for Legal Services," 39 *Journal of Poverty Law and Policy*, 329 (Sept.–Oct. 2005).

3 Smith, *supra* n. 2, at 329–34.

4 *See* "A Real American Chance: A Tribute to Sargent Shriver," (video produced by Chicago Video Project under the auspices of the Sargent Shriver National Center on Poverty Law, 2003).

5 Nicholas de B. Katzenbach, Address to the 1964 Conference on the Extension of Legal Services to the Poor, cited in Alan Houseman, "Civil Legal Assistance for the 21st Century: Achieving Equal Justice for All," 17 *Yale Law & Policy Rev.* 369, 374 (1998).

6 Edward Sparer, "The New Legal Aid as an Instrument of Social Change," 1965 *Univ. of Illinois Law Forum,* 57, 59–60 (1965).

7 William Brennan, 54 ABA *Journal* 121, 122–23 (February 1968).

8 Brennan, *supra* n. 7 at 122, quoting Dean Erwin Griswold's address to the Harvard Law School Conference on Law and Poverty (March 1967).

9 *See* Smith, *supra* n. 2, at 330–332 (describing different approaches of the Cahns, Sparer, Stephen Wexler and other early leaders).

10 Chicago Video Project, *supra* n. 4.

11 *See* John McKay, "Federally Funded Legal Services: A New Vision of Equal Justice Under Law," 58 *Tennessee Law Rev.* 101 (2000).

12 The courts also discovered that, under the rubric of "access to justice" they could help alleviate their efficiency problems in family court dockets by accessing streams of "legal aid" type revenue, funding in-house legal staff to try and bring some order (but not legal representation) to the family law chaos.

13 With only a few exceptions, neither the courts nor the bar have perceived any similar crisis in the eviction dockets, even through 90% of the defendant-tenants are unrepresented, because the fact that 90% of the plaintiff-landlords are represented ensures that those courts operate very "efficiently."

14 In 2006, the *Journal of Poverty Law and Policy* devoted an entire issue to various Civil Gideon issues. *See* "A Right to a Lawyer? The Momentum Grows," 40 *Journal of Poverty Law and Policy* 163 (July–August 2006).

15 *See, e.g.*, Clare Pastore, "The California Model Statute Task Force," 40 *Journal of Poverty Law and Policy* 163, 176 (July–August 2006).

16 *See* Kevin Baker and Julia Wilson, "Stepping Across the Threshold: Assembly Bill 590 Boosts Legislative Strategies for Expanding Access to Civil Counsel," 43 *Journal of Poverty Law and Policy* 497, 550 (March–April 2010). The program was named the Sargent Shriver Civil Counsel Act, and Shriver's son-in-law, Governor Arnold Schwarzenegger, signed the bill into law.

17 For Civil Gideon enthusiasts, however, not all unrepresented civil court defendants are necessarily created alike. At a meeting not long ago of California legal services directors discussing the drafting of a model Civil Gideon statute, the participants excitedly provided examples of the kinds of "cases" which ought to receive priority in a Civil Gideon regime, including, e.g., tenants in eviction actions, and pro per victims of domestic violence seeking restraining orders. I asked, "And will we also provide representation to the low-income alleged "abusers" in such cases, and if not, why not?" The room went silent; no one had a response to either question.

18 *See* Pastore, *supra* n. 15, at 178.

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19 *See, e.g.*, Pastore, *supra* n. 15, at 176–77; Baker and Wilson, *supra* n. 16, at 552–553.
20 *See* Smith, *supra* n. 2, at 332.
21 For example, in the early 1990s, during a brief window of relaxed LSC oversight and well before the 1996 restrictions, I served as a "peer reviewer" for LSC's Office of Program Performance, accompanying evaluation teams visiting six different programs located in different parts of the country. Some were large, some were small; some were well-funded, some were not; some were urban, some were rural. They all shared a common characteristic: they did not even attempt to articulate, let alone pursue, any semblance of an "anti-poverty" mission.
22 *See* Smith, *supra* n. 2, at 333–334, describing numerous and "multifaceted" anti-poverty strategies pursued today by progressive legal services programs.
23 In California, only eleven of the over one hundred IOLTA-funded legal services programs receive LSC funding, but few of those "unrestricted" programs affirmatively prioritize anti-poverty policy advocacy over the provision of individual legal assistance.
24 Remarkably, the Performance Criteria, which incorporate the 2006 ABA Standards for the Provision of Civil Legal Aid, now support and even prioritize "impact" litigation, legislative and administrative advocacy (consistent with LSC restrictions), and community lawyering advocacy (e.g., the representation of community organizations, and the support of economic development activity).
25 *See* Smith, *supra* n. 2, at 333–334 (describing examples of anti-poverty strategies adopted by various programs); *see also* Hoort, *supra* n. 2, at 39–41 (describing the anti-poverty advocacy of Legal Services of Eastern Michigan).
26 For recent examples, *see, e.g.*, Mona Tawatao, et al., "Cultural Changes and Community Economic Development Initiatives: What Happened in Two Programs," 33 *Journal of Poverty Law and Policy*, 340 (Nov.–Dec. 1998); William Kennedy, et al., "Instituting a Race Conscious Practice in Legal Aid: One Program's Efforts," 42 *Journal of Poverty Law and Policy*, 48 (May–June 2008); Tammi Wong, "Race Conscious Community Lawyering: Practicing Outside the Box," 42 *Journal of Poverty Law and Policy* 165 (July–August 2008).
27 For example, several years ago LSNC advocates had to master the byzantine and overlapping state and local bureaucracies ultimately responsible for making public transportation decisions in rural California, in order to successfully advocate for the inclusion of additional bus routes, a critical need for the rural poor. Currently, LSNC staff are engaged in complex "environmental justice" advocacy, before the state public utilities commission, representing a neighborhood organization opposing a proposal to store billions of cubic feet of explosive natural gas in caverns directly underneath a low-income community of color.

Email to President Sandman re: *Poverty Warriors* Article

From: **Fr. Pius Pietrzyk, O.P.** <pius.pietrzyk@opeast.org>
Date: Fri, Oct 9, 2015 at 1:35 PM
Subject: MEI Letter by Gary Smith
To: James Sandman

Dear Jim,

As always, it was good to see you again in San Francisco.

As you know, as a Board member, I try as much as possible to maintain the distinction between the oversight done by the Board and the operations that properly belong to management. I have no desire to micro-manage the work you do and fully trust your ability to carry out the job entrusted to you by the Board. Even so, I thought it important to comment on a matter that was brought to the Board's attention at our October meeting, and which I think requires some investigation by management.

I have recently had the chance to read the article "Poverty Warriors: An Historical Perspective on the Mission of Legal Services" by Gary Smith from the Spring 2011 edition of the *MIE Journal*. I wanted to offer my observations on the article, and encourage you to review whether this grantee is fully observing both the letter and spirit of the laws and regulations governing grantee funds. I do not mean to prejudice your inquiry, but did want to offer my observations as a member of the Board, responsible for oversight, regarding what I think are significant problems in the view presented by Mr. Smith in his article.

In general, Mr. Smith offers an inaccurate view of the goal of the Legal Services Corporation, as well as a description of the use of grantee funds that is not consistent with the long-standing policy of Congress nor of the Legal Services Corporation.

The first issue seems to be one of authority. Mr. Smith cites approvingly quotations from Sargent Shriver and many of the other men involved in the early establishment of federal legal aid. However, he does so with an almost biblical deference to their authority. I agree with Mr. Smith on the good work of Sargent Shriver. In fact, there have been numerous calls within the Church for the consideration of Sargent and Eunice Shriver for canonization. He was a good man with a noble purpose. However, the authority regarding the use of LSC funds does not rest on his goodness, but rather on law. The proper source as to the authority to use LSC funds comes from the Congress, the President, and the LSC itself. I'll address this a bit more, below.

Before that, and somewhat relatedly, Mr. Smith often engages in a rather selective interpretation. Even were the views of the early founders of the LSC instructive, they are subject to varying interpretation. Mr. Smith strongly advocates that LSC was a part of the "war on poverty", by which he seems to mean something other than helping poor people. But it is clear that what President Johnson meant was improving the institutions that aided the poor, especially in medicine, education, and housing. The role of legal services should be seen in that light, that is in assisting the institution of the judiciary in carrying out its need for the poor. Mr. Smith oddly pits the "poverty warrior" against those who provide legal aid to those who cannot afford a lawyer. That would be like criticizing a physician who operates a clinic for the poor because a true "poverty warrior" would be drafting health codes.

My primary concern with the letter is that Mr. Smith misstates the purpose of the Legal Services Corporation, and fails to understand its text and history. Mr. Smith asserts that the notion of legal services as providing "equal access" is a modern term, inconsistent with the goals of the founders of the legal services corporation. Thus, he criticizes this goal of "equal access" as a corruption of the original intent, which was to advocate for the poor as a community. That statement is belied by the Act itself, which offers as the very first purpose necessitating the Legal Services Corporation Act: "there is a need to provide *equal access* to the system of justice in our Nation for individuals who seek redress of grievance." (§2996(1). Emphasis added.) The second purpose likewise undercuts Mr. Smith's view, as it recognized the "need to provide high quality legal assistance *to those who would be otherwise unable to afford adequate legal counsel*." (§2996(2). Emphasis added.) I note that these provisions are part of the original act, and date to the origins of the Corporation in 1974. What Mr. Smith sees as a later corruption is, in fact, woven into the original Act that established the LSC. It is notable, in addition, that nowhere in Congress's declaration of purpose is there a provision for the type of "anti-poverty advocacy" that Mr. Smith advocates and declares to be the primary focus of Legal Services of Northern California, the LSC grantee where he serves as Executive Director.

Additionally, Mr. Smith significantly misrepresents the LSC Performance Criteria. In his article, Mr. Smith states that the LSC Performance Criteria, "actually *encourage* programs to engage in advocacy which will achieve systemic benefits and create broad legal remedies, not only for individual clients but for similarly-situated low-income persons and indeed the poor community as a whole." (Emphasis in original) In the supporting footnote, he goes on to claim that the Performance Criteria, by their incorporation of the 2006 ABA Standards for the Provision of Legal Aid, "now support and even prioritize 'impact' litigation, legislative and administrative advocacy (consistent with LSC restrictions), and community lawyering advocacy (e.g., representation of community organizations, and the support of economic development activity)." Tellingly, Mr. Smith cites no specific Performance Criteria to support his assertion.

Mr. Smith's description of the Performance Criteria is inaccurate. In their Introduction, the Performance Criteria make clear that the primary goal of the LSC is "of ensuring that all Legal Services programs provide high-quality legal assistance." Moreover, the Criteria exists to help grantees "provide comprehensive legal assistance to low-income persons". Most significantly, the Introduction makes clear that the LSC's grantees "are designated as providers primarily of limited assistance". In fact, the whole of the Performance Criteria assumes what the Introduction says explicitly, that the focus of LSC grantees is to provide legal assistance to individual citizens who cannot afford a lawyer. Thus, Performance Area One, which addresses the identification of legal needs, focuses explicitly on "major issues affecting the low-income population and to the problems of individual clients".

In addition, Mr. Smith's claim that the Performance Criteria simply incorporate by reference the ABA Standards is equally inaccurate. As the Introduction to the Performance Criteria attest, "Reference to a particular ABA Standard does not imply that every dictate in the Standard comports with congressional restrictions on LSC funding." (Performance Criteria, p. 2) To help distinguish, the Introduction addresses at length the difference between the ABA Standards and the Performance Criteria:

> At least three factors distinguish the Criteria from the Standards: (1) the Criteria are designed by the major national funding source for Legal Services programs, and in the first instance are meant to meet the needs of LSC and its programs, whereas the Standards apply to all providers of legal aid to low-income persons; (2) as noted, the Criteria are primarily intended to support program evaluation; and the Standards are designed to serve a broader range of purposes; and (3) the Criteria reflect congressional directives and restrictions and should be applied consistent with funding source requirements, while the Standards do not directly address these issues. However, the Criteria and Standards share many common values and perspectives.

Moreover, a preliminary note (See p. 5 of the Performace Criteria) reiterates that the ABA Standards to not apply wholesale, as they are broader and "do not reflect the restrictions adopted by the 104th Congress in 1996." It is the Performance Criteria that "reflect congressional directives and restrictions" and even so must still be applied "consistent with LSC regulations and requirements". In other words, contrary to Mr. Smith's assertion, the Performance Criteria merely cross-reference the ABA Standards as informational, not as authoritative. In fact, they go out of their way to emphasize that the ABA Standards may not be simply applied to the LSC, as Mr. Smith asserts. Rather, grantees must look for guidance first to the purposes of the LSC as set forth in the LSC Act and in LSC's regulations.

It is true that the Performance Criteria permit grantees to engage in "other program activities on behalf of the eligible client population". (See Performance Area Three – Criterion 4, p. 32) However, these are generally geared toward the legal community itself, and are meant merely to foster collaboration among the various entities in the system of justice, including the "judiciary, organized bar, government agencies, academic and research centers, social service agencies, and other information sources, state and national legal advocacy organizations, other organizations working on behalf of low-income people, and other entities whose activities have a significant effect on the eligible client population." However, as the legislative documents and the Introduction to the Performance Criteria make clear, this is meant to be merely ancillary to the primary work of direct client representation. This is exactly why these are referred to as "other" activities, not as main activities. Moreover, the Criterion itself focuses not on *advocacy* but on *communication* and *liason* with these other entities. The Criterion is meant to allow flexibility for Legal Services to coordinate activities and information with other institutions, not to present a fundamental strategy of political advocacy on behalf of communities, as the *Areas of Inquiry* section of the Criterion make plain.

In conclusion, I am very concerned both that Mr. Smith's article gives an inaccurate interpretation of the proper use of LSC funds by a grantee and that his own legal services grantee may be using LSC funds in a manner inconsistent with the purposes of the LSC Act. I do think this warrants an investigation not only of Mr. Smith's letter, but also the allocation of funds by his grantee. In addition, we might also consider ways of clarifying Performance Criteria Three so as to avoid such misinterpretations in the future.

I am confident that LSC management will give the matter due consideration, and I look forward to hearing your report.

LSC 403(b) Thrift Plan

403(b) Thrift Plan
4th Quarter 2015 Update

Legal Services Corporation
America's Partner For Equal Justice

LSC

OFFICE OF HUMAN RESOURCES

MEMORANDUM

TO: Audit Committee

FROM: Traci L. Higgins

DATE: December 28, 2015

SUBJECT: LSC 403(b) Thrift Plan – 4th Quarter 2015 Update

403(b) Plan Performance

Our fund performance, while still somewhat anemic, has improved over the last quarter. During the 3-month period ending August 31, 2015, all of our funds had negative returns. The outlook has improved during the 3-month period ending November 30, 2015 with twenty-four funds posting positive returns. Sixteen funds have positive year-to-date returns, although only three have returns higher than 5% and only two are higher than 1.5%.

Of the three funds on the Mesirow watch list last quarter (BMO Small Cap Growth Y, Lord Abbett Value Opportunities, and T. Rowe Price Equity Income Adv), Lord Abbett has been removed from the list, an improvement that our advisor predicted based on its performance relative to its peer funds. BMO continues to struggle and may eventually need to be replaced. Mesirow removed the T. Rowe Price fund from its organization watch list but placed it on its performance watch list. Two additional funds – American Century Inflation Adjusted Bond Fund and Prudential Jennison Natural Resources Fund – have rebounded in the last quarter, but potentially may be added to the watch list due to poor performance.

A report detailing fund performance through November 30, 2015 is attached.

403(b) Plan Distributions

A total of $1,463,089.22 in distributions was made during the period June 26, 2015 – December 15, 2015. Distributions of $1,415,500.78 were paid to former employees. Of the remaining distributions, $58,500 was for four in-service withdrawals made by three current employees, and approximately $23,700 was for two hardship withdrawals.

403(b) Plan Audit

Our 2015 audit was completed in late October. In their November 24th "2014 Audit Results and Communications," our auditor, Baker Tilly, identified three significant deficiencies that require attention and offered three observations that they term as "management opportunities" for LSC

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to consider in order to strengthen and improve our practice. The auditor package is attached, as well as our letter responding to each of the items raised.

Please let me know if you have any questions or require additional information.

Ranked by: descending Morningstar Category

	Name	Morningstar Category	Ticker	Prospectus Net Expense Ratio	Tot Ret 3 Mo (mo-end)	Tot Ret YTD (mo-end)	Tot Ret 12 Mo (mo-end)	Tot Ret 3 Yr Annlzd (mo-end)	Tot Ret 5 Yr Annlzd (mo-end)	Tot Ret 10 Yr Annlzd (mo-end)	Tot Ret 15 Yr Annlzd (mo-end)
1.	American Funds Capital World Gr&Inc R4	World Stock	RWIEX	0.790	2.39	-0.03	-3.13	9.79	8.76	6.43	7.96
2.	American Century One Choice 2050 Inv	Target Date 2046-2050	ARFVX	0.960	3.05	0.39	0.09	10.42	9.82	—	—
3.	American Century One Choice 2045 Inv	Target Date 2041-2045	AROIX	0.940	2.93	0.50	0.12	10.19	9.65	6.44	—
4.	American Century One Choice 2040 Inv	Target Date 2036-2040	ARDVX	0.900	2.72	0.47	0.11	9.58	9.28	—	—
5.	American Century One Choice 2035 Inv	Target Date 2031-2035	ARYIX	0.870	2.51	0.52	0.18	8.88	8.75	6.15	—
6.	American Century One Choice 2030 Inv	Target Date 2026-2030	ARCVX	0.850	2.24	0.24	-0.03	7.97	8.14	—	—
7.	American Century One Choice 2025 Inv	Target Date 2021-2025	ARWIX	0.830	2.06	0.00	-0.25	7.17	7.64	5.79	—
8.	American Century One Choice 2020 Inv	Target Date 2016-2020	ARBVX	0.790	1.85	-0.16	-0.39	6.51	7.22	—	—
9.	BMO Small-Cap Growth Y	Small Growth	MRSCX	1.410	-2.98	-4.25	-4.41	11.57	9.90	8.68	9.05
10.	Columbia Small Cap Index A	Small Blend	NMSAX	0.450	4.98	2.41	5.30	16.11	13.71	8.02	9.60
11.	American Century One Choice In Ret Inv	Retirement Income	ARTOX	0.790	1.64	-0.38	-0.49	5.76	6.66	5.37	—
12.	Nuveen Real Estate Securities A	Real Estate	FREAX	1.300	9.13	1.51	3.25	11.63	12.33	8.39	12.35
13.	Prudential Jennison Natural Resources Z	Natural Resources	PNRZX	0.860	-2.71	-19.72	-22.15	-10.17	-9.30	1.09	9.08
14.	Goldman Sachs Mid Cap Value Instl	Mid-Cap Value	GSMCX	0.740	0.25	-5.44	-4.69	13.59	11.34	7.40	10.21
15.	Lord Abbett Value Opportunities A	Mid-Cap Blend	LVOAX	1.170	1.57	0.54	1.57	15.17	11.13	—	—
16.	Columbia Mid Cap Index A	Mid-Cap Blend	NTIAX	0.450	3.54	1.70	2.49	14.66	12.54	8.30	8.69
17.	TIAA-CREF Large-Cap Value Idx Retire	Large Value	TRCVX	0.310	4.65	-1.95	-1.35	14.30	13.09	6.13	—
18.	T. Rowe Price Equity Income Adv	Large Value	PAFDX	0.940	3.70	-4.75	-4.21	10.39	10.62	5.65	6.01
19.	Alger Capital Appreciation Instl I	Large Growth	ALARX	1.160	5.72	7.38	6.69	18.24	15.23	11.02	6.53
20.	TIAA-CREF Large-Cap Gr Idx Retire	Large Growth	TRIRX	0.310	6.15	6.91	5.77	17.03	14.73	8.30	—
21.	TIAA-CREF Growth & Income Retire	Large Growth	TRGIX	0.670	5.51	5.34	4.28	16.30	14.75	9.12	5.83
22.	State Street Equity 500 Index Adm	Large Blend	STFAX	0.210	5.98	2.71	2.43	15.77	14.09	7.27	—
23.	PIMCO Total Return Admin	Intermediate-Term Bond	PTRAX	0.710	0.10	0.66	0.15	1.01	3.19	5.62	5.94
24.	TIAA-CREF Bond Index Retirement	Intermediate-Term Bond	TBIRX	0.370	0.51	0.69	0.75	1.14	2.70	—	—
25.	American Century Infl Adj Bond A	Inflation-Protected Bond	AIAVX	0.720	-0.26	-1.20	-2.51	-3.07	1.56	3.48	4.87
26.	Prudential High-Yield Z	High Yield Bond	PHYZX	0.580	-1.57	-0.08	-1.48	3.78	6.18	7.20	7.36
27.	American Funds Europacific Growth R4	Foreign Large Growth	REREX	0.840	1.67	1.58	-2.48	6.88	5.48	5.36	5.88
28.	Oppenheimer Developing Markets Y	Diversified Emerging Mkts	ODVYX	1.050	3.87	-11.95	-17.91	-1.80	-0.37	7.13	12.10

Ranked by: descending Morningstar Category

	Name	% Rank Cat 3 Mo (mo-end)	% Rank Cat YTD (mo-end)	% Rank Cat 12 Mo (mo-end)	% Rank Cat 3 Yr (mo-end)	% Rank Cat 5 Yr (mo-end)	% Rank Cat 10 Yr (mo-end)	% Rank Cat 15 Yr (mo-end)	Annual Return 2014	Annual Return 2013	Annual Return 2012	Annual Return 2011	Annual Return 2010	Annual Return 2009
1.	American Funds Capital World Gr&Inc R4	55	57	68	52	48	29	6	3.97	24.86	19.12	-7.55	7.71	32.29
2.	American Century One Choice 2050 Inv	46	47	25	32	19	—	—	8.60	21.58	15.39	-0.96	15.70	26.66
3.	American Century One Choice 2045 Inv	58	42	18	36	22	12	—	8.40	21.08	15.00	-0.78	15.50	26.36
4.	American Century One Choice 2040 Inv	60	41	20	45	28	—	—	8.03	19.69	14.50	-0.27	14.99	25.95
5.	American Century One Choice 2035 Inv	64	41	18	59	40	8	—	7.56	17.92	13.62	0.37	14.28	24.31
6.	American Century One Choice 2030 Inv	60	48	24	53	37	—	—	7.22	15.86	12.79	1.04	13.39	22.88
7.	American Century One Choice 2025 Inv	56	59	29	60	39	12	—	6.87	14.04	12.14	1.77	12.57	21.24
8.	American Century One Choice 2020 Inv	44	58	34	41	28	—	—	6.61	12.58	11.47	2.50	11.70	20.11
9.	BMO Small-Cap Growth Y	94	91	94	87	85	21	19	-0.43	42.25	12.06	-3.82	35.59	46.81
10.	Columbia Small Cap Index A	20	23	18	19	13	22	33	5.25	40.60	15.96	0.58	25.71	25.19
11.	American Century One Choice In Ret Inv	9	54	35	1	1	5	—	6.20	11.11	10.13	3.58	10.07	16.42
12.	Nuveen Real Estate Securities A	11	43	47	33	31	6	3	30.94	1.04	18.07	7.69	30.24	30.18
13.	Prudential Jennison Natural Resources Z	54	74	73	69	78	34	7	-19.69	10.08	-2.43	-18.54	28.14	73.74
14.	Goldman Sachs Mid Cap Value Instl	88	86	86	64	64	44	10	13.71	32.97	18.54	-6.26	24.85	33.19
15.	Lord Abbett Value Opportunities A	59	42	39	27	62	—	—	9.11	36.07	9.73	-4.18	24.50	33.82
16.	Columbia Mid Cap Index A	20	21	21	38	38	21	31	9.22	32.92	17.31	-2.14	26.05	36.79
17.	TIAA-CREF Large-Cap Value Idx Retire	36	59	50	31	26	46	—	13.10	32.03	17.09	0.05	15.20	19.41
18.	T. Rowe Price Equity Income Adv	58	88	85	90	78	58	46	7.18	29.44	16.92	-0.94	14.87	25.40
19.	Alger Capital Appreciation Instl I	37	31	28	17	14	2	10	13.30	34.81	18.11	-1.03	13.48	49.12
20.	TIAA-CREF Large-Cap Gr Idx Retire	25	36	38	35	23	29	—	12.73	33.03	14.90	2.31	16.29	36.92
21.	TIAA-CREF Growth & Income Retire	43	52	54	50	22	14	20	10.92	34.01	16.17	2.79	12.91	26.52
22.	State Street Equity 500 Index Adm	15	26	29	29	20	28	—	13.39	31.97	15.84	1.79	14.81	26.25
23.	PIMCO Total Return Admin	70	39	60	69	51	8	8	4.43	-2.17	10.08	3.91	8.56	13.55
24.	TIAA-CREF Bond Index Retirement	18	37	30	61	75	—	—	5.71	-2.58	3.75	7.37	6.16	—
25.	American Century Infl Adj Bond A	16	50	53	70	46	42	67	2.37	-9.31	6.44	12.64	5.24	10.33
26.	Prudential High-Yield Z	34	23	24	16	14	7	17	2.84	7.23	14.16	5.07	14.72	48.35
27.	American Funds Europacific Growth R4	62	66	71	46	52	32	10	-2.66	20.17	19.22	-13.61	9.39	39.13
28.	Oppenheimer Developing Markets Y	10	52	63	29	15	3	1	-4.55	8.68	21.29	-17.85	27.39	82.10

Ranked by: descending Morningstar Category

	Name	Annual Return 2008	Sharpe Ratio 3 Yr	Sharpe Ratio 3 Yr (% Rank Category)	Alpha 3 Yr	Alpha 3 Yr (% Rank Category)	Beta 3 Yr	Beta 3 Yr (% Rank Category)	R-Squared 3 Yr	Standard Deviation 3 Yr	Upside Capture Ratio 5 Yr	Upside Capture Ratio 3 Yr (% Rank Category)	Downside Capture Ratio 5 Yr	Downside Capture Ratio 3 Yr (% Rank Category)	% US Stocks Long
1.	American Funds Capital World Gr&Inc R4	-38.41	0.95	41	6.72	56	0.79	52	89.18	10.42	94.32	53	64.86	49	41.30
2.	American Century One Choice 2050 Inv	—	1.19	13	1.73	12	1.32	19	95.84	8.64	134.02	72	128.75	2	58.82
3.	American Century One Choice 2045 Inv	-33.64	1.19	13	1.72	10	1.29	10	96.04	8.41	130.60	80	124.43	4	57.05
4.	American Century One Choice 2040 Inv	—	1.20	13	1.67	14	1.20	14	96.19	7.84	123.88	79	116.37	2	52.14
5.	American Century One Choice 2035 Inv	-30.58	1.21	12	1.57	14	1.11	6	96.30	7.25	115.19	84	106.69	2	47.85
6.	American Century One Choice 2030 Inv	—	1.18	21	1.23	23	1.03	13	96.86	6.68	106.79	77	98.42	3	44.21
7.	American Century One Choice 2025 Inv	-25.02	1.15	23	0.93	25	0.95	19	97.41	6.17	99.13	73	90.26	6	41.08
8.	American Century One Choice 2020 Inv	—	1.14	28	0.80	27	0.87	36	96.93	5.66	91.67	59	81.47	18	38.43
9.	BMO Small-Cap Growth Y	-42.50	0.78	85	-4.20	92	1.05	79	50.50	15.56	106.85	35	152.20	98	88.15
10.	Columbia Small Cap Index A	-31.00	1.22	20	0.64	18	0.98	41	62.65	12.98	103.20	28	112.63	19	97.03
11.	American Century One Choice In Ret Inv	-16.57	1.10	10	0.56	10	0.80	97	96.57	5.18	82.12	3	70.51	75	36.35
12.	Nuveen Real Estate Securities A	-34.96	0.84	47	7.37	35	0.50	51	14.32	14.27	86.29	38	51.56	39	97.36
13.	Prudential Jennison Natural Resources Z	-52.73	-0.41	47	-20.15	53	1.24	64	41.61	20.95	71.38	58	177.85	44	74.10
14.	Goldman Sachs Mid Cap Value Instl	-36.47	1.25	50	-1.10	55	0.93	40	84.30	10.63	94.93	67	114.07	49	97.59
15.	Lord Abbett Value Opportunities A	-27.77	1.28	35	-0.16	27	0.97	47	76.74	11.57	94.55	37	115.00	34	99.51
16.	Columbia Mid Cap Index A	-36.26	1.25	40	-0.56	39	0.96	45	77.50	11.47	99.53	48	114.18	44	95.61
17.	TIAA-CREF Large-Cap Value Idx Retire	-37.01	1.31	31	-1.44	30	0.99	55	95.43	10.66	99.07	32	108.69	42	98.27
18.	T. Rowe Price Equity Income Adv	-35.88	0.97	75	-4.92	88	0.99	55	94.02	10.72	91.31	79	112.13	82	91.53
19.	Alger Capital Appreciation Instl I	-43.89	1.55	21	1.98	19	1.00	49	86.83	11.23	104.69	23	103.55	24	89.03
20.	TIAA-CREF Large-Cap Gr Idx Retire	-38.67	1.52	25	0.86	39	1.00	50	95.02	10.75	99.44	27	96.10	54	98.79
21.	TIAA-CREF Growth & Income Retire	-35.12	1.41	39	-0.31	61	1.04	62	95.25	11.14	102.64	20	102.99	85	91.13
22.	State Street Equity 500 Index Adm	-36.89	1.45	23	-0.31	25	1.00	61	99.99	10.52	99.24	27	100.80	29	92.99
23.	PIMCO Total Return Admin	4.55	0.28	62	-0.71	67	1.17	92	83.91	3.71	111.27	8	121.64	92	0.00
24.	TIAA-CREF Bond Index Retirement	—	0.38	52	-0.40	54	1.03	71	99.56	3.00	97.20	35	109.66	69	0.00
25.	American Century Infl Adj Bond A	-1.38	-0.58	56	-5.34	57	1.55	68	75.52	5.19	116.69	48	200.49	58	0.00
26.	Prudential High-Yield Z	-22.14	0.78	22	2.88	19	0.61	70	13.19	4.85	121.77	16	24.74	40	0.08
27.	American Funds Europacific Growth R4	-40.56	0.67	31	3.91	33	0.83	22	91.63	10.70	93.41	67	80.01	17	0.21
28.	Oppenheimer Developing Markets Y	-47.84	-0.05	33	-5.07	29	1.08	77	81.90	14.81	89.04	7	105.04	45	1.43

Ranked by: descending Morningstar Category

	Name	% Non-US Stocks Long	% Bonds Long	% Cash Long	% Other/ Not Classified Long	Total Number of Holdings	Manager Tenure
1.	American Funds Capital World Gr&Inc R4	52.39	0.90	2.55	2.86	456	22.75
2.	American Century One Choice 2050 Inv	22.38	17.97	1.88	1.23	5886	7.58
3.	American Century One Choice 2045 Inv	21.20	20.41	2.37	1.26	5983	9.00
4.	American Century One Choice 2040 Inv	19.36	24.37	5.18	1.27	5983	7.58
5.	American Century One Choice 2035 Inv	17.11	28.43	7.78	1.28	6085	9.00
6.	American Century One Choice 2030 Inv	14.93	34.08	8.09	1.37	6085	7.58
7.	American Century One Choice 2025 Inv	12.50	39.15	8.75	1.45	6085	9.00
8.	American Century One Choice 2020 Inv	10.10	41.67	11.42	1.46	6085	7.58
9.	BMO Small-Cap Growth Y	10.04	0.00	1.12	0.69	77	11.67
10.	Columbia Small Cap Index A	0.23	0.00	2.74	0.00	762	4.33
11.	American Century One Choice In Ret Inv	7.92	43.77	13.70	1.47	5130	9.00
12.	Nuveen Real Estate Securities A	0.46	0.00	2.13	0.06	133	10.58
13.	Prudential Jennison Natural Resources Z	21.63	0.00	2.86	1.41	114	9.42
14.	Goldman Sachs Mid Cap Value Instl	0.00	0.00	2.47	0.00	205	14.00
15.	Lord Abbett Value Opportunities A	0.00	0.00	0.49	0.00	92	10.00
16.	Columbia Mid Cap Index A	2.29	0.00	2.10	0.00	560	4.33
17.	TIAA-CREF Large-Cap Value Idx Retire	0.74	0.00	0.81	0.19	717	10.00
18.	T. Rowe Price Equity Income Adv	4.68	0.86	1.95	0.98	521	0.08
19.	Alger Capital Appreciation Instl I	5.67	0.00	4.81	0.49	142	11.25
20.	TIAA-CREF Large-Cap Gr Idx Retire	0.71	0.00	0.48	0.03	668	10.33
21.	TIAA-CREF Growth & Income Retire	8.39	0.00	0.52	0.00	208	10.75
22.	State Street Equity 500 Index Adm	3.35	3.53	0.22	0.00	509	13.00
23.	PIMCO Total Return Admin	0.00	143.42	112.08	2.42	9642	1.25
24.	TIAA-CREF Bond Index Retirement	0.00	96.39	3.62	0.03	5616	6.00
25.	American Century Infl Adj Bond A	0.00	100.40	5.46	0.00	239	14.08
26.	Prudential High-Yield Z	0.00	95.16	4.53	0.23	596	16.00
27.	American Funds Europacific Growth R4	87.88	0.27	8.11	3.52	532	24.00
28.	Oppenheimer Developing Markets Y	92.60	0.00	4.48	1.49	264	8.58

403(b) Thrift Plan
Audit Report on Financial Statements

403(b) THRIFT PLAN FOR EMPLOYEES OF THE LEGAL SERVICES CORPORATION

Washington, DC

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of December 31, 2014 and 2013
and for the Year Ended December 31, 2014

403(b) THRIFT PLAN FOR EMPLOYEES OF THE LEGAL SERVICES CORPORATION

Financial Statements

As of December 31, 2014 and 2013 and for the Year Ended December 31, 2014

Contents

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Independent Auditors' Report

To the Plan Administrator of
403(b) Thrift Plan for Employees of the Legal Services Corporation
Washington, DC

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of the 403(b) Thrift Plan for Employees of the Legal Services Corporation (the "Plan"), which comprise the statements of net assets available for benefits as of December 31, 2014 and 2013, and the related statement of changes in net assets available for benefits for the year ended December 31, 2014, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audits in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's ("DOL") Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 ("ERISA"), the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 3, which was certified by American United Life Insurance Company and Mutual of America Life Insurance Company, the trustees of the Plan, except for comparing the information with the related information included in the financial statements. We have been informed by the plan administrator that the trustees hold the Plan's investment assets and execute investment transactions. The plan administrator has obtained certifications from the trustees as of December 31, 2014 and 2013 and for the year ended December 31, 2014, that the information provided to the plan administrator by the trustees is complete and accurate.

Disclaimer of Opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Other Matter - Supplemental Schedule

The supplemental schedule of assets (held at end of year) as of December 31, 2014, is required by the DOL's Rules and Regulations for Reporting and Disclosure under ERISA and is presented for the purpose of additional analysis and is not a required part of the financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we do not express an opinion on the supplemental schedule referred to above.

Report on Form and Content in Compliance with DOL Rules and Regulations

The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the trustees, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the DOL's Rules and Regulations for Reporting and Disclosure under ERISA.

Baker Tilly Virchow Krause, LLP

Tysons Corner, Virginia
October 14, 2015

403(b) THRIFT PLAN FOR EMPLOYEES OF THE LEGAL SERVICES CORPORATION

Statements of Net Assets Available for Benefits

As of December 31, 2014 and 2013

	2014	2013
Assets		
Investments, at fair value	$ 25,297,904	$ 24,483,091
Receivables		
Participant contributions	-	87,540
Employer contributions	-	119,743
Notes receivable from participants	505,273	526,118
Total receivables	505,273	733,401
Net Assets Available for Benefits	$ 25,803,177	$ 25,216,492

The accompanying notes are an integral part of these financial statements.

403(b) THRIFT PLAN FOR EMPLOYEES OF THE LEGAL SERVICES CORPORATION

Statement of Changes in Net Assets Available for Benefits

For the Year Ended December 31, 2014

Additions to Net Assets Attributable to:		
Investment income		
Net appreciation in fair value of investments	$	1,378,845
Interest income		45,812
Total investment income		1,424,657
Contributions		
Participant		1,068,329
Employer		1,035,258
Rollovers		105,041
Total contributions		2,208,628
Interest income on notes receivable from participants		18,043
Total additions to net assets		3,651,328
Deductions from Net Assets Attributable to:		
Benefits paid directly to participants		3,063,654
Administrative expenses		989
Total deductions from net assets		3,064,643
Net Increase		586,685
Net Assets Available for Benefits, beginning of year		25,216,492
Net Assets Available for Benefits, end of year	$	25,803,177

The accompanying notes are an integral part of these financial statements.

NOTE 1 - DESCRIPTION OF PLAN

The following description of the 403(b) Thrift Plan for Employees of the Legal Services Corporation (the "Plan") provides for only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

General - The Plan is a defined contribution plan established effective December 1, 1998. Substantially all employees of the Legal Services Corporation (the "Company") are eligible to participate in the Plan with the exception of non-resident aliens and employees in the Civil Service Retirement System. There are no service or age requirements for eligibility of employees to participate in the Plan. Participants may enter the Plan on the first day of the month following the date of hire. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"), as amended.

Contributions - Each year, participants may elect to contribute a percentage of their compensation, as defined by the plan agreement. Participant contributions may not exceed the maximum allowable contribution under the Internal Revenue Code (the "IRC"), which was $17,500 for 2014. Participants who have attained the age of 50 before the end of the plan year are eligible to make catch-up contributions, subject to limitations imposed by the IRC.

The Company makes discretionary matching and non-elective contributions to the Plan. The Company's match consists of a 100 percent match of the first 2.51 percent of a participant's plan compensation, as defined, up to the Social Security taxable wage base. The non-elective contributions are equal to 6 percent of a participant's plan compensation, as defined, up to the Social Security taxable wage base.

Participants are permitted to make rollover contributions to the Plan from other qualified plans, subject to approval by the plan administrator.

Investment Options - Participants direct the investment of their accounts into various investment options offered by the Plan. The Plan currently offers pooled separate accounts, which provide a number of variable investment options in mutual funds and other investment entities, interest bearing cash, pooled separate accounts, and an insurance investment contract as investment options for participants.

Participant Accounts - Each participant's account is credited with the participant's contributions and allocations of the Company's contributions and plan earnings, and charged with benefit payments and transaction fees related to notes receivable from participants and distributions. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting - Participants are vested immediately in their contributions plus actual earnings thereon. Vesting in the Company's matching and non-elective contribution portion of their accounts is based on years of service, as defined. Participants are 100 percent vested after three years of credited service. Participants are also 100 percent vested after they reach retirement age, as defined by the plan agreement.

Notes Receivable from Participants - Participants may borrow from their fund accounts a minimum of $1,000 up to a maximum equal to the lesser of $50,000 or 50 percent of their vested account balances. The loans are secured by the balances of the participants' accounts and bear interest at rates commensurate with local prevailing rates as determined by the plan administrator. Loans for reasons other than the purchase of a primary residence are to be repaid within five years. Loans become due immediately upon termination of the participant's employment. At December 31, 2014, outstanding loans bore interest rates ranging from 3.25 percent to 5.25 percent. Principal and interest are paid ratably through payroll deductions.

Payment of Benefits - On termination of service due to death, disability, or retirement, a participant may elect to receive an amount equal to the value of the participant's vested interest in his or her account in either a lump-sum amount or various installment and annuity options as provided by the Plan. For termination of service due to other reasons, a participant may receive the value of the vested interest in his or her account as a lump-sum distribution. Amounts contributed on a before-tax basis may only be withdrawn upon demonstration of financial hardship, disability, or after participants reach the age of 59½ years.

NOTE 1 - DESCRIPTION OF PLAN - CONTINUED

Forfeitures - Forfeitures of Company matching and non-elective contributions may be applied to reduce future Company contributions or pay administrative expenses. At December 31, 2014 and 2013, there were no unallocated forfeited non-vested accounts. During 2014, forfeited non-vested accounts of $6,752 were used to pay administrative expenses and reduce employer contributions.

Administrative Expenses - The Plan's administrative expenses are paid by either the Plan or the Company, as provided by the plan document. Certain administrative functions are performed by employees of the Company. No such employee receives compensation from the Plan.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Use of Estimates - The accompanying financial statements of the Plan are prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of net assets available for benefits at the date of the financial statements, the reported amounts of assets, liabilities, and changes therein, and the disclosure of contingent assets and liabilities. Accordingly, actual results could differ from those estimates and assumptions.

Investment Valuation and Income Recognition - Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Net appreciation of investments included in the accompanying statement of changes in net assets available for benefits includes realized gains or losses from the sale of investments, unrealized appreciation or depreciation in fair value of investments, interest and dividends earned on the underlying assets and mutual funds of the investments, and fees netted against net appreciation related to recordkeeping and investment management. Net unrealized appreciation in fair value of investments represents the net change in the fair value of the investments held during the year. Fees netted against net appreciation of investments represents fees charged by the trustees and the underlying mutual fund companies for services provided in connection with recordkeeping and investment management. The net realized gains or losses on the sale of the investment represent the difference between the sale proceeds and the fair value of the investment as of the beginning of the year or the cost of the investment if purchased during the year.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Notes Receivable from Participants - Participant loans are classified as notes receivable from participants, which are measured at their unpaid principal balance, plus any accrued but unpaid interest. Delinquent notes receivable from participants are reclassified based upon the terms of the plan document.

Risks and Uncertainties - The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the accompanying statements of net assets available for benefits.

Payment of Benefits - Benefits are recorded when paid.

Administrative Expenses - Certain recordkeeping and investment management fees are netted against net appreciation in fair value of investments on the accompanying statement of changes in net assets available for benefits. Expenses relating to specific participant transactions (notes receivable from participants and distributions) are charged directly to the participant's account.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Recent Accounting Pronouncements - In May 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update No. 2015-07, *Fair Value Measurement (Topic 820): Disclosure for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)* ("ASU 2015-07"). ASU 2015-07 removes the requirement to include investments in the fair value hierarchy for which fair value is measured using the net asset value per share practical expedient under Accounting Standards Codification 820. ASU 2015-07 is effective for the Plan for years beginning after December 15, 2015 with early adoption permitted. Management is currently evaluating the impact of the pending adoption of ASU 2015-07 on the Plan's financial statements.

In July 2015, the FASB issued Accounting Standards Update No. 2015-12, *Plan Accounting: Defined Benefit Pension Plans (Topic 960), Defined Contribution Pension Plans (Topic 962), and Health and Welfare Benefit Plans (Topic 965) - I. Fully Benefit-Responsive Investment Contracts; II. Plan Investment Disclosures, and III. Measurement Date Practical Expedient* ("ASU 2015-12"). Part I of the Accounting Standards Update requires fully-benefit responsive investment contracts to be measured, presented, and disclosed only at contract value. Part II of this update requires that investments (both participant-directed and nonparticipant-directed investments) be grouped only by general type, eliminating the need to disaggregate the investments in multiple ways. Part II also eliminates the disclosure of individual investments that represent 5 percent or more of net assets available for benefits and the disclosure of net appreciation or depreciation for investments by general type, requiring only presentation of net appreciation (depreciation) in investments in the aggregate. Additionally, if an investment is measured using the net asset value per share (or its equivalent) practical expedient in Topic 820 and that investment is a fund that files a U.S. Department of Labor Form 5500, as a direct filing entity, disclosure of that investment's strategy is no longer required. Part III of the update permits plans to measure investments and investment-related accounts (e.g., a liability for a pending trade with a broker) as of a month-end date that is closest to the plan's fiscal year-end, when the fiscal period does not coincide with month-end. The amendments in ASU 2015-12 are effective for fiscal years beginning after December 15, 2015, with early application permitted. The amendments within Parts I and II require retrospective application; whereas, the amendments within Part III should be applied prospectively. Management is currently evaluating the impact of the pending adoption of ASU 2015-12 on the Plan's financial statements.

Subsequent Events - The Plan has evaluated subsequent events through the report date of these financial statements, the date the accompanying financial statements were available to be issued.

NOTE 3 - INVESTMENTS - UNAUDITED

For the years ended December 31, 2014 and 2013, the investment balances, notes receivable from participants, and related investment information included in the accompanying financial statements, notes, and supplemental schedule are derived from statements which have been certified by American United Life Insurance Company ("AUL") and Mutual of America Life Insurance Company ("Mutual of America"), the trustees, as complete and accurate in accordance with 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

The following presents investments that represent 5 percent or more of the Plan's net assets as of December 31:

		2014			2013	
AUL Fixed Account	$	1,808,812	*	$	2,424,487	*
PIMCO Total Return Adm Fund		1,677,306	*		1,616,336	*
American Century One Choice 2020 Investment		1,567,679	*		1,410,418	*
Alger Capital Appreciation Institutional		1,710,156	*		1,499,279	*
American Century One Choice 2025 Investment		1,499,274	*		1,291,001	*
American Century One Choice 2030 Investment		1,479,046	*		1,643,096	*
T. Rowe Price Equity - Income Ins Fund		1,047,521			1,392,581	*
American Funds Europacific Growth R4 Fund		1,124,072			1,267,708	*
American Century One Choice 2015 Investment		1,379,779	*		1,484,675	*

* Represents 5 percent or more of the Plan's net assets

During 2014, the Plan's investments in pooled separate accounts (including gains and losses on investments bought, sold, and held during the year) appreciated in value by $1,378,845.

NOTE 4 - FAIR VALUE MEASUREMENTS

The Plan follows U.S. GAAP for measuring, reporting, and disclosing fair value. These standards apply to all assets and liabilities that are measured, reported, and/or disclosed on a fair value basis.

As defined in the accounting standards, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Assets and liabilities measured, reported, and/or disclosed at fair value will be classified and disclosed in one of the following three categories:

Level 1 - Inputs to the valuation methodology are unadjusted quoted market prices for identical assets in active markets that the Plan has the ability to access.

Level 2 - Observable market based inputs or inputs that are corroborated by market data. Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Significant inputs to the valuation model that are unobservable and not corroborated by market data.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the methodologies used in valuing investments at fair value:

Pooled Separate Accounts - Pooled separate accounts consist of various investment options offered by the trustees. These accounts purchase shares of investment securities, mutual funds, and common stocks. The underlying investments of the pooled separate accounts are each valued at quoted market prices, and the pooled separate accounts are valued using the net asset value ("NAV") of the shares held by the Plan at the end of the plan year. Accordingly, these fair value measurements are classified as having used Level 2 inputs.

Guaranteed Investment Contract - Guaranteed investment contracts ("GIC") held by a defined contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. The fair value of the GIC approximated contract value as of December 31, 2014 and 2013. Due to significant unobservable inputs included in the valuation model for the guaranteed investment contract, the resulting fair value of this security is classified as Level 3.

NOTE 4 - FAIR VALUE MEASUREMENTS - CONTINUED

The plan sponsor is responsible for the determination of fair value. Accordingly, the plan sponsor performs periodic analysis on the prices received from the pricing services used to determine whether the prices are reasonable estimates of fair value. As a result of these reviews, the plan sponsor has not historically adjusted the prices obtained from the pricing services.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level within the fair value hierarchy a summary of the Plan's investments measured at fair value on a recurring basis as of December 31, 2014:

	Level 1	Level 2	Level 3	Total
Interest Bearing Cash	$ -	$ 469,476	$ -	$ 469,476
AUL Pooled Separate Accounts				
Money market	-	938,644	-	938,644
Growth	-	2,967,888	-	2,967,888
Equity income	-	1,047,521	-	1,047,521
Target date	-	8,458,435	-	8,458,435
Bond	-	2,870,075	-	2,870,075
Index signal	-	1,721,715	-	1,721,715
Real estate	-	348,604	-	348,604
Mid cap	-	2,071,814	-	2,071,814
Small cap	-	168,429	-	168,429
International	-	1,402,328	-	1,402,328
Total AUL pooled separate accounts	-	21,995,453	-	21,995,453
Mutual of America Pooled Separate Accounts				
Money market	-	8,035	-	8,035
Growth	-	537,405	-	537,405
Small cap	-	105,081	-	105,081
Mid cap	-	111,259	-	111,259
Bond	-	6,670	-	6,670
International	-	64,321	-	64,321
Index signal	-	18,913	-	18,913
Target date	-	5,680	-	5,680
Equity income	-	13,455	-	13,455
Other	-	153,344	-	153,344
Total Mutual of America pooled separate accounts	-	1,024,163	-	1,024,163
Guaranteed Investment Contract	-	-	1,808,812	1,808,812
Total	$ -	$ 23,489,092	$ 1,808,812	$ 25,297,904

NOTE 4 - FAIR VALUE MEASUREMENTS - CONTINUED

The following table sets forth by level within the fair value hierarchy a summary of the Plan's investments measured at fair value on a recurring basis as of December 31, 2013:

	Level 1	Level 2	Level 3	Total
Interest Bearing Cash	$ -	$ 560,593	$ -	$ 560,593
AUL Pooled Separate Accounts				
Money market	-	623,287	-	623,287
Growth	-	3,012,012	-	3,012,012
Equity income	-	1,392,581	-	1,392,581
Target date	-	8,090,122	-	8,090,122
Bond	-	2,546,062	-	2,546,062
Index signal	-	1,710,508	-	1,710,508
Real estate	-	247,218	-	247,218
Mid cap	-	1,262,295	-	1,262,295
Small cap	-	95,767	-	95,767
International	-	1,580,761	-	1,580,761
Total AUL Pooled Separate Accounts	-	20,560,613	-	20,560,613
Mutual of America Pooled Separate Accounts				
Money market	-	8,192	-	8,192
Growth	-	481,986	-	481,986
Small cap	-	87,483	-	87,483
Mid cap	-	101,945	-	101,945
Bond	-	18,467	-	18,467
International	-	59,220	-	59,220
Index signal	-	19,848	-	19,848
Target date	-	5,318	-	5,318
Equity income	-	12,514	-	12,514
Other	-	142,425	-	142,425
Total Mutual of America pooled separate accounts	-	937,398	-	937,398
Guaranteed Investment Contract	-	-	2,424,487	2,424,487
Total	$ 20,560,613	$ 1,497,991	$ 2,424,487	$ 24,483,091

Certain pooled separate account investments with fair values of $20,560,613 were incorrectly disclosed as Level 1 investments in mutual funds in the previously issued 2013 financial statements. The disclosure above has been corrected to properly classify these pooled separate accounts as Level 2 fair value measurements. Plan management does not believe that the disclosure error was material to the previously issued 2013 financial statements.

NOTE 4 - FAIR VALUE MEASUREMENTS - CONTINUED

The following table represents a reconciliation of the beginning and ending balances of the fair value measurements using significant unobservable inputs (Level 3) as of December 31, 2014:

Investment in Guaranteed Investment Contract: AUL Fixed Account		
Balance, beginning of year	$	2,424,487
Interest credited		40,737
Purchases		239,896
Sales		(606,501)
Transfers to separate account		(289,807)
Balance, end of year	$	1,808,812

The following table sets forth a summary of the Plan's investments with a reported estimated fair value using net asset value per share as of December 31, 2014 and 2013:

	Fair Value Estimated Using Net Asset Value per Share					
	Fair Value* at December 31, 2014	Fair Value* at December 31, 2013	Unfunded Commitment	Redemption Frequency	Other Redemption Restrictions	Redemption Notice Period
Pooled separate accounts**	$ 1,024,163	$ 937,398	-	Immediate	None	None

*The fair values have been estimated using the net asset value of the investment.

**Pooled separate account strategies seek to achieve the investment return provided by the underlying investments that are traded on active markets as indicated by the name of each pooled separate account.

The table below provides additional information regarding investments that use significant unobservable inputs to determine fair value as of December 31, 2014 and 2013:

Asset	Fair Value at December 31, 2014	Fair Value at December 31, 2013	Valuation Technique(s)	Unobservable Inputs	Range (Weighted Average)
AUL Fixed Account	$ 1,808,812	$ 2,424,487	The value based on interest earned on the cash flow in the account.	The amounts contributed or transferred to the Fixed Option less any withdrawals or transfers out, plus accrued interest.	1.92% - 2.33%

NOTE 5 - INVESTMENT CONTRACT WITH INSURANCE COMPANY

The Plan has a fully benefit-responsive GIC with AUL, the AUL Fixed Account option (“Contract”). AUL maintains the contributions in a general account. The account is credited with earnings on the underlying investments and charged for participant withdrawals and administrative expenses. The GIC issuer is contractually obligated to repay the principal and a specified interest rate that is guaranteed to the Plan.

The GIC is included in the accompanying financial statements at contract value which is not materially different from fair value. As described in Note 4, because the GIC is fully benefit-responsive, contract value is the relevant measurement attribute for that portion of the net assets available for benefits attributable to the GIC. Contract value, as reported to the Plan by AUL, represents contributions made under the Contract, plus earnings, less participant withdrawals and administrative expenses. Participants may ordinarily direct the withdrawal or transfer of all or a portion of their investment at contract value, so long as no more than 20 percent of a participant’s investment in the GIC as of the first day of the contract year is transferred during that same year.

Liquidation of the entire Contract initiated by the Plan’s trustee(s) upon termination of the Plan or complete termination of the Contract may cause a one-time adjustment to the aggregate contract value, resulting in a fair value different from the contract value. The plan administrator does not believe that the occurrence of this event, which would limit the Plan’s ability to transact at contract value with participants, is probable.

There are no reserves against contract value for credit risk of the contract issuer or otherwise. The crediting interest rate was approximately 1.74 percent and 1.41 percent during 2014 and 2013, respectively. The average earnings credited to participants in the Plan were 2.05 percent and 2.09 percent during 2014 and 2013, respectively. The crediting interest rate is based on a formula agreed upon with the issuer, but it may not be less than 1 percent. Such interest rates are reviewed on a quarterly basis for resetting. The crediting rate of the Contract will track current market yields on a trailing basis.

NOTE 6 - PARTY-IN-INTEREST TRANSACTIONS

Certain plan investments are units of funds managed by the trustees. Thus, these transactions qualify as exempt party-in-interest transactions. Fees paid by the Plan for investment management services were included as a reduction of the return earned on each fund. The Plan loans funds to its participants according to the applicable provisions of the plan agreement. Plan investments have internal expenses that compensate the custodians or their affiliates. All such transactions qualify as party-in-interest transactions, which are exempt from the prohibited transaction rules.

NOTE 7 - PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of plan termination, participants would become 100 percent vested in their employer contributions.

NOTE 8 - TAX STATUS

The Company completely restated the Plan on January 1, 2009 to comply with final 403(b) regulations. The Company plans to apply for a determination letter for the plan document when the determination letter program opens to 403(b) plans issued by the Internal Revenue Service. The plan administrator believes that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC. Therefore, no provision for income taxes has been included in the Plan’s financial statements.

403(b) THRIFT PLAN FOR EMPLOYEES OF THE LEGAL SERVICES CORPORATION

Schedule H, Line 4i - Schedule of Assets (Held at End of Year)

EIN# 52-1039060, Plan No. 002

As of December 31, 2014

(a)	(b) Identity of issue, borrower, lessor or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par or maturity value	(e) Current value
*	American United Life Insurance Company ("AUL")	AUL Fixed Account with interest rate of 2.09% at the last day of the Plan Year	$ 1,808,812
*	AUL	PIMCO Total Return Adm Fund	1,677,306
*	AUL	American Century One Choice 2020 Investment	1,567,679
*	AUL	Alger Capital Appreciation Institutional	1,710,156
*	AUL	American Century One Choice 2025 Investment	1,499,274
*	AUL	American Century One Choice 2030 Investment	1,479,046
*	AUL	American Century One Choice 2015 Investment	1,379,779
*	AUL	American Funds Europacific Growth R4 Fund	1,124,072
*	AUL	T. Rowe Price Equity - Income Ins Fund	1,047,521
*	AUL	American Century Inflation - Adjusted Bond Fund A	670,000
*	AUL	Columbia Small Cap Index Fund A	1,075,945
*	AUL	OneAmerica Money Market O	938,644
*	AUL	Nuveen Real Estate Securities A	348,604
*	AUL	Lord Abbett Value Opportunities A	808,620
*	AUL	American Century One Choice 2035 Investment	830,282
*	AUL	American Century One Choice 2040 Investment	662,337
*	AUL	American Funds Capital World Growth & Income R4 Fund	610,983
*	AUL	Prudential High-Yield Fund Z	522,769
*	AUL	State Street Equity 500 Index Adm Fund	645,770
*	AUL	Prudential Jennison Natural Recs Z	280,233
*	AUL	American Century One Choice Income Investment	434,116
*	AUL	American Century One Choice 2045 Investment	532,024
*	AUL	Goldman Sachs Mid Value Institutional Fund	1,263,194
*	AUL	Oppenheimer Developing Markets Y	278,256
*	AUL	American Century One Choice 2050 Investment	39,810
*	AUL	TIAA-CREF Growth and Income R	366,516
*	AUL	BMO Small-Cap Growth Y	168,429
*	AUL	American Century One Choice 2055 Investment	34,088
*	Mutual of America	Mutual of America Interest Accumulation	469,476
*	Mutual of America	Fidelity Investments VIP Contrafund	161,579
*	Mutual of America	DWS VSI Capital Growth VIP Fund	166,232
*	Mutual of America	Mutual of America Composite Fund	138,281
*	Mutual of America	Fidelity Investment VIP Mid Cap Fund	88,203
*	Mutual of America	American Century VP Capital Appreciation	73,845
*	Mutual of America	Mutual of America Small Cap Growth Fund	75,870

The accompanying notes are an integral part of this schedule.

403(b) THRIFT PLAN FOR EMPLOYEES OF THE LEGAL SERVICES CORPORATION

Schedule H, Line 4i - Schedule of Assets (Held at End of Year) - Continued

EIN# 52-1039060, Plan No. 002

As of December 31, 2014

(a)	(b) Identity of issue, borrower, lessor or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par or maturity value	(e) Current value
*	Mutual of America	Mutual of America All America Fund	$ 70,875
*	Mutual of America	Vanguard VIF International Portfolio	64,321
*	Mutual of America	Mutual of America Aggressive Allocation	38,442
*	Mutual of America	Mutual of America Bond Fund	6,452
*	Mutual of America	Calvert VP SRI Balanced Fund	8,400
*	Mutual of America	Mutual of America Equity Index Fund	18,913
*	Mutual of America	Fidelity Investments VIP Asset Manager	6,663
*	Mutual of America	Fidelity Investments VIP Equity-Income Fund	13,455
*	Mutual of America	Mutual of America Mid-Term Bond Fund	218
*	Mutual of America	Mutual of America Mid-Cap Equity Index	18,291
*	Mutual of America	Mutual of America Mid Cap Value Fund	4,765
*	Mutual of America	Mutual of America Money Market Fund	8,035
*	Mutual of America	Oppenheimer Main Street VA Fund	2,621
*	Mutual of America	Mutual of America 2025 Retirement Fund	4,159
*	Mutual of America	Mutual of America 2030 Retirement Fund	1,521
*	Mutual of America	Mutual of America Small Cap Value Fund	29,211
*	Mutual of America	Vanguard VIF Diversified Value Portfolio	14,892
*	Mutual of America	T. Rowe Price Blue Chip Growth Portfolio	4,443
*	Mutual of America	Vanguard VIF REIT Index Portfolio	4,476
*	Participant Loans	Interest rates ranging from 3.25 to 5.25 percent	505,273
	Total Assets Held for Investment at End of Year		$ 25,803,177

* Indicates a party-in-interest to the Plan as defined by ERISA

The accompanying notes are an integral part of this schedule.

403(b) Audit Results and Communications

403(b) Thrift Plan for Employees of the Legal Services Corporation

2014 Audit Results and Communications

BAKER TILLY

Candor. Insight. Results.

BAKER TILLY

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November 24, 2015

Plan Administrator of
403(b) Thrift Plan for Employees of the Legal Services Corporation
333 K Street NW
Washington, DC 20007

We are pleased that you chose to use Baker Tilly Virchow Krause, LLP to serve as your independent auditors. We have recently completed our audit of the the 403(b) Thrift Plan for Employees of the Legal Services Corporation (the "Plan") as of and for the year ended December 31, 2014.

This report to the Plan Administrator summarizes the scope of our engagement and certain matters required by professional standards to be communicated to you in your oversight responsibility for the Plan's financial reporting processes. It also describes our conclusions about internal controls during the audit and provides additional management opportunities for consideration. We pride ourselves on incorporating the conveyance of feedback about fiduciary compliance matters as an element of our audit approach. We take our role as plan advisor seriously and present this as part of our feedback as to how your plan is operating and how it is being governed.

We would like to compliment Sophia Mason and Martin Polacek for their cooperation and assistance during the audit process. We know that going through the audit process creates additional demands on their daily responsibilities and feel that the audit was performed in an efficient and organized manner.

This report is intended solely for the information and use of the Plan Administrator and is not intended to be and should not be used by anyone other than these specified parties. We welcome your feedback on ways we can continue to meet and exceed your expectations. We appreciate the opportunity to work with you and Legal Services Corporation.

If you have any questions or comments, please call Ben Wilhelm at 703 923 8580.

Sincerely,

Baker Tilly Virchow Krause, LLP

BAKER TILLY VIRCHOW KRAUSE, LLP

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BAKER TILLY

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Summary of Audit Approach & Required Communications

BAKER TILLY

Candor. Insight. Results.

Our Approach

Our audit design represented an approach responsive to the assessment of risk for the Plan. Specifically, we designed our audit to complete a Department of Labor ("DOL") limited-scope audit, as permitted by 29 CFR 2520.103-8 of the DOL's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

Areas of Audit Emphasis

The principal areas of audit emphasis were as follows:

> Planning matters
> Reconciliation of certified trust statements to the Form 5500 and financial statements
> Contributions timeliness
> Participant data
> Participant allocation
> Disbursements including benefit payments and loans

Communications under AU-C 265

AU-C 265 requires us as auditors to present management with certain required communications. This standard requires us to communicate internal control related matters identified during an audit, limited to those issues that we, in our professional judgment, determine are significant deficiencies and/or material weaknesses.

Communications under AU-C 260

AU-C 260 requires us as auditors to present those charged with governance with certain required communications. In addition to confirming in writing our responsibilities under the auditing standards, AU-C 260 requires us to communicate audit matters that are, in our professional judgment, significant and relevant to those charged with governance in overseeing the financial reporting process.

We present the following letters in complying with these standards:

BAKER TILLY

Baker Tilly Virchow Krause, LLP
8219 Leesburg Pike, Suite 800
Tysons Corner, VA 22182-2625
tel 703 923 8300
fax 703 923 8330
bakertilly.com

Plan Administrator of
403(b) Thrift Plan for Employees of the Legal Services Corporation
3333 K Street NW
Washington, DC 20007

Except as discussed in the following paragraph, in planning and performing our Department of Labor ("DOL") limited scope audit of the financial statements of the 403(b) Thrift Plan for Employees of the Legal Services Corporation (the "Plan") as of and for the year ended December 31, 2014 in accordance with auditing standards generally accepted in the United States of America, we considered the Plan's internal control over financial reporting ("internal control") as a basis for designing our auditing procedures for the purpose of issuing our report on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, we do not express an opinion on the effectiveness of the Plan's internal control.

We were engaged to perform a DOL limited-scope audit of those financial statements as permitted by 29 CFR 2520.103-8 of the DOL's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). Our audit did not include all of the procedures required by auditing standards generally accepted in the United States of America and did not include a consideration of internal control relating to the information summarized in Note 3 to those financial statements. Because of the significance of the information that we did not audit, we were unable to, and did not, express an opinion on those financial statements.

Our consideration of internal control was for the limited purpose described in the preceding paragraphs and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, detected, or corrected by the entity's internal control on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

We believe the following deficiencies constitute significant deficiencies:

- During the course of our audit testing of participant data, we identified one participant who did not receive non-elective employer contributions during the plan year, despite being eligible to receive such contributions. Management had already identified the issue for this individual, along with one other participant, prior to the start of our audit, and had already taken corrective action to fund a qualified non-elective contribution on behalf of these two participants in April 2015. Management noted the cause of this error was that a separate profile had not been set up in the payroll/HRIS system to identify these participants as being eligible for non-elective employer contributions. Failing to contribute non-elective employer contributions for those participants that are eligible to receive them will result in the affected participants not receiving the benefit they are entitled to under the Plan, and will also result in employer contributions and net assets available for benefits being understated on the financial statements. We recommend that management implement a process as part of the initial data entry of each new hire in the payroll/HRIS system to verify that a separate profile is created within the system to identify whether or not each employee is eligible for non-elective employer contributions.

- During the course of our standard audit inquiries, we noted that interns are considered ineligible employees for purposes of participation in the Plan, despite not being explicitly defined as an excluded class of employee in the plan document. While interns typically will not meet the service requirement (1,000 hours) necessary to vest in any employer contributions, these employees are not being given the option to make elective deferrals into the Plan. We recommend that the plan sponsor either amend the plan document to specifically provide for the exclusion of interns from participation in the Plan, or provide these employees with the option to participate.

- During the course of our participant data testing, we identified two participants who did not have deferrals withheld on eligible compensation paid subsequent to their termination. As a result, these participants did not have the correct amount of employee deferral contributions withheld from their pay, and also did not receive the correct amount of employer matching contributions. We recommend that management perform an analysis of all post-severance payments to participants to determine the extent that employee deferrals were not withheld, as well as the amount of any missed employer matching contributions. The IRS correction for missed deferrals is to make a qualified non-elective contribution equivalent to 50 percent of any missed employee deferrals and 100 percent of any missed employer matching contributions, plus calculated lost earnings. We recommend consulting with plan counsel to determine the appropriate corrective action.

In addition to the items above, we have other matters that we wanted to communicate to you regarding the operation of the Plan. Those items are included in the attached document.

This communication is intended solely for the information and use of management and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Baker Tilly Virchow Krause, LLP

Tysons Corner, VA
October 14, 2015

BAKER TILLY

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Plan Administrator of
403(b) Thrift Plan for Employees of the Legal Services Corporation
3333 K St NW
Washington, DC 20007

Thank you for using Baker Tilly Virchow Krause, LLP as your auditor.

We have completed a Department of Labor ("DOL") limited-scope audit of the 403(b) Thrift Plan for Employees of the Legal Services Corporation (the "Plan") for the year ended December 31, 2014, and have issued our report thereon dated October 14, 2015. As permitted by 29 CFR 2520.103-8 of the DOL's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 ("ERISA"), the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 3 to those financial statements. Because of the significance of the information that we did not audit, we are unable to, and have not, expressed an opinion on those financial statements and schedules taken as a whole. This letter presents communications required by our professional standards.

Our Responsibility under Auditing Standards Generally Accepted in the United States of America

As permitted by 29 CFR 2520.103-8 of the DOL's Rules and Regulations for Reporting and Disclosure under ERISA, you instructed us not to perform, and we did not perform, any auditing procedures with respect to the statements and information relating to the Plan's investments certified by American United Life Insurance Company and Mutual of America Life Insurance Company, the trustees, except for comparing such information with the related information included in the Plan's financial statements and supplemental information. The form and content of the information included in the Plan's financial statements, other than that derived from the information certified by the trustees, was audited by us in accordance with auditing standards generally accepted in the United States of America. These standards require that we plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements prepared by management with your oversight are free of material misstatement, whether caused by error or fraud. Our audit included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit does not relieve you or management of their fiduciary responsibilities.

As part of the audit, we obtained an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. The audit was not designed to provide assurance on internal control or to identify deficiencies in internal control.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters dated May 18, 2015.

Qualitative Aspect of Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Plan are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended December 31, 2014.

We noted no transactions entered into by the Plan during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive estimates affecting the financial statements were management's estimates of the fair value of investments and the net appreciation related to the Plans' investments, which are based on certified information provided by the trustees, derived from various inputs. The Plan utilizes a fair value hierarchy whereby fair value measurements maximize the use of observable inputs over unobservable inputs and minimize the use of unobservable inputs, as described in Note 4 to the financial statements.

The disclosures in the financial statements are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. For purposes of this letter, professional standards define a significant audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures.

Management has corrected all significant audit adjustments and a summary has been provided to you.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. If a consultation involves application of an accounting principle to the Plan's financial statements, or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Management Representations

We have requested certain representations from management that are included in the management representation letter. This letter has been provided to you.

Independence

We are not aware of any relationships between Baker Tilly Virchow Krause, LLP and the Plan that, in our professional judgment, may reasonably be thought to bear on our independence.

Relating to our audit of the financial statements of the Plan for the year ended December 31, 2014, Baker Tilly Virchow Krause, LLP hereby confirms in accordance with the Code of Professional Conduct issued by the American Institute of Certified Public Accounts, that we, in our professional judgment, are independent with respect to the Plan. During the year ended December 31, 2014, Baker Tilly Virchow Krause, LLP provided the following services to the Plan:

- Preparation of financial statements
- Preparation of journal entries

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Plan's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the plan administrator and management of the Plan and is not intended to be and should not be used by anyone other than these specified parties.

Baker Tilly Virchow Krause, LLP

Tysons Corner, Virginia
October 14, 2015

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We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management prior to retention as the Plan's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention. While we do not consider the following matters with respect to the Plan's operation a material weakness or significant deficiency, we present these observations for management's evaluation:

Documentation of Fiduciary Responsibility

As part of our audit, we noted that while the plan sponsor meets annually with American United Life Insurance Company ("AUL"), the Plan's third party administrator, to discuss and evaluate plan performance, plan management does not meet on a regular basis outside of this annual review. The plan sponsor has an obligation to fulfill its fiduciary responsibilities of overseeing the plan for the benefit of the participants, and regular meetings of plan management, including maintaining formal meeting minutes and establishing an investment policy, helps the plan sponsor document and perform these fiduciary responsibilities. We recommend that the plan sponsor create a formal investment policy and meet regularly to monitor plan performance. Similar to the notes maintained from the annual review with AUL, the plan sponsor should keep minutes of all meetings held during the year to indicate that the proper oversight is being maintained. At a minimum, these minutes should contain decisions related to performance of the investments in the Plan, performance of the service providers to the Plan, and discussions related to any proposed changes to the plan provisions due to changes in the legal or regulatory environment or other factors.

"Opt Out" Forms

Temporary employees, i.e. interns and offsite employees, are currently not required to return "opt out" forms to formally waive participation in the Plan. Based on our discussions with management, our understanding is that if a temporary employee does not return a completed election form indicating their desire to participate in the Plan, by default it is assumed they do not wish to participate. However, this exposes the plan sponsor to risk in the event that a temporary employee claims they had returned a form electing to participate, and no such form is on file. We recommend that the plan sponsor require temporary employees to return all election forms, including those to opt out of the Plan, in order to substantiate and serve as evidence of participation elections.

Processing Benefit Payments to Participants

During the course of our benefit payment testing, we noted that state tax was improperly withheld on one participant's distribution. Although the processing of distributions has been assigned to the Plan's third party administrator, the plan sponsor is ultimately responsible for the proper operation of the Plan, and thus the plan sponsor may still be at risk from an error caused by the third party administrator. We recommend that management discuss this error with the third party administrator, if such discussion has not already occurred, and discuss with them what steps they have taken to ensure similar errors do not occur in the future.

General Industry Updates and Compliance Observations

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Baker Tilly provides employee benefit plan services for over 1,350 plans across all offices, with plan sizes ranging between 120-50,000 participants. We offer a highly specialized team of professionals to assist you in meeting strict fiduciary and regulatory demands. As a result of this specialization in employee benefit plan matters as well as the opportunity to audit more than one-thousand employee benefit plans, we commonly identify operational errors within employee benefit plans and have summarized below a few of the more common errors we have observed over the past year in our practice or that we have noted from industry and DOL communications and guidance. Although the vast majority of these errors are inadvertent, to the extent that the errors result in a missed opportunity for participants, the plan sponsor may be responsible to the affected participants. In addition, the DOL may levy fines for inaccuracies or noncompliance errors. **We have not encountered these errors in the performance of the audits of your Plan, but are providing them to you as general industry observations and areas for you to be aware of**.

- **Incorrectly Operating Automatic Enrollment and Escalation Provisions** - Plans implementing these provisions often do so to increase participation in the plan by its employees and to help employees save more money for retirement. However, there is an element of risk to the plan sponsor if enrollments are missed or escalations are not properly administered, which can occur if eligibility requirements are not accurately tracked and monitored. It is important to maintain processes and controls that will prevent and/or detect any missed enrollments. The plan sponsor is responsible for contributing 50% of any missed contributions as a result of failure to accurately implement these provisions.

- **Lack of Due Diligence Related to Transfers versus Rollovers** - Rollover contributions from a qualified plan are a trustee-to-trustee transaction that originates from a distributable event, such as death, severance from employment, or plan termination. However, if transfer of funds originates from a plan merger or spinoff of the plan sponsor, the conversion of these funds requires additional due diligence for the plan sponsor on the receiving end. The receiving plan sponsor assumes the responsibility to ultimately payout the participant's benefits contributed to the plan. As such, the receiving plan sponsor should perform due diligence on the prior plan sponsor that includes:
    - Evaluating the prior plan sponsor's audit history
    - Evaluating the timeliness of the prior plan's Form 5500 filing
    - Assessing the internal control structure of the prior plan sponsor
    - Assessing potential or known deficiencies or compliance matters of the prior plan sponsor

  It is important for plan sponsors to include legal counsel while designing plan provisions for plan transfers, as a plan's tax-qualified status could be jeopardized.

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- **Uncashed Benefit Payment Checks** - The DOL has identified as an emerging issue uncashed benefit payments, where a participant has not deposited a benefit check distributed to them by the plan for an extended period of time. The DOL perceives the recipient of the check to be a participant in the plan until the check is cashed, and thus holds the plan sponsor responsible for ensuring the check is received by the participant. Plan sponsors should be aware of this risk and inquire of the plan administrator regarding the existence of such uncashed payments.

- **Plan Fee and Expense Disclosures** – Regulations requiring disclosure of plan fees were implemented in 2012 to increase the transparency of fees and expenses charged to the plan and its participants. It is important to ensure these disclosures are properly provided to participants. Periodic benchmarking of the plan's fees and investment rate of return against retirement plans of comparable size and industry is also a recommended practice to ensure adequate execution by the plan sponsor of its fiduciary responsibilities.

- **Late Remittances** - Late remittances of amounts withheld from employees remains number one on the DOL watch list for areas of noncompliance for employee benefit plans. Late remittances are deemed to be a loan from the Plan to the plan sponsor, which is considered a prohibited transaction under ERISA. Uncorrected prohibited transactions can be cause for the Internal Revenue Service ("IRS") and DOL to terminate the tax-exempt status of the plan. The rule for contributing amounts withheld from employees to the plan is that they must be contributed as soon as those assets can be segregated from general company assets. In no instance shall that timeframe extend beyond the 15th day of the month following the month in which the money was withheld. The 15th-day language is not intended to be a safe harbor. The DOL emphasizes that the deadline for remitting employee withheld funds to the Plan is when you can segregate those funds from general company assets.

DOL Audit Quality Study

On May 28, 2015 the DOL issued a report on its inspection of 2011 employee benefit plan audits, *Assessing the Quality of Employee Benefit Plan Audits*. The report issued is quite troubling as the overall deficiency rate reported was nearly 40% in the audits examined. We take this development very seriously. A deeper look at the report reveals a significant disparity in the quality of audits based on the number of employee benefit plan audits performed by the auditor. The DOL divided up the population of firms inspected into six stratums based on the number of plans they audit annually. The firms that audit the fewest benefit plans, from 1-99 plans covering the first 4 strata, had an aggregate deficiency rate of 65%. Those firms that audit more than 750 plans had a deficiency rate of 12%. As a profession we believe we need to do better. At the same time, we also know this study validates the decision you have made by using a firm that focuses on this type of work. Baker Tilly is one of the largest auditors of employee benefit plans in the U.S., auditing over 1,350 employee benefit plans. We have been members of the AICPA Employee Benefit Plan Audit Quality Center since its inception and have remained committed to the quality of our work. We have been through DOL inspections and, for our public plans, PCAOB inspections without any major deficiencies. We stand at the ready to help you and your company deal with EBP compliance matters. We will use this opportunity to continue to strengthen our practice as a firm. We thank you for your commitment to us and allowing us to serve you.

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Recent Accounting Pronouncements

ASU 2015-12

In July 2015, the FASB issued Accounting Standards Update 2015-12 (ASU 2015-12), *Plan Accounting: Defined Benefit Pension Plans (Topic 960), Defined Contribution Pension Plans (Topic 962), Health and Welfare Benefit Plans (Topic 965): (Part I) Fully Benefit-Responsive Investment Contracts, (Part II) Plan Investment Disclosures, (Part III) Measurement Date Practical Expedient.* This three part amendment reduces the complexity of employee benefit plan accounting and disclosures, particularly with regard to the reporting of fully benefit-responsive investment contracts and certain plan asset and investment disclosures.

Part I:
Currently, Topics 962 and 965 on employee benefit plan accounting require fully benefit-responsive investment contracts to be measured at contract value. Those Topics also require an adjustment to reconcile contract value to fair value, when these measures differ, on the face of the statement of net assets available for benefits. Part I of ASU 2015-12 changes this to designate contract value as the only required measure for fully benefit-responsive investment contracts, thus eliminating the need to report these contracts at fair value with a corresponding adjustment to contract value.

Part II:
As new disclosure requirements have been issued or amended by the FASB, employee benefit plan financial statements have been affected. Specifically, the interaction between Topic 820, *Fair Value Measurement*, and Topics 960, 962, and 965 on employee benefit plan accounting sometimes requires aggregation, or organization of similar investment information, in multiple ways. The objective of Part II of ASU 2015-12 is to simplify and make more effective the investment disclosure requirements under Topic 820 and under Topics 960, 962, and 965 for employee benefit plans. In particular, the requirement to disclose 1) individual investments that represent five percent or more of net assets available for benefits and 2) the net appreciation or depreciation of investments by general type will be eliminated for both participant-directed and nonparticipant-directed investments. Furthermore, the amendments will require that investments of employee benefit plans be grouped only by general type (i.e. registered investment companies, pooled separate accounts, common collective trusts, common stocks, etc.) for purposes of the disclosures required by Topic 820, thereby eliminating the need to disaggregate investments on the basis of nature, characteristic, and risk. In addition, if an investment is measured using the net asset value per share practical expedient in Topic 820 and that investment files a Form 5500 as a direct filing entity, disclosure of that investment's strategy will no longer be required.

Part III:
The objective of Part III of ASU 2015-12 is to reduce complexity in employee benefit plan accounting by providing a practical expedient that permits plans to measure investments and investment-related accounts as of a month-end date that is closest to the plan's fiscal year-end, when the fiscal period does not coincide with a month-end. If this practical expedient is applied and a contribution, distribution, and/or significant event occurs between the alternative measurement date and the plan's fiscal year-end, the plan should disclose the amount of such contribution, distribution, and/or significant event. In addition, the plan should disclose the accounting policy election and the date used to measure investments and investment-related accounts, thereby providing increased transparency.

The amendments in ASU 2015-12 are effective for fiscal years beginning after December 15, 2015, with earlier application permitted. The amendments within Parts I and II require retrospective application, whereas the amendments within Part III should be applied prospectively.

ASU 2015-07

In May 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update 2015-07, *Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*. The amendments apply to reporting entities that elect to measure the fair value of an investment using the net asset value per share (or its equivalent) practical expedient.

Topic 820, Fair Value Measurement, permits a reporting entity, as a practical expedient, to measure the fair value of certain investments using the net asset value per share of the investment. Currently, investments valued using the practical expedient are categorized within the fair value hierarchy on the basis of whether the investment is redeemable with the investee at net asset value on the measurement date, never redeemable with the investee at net asset value, or redeemable with the investee at net asset value at a future date. For investments that are redeemable with the investee at a future date, a reporting entity must consider the length of time until those investments become redeemable to determine the classification within the fair value hierarchy.

The amendments remove the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. The amendments also remove the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the net asset value per share practical expedient. Rather, those disclosures are limited to investments for which the entity has elected to measure the fair value using that practical expedient.

The amendments are effective for fiscal years beginning after December 15, 2016, and interim periods within those fiscal years. The amendments are applied retrospectively to all periods presented. The retrospective approach requires that an investment for which fair value is measured using the net asset value per share practical expedient be removed from the fair value hierarchy in all periods presented in an entity's financial statements. Earlier application is permitted.

IRS Correction Programs and Recent Developments

If you make mistakes with respect to your plan(s), you may use the IRS Employee Plans Compliance Resolution System ("EPCRS") to remedy the error. This option allows you to take a proactive approach to correction and avoid the consequences of plan disqualification. The IRS offers three ways to correct mistakes under the EPCRS including: (i) the Self Correction Program, (ii) the Voluntary Correction Program and (iii) the Audit Closing Agreement Program.

EPCRS Correction Programs:

- Self Correction Program - The Self Correction Program ("SCP") permits a plan sponsor to correct certain plan failures without contacting the IRS or paying any fee and is permitted for insignificant operational errors at any time to preserve the tax-favored status of your plan.

- Voluntary Correction Program - The Voluntary Correction Program ("VCP") permits a plan sponsor to, any time before audit, pay a fee and receive IRS approval for correction of plan failures. This program is used for taking a proactive approach to more significant errors.

- Audit Closing Agreement Program ("Audit CAP") - reserved for correcting a plan failure while the plan is under audit. Please contact us for assistance any time your plan is under audit.

If you identify compliance errors, the IRS has issued a "Fix-It Guide" to help identify mistakes and corrections for mistakes that are considered reasonable and appropriate in accordance with the tax law. Errors outlined in this guide provide guidance on how to find, fix and avoid errors as well as outlines the correction program (as described above) available for the defined error.
See the IRS 401(k) Plan Fix-It Guide at: *http://www.irs.gov/pub/irs-tege/401k_mistakes.pdf.*

Recently, the IRS issued Revenue Procedure 2015-28 which provides relief under the EPCRS for the correction of certain errors including automatic enrollment/escalation failures, missed elective deferrals, and minimum distribution failures. The two most significant provisions are as follows:

- Qualified nonelective contributions ("QNEC") for elective deferral failures are reduced, provided certain conditions are met. No QNEC will be required for failures that do not exceed 3 months. Failures that extend beyond 3 months but do not extend beyond the self-correction program method for significant failures may correct using a reduced QNEC equal to 25 percent of the missed deferrals in lieu of the current, higher QNEC of 50 percent.

- Effective December 31, 2020, if the failure to implement an automatic contribution feature or the failure to implement an affirmative election of an employee otherwise subject to automatic contribution does not extend beyond 9 ½ months after the end of the plan year of the failure, no corrective QNEC for the missed deferrals is required, provided certain conditions are satisfied.

Revisions to Determination Letter Application Process

The IRS has announced revisions to the determination letter application process for individually designed plans. Effective January 1, 2017, the determination letter program will be limited to only initial plan qualification and qualification upon plan termination, except for certain limited circumstances which have yet to be defined. The current staggered five-year determination letter remedial amendment cycles will be eliminated. In addition, effective now through December 31, 2016, the IRS generally will no longer accept off-cycle determination letter applications.

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Changes to Extended Due Date for Form 5500

On July 31, 2015, President Obama signed H.R. 3236, Surface Transportation and Veterans Health Care Choice Improvement Act of 2015. As a result, effective for plan years beginning after December 31, 2015, the filing extension period for Form 5500 will change from 2.5 months to 3.5 months. For plans on a calendar year, that means the extended due date will change from October 15th to November 15th.

In closing, we would like to express our sincere appreciation for the courtesy and cooperation extended to us by you and your staff during the audit. We look forward to continuing our relationship and would welcome the opportunity to be of assistance. Please feel free to call on us at any time.

403(b) LSC Management Response to Audit Results

Legal Services Corporation
America's Partner For Equal Justice

January 13, 2016

Mr. Benjamin Wilhelm, Partner
Baker Tilly Virchow Krause, LLP
8219 Leesburg Pike, Suite 800
Tysons Corner, Virginia 22182-2625

Dear Mr. Wilhelm:

The Legal Services Corporation (LSC) has received and reviewed Baker Tilly's Audit Results and Recommendations dated November 24, 2015. I am writing to provide management's responses to your findings.

Baker Tilly identified three significant deficiencies with LSC's administration of its 403(b) plan (Plan), each of which I have set out below followed by management's response.

> First Deficiency:
>
> During the course of our audit testing of participant data, we identified one participant who did not receive non-elective employer contributions during the plan year, despite being eligible to receive such contributions. Management had already identified the issue for this individual, along with one other participant, prior to the start of our audit, and had already taken corrective action to fund a qualified non-elective contribution on behalf of these two participants in April 2015. Management noted the cause of this error was that a separate profile had not been set up in the payroll/HRIS system to identify these participants as being eligible for non-elective employer contributions. Failing to contribute non-elective employer contributions for those participants that are eligible to receive them will result in the affected participants not receiving the benefit they are entitled to under the Plan, and will also result in employer contributions and net assets available for benefits being understated on the financial statements. We recommend that management implement a process as part of the initial data entry of each new hire in the payroll/HRIS system to verify that a separate profile is created within the system to identify whether or not each employee is eligible for non-elective employer contributions.

Management's Response:

As noted in your report, LSC identified and corrected this issue, which involved our two Office of Legal Affairs Fellows, prior to your audit. Management has a process in place, as part of the initial data entry of each new hire in the payroll/HRIS system, to verify that each new hire is assigned the appropriate profile within the system to identify whether or not the employee is eligible for non-elective employer contributions, and if no profile exists for a

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new employee class, to create one. We now have profiles for each employee class. In addition, we now include a Plan election form in the onboarding packet of each new Fellow. We enrolled the 2015 Fellows in the Plan during their onboarding process.

Second Deficiency:

During the course of our standard audit inquiries, we noted that interns are considered ineligible employees for purposes of participation in the Plan, despite not being explicitly defined as an excluded class of employee in the plan document. While interns typically will not meet the service requirement (1,000 hours) necessary to vest in any employer contributions, these employees are not being given the option to make elective deferrals into the Plan. We recommend that the plan sponsor either amend the plan document to specifically provide for the exclusion of interns from participation in the Plan, or provide these employees with the option to participate.

Management's Response:

As indicated in your report, interns typically will not meet the 1,000 hour service requirement necessary to receive matching and non-elective contributions from LSC. We accept your recommendation and have chosen to allow interns to participate in the Plan, will include a Plan election form in the onboarding packet of each intern, and will ensure that each returns a completed election form.

Third Deficiency:

During the course of our participant data testing, we identified two participants who did not have deferrals withheld on eligible compensation paid subsequent to their termination. As a result, these participants did not have the correct amount of employee deferral contributions withheld from their pay, and also did not receive the correct amount of employer matching contributions. We recommend that management perform an analysis of all post-severance payments to participants to determine the extent that employee deferrals were not withheld, as well as the amount of any missed employer matching contributions. The IRS correction for missed deferrals is to make a qualified non-elective contribution equivalent to 50 percent of any missed employee deferrals and 100 percent of any missed employer matching contributions, plus calculated lost earnings. We recommend consulting with plan counsel to determine the appropriate corrective action.

Management's Response:

We conducted a detailed analysis and determined that this issue was isolated to these two former employees. On September 2nd we transmitted to AUL corrective contributions of $149.21 for the first employee and $17.98 for the second. The contributions posted to the accounts on September 9th.

We have revised our procedure for processing out separating employees to ensure that this problem, which related to mid-month separations, does not recur.

In addition, Baker Tilly also has identified three "management opportunities," none of which is characterized as a material deficiency or significant weakness, and instead are offered as opportunities for us to evaluate and consider as steps to take to improve our practices. I have set out each management opportunity below followed by management's response.

> First Opportunity:
> Documentation of Fiduciary Responsibility
>
> As part of our audit, we noted that while the plan sponsor meets annually with American United Life Insurance Company ("AUL"), the Plan's third party administrator, to discuss and evaluate plan performance, plan management does not meet on a regular basis outside of this annual review. The plan sponsor has an obligation to fulfill its fiduciary responsibilities of overseeing the plan for the benefit of the participants, and regular meetings of plan management, including maintaining formal meeting minutes and establishing an investment policy, helps the plan sponsor document and perform these fiduciary responsibilities. We recommend that the plan sponsor create a formal investment policy and meet regularly to monitor plan performance. Similar to the notes maintained from the annual review with AUL, the plan sponsor should keep minutes of all meetings held during the year to indicate that the proper oversight is being maintained. At a minimum, these minutes should contain decisions related to performance of the investments in the Plan, performance of the service providers to the Plan, and discussions related to any proposed changes to the plan provisions due to changes in the legal or regulatory environment or other factors.

Management's Response:

While LSC staff only meets with AUL representatives annually, we do have ongoing conversations with David Ponder, our financial advisor, about the performance of funds in the Plan. Specifically, on a quarterly basis, we consult with Mr. Ponder about our portfolio and include his observations in a written memorandum to our Audit Committee as part of our quarterly board meetings. In our memorandum, we detail how our funds are performing and identify any funds that are placed on the Mesirow watch list and require further observation. Mesirow is LSC's 3(21) fiduciary for the Plan. LSC does have an Investment Policy Statement (ISP) (effective July 1, 2008) and LSC's engagement with Mr. Ponder is consistent with the guidance the ISP provides on the effective discharge of LSC's fiduciary responsibilities. A copy of the ISP is attached.

We consider carefully the advice Mr. Ponder offers and often take action based on it. For example, in September 2014, after discussing the matter internally, we accepted Mr. Ponder's recommendation to add additional lower-cost index funds to the portfolio.

We accept your recommendation and will take steps to improve our practice by formalizing these efforts by conducting face-to-face quarterly meetings and maintaining meeting minutes. .

Second Opportunity:
"Opt Out" Forms

Temporary employees, i.e. interns and offsite employees, are currently not required to return “opt out” forms to formally waive participation in the Plan. Based on our discussions with management, our understanding is that if a temporary employee does not return a completed election form indicating their desire to participate in the Plan, by default it is assumed they do not wish to participate. However, this exposes the plan sponsor to risk in the event that a temporary employee claims they had returned a form electing to participate, and no such form is on file. We recommend that the plan sponsor require temporary employees to return all election forms, including those to opt out of the Plan, in order to substantiate and serve as evidence of participation elections.

Management’s Response:

We have reviewed our records and determined that there are eight (8) temporary employees from whom we do not have a completed 403(b) enrollment/opt-out form. We are in the process of following up with each of these individuals and will secure the necessary documentation to memorialize their intentions. Moving forward, we will include a 403(b) election/opt-out form in the onboarding packet of each temporary employee and will ensure that each returns a completed election form.

Third Opportunity:
Processing Benefit Payments to Participants

During the course of our benefit payment testing, we noted that state tax was improperly withheld on one participant's distribution. Although the processing of distributions has been assigned to the Plan’s third party administrator, the plan sponsor is ultimately responsible for the proper operation of the Plan, and thus the plan sponsor may still be at risk from an error caused by the third party administrator. We recommend that management discuss this error with the third party administrator, if such discussion has not already occurred, and discuss with them what steps they have taken to ensure similar errors do not occur in the future.

Management’s Response:

We take seriously our role as Plan Administrator and always contact AUL directly whenever we encounter issues. We contacted AUL following discovery of this issue and were advised that a system error resulted in the calculation of the Virginia tax owed by the former employee at a higher rate than was appropriate; state tax should have been withheld, but in a lower amount. We have scheduled a January 13th meeting with our local AUL representative to discuss this matter further.

We appreciate the thoroughness of Baker Tilly's review of our practices as we fully understand that we share a common goal of the Plan being properly and effectively administered.

Sincerely,

Jim Sandman

James J. Sandman
President

403(b) Auditor’s Response to LSC Management Response

From: Benjamin Wilhelm [mailto:ben.wilhelm@bakertilly.com]
Sent: Thursday, January 14, 2016 9:36 AM
To: Traci L. Higgins
Cc: Jessica Mastropietro; Matthew Lawless; Mayealie Adams; Zoe Osterman; Sophia Mason
Subject: RE: LSC's Response to 403b Audit Letter

Traci,

Thank you for providing this response to us. I am impressed, but certainly not surprised, with LSC's thoroughness in addressing our comments and how seriously you considered and responded to them. As always, we are grateful that LSC has chosen Baker Tilly as your 403(b) Plan's auditor and look forward to the 2015 audit this summer.

Best regards,
Ben

Ben Wilhelm, Partner
Baker Tilly Virchow Krause, LLP
8219 Leesburg Pike, Suite 800
Tysons Corner, VA 22182-2625
tel 703 923 8580, fax 703 923 8880
ben.wilhelm@bakertilly.com; Connect with us: bakertilly.com

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FINANCE COMMITTEE

January 29, 2016

Agenda

OPEN SESSION

1. Approval of agenda

2. Approval of the minutes of the Committee's Open Session meeting on October 4, 2015

3. Approval of the minutes of the Committee's Open Session Telephonic meeting on October 19, 2015

4. Presentation of LSC's Financial Report for the first two months of FY 2016

    - David Richardson, Treasurer/Comptroller

5. Discussion of LSC's FY 2016 appropriations

    - Carol Bergman, Director of Government Relations & Public Affairs

6. Consider and act on LSC's Consolidated Operating Budget for FY 2016, ***Resolution 2016-0XX***

    - David Richardson, Treasurer/Comptroller

7. Discussion of LSC's FY 2017 appropriations request

    - Carol Bergman, Director of Government Relations & Public Affairs

8. Discussion of Committee's evaluation for 2015 and the Committee's goals for 2016

9. Report on the Selection of Accounts and Depositories for LSC Funds

    - David Richardson, Treasurer/Comptroller

10. Public comment

11. Consider and act on other business

12. Consider and act on motion to adjourn the meeting

Draft Minutes of the October 4, 2015
Open Session Meeting

Legal Services Corporation
Meeting of the Finance Committee

Open Session

Sunday, October 4, 2015

DRAFT

Committee Chairman Robert J. Grey Jr. convened an open session meeting of the Legal Services Corporation's ("LSC") Finance Committee ("the Committee") at 3:51 p.m. on Sunday, October 4, 2015. The meeting was held at the Hyatt Regency San Francisco, 5 Embarcadero Center, San Francisco, California 94111.

The following Committee members were present:

Robert J. Grey Jr., Chairman
Harry J. F. Korrell, III
Laurie I. Mikva
Martha L. Minow
Father Pius Pietrzyk, O.P.
Alan Tanenbaum (Non-Director Member), by telephone
John G. Levi, *ex officio*

Other Board Members Present:

Charles Keckler
Victor Maddox
Julie A. Reiskin
Gloria Valencia-Weber

Also attending were:

James J. Sandman	President
Rebecca Fertig Cohen	Chief of Staff
Ronald S. Flagg	Vice President for Legal Affairs, General Counsel, and Corporate Secretary
Mayealie Adams	Special Assistant to the President for Board Affairs
Lynn Jennings	Vice President for Grants Management
David L. Richardson	Comptroller and Treasurer, Office of Financial and Administrative Services (OFAS)
Wendy Rhein	Chief Development Officer
Carol Bergman	Director, Office of Government Relations and Public Affairs (GRPA)
Carl Rauscher	Director, Communications and Media Relations, Office of Government Relations and Public Affairs (GRPA)

Jeffrey E. Schanz	Inspector General
David Maddox	Assistant Inspector General for Management and Evaluation, Office of the Inspector General (OIG)
Daniel O'Rourke	Assistant Inspector General for Investigations, Office of the Inspector General (OIG)
Laurie Tarantowicz	Assistant Inspector General and Legal Counsel, Office of the Inspector General
John Seeba	Assistant Inspector General for Audit, Office of the Inspector General
Lora M. Rath	Director, Office of Compliance and Enforcement (OCE)
Janet LaBella	Director, Office of Program Performance (OPP)
Herbert S. Garten	Non-Director Member, Institutional Advancement Committee
Robin C. Murphy	National Legal Aid and Defenders Association (NLADA)
Judge Lora Livingston	Chair, American Bar Association, Standing Committee on Legal Aid and Indigent Defense (SCLAID)

The following summarizes actions taken by, and presentations made to, the Committee:

Committee Chairman Grey called the meeting to order.

MOTION

Father Pius moved to approve the agenda. Dean Minow seconded the motion.

VOTE

The motion passed by voice vote.

MOTION

Dean Minow moved to approve the minutes of the Committee's meetings of July 9, July 16, and August 13, 2015. Father Pius seconded the motions.

VOTE

The motion passed by voice vote.

Mr. Richardson provided a summary on LSC's Financial Reports for the ten-month period ending July 31, 2015, and answered Committee members' questions.

Ms. Bergman briefed the Committee on the status of the Fiscal Year 2016 and Fiscal Year 2017 appropriations. She answered Committee members' questions.

Mr. Richardson gave a report on the proposed Temporary Operating Authority for Fiscal Year 2016, and accompanying resolution. He answered Committee members' questions.

MOTION

Dean Minow moved to recommend the proposed Temporary Operating Authority for Fiscal Year 2016, and resolution to the Board for approval. Father Pius seconded the motion.

VOTE

The motion passed by voice vote.

Committee Chairman Grey invited public comment and receive none. There was no other business to consider.

MOTION

Dean Minow moved to adjourn the meeting. Father Pius seconded the motion.

VOTE

The motion passed by voice vote.

The Committee meeting adjourned at 4:31p.m.

Draft Minutes of the October 19, 2015
Open Session Telephonic Meeting

Legal Services Corporation
Telephonic Meeting of the Finance Committee

Open Session

Monday, October 19, 2015

DRAFT

Committee Chairman Robert J. Grey Jr. convened an open session meeting of the Legal Services Corporation's ("LSC") Finance Committee ("the Committee") at 4:34 p.m. on Monday, October 19, 2015. The meeting was held at the F. William McCalpin Conference Center, Legal Services Corporation, 3333 K Street, NW Washington, D. C. 20007.

The following Committee members were present:

Robert J. Grey Jr., Chairman
Harry J. F. Korrell, III
Martha L. Minow
Father Pius Pietrzyk, O.P.
Robert E. Henley Jr. (Non-Director Member)
Alan Tanenbaum (Non-Director Member)
John G. Levi, *ex officio*

Other Board Members Present:

Charles Keckler
Victor Maddox
Julie A. Reiskin
Gloria Valencia-Weber

Also attending were:

James J. Sandman	President
Rebecca Fertig Cohen	Chief of Staff
Ronald S. Flagg	Vice President for Legal Affairs, General Counsel, and Corporate Secretary
Rebecca Weir	Senior Assistant General Counsel, Office of Legal Affairs (OLA)
Mayealie Adams	Special Assistant to the President for Board Affairs
Lynn Jennings	Vice President for Grants Management
David L. Richardson	Comptroller and Treasurer, Office of Financial and Administrative Services (OFAS)
Martin Polacek	Account Manager, Office of Financial and Administrative Services (OFAS)
Carol Bergman	Director, Office of Government Relations and Public Affairs (GRPA)

Traci Higgins	Director, Office of Human Resources (OHR)
Jeffrey E. Schanz	Inspector General
Robin C. Murphy	National Legal Aid and Defenders Association (NLADA)

The following summarizes actions taken by, and presentations made to, the Committee:

Committee Chairman Grey called the meeting to order.

MOTION

Dean Minow moved to approve the agenda. Mr. Tanenbaum seconded the motion.

Mr. Flagg briefed the Committee on two resolutions. The first resolution was for approval of the Collective Bargaining Agreement and Revised FY 2015 Consolidated Operating Budget, and the second resolution was for approval of Temporary Operating Budget and Special Circumstance Operating Authority for FY 2016. Mr. Flagg answered Committee members' questions.

MOTION

Dean Minow moved to recommend for approval by the Board the Collective Bargaining Agreement and Revised FY 2015 Consolidated Operating Budget. Father Pius seconded the motion.

VOTE

The motion passed by voice vote, with one nay.

MOTION

Father Pius moved to recommend for approval by the Board the proposed Temporary Operating Budget and Special Circumstance Operating Authority for FY 2016. Mr. Henley seconded the motion

VOTE

The motion passed by voice vote.

Chairman Grey invited public comment and received comments from Robin Murphy of (NLADA).

There was no new business to consider.

MOTION

Father Pius moved to adjourn the meeting. Dean Minow seconded the motion

VOTE

The motion passed by voice vote.

The Committee meeting adjourned at 5:01p.m.

Financial Report for First Two Months of FY 2016

Legal Services Corporation
America's Partner For Equal Justice

FINANCIAL & ADMINISTRATIVE SERVICES

MEMORANDUM

TO: Robert J. Grey, Jr., Finance Committee Chairman

FROM: David L. Richardson, Treasurer/Comptroller *dlr*

DATE: January 8, 2016

SUBJECT: November 2015 Financial Reports

The financial report for the period ending November 30, 2015 is attached. There are four attachments (some with multiple pages) that support this report.

The first section of Attachment A presents information for the Delivery of Legal Assistance, ***Roman numeral I***, and the Herbert S. Garten Loan Repayment Assistance Program (LRAP), ***Roman numeral II***. The expenditures are compared to the annual budget, and the report shows the variance for each budget line. The expenditures are also compared to the same period of the prior year.

I. There are six elements included in the Delivery of Legal Assistance:

1. The Basic Field Programs budget is $344,362,552; grant expenses total $57,015. With the FY 2016 appropriation, LSC received an increase of $8,850,000 for Basic Field Programs. Following the resolution approving *Temporary Operating Budget and Special Circumstances Operating Authority*, this increased amount was included in the most recent grants awarded. Grants totaling $347,930,535 were made effective January 1 and will be reported in the January Financial Report.

2. The U.S. Court of Veterans Appeals Funds budget totals $2,502,500; there are grant expenses of $9,793.

3. The Grants from Other Funds budget totals $2,073,193; there are no grant expenses.

4. The Technology Initiatives budget totals $4,147,739; there are no expenses.

5. The Hurricane Sandy Disaster Relief Funds budget totals $75,959; there are no expenses.

6. The Pro Bono Innovation Fund budget is $4,000,000; there are no expenses.

II. The Herbert S. Garten Loan Repayment Assistance Program's budget is $2,463,627; there are no expenses.

The second section of Attachment A presents expenditures for MGO and the OIG. The expenditures are compared to a pro rata allocation of the annual budget based on the number of months of the fiscal year covered by the reporting period.

III. MGO's annual budget totals $23,862,500. The budget is comprised of the MGO operating budget of $21,996,600, and the MGO Contingency Funds totaling $1,865,900.

The MGO operating budget allocation for this reporting period is $3,666,100, compared to the actual expenses of $3,067,025. LSC is under budget by $559,075, or 16.34%, and the encumbrances are $495,651. The expenditures are $170,207 more than the same period in 2015.

The MGO Contingency Funds allocation is $310,983, and there are no expenses.

IV. The OIG's annual budget totals $5,050,000. The budget allocation for November is $841,667, compared to actual expenses of $716,841. The OIG is $124,826, or 14.83%, under budget, and the encumbrances are $146,020. The expenditures are $27,821 less than in 2015.

Attachment B, page 1, presents comparative budgets and expenditures for MGO by cost center. Attachment B, page 2, shows the budgets and expenditures by budget category for the MGO operating budget. The Board of Directors' budget shows as being over budget for the period; this is because of the timing of expenses related to the October Board meetings.

The largest variance under budget, totaling $330,743, is in the Compensation and Benefits category; this amount represents 55.21% of the total variance. The variance is attributable to delays in hiring, and projected salary increases for FY 2016. The number of budgeted positions listed by office as of November 30 and December 31 are as follows:

	Staff budgeted for FY 2016	Staffing November 30	Staffing December 31
Executive Office	8	7	8
Legal Affairs	8	8	8
Government Relations / Public Affairs	7	6	7
Human Resources	6	6	6
Financial and Administrative Services	11	11	11
Information Technology	8	7	7
Program Performance	28	27	27
Data Governance and Analysis[1]	5	0	0
Compliance and Enforcement	28	26	25
Total	109	98	99

Attachment B, page 3, provides a summary of the expenditures by office and by budget category. Attachment C, pages 1 and 2, presents a breakdown of the other operating expenses by account code and by cost center.

Attachment D shows a comparative OIG budget and expenditures by budget category. The OIG is under budget in total; however, the capital expenditures budget category is over budget for the reporting period due to the timing of expenses.

In addition to the expenses shown above, there are expenses for the projected supported by private funds. The budgets for the private funds and the expenses for FY 2016 are as follows:

[1] The new Data Governance and Analysis Director began on January 4, 2016.

	FY 2016 Budget	Expenses	Remaining Funds
Data Collections Toolkit	$ 66,398	$ 9,299	$ 57,099
Data-Driven Management for Civil Legal Aid Providers	100,000	84	99,916
Midwest Disaster Relief Funds	375,814	5,544	370,270
Justice Gap Study	200,000	0	200,000
Library Initiative	100,000	0	100,000
Rural Summer Legal Corps	292,250	0	292,250
Vieth Leadership Fund	200,000	0	200,000
Statewide Website Review	250,000	0	250,000
Total	$1,584,462	$ 14,927	$1,569,535

If you have any questions, please let me know.

Attachments (A – B – C - D)

cc Board of Directors
President
Corporate Secretary
Inspector General

ATTACHMENT A
PAGE 1 OF 1

LEGAL SERVICES CORPORATION
CONSOLIDATED OPERATING BUDGET WORKSHEET
FOR THE TWO-MONTH PERIOD ENDING NOVEMBER 30, 2015
FOR FISCAL YEAR 2016

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	FISCAL YEAR 2016						COMPARATIVE	
	ANNUAL BUDGET	ACTUAL	ANNUAL BUDGET	VARIANCE BUD VS ACT UNDER / (OVER)	% OF VARIANCE UNDER / (OVER)	ENCUM-BRANCES	PRIOR Y-T-D ACTUAL	VARIANCE ACTUAL VS PRIOR Y-T-D INCR / (DECR)
I. DELIVERY OF LEGAL ASSISTANCE								
1. Basic Field Programs	344,362,552	57,015	$344,362,552	$344,305,537	99.98	$0	-	$57,015
2. U.S. Court of Vets Appeals Funds	2,502,500	9,793	2,502,500	2,492,707	99.61	-	-	9,793
3. Grants From Other Funds	2,073,193	-	2,073,193	2,073,193	100.00	-	-	-
4. Technology Initiatives	4,147,739	-	4,147,739	4,147,739	100.00	-	-	-
5. Hurricane Sandy Disaster Relief Funds	75,959	-	75,959	75,959	100.00	-	-	-
6. Pro Bono Innovation Funds	4,000,000	-	4,000,000	4,000,000	100.00	-	-	-
TOTAL DELIVERY OF LEGAL ASSISTANCE	357,161,943	66,808	357,161,943	357,095,135	99.98	$0	-	66,808
II. HERBERT S. GARTEN LOAN REPAYMENT ASSISTANCE PROGRAM	2,463,627	-	2,463,627 *	2,463,627	100.00	-	-	-
	ANNUAL BUDGET	ACTUAL	TWO - TWELFTH OF THE FY 2016 COB	VARIANCE BUD VS ACT UNDER / (OVER)	% OF VARIANCE UNDER / (OVER)	ENCUM-BRANCES	PRIOR Y-T-D ACTUAL	VARIANCE ACTUAL VS PRIOR Y-T-D INCR / (DECR)
III. MANAGEMENT & GRANTS OVERSIGHT								
1. MGO Operating Budget	21,996,600	3,067,025	$3,666,100	$599,075	16.34	$495,651	2,896,818	170,207
2. MGO Contingency Funds	1,865,900	-	310,983	310,983	100.00	-	-	-
TOTAL MANAGEMENT & GRANTS OVERSIGHT	23,862,500	3,067,025	3,977,083	910,058	22.88	495,651	2,896,818	170,207
IV. INSPECTOR GENERAL								
1. I G Operating Budget	5,050,000	716,841	841,667	124,826	14.83	146,020	744,661	(27,821)
TOTAL INSPECTOR GENERAL	5,050,000	716,841	841,667	124,826	14.83	146,020	744,661	(27,821)
TOTAL	$388,538,070	$3,850,674	$364,444,320	$360,593,646		$641,671	$3,641,479	$209,195

CONSOLIDATED OPERATING BUDGET WORKSHEET
FOR THE TWO-MONTH PERIOD ENDING NOVEMBER 30, 2015
FOR FISCAL YEAR 2016

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	FISCAL YEAR 2016						COMPARATIVE	
	ANNUAL BUDGET	ACTUAL	TWO - TWELFTH OF THE FY 2016 COB	VARIANCE BUD VS ACT UNDER / (OVER)	% OF VARIANCE UNDER / (OVER)	ENCUM-BRANCES	PRIOR Y-T-D ACTUAL	VARIANCE ACTUAL VS PRIOR Y-T-D INCR / (DECR)
III. MANAGEMENT & GRANTS OVERSIGHT								
1. Board of Directors	$416,750	$73,038	$69,458	($3,580)	(5.15)	$0	$42,924	$30,114
2. Executive Office	1,497,500	207,735	249,582	41,847	16.77	3,450	203,303	4,432
3. Legal Affairs	1,736,325	218,658	289,388	70,730	24.44	29,932	189,285	29,373
4. Government Relations/Public Affairs	1,129,275	156,553	188,213	31,660	16.82	18,626	189,642	(33,089)
5. Human Resources	816,400	128,291	136,067	7,776	5.71	12,959	99,991	28,300
6. Financial & Admin Services	3,827,900	585,624	637,983	52,359	8.21	68,114	541,897	43,727
7. Information Technology	2,046,075	270,042	341,013	70,971	20.81	228,247	253,439	16,603
8. Program Performance	4,965,725	713,536	827,621	114,085	13.78	76,603	658,496	55,040
9. Data Governance and Analysis	752,900	-	125,483	125,483	100.00	-	68,258	(68,258)
10. Compliance & Enforcement	4,807,750	713,548	801,292	87,744	10.95	57,720	649,583	63,965
MANAGEMENT & GRANTS OVERSIGHT SUBTOTAL	$21,996,600	3,067,025	$3,666,100	$599,075	16.34	$495,651	$2,896,818	$170,207
11. M & G O Contingency Funds	1,865,900	-	310,983	310,983	100.00	-	-	-
TOTAL MANAGEMENT & GRANTS OVERSIGHT	$23,862,500	$3,067,025	$3,977,083	$910,058	22.88	$495,651	$2,896,818	$170,207

LEGAL SERVICES CORPORATION
FINANCIAL REPORT BY BUDGET CATEGORY
FOR THE PERIOD ENDING NOVEMBER 30, 2015
FOR FISCAL YEAR 2016
MANAGEMENT AND GRANTS OVERSIGHT

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
		F I S C A L Y E A R 2 0 1 6					C O M P A R A T I V E	
	ANNUAL BUDGET	ACTUAL	TWO - TWELFTHS OF THE FY 2016 BUDGET	VARIANCE BUD VS ACT UNDER / (OVER)	% OF VARIANCE UNDER / (OVER)	ENCUM- BRANCES	PRIOR Y-T-D ACTUAL	VARIANCE ACTUAL VS PRIOR Y-T-D INCR / (DECR)
TOTAL COMP./BENEFITS	15,912,350	2,321,314	2,652,057	330,743	12.47	250	2,117,438	203,876
TEMP. EMPLOYEE PAY	669,925	91,184	111,655	20,471	18.33	-	106,666	(15,482)
CONSULTING	1,074,900	91,073	179,150	88,077	49.16	207,208	95,917	(4,844)
TRAVEL/TRANSPORTATION EXPS	1,137,595	151,772	189,599	37,827	19.95	34,633	121,034	30,738
COMMUNICATIONS	110,000	11,706	18,334	6,628	36.15	-	11,650	56
OCCUPANCY COST	1,879,500	286,868	313,250	26,382	8.42	4,816	285,725	1,143
PRINTING & REPRODUCTION	74,200	595	12,366	11,771	95.19	58,272	13,914	(13,319)
OTHER OPERATING EXPENSES	992,130	100,496	165,356	64,860	39.22	190,472	140,528	(40,032)
CAPITAL EXPENDITURES	146,000	12,017	24,333	12,316	50.61	-	3,946	8,071
TOTAL	$21,996,600	3,067,025	3,666,100	599,075	16.34	$495,651	2,896,818	170,207

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LEGAL SERVICES CORPORATION
OPERATING EXPENSES FOR FISCAL YEAR 2015
FOR THE PERIOD ENDING NOVEMBER 30, 2015
MANAGEMENT AND GRANTS OVERSIGHT

BUDGET CATEGORY	BOARD OF DIRECTORS	EXECUTIVE OFFICE	LEGAL AFFAIRS	GOV'T REL PUBLIC AFFS	HUMAN RESOURCES	OFFICE FINANCIAL & ADMIN SRVCS
COMPENSATION & BENEFITS	-	185,953	191,810	138,570	115,471	239,816
TEMPORARY EMPLOYEE PAY	-	4,240	15,140	2,954	-	-
CONSULTING	17,085	471	364	5,168	11,577	-
TRAVEL/TRANSPORTATION EXPS	55,380	16,481	4,032	6,072	-	4,000
COMMUNICATIONS	573	484	445	663	371	572
OCCUPANCY COST	-	-	-	-	-	286,868
PRINTING & REPRODUCTION	-	-	-	-	-	595
OTHER OPERATING EXPENSES	-	106	6,867	3,126	872	47,746
CAPITAL EXPENDITURES	-	-	-	-	-	6,027
TOTAL	$73,038	$207,735	$218,658	$156,553	$128,291	$585,624

BUDGET CATEGORY	INFORMATION TECHNOLOGY	PROGRAM PERFORMANCE	INFORMATION MANAGEMENT	COMPLIANCE & ENFORCEMENT	TOTAL MGT & GRANTS OVERSIGHT
COMPENSATION & BENEFITS	169,435	627,145	-	653,114	2,321,314
TEMPORARY EMPLOYEE PAY	-	46,601	-	22,249	91,184
CONSULTING	46,423	9,985	-	-	91,073
TRAVEL/TRANSPORTATION EXPS	2,437	26,895	-	36,475	151,772
COMMUNICATIONS	4,873	2,015	-	1,710	11,706
OCCUPANCY COST	-	-	-	-	286,868
PRINTING & REPRODUCTION	-	-	-	-	595
OTHER OPERATING EXPENSES	40,884	895	-	-	100,496
CAPITAL EXPENDITURES	5,990	-	-	-	12,017
TOTAL	$270,042	$713,536	$0	$713,548	$3,067,025

ATTACHMENT C

LEGAL SERVICES CORPORATION
FINANCIAL REPORT BY BUDGET CATEGORY
FOR THE PERIOD ENDING NOVEMBER 30, 2015
FOR FISCAL YEAR 2016
INSPECTOR GENERAL

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
		F I S C A L Y E A R 2 0 1 6					C O M P A R A T I V E	
	ANNUAL BUDGET	ACTUAL	TWO - TWELFTHS OF THE FY 2016 BUDGET	VARIANCE BUD VS ACT UNDER / (OVER)	% OF VARIANCE UNDER / (OVER)	ENCUM- BRANCES	PRIOR Y-T-D ACTUAL	VARIANCE ACTUAL VS PRIOR Y-T-D INCR / (DECR)
TOTAL COMP./BENEFITS	$4,082,500	634,343	680,416	46,073	6.77	-	626,261	8,081
TEMP. EMPLOYEE PAY	15,000	-	2,500	2,500	100.00	-	1,308	(1,308)
CONSULTING	430,000	26,314	71,667	45,353	63.28	142,695	77,966	(51,652)
TRAVEL/TRANSPORTATION EXPS	270,000	30,144	45,000	14,856	33.01	-	22,229	7,915
COMMUNICATIONS	25,000	2,717	4,167	1,450	34.80	-	1,853	864
OCCUPANCY COST	7,000	-	1,167	1,167	100.00	-	-	-
PRINTING & REPRODUCTION	18,000	1,171	3,000	1,829	60.97	-	1,882	(711)
OTHER OPERATING EXPENSES	152,500	10,891	25,417	14,526	57.15	3,325	11,381	(490)
CAPITAL EXPENDITURES	50,000	11,261	8,333	(2,928)	(35.14)	-	1,781	9,480
TOTAL	$5,050,000	716,841	841,667	124,826	14.83	$146,020	744,661	(27,820)

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Proposed Consolidated Operating Budget for FY 2016

Legal Services Corporation
America's Partner For Equal Justice

FINANCIAL & ADMINISTRATIVE SERVICES

MEMORANDUM

TO: Robert J. Grey, Finance Committee Chairman

FROM: David L. Richardson, Treasurer/Comptroller *dlr*

DATE: January 11, 2016

SUBJECT: Fiscal Year (FY) 2015 Proposed Consolidated Operating Budget (COB)

The Board of Directors approved Management's proposed Temporary Operating Budget (TOB) of $388,513,070 in October 2015. This TOB was comprised of the annualized funding from the Continuing Resolution (CR) then in effect, plus projected carryover. In December, Congress passed an appropriation for FY 2016 that increased our funding by $10,000,000. The increase in each line item is shown in the following table.

	FY 2016 Appropriation	Annualized CR Funding	Funding Increase
Basic Field Programs	352,000,000	343,150,000	8,850,000
Technology Initiatives	4,000,000	4,000,000	-
Pro Bono Innovation Funds	4,000,000	4,000,000	-
Herbert Garten LRAP	1,000,000	1,000,000	-
Management and Grants Administration	19,000,000	18,500,000	500,000
Inspector General	5,000,000	4,350,000	650,000
Totals	385,000,000	375,000,000	10,000,000

As allowed by the resolution passed during the October 19 Board meeting, the $8,850,000 was used to increase the Basic Field Program grant awards for calendar year 2016. The other increases will be used to support the budgets of Management and Grants Oversight (MGO) and the Office of Inspector General (OIG).

The CR and appropriation provided funding of $2,500,000 for the U.S. Court of Veterans Appeals.

We projected FY 2015 carryover to be $11,013,070. With the audit now complete, the actual carryover totaled $11,569,943, an increase of $556,873. The following table shows the adjustment from the actual from year-end projections for each budget line.

	Actual Carryover	Projected Carryover	Increase (Decrease) in Carryover
Basic Field Programs	**1,141,575**	**1,212,552**	**(70,977)**
U.S. Court of Veterans Appeals	**12,485**	**2,500**	**9,985**
Grants from Other Funds	**2,069,608**	**2,073,193**	**(3,585)**
Technology Initiatives	**140,747**	**147,739**	**(6,992)**
Hurricane Sandy Disaster Relief Funds	**54,558**	**75,959**	**(21,401)**
Herbert Garten LRAP	**1,464,843**	**1,463,627**	**1,216**
Management and Grants Administration	**3,496,600**	**3,496,600**	**-**
MGO Contingency	**2,538,082**	**1,840,900**	**697,182**
Inspector General Operating and Contingency	**651,445**	**700,000**	**(48,555)**
Totals	**11,569,943**	**11,013,070**	**556,873**

The reason for each MGO adjustment is as follows:

Basic Field Program – a decrease of $70,977 in funds is for funds that were provided to a program on short-term funding;

U.S. Court of Veterans Appeals – an increase of $9,985 is attributed to expenses that were less than projected;

Grants form Other Funds – a decrease of $3,585 is required to adjust to the projected grant recoveries to reflect the amount actually received;

Technology Initiatives – a decrease of $6,992 for grants in an amount greater than the projection;

Hurricane Sandy Disaster Relief Funds – a net decrease in the of $21,401 occurred because of canceling a grant and then awarding a higher grant amount to another program;

Loan Repayment Assistance Program – an increase of $1,216 is attributable to cash received from outstanding loan balances after the projection was made; and

MGO Contingency – an increase of $697,182 is because of less spending than projected and a transfer of $196,603 from the Pro Bono Innovation Fund to MGO to provide for support for the Pro Bono Innovation competition and oversight and process.

This proposed budget has a net decrease of $615,100 the MGO operating budget as a result of three actions: (1) The budget for the Office of Office of Program Performance has increased by $75,000 to provide funding for the Pro Bono Innovation evaluation; (2) The Office of Data Governance and Analysis was decreased by $190,100 in Personnel Compensation and Benefits because the office was not operational during the first quarter of this fiscal year; and $500,000 was transferred from the Office of Financial and Administrative Services where the MGO increased appropriation was included.

The funds from operation ($697,182) and the reduction from the Temporary Operating budget shown in the previous paragraph, increases this year's Contingency by $1,312,282. This increases the contingency funds to $3,153,182, which will be used to support future operations. Included in the contingency are funds to provide a one-month operating reserve of $1,600,000 to sustain us in the event of a lapse in funding and $200,000 for competition of the new grants management system in FY 2017. The contingency will help to sustain MGO operations through FY 2017 and some of FY 2018 depending on operating carryover for the next two years.

The following budget information is provided by the Office of Inspector General (OIG).

The FY 2016 OIG consolidated operating budget is $5,651,445; this represents an FY 2016 appropriation of $5,000,000 and FY 2015 carryover of $651,445. The final FY 2015 carryover was $48,555 less than projected due in part to compensation payments made in concert with LSC management's Collective Bargaining Agreement to provide one-time payments to current employees employed before January 1, 2013. The payments were made in recognition of continued dedicated service to the OIG for a total cost of $85,000.

The OIG FY 2016 COB includes an operating budget of $5,375,529 and a contingency fund of $275,916. Significant OIG budget adjustments from the temporary operating budget included increasing total compensation $212,889 and personnel benefits $43,140. This increase is related to the first year implementation of market-based OIG salary adjustments and performance pay as a result of the OIG salary compensation review. The remaining adjustments reduced capital expenditures ($30,000) and communications ($5,000) due to increased efficiencies in cloud computing and mobile connections.

This budget allows the OIG's work plan to remain flexible to accommodate additional independent and objective reviews as requested by the Board and Congress.

* * * * * * * * * * * * *

Attached is a proposed COB resolution, which totals $399,069,943 and two attachments supporting this recommendation. Attachment A summarizes the COB by budget line and Attachment B summarizes each office's budget by budget category. Questions or concerns related to the MGO budget should be directed to me at 202-295-1510 or Wendy Christmas at 202-295-1516. Questions regarding the Office of Inspector General's budget should be directed to Jeffrey Schanz (202) 295-1677 or David Maddox (202) 295-1653.

Attachments

ATTACHMENT A

LEGAL SERVICES CORPORATION
PROPOSED CONSOLIDATED OPERATING BUDGET

FOR THE FISCAL YEAR 2016

	(1) FY 2016 APPROPRIATION	(2) FY 2015 CARRYOVER	(3) COURT OF VETS APPEALS & ADJUSTMENTS	(4) FY 2016 TEMPORARY OPERATING BUDGET	(5) BUDGET REVISIONS	(6) FY 2016 PROPOSED CONSOLIDATED OPERATING BUDGET
I. DELIVERY OF LEGAL ASSISTANCE						
1. Basic Field Programs	352,000,000	1,212,552	-	353,212,552	(70,977)	353,141,575
2. U.S. Court of Veterans Appeals Funds	-	2,500	2,500,000	2,502,500	9,985	2,512,485
3. Grants From Other Funds	-	2,073,193	-	2,073,193	(3,585)	2,069,608
4. Technology Initiatives	4,000,000	147,739	-	4,147,739	(6,992)	4,140,747
5. Hurricane Sandy Disaster Relief Funds	-	75,959	-	75,959	(21,401)	54,558
6. Pro Bono Innovation Funds	4,000,000	-	-	4,000,000	-	4,000,000
DELIVERY OF LEGAL ASSISTANCE TOTALS	360,000,000	3,511,943	2,500,000	366,011,943	(92,970)	365,918,973
II. HERBERT S. GARTEN LOAN REPAYMENT ASSISTANCE PROGRAM	1,000,000	1,463,627	-	2,463,627	1,216	2,464,843
III. MANAGEMENT & GRANTS OVERSIGHT						
a. Board of Directors	-	-	-	416,750	-	416,750
b. Executive Office	-	-	-	1,497,500	-	1,497,500
c. Legal Affairs	-	-	-	1,736,325	-	1,736,325
d. Government Relations/Public Affairs	-	-	-	1,129,275	-	1,129,275
e. Human Resources	-	-	-	816,400	-	816,400
f. Financial & Administrative Services	-	-	-	4,327,900	(500,000)	3,827,900
g. Information Technology	-	-	-	2,046,075	-	2,046,075
h. Program Performance	-	-	-	4,965,725	75,000	5,040,725
1. Data Governance & Analysis	-	-	-	752,900	(190,100)	562,800
j. Compliance & Enforcement	-	-	-	4,807,750	-	4,807,750
1. MGO Operating Budget	19,000,000	3,496,600	-	22,496,600	(615,100)	21,881,500
2. MGO Contingency Funds	-	1,840,900	-	1,840,900	1,312,282	3,153,182
TOTAL - MANAGEMENT & GRANTS OVERSIGHT	19,000,000	5,337,500	-	24,337,500	697,182	25,034,682
IV. INSPECTOR GENERAL						
1. OIG Operating Budget	5,000,000	700,000	-	5,700,000	(324,471)	5,375,529
2. OIG Contingency Funds	-	-	-	-	275,916	275,916
TOTAL - OFFICE OF INSPECTOR GENERAL	5,000,000	700,000	-	5,700,000	(48,555)	5,651,445
TOTAL BUDGET	$385,000,000	$11,013,070	2,500,000	$398,513,070	556,873	$399,069,943

ATTACHMENT B

LEGAL SERVICES CORPORATION
PROPOSED CONSOLIDATED OPERATING BUDGET
FOR MANAGEMENT AND GRANTS OVERSIGHT
AND INSPECTOR GENERAL
FOR FISCAL YEAR 2016

BUDGET CATEGORY	BOARD OF DIRECTORS	EXECUTIVE OFFICES	LEGAL AFFAIRS	GOVERNMENT RELATIONS & PUB AFFS	HUMAN RESOURCES	OFFICE FINANCIAL & ADMIN SRVCS
PERSONNEL COMPENSATION	0	1,009,300	911,150	736,400	499,850	937,550
PERSONNEL BENEFITS	0	369,150	354,775	272,625	238,300	393,400
COMPENSATION & BENEFITS	0	1,378,450	1,265,925	1,009,025	738,150	1,330,950
TEMP. EMPLOYEE PAY	0	35,450	93,600	29,650	0	1,900
CONSULTING	124,800	5,600	300,000	10,000	29,700	9,800
TRAVEL & TRANSPORTATION	219,600	64,400	20,000	47,100	34,600	19,450
COMMUNICATIONS	4,950	5,700	4,900	4,600	1,650	12,600
OCCUPANCY COSTS	4,000	0	0	0	0	1,875,000
PRINTING & REPRODUCTION	0	500	0	1,000	0	72,700
OTHER OPERATING EXPENSES	63,400	7,400	51,900	27,900	12,300	463,000
CAPITAL EXPENDITURES	0	0	0	0	0	42,500
TOTAL	416,750	1,497,500	1,736,325	1,129,275	816,400	3,827,900

BUDGET CATEGORY	INFORMATION TECHNOLOGY	PROGRAM PERFORM	DATA GOV & ANALYSIS	COMPLIANCE & ENFORCE	MGT & GRNTS OVERSIGHT	INSPECTOR GENERAL
PERSONNEL COMPENSATION	781,850	3,028,350	349,500	3,105,000	11,358,950	3,341,689
PERSONNEL BENEFITS	286,400	1,217,350	143,100	1,088,200	4,363,300	997,840
COMPENSATION & BENEFITS	1,068,250	4,245,700	492,600	4,193,200	15,722,250	4,339,529
TEMP. EMPLOYEE PAY	6,825	342,850	0	159,650	669,925	25,000
CONSULTING	497,500	112,000	0	60,500	1,149,900	507,000
TRAVEL & TRANSPORTATION	27,000	314,675	15,500	375,270	1,137,595	270,000
COMMUNICATIONS	36,300	19,500	1,500	18,300	110,000	25,000
OCCUPANCY COSTS	0	500	0	0	1,879,500	4,000
PRINTING & REPRODUCTION	0	0	0	0	74,200	18,000
OTHER OPERATING EXPENSES	356,700	5,500	3,200	830	992,130	157,000
CAPITAL EXPENDITURES	53,500	0	50,000	0	146,000	30,000
TOTAL	2,046,075	5,040,725	562,800	4,807,750	21,881,500	5,375,529

BOARD OF DIRECTORS

RESOLUTION

CONSOLIDATED OPERATING BUDGET FOR FISCAL YEAR 2016

WHEREAS, the Board of Directors ("Board") of the Legal Services Corporation ("LSC") has reviewed information regarding the Fiscal Year (FY) 2016 appropriation, the U.S Court of Veterans Appeals grant and the FY 2015 carryover. The funds available for the Consolidated Operating Budget ("COB") are as follows:

1) FY 2016 Appropriation of $385,000,000;

2) U.S. Court of Veterans Appeals funding of $2,500,000;

3) Carryover in the amount of $11,569,943, which is comprised of:

   a. Basic Field Programs -- $1,141,575;
   b. U.S. Court of Veterans Appeals -- $12,485;
   c. Grants from Other Funds -- $2,069,608;
   d. Technology Initiative Grant funds -- $140,747;
   e. Hurricane Sandy Disaster Relief Funds -- $54,558;
   f. Herbert S. Garten Loan Repayment Assistance Program -- $1,464,843;
   g. Management and Grants Oversight Operations ("MGO") -- $3,496,600;
   h. MGO Contingency Funds -- $3,153,182; and
   i. Office of Inspector General -- $651,445; and

WHEREAS, Management and the Inspector General recommend that a COB be adopted reflecting the funds available;

NOW, THEREFORE, BE IT RESOLVED that the Board hereby adopts a COB for FY 2016 totaling $399,069,943 of which $365,918,973 is for the *Delivery of Legal Assistance*; $2,464,843 is for the *Herbert S. Garten Loan Repayment Assistance Program;* $21,881,500 is for *Management Grants Oversight ("MGO")*; $3,153,182 is for *MGO Contingency Funds*; $5,375,529 is for the *Office of Inspector General,* and $275,916 is for the *Office of Inspector General Contingency Funds,* as reflected in the attached documents.

Adopted by the Board of Directors
On January 30, 2016

____
John G. Levi
Chairman

Attest:

____
Ronald S. Flagg
Vice President for Legal Affairs,
General Counsel, and
Corporate Secretary

2015 Committee Evaluations and 2016 Goals

SUMMARY OF 2015 FINANCE COMMITTEE EVALUATION RESPONSES

(Members: Robert J. Grey Jr., Chair, Harry J. F. Korrell III, Laurie Mikva, Martha Minow, Father Pius Pietrzyk, O.P., Robert E. Henley Jr., Allan Tanenbaum)

Members either strongly agreed or agreed that:

- Committee members understand the goals and purpose of our committee; committee members agree on the goals and purpose of the committee. (6 strongly agree/1 agree)

- There is alignment between our committee's goals and purposes and the actions taken and/or the decisions made by the committee. (6 strongly agree/1 agree)

- There is alignment between our committee's goals and purposes and the goals of LSC's Strategic Plan. (4 strongly agree/3 agree)

  Comments:
  - *I believe that the Finance Committee could make a greater contribution in the area of grantee oversight.*

- Our committee has responded effectively and appropriately to issues of immediate concern brought before it; our committee has made significant progress on long-term strategic issues related to its goals and purposes. (3 strongly agree/4 agree)

  Comments:
  - *Very clearly the case with respect to issues of immediate concern, with respect to long term strategic issues it is more difficult to assess as movement has been slow.*

- Our committee has adequate resources (for example, staff time and expertise) to support its function. (6 strongly agree/1 agree)

  Comments:
  - *The staff has always been fully responsive to our requests.*

- Our committee meetings are held regularly and with appropriate frequency. (5 strongly agree/2 agree)

  Comments:
  - *I think we should meet more frequently between meetings to discuss longer term issues and strategies.*

- The length of our committee meetings is appropriate and respectful of the agenda. We consistently use our meeting time well; issues get the time and attention proportionate to their importance. (5 strongly agree/2 agree)

- We receive the meeting agenda and materials sufficiently in advance of the meeting to allow for appropriate review and preparation. (4 strongly agree/3 agree)

- The minutes of our meetings are accurate and reflect the discussion, next steps and/or action items articulated by the members. (5 strongly agree/2 agree)

- Our committee membership represents the talents and skills required to fulfill the goals and purposes of the committee. Our committee members come to meetings prepared and ready to contribute. (5 strongly agree/2 agree)

- Our committee members treat each other with respect and courtesy. (5 strongly agree/2 agree)

- As a general rule, when I speak I feel listened to and that my comments are valued. (5 strongly agree/2 agree)

The following are direct quotes:

Members liked (5 of 7 responded):

- The meetings are well run and there is good participation
- The efficiency with which they are run.
- Very substantive.
- We are doing meaningful work.
- Listening to Robert Grey speak.

Ideas for Improvement (4 of 7 responded):

- I wonder whether, when we see large changes in the budget, we should also get some briefing on the reasons behind them. I think that is sometimes lacking.
- More advance notice about questions people may have.
- Consideration of longer term implications of current actions.
- I would like to believe that our budget request matters.

Future Focus (5 of 7 responded):

- I believe as noted above that the committee could make a greater contribution in the area of grantee oversight and in that connection with implementation of the recommendations of the fiscal oversight taskforce.
- Perhaps an overview of Management's internal budgeting procedures.
- The same as the past.
- Long term strategy.
- More projects like the pro bono project that might attract additional funding from Congress.

Selection of Accounts and Depositories for LSC Funds

Legal Services Corporation
America's Partner For Equal Justice

FINANCIAL & ADMINISTRATIVE SERVICES

MEMORANDUM

TO: Robert J. Grey, Jr., Finance Committee Chairman

FROM: David L. Richardson, Treasurer/Comptroller *dlr*

cc: Jim Sandman

DATE: January 21, 2016

SUBJECT: Review of the Selection of Accounts and Depositories for LSC Funds

---

Board Resolution 2012-003 requires that the LSC president and I discuss strategy regarding the banking needs of LSC each year and that we provide a report to the Finance Committee. Prior to making any significant changes in the handling of LSC funds, such as changing investment options, a written record needs to be created documenting the reasons for the change.

We have reviewed our banking needs and discussed service fees and investment income. I have discussed ways of increasing our earnings with respect to the funds that have been donated to LSC with our Relationship Manager from TD Bank. Options were provided that will enable us to increase the interest income slightly by using Certificates of Deposits (CD). The CD rates are: 30 days; .10%, 60 days .15% and 90 days is .15%.

I believe the best course of action would be to set up a CD ladder, which would allow us to increase our current yield and provide the flexibility to address increased rates when they become available. This would also allow us to have funds available for addressing expenses when they arise.

The President must agree to the action and must provide a written notice of the same to the Chair of LSC's Finance Committee. This memorandum reflects our compliance with this resolution.

If you have any questions, please let me know.

COMBINED AUDIT & FINANCE COMMITTEE

January 29, 2016

Agenda

Open Session

1. Approval of agenda

2. Presentation of the Fiscal Year (FY) 2015 Annual Financial Audit

   - John Seeba, Assistant Inspector General for Audits
   - Eric Strauss, and David Karakashian, WithumSmith+Brown

3. Consider and act on acceptance of Annual Financial Audit Management Letter for FY 2015, ***Resolution 2016-XXX***

4. Presentation of Financial Report for FY 2015

5. Review of LSC's Form 990 for FY 2015

6. Public comment

7. Consider and act on other business

8. Consider and act on motion to adjourn the open session meeting and proceed to a closed session

Closed Session

9. Communication by Corporate Auditor with those charged with governance under Statement on Auditing Standard 114

   - Jeffrey Schanz, Inspector General
   - John Seeba, Assistant Inspector General for Audits
   - Eric Strauss, and David Karakashian, WithumSmith+Brown

10. Consider and act on motion to adjourn the meeting

FY 2015 Annual Financial Audit

WithumSmith+Brown
A Professional Corporation
Certified Public Accountants and Consultants

Legal Services Corporation

Financial Statements

September 30, 2015 and 2014

With Independent Auditors' Report

Legal Services Corporation
Table of Contents
September 30, 2015 and 2014

Page(s)

Independent Auditors' Report

To Inspector General and Board of Directors,
Legal Services Corporation:

Report on the Financial Statements

We have audited the accompanying financial statements of Legal Services Corporation ("LSC"), which comprise the statements of financial position as of September 30, 2015 and 2014, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of LSC as of September 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated January XX, 2016, on our consideration of LSC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering LSC's internal control over financial reporting and compliance.

Philadelphia, Pennsylvania
January XX, 2016

Basic Financial Statements

Legal Services Corporation
Statements of Financial Position
September 30, 2015 and 2014

	2015	2014
Assets		
Current Assets		
Cash and cash equivalents	$ 88,687,167	$ 79,156,042
Accounts receivable, net	39,970	53,377
Contributions receivable	542,140	346,220
Grants receivable	500,000	800,000
Prepaid expenses and deposits	369,909	319,953
Total current assets	90,139,186	80,675,592
Property and equipment, net	194,423	376,465
Contributions receivable, net of current portion	1,180,320	1,374,640
Grants receivable, net of current portion	-	400,000
	$ 91,513,929	$ 82,826,697
Liabilities and Net Assets		
Current Liabilities		
Grants and contracts payable	$ 72,408,184	$ 67,367,277
Accounts payable	1,536,774	823,307
Accrued vacation and other liabilities	2,581,700	1,200,355
Deferred revenue	2,759,649	2,115,637
Total current liabilities	79,286,307	71,506,576
Net assets		
Unrestricted		
Undesignated	7,810,341	7,240,800
Board designated	945,395	517,383
Net investment in fixed assets	194,423	376,465
Total unrestricted	8,950,159	8,134,648
Temporarily restricted	3,277,463	3,185,473
Total net assets	12,227,622	11,320,121
	$ 91,513,929	$ 82,826,697

The Notes to Financial Statements are an integral part of these statements.

Legal Services Corporation
Statement of Activities and Change in Net Assets
Year Ended September 30, 2015

	Unrestricted	Temporarily Restricted	Total
Support and Revenues			
Federal appropriations	$ 375,000,000	$ -	$ 375,000,000
Grant revenue	2,501,330	425,000	2,926,330
Contributions	-	542,348	542,348
Other income	12,738	-	12,738
Change in deferred revenue	(645,343)	-	(645,343)
Net assets released from restriction	875,358	(875,358)	-
Total Revenue	377,744,083	91,990	377,836,073
Expenses			
Program services			
Grants and contracts	352,178,529	-	352,178,529
Herbert S. Garten Loan Repayment Assistance Program	943,577	-	943,577
Supporting services			
Management and grants oversight	18,984,707	-	18,984,707
Office of Inspector General	4,496,907	-	4,496,907
Fundraising	324,852	-	324,852
Total Expenses	376,928,572	-	376,928,572
Change in net assets	815,511	91,990	907,501
Net assets, beginning of year	8,134,648	3,185,473	11,320,121
Net assets, end of year	$ 8,950,159	$ 3,277,463	$ 12,227,622

The Notes to Financial Statements are an integral part of these statements.

Legal Services Corporation
Statement of Activities and Change in Net Assets
Year Ended September 30, 2014

	Unrestricted	Temporarily Restricted	Total
Support and Revenues			
Federal appropriations	$ 365,000,000	$ -	$ 365,000,000
Grant revenue	2,500,000	1,200,000	3,700,000
Contributions	-	2,241,899	2,241,899
Special events	-	89,815	89,815
Other income	100,402	-	100,402
Change in deferred revenue	3,389,126	-	3,389,126
Net assets released from restriction	622,313	(622,313)	-
Total Revenue	371,611,841	2,909,401	374,521,242
Expenses			
Program services			
Grants and contracts	347,120,980	-	347,120,980
Herbert S. Garten Loan Repayment Assistance Program	1,030,774	-	1,030,774
Supporting services			
Management and grants oversight	16,928,933	-	16,928,933
Office of Inspector General	4,726,439	-	4,726,439
Fundraising	723,891	-	723,891
Total Expenses	370,531,017	-	370,531,017
Change in net assets	1,080,824	2,909,401	3,990,225
Net assets, beginning of year	7,053,824	276,072	7,329,896
Net assets, end of year	$ 8,134,648	$ 3,185,473	$ 11,320,121

The Notes to Financial Statements are an integral part of these statements.

Legal Services Corporation
Statements of Cash Flows
Years Ended September 30, 2015 and 2014

	2015	2014
Cash flows from operating activities		
Change in net assets	$ 907,501	$ 3,990,225
Adjustments to reconcile changes in net assets		
to net cash provided by operating activities:		
Depreciation and amortization	218,346	240,954
Loss on disposal of assets	8,739	-
Changes in assets and liabilities:		
Accounts receivable	13,407	(36,442)
Contributions receivable	(1,600)	(1,720,860)
Prepaid expenses and deposits	(49,956)	(14,369)
Grants receivable	700,000	(1,200,000)
Grants and contracts payable	5,040,907	9,786,054
Accounts payable	713,467	518,046
Accrued vacation and other liabilities	1,381,345	55,048
Deferred revenue	644,012	(3,389,126)
Net cash provided by operations	9,576,168	8,229,530
Cash flows from investing activities		
Purchase of property and equipment	(45,043)	(154,323)
Net cash used by investing activities	(45,043)	(154,323)
Net increase in cash and cash equivalents	9,531,125	8,075,207
Cash and cash equivalents		
Beginning of year	79,156,042	71,080,835
End of year	$ 88,687,167	$ 79,156,042
Supplemental information		
Income taxes paid	$ -0-	$ -0-
Interest paid	$ -0-	$ -0-

DRAFT

The Notes to Financial Statements are an integral part of these statements.

1. Organization and Purpose

Legal Services Corporation ("LSC") is a private non-membership District of Columbia nonprofit corporation, established by Congress in the Legal Services Corporation Act of 1974, Public Law 93-355, and amended in 1977 by Public Law 95-222. The purpose of LSC is to provide financial support to independent organizations that directly provide legal assistance in non-criminal proceedings or matters to persons financially unable to afford such counsel.

2. Summary of Significant Accounting Policies

Basis of Accounting

LCS's financial statements are prepared on the accrual basis of accounting. Accordingly, revenue is recognized when earned, and expenses are recorded when incurred in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

Financial reporting by not-for-profit organizations requires that resources be classified for accounting and reporting purposes into net asset categories according to externally (donor) imposed restrictions. For the years ended September 30, 2015 and 2014, LSC had accounting transactions in the unrestricted net asset category, which represents net assets that are not subject to donor imposed restriction. LSC classifies the unrestricted net assets into undesignated, board designated and net investment in fixed assets. Board designated net assets represent amounts that have been earmarked by the Board of Directors for continuing programs and administrative activities. Net assets invested in fixed assets represent investments in property, equipment and computer software, net of accumulated depreciation and amortization. LSC also has transactions in the temporarily restricted net asset category, which represents net assets that are subject to donor imposed restrictions.

Cash and Cash Equivalents

LSC's cash and cash equivalents includes a fund balance with U.S. Treasury of $13,935,000 and $40,117,581 as of September 30, 2015 and 2014, respectively.

Accounts Receivable

Accounts receivable are net of an allowance of $484,400 and $518,240 as of September 30, 2015 and 2014, respectively, determined based on historical experience and an analysis of specific amounts.

Contributions Receivable

Contributions received, including unconditional promises to give (pledges), are recognized as revenue in the period received. In accordance with FASB Fair Value Option standards LSC has determined the discount rate under its investment protocol is immaterial therefore, no discount has been applied for the payment of future receivables. LSC deems all the contributions to be fully collectible, therefore no allowance has been established for doubtful accounts.

Property and Equipment

Capital assets are stated at cost and depreciated using the straight-line method over the estimated useful lives of the assets of five to ten years. Depreciation is reported as an unallocated expense and is not directly identified with individual functions.

Revenues and Support Recognition

LSC receives federal appropriations for Management and Grants Oversight, and Office of Inspector General funding which are reported as support and revenue in the period the public law makes them available. Unexpended portions of these appropriations are reported as unrestricted net assets.

In addition, LSC receives federal appropriations for Basic Field Programs, Technology Initiatives, LRAP program, and the Pro Bono Innovation. Management considers these earned when LSC has fully executed the related award agreements to third parties. Amounts received for the unearned portions are therefore reported as deferred revenue.

LSC recognizes contributions as revenue when they are received or unconditionally pledged and records these revenues as unrestricted or restricted support according to donor stipulations that limit the use of these assets due to time or purpose restrictions. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the combined statements of activities and changes in net assets as net assets released from restrictions.

LSC also has grant revenues which are treated as exchange transactions in the statements of activities and changes in net assets. Funds received in advance of their use are accounted for as deferred revenue in the statements of financial position.

Grant Recoveries
Grantees who have not complied with the requirements of the Legal Services Corporation Act of 1974 and implementing regulations may be subject to actions that result in a recovery of grant funds. Sources of grant refunds may include recoveries of disallowed costs, excess fund balances, unexpended funds on Private Attorney Involvement programs and sanctions imposed by LSC for failure to comply with other regulatory requirements, as well as other types of recoveries. Grant recoveries are reported as a reduction of grant and contract expenses on the accompanying statements of activities.

Estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Income Taxes
LSC is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code and the applicable income tax regulations of the District of Columbia, except for unrelated business income. No provision for income taxes was required for the years ended September 30, 2015 and 2014, as LSC had no net unrelated business income.

LSC has determined there were no uncertain tax positions as of September 30, 2015 and 2014. There was also no tax related to interest and penalties reported in the financial statements. LSC’s Forms 990, Return of Organization Exempt from Income Tax, for the years ending September 30, 2013, 2014 and 2015 are subject to examination by the IRS, generally for 3 years after they were filed.

Concentration of Revenue
LSC receives substantially all of its revenue from direct federal government appropriations. Should there be a significant reduction in this revenue, LSC's programs and activities could be negatively affected.

3. Concentration of Credit Risk – Deposits

In January 2013, LSC started using sweep accounts when the unlimited Federal Deposit Insurance Corporation (FDIC) insurance coverage ended, and invested amounts over $250,000 in high-quality, short-term mutual funds that consist of U.S. Treasury obligations. At September 30, 2015 and 2014, LSC had $74,000,167 and $38,509,366 in excess of FDIC insured limits, respectively. LSC believes any risks it is exposed to are minimal.

4. Equipment

Property and equipment consists of the following at September 30, 2015:

	Beginning Balance	Additions	Disposals	Ending Balance
Furniture and equipment	$ 2,315,492	$ 40,900	$ (248,017)	$ 2,108,375
Software	572,201	2,993	-	575,194
Leasehold improvements	5,545	1,150	-	6,695
Subtotal	2,893,238	45,043	(248,017)	2,690,264
Less: Accumulated depreciation & amorization	(2,516,773)	(218,346)	239,278	(2,495,841)
Capital assets (net)	$ 376,465	$ (173,303)	$ (8,739)	$ 194,423

Property and equipment consists of the following at September 30, 2014:

	Beginning Balance	Additions	Disposals	Ending Balance
Furniture and equipment	$ 2,343,229	$ 154,323	$ (182,060)	$ 2,315,492
Software	572,201	-	-	572,201
Leasehold improvements	5,545	-	-	5,545
Subtotal	2,920,975	154,323	(182,060)	2,893,238
Less: Accumulated depreciation & amorization	(2,457,879)	(240,954)	182,060	(2,516,773)
Capital assets (net)	$ 463,096	$ (86,631)	$ -	$ 376,465

Depreciation/amortization expense for the years ended September 30, 2015 and 2014 was $218,346 and $240,954, respectively.

5. Financial Instruments

Certain financial instruments are required to be recorded at fair value. Changes in assumptions or estimation methods could affect the fair value estimates; however, management does not believe any such changes would have a material impact on financial condition, results of operations or cash flows. Other financial instruments, including cash equivalents, other investments and short-term debt, are recorded at cost, which approximates fair value.

6. Fair Value Measurements

The Financial Accounting Standards Board established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that LSC has the ability to access.

Level 2 - Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are financial instruments whose values are determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant judgment or estimation.

Fair values of assets measured on a recurring basis at September 30, 2015 are as follows:

	Fair Value Total	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market accounts in U.S. Treasury notes	$ 57,392,418	$ 57,392,418	$ -
TD Investment	350,000	350,000	-
Contribution receivable	1,722,460	-	1,722,460
Loan repayment assistance program receivable	20,838	-	20,838
	$ 59,485,716	$ 57,742,418	$ 1,743,298

Fair values of assets measured on a recurring basis at September 30, 2014 are as follows:

	Fair Value Total	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market accounts in U.S. Treasury notes	$ 22,029,807	$ 22,029,807	$ -
Contribution receivable	1,720,860	-	1,720,860
Loan repayment assistance program receivable	2,330	-	2,330
	$ 23,752,997	$ 22,029,807	$ 1,723,190

Assets measured at fair value on a recurring basis using significant observable inputs (Level 2 inputs):

LSC maintains cash balances at two financial institutions with offices in the Washington, DC metropolitan area. Each institution maintains target balances up to $248,000 with any excess funds swept to an account that purchases mutual funds investing in U.S. Treasury bills with an average dividend rate of 0.01% for 2015 and 2014, which is arrived at by the financial institution deducting a fee of up to 0 basis points from the dividend rate provided by the institutions Treasury Reserves. Annual expense ratios are based on amounts incurred during the most recent fiscal year, as shown in the funds' audited financial statements, and may have been restated to reflect current service provider fees, net of any waivers, reimbursements or caps that the fund's manager may have committed to the fund and that are currently in effect. Monthly fees and expenses are approximate, assume that the investor held shares of the fund valued at the ending balance for the entire month, and do not include the effect of any transactions that may have been made during the month.

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3 inputs):

The LRAP accounts receivable is stated at the amount management expects to collect from refunded loans. Through an evaluation each year, management adjusts the LRAP allowance account based on its assessment of the current status of individual loans. The net of these two amounts is the receivable reported in the financial statements.

Contributions receivable, arising from unconditional promise to give, is stated at the amount management expects to collect. In accordance with FASB Fair Value Option standards LSC has determined the discount rate under its investment protocol is immaterial therefore, no discount has been applied for the payment of future receivables.

The table below presents information about the changes in the Loan Repayment Assistance Program and the Contribution Receivables:

	2015	2014
Loan repayment assistance program:		
Beginning balance	$ 2,330	$ 10,338
Net increase (decrease)	18,508	(8,008)
Ending balance	$ 20,838	$ 2,330
Contributions receivable:		
Beginning balance	$ 1,720,860	$ -
Net increase	1,600	1,720,860
Ending balance	$ 1,722,460	$ 1,720,860

7. Grants Receivable and Deferred Revenue

LSC operates under various federal appropriations and grants from private sources. At September 30, 2015 and 2014, LSC was due certain amounts from private funding sources which resulted from execution of grant agreements. LSC also received appropriated funds in excess of amounts earned on providing related services, resulting in deferred revenue that continue into the subsequent year. The following details the grants receivables and deferred revenue at September 30:

	2015	2014
Grants receivable:		
The Margaret A. Cargill Foundation	$ 400,000	$ 1,200,000
Kresge Foundation	100,000	-
	$ 500,000	$ 1,200,000
Deferred revenue:		
Basic Field Programs	$ 1,141,575	$ 508,647
U.S. Court of Veterans Appeals	12,485	5,422
Technology Initiatives	140,746	193,149
Loan Repayment Assistance Program	1,464,843	1,408,419
	$ 2,759,649	$ 2,115,637

8. Grants and Contracts Expense

Grants and contracts expense for the years ended September 30, 2015 and 2014 consists of the following:

	2015	2014
Basic Field Programs	$ 342,470,572	$ 335,824,344
U.S. Court of Vets Appeal Funds	2,492,937	2,501,329
Hurricane Sandy Disaster Relief Funds	21,401	-
Grants From Other Funds	47,280	63,266
Pro Bono Initiative	3,800,463	2,375,000
Technology Initiatives	4,052,402	6,682,679
Midwest Disaster Relief Fund	824,186	-
Leadership Grants	50,000	-
Grants Recoveries	(1,580,712)	(325,638)
Total	$ 352,178,529	$ 347,120,980

9. Management and Grants Oversight

Management and grants oversight expenses for the years ended September 30, 2015 and 2014 consists of the following:

	2015	2014
Compensation and benefits	$ 14,032,355	$ 12,114,233
Temporary employee pay	522,584	580,203
Consulting	743,676	543,546
Travel and transportation	788,261	786,868
Communications	84,461	85,499
Occupancy cost	1,722,793	1,711,442
Printing and reproduction	53,467	57,456
Other operating expenses	810,025	808,732
Capital expenditures	42,124	144,351
Sub-total	18,799,746	16,832,330
Depreciation & amortization	218,346	240,954
Loss on disposal of assets	8,739	-
Less: capitalized assets	(42,124)	(144,351)
	$ 18,984,707	$ 16,928,933

10. Office of Inspector General

LSC's Office of Inspector General expenses for the years ended September 30, 2015 and 2014 were as follows:

	2015	2014
Compensation and benefits	$ 3,831,034	$ 4,018,029
Temporary employee pay	18,880	11,150
Consulting	329,959	332,890
Travel and transportation	226,571	236,310
Communications	19,271	29,482
Occupancy cost	12	4,075
Printing and reproduction	10,024	13,020
Other operating expenses	61,156	81,483
Capital expenditures	2,918	9,971
Sub-total	4,499,825	4,736,410
Less: capitalized assets	(2,918)	(9,971)
	$ 4,496,907	$ 4,726,439

11. Fundraising

LSC's Fundraising expenses for the years ended September 30, 2015 and 2014 were as follows:

	2015	2014
Compensation and benefits	$ 259,205	$ 218,516
Temporary employee pay	11,418	9,945
Consulting	21,408	74,329
Travel and transportation	18,555	299,471
Communications	731	816
Printing and reproduction	70	10,045
Other operating expenses	13,465	110,769
	$ 324,852	$ 723,891

12. Retirement Plans

Pursuant to the Legal Services Corporation Act, all officers and employees hired before October 1, 1988, are participants in the Civil Service Retirement System ("CSRS"), although they are neither officers nor employees of the federal government. The CSRS plan is administered by the United States Office of Personnel Management ("OPM").

LSC makes CSRS contributions at rates applicable to agencies of the federal government. The contributions do not equal the full service cost of the pension expense, which is the actuarial present value of benefits attributed to services rendered by covered employees during the accounting period. The measurement of service cost requires the use of actuarial cost methods to determine the percentage of the employees' basic compensation sufficient to fund their projected pension benefit. These percentages (cost factors) are provided by OPM and the excess of total pension expense over the amount contributed by LSC and by LSC employees represents the amount that must be financed directly by OPM.

Post-retirement CSRS benefits are paid by OPM. No amounts have been recognized in the financial statements for these imputed costs. LSC does not report in its financial statements CSRS assets, accumulated plan benefits or unfunded liabilities, if any, applicable to its employees.

All officers and employees hired after September 30, 1988, are ineligible for the CSRS plan, but they are eligible to participate in LSC's pension and thrift plan, which is a tax deferred annuity plan subject to Section 403(b) of the Internal Revenue Code. LSC contributes 6% of each eligible employee's salary regardless of their participation. In addition, LSC matches the first 2.51% contributed by the employee. Individuals can make contributions up to the maximum amount permitted under federal income tax rules.

LSC's contributions to these plans for the years ended September 30, 2015 and 2014 were $1,192,416 and $1,063,938, respectively. The amounts are included in compensation and benefits for management and administration expenses.

LSC also offers tax deferred annuity savings plans. CSRS eligible employees may contribute pretax earnings to the federal Thrift Savings Plan, and 403(b) eligible employees may contribute additional pretax earnings to the Section 403(b) plan. These plans are subject to different maximum amounts as permitted by the prevailing laws. No contributions are made to these tax deferred savings plans by LSC.

13. Operating Lease

LSC renewed its lease agreement in September 2012, commencing in June 2013, for an additional 10 years. Under the new lease, LSC has an obligation to pay a portion of building operating expenses in excess of the base year. No additional building operating expenses were incurred for the years ended September 30, 2015 or 2014. LSC has the right to terminate the lease by giving no less than 120-day prior written notice in the event that LSC does not receive an appropriation from Congress for administrative costs sufficient to cover LSC and its rental obligations for any period during the term of the lease. Future minimum lease payments required under this lease as of September 30, 2015 are as follows:

Fiscal Year	Amount
2016	$ 1,710,000
2017	1,710,000
2018	1,710,000
2019	1,710,000
2020	1,710,000
Thereafter	4,560,000
	$ 13,110,000

Rental expense for the years ended September 30, 2015 and 2014 is $1,710,000 and $1,714,503, respectively.

14. Contingencies

Grants and Contracts

LSC received funding from appropriations by Congress and grants from the U.S. Court of Veterans Appeals, and several private grant foundations. Accordingly, LSC may be subject to federal audits, state charitable solicitation reporting requirements, or private funder guidelines and oversight. In addition, LSC provides sufficient funding to numerous independent organizations, which are subject to their own audits and audits by LSC.

LSC's management does not expect any significant adjustments as a result of federal or state reporting requirements, should they occur, or from the audits of the grantees' independent auditors.

Claims

Three employment-related claims were filed against LSC during FY2015. The first was filed in the United States District Court for the District of Columbia shortly after the close of FY2014. LSC has filed an Answer to the Complaint as well as a Motion to Dismiss. Compensatory and punitive damages, as well as attorneys' fees, were alleged. Management believes that any recoveries not covered by insurance would be immaterial to LSC's financial statements and have not been recorded for this contingency.

The second was filed in the Superior Court of the District of Columbia in July 2015, seeking reinstatement; back pay and front pay, attorneys' fees and costs, compensatory damages, and punitive damages. LSC filed an Answer to the Complaint and is in the discovery phase. Because a recovery is remote, no funds have been recorded in LSC's financial statements.

The third was filed with the Equal Employment Opportunity Commission (EEOC), but was dismissed in September 2015, so no funds were recorded.

Eight unfair labor practice charges were filed against LSC with the National Labor Relations Board (NLRB) in February and March 2015. After LSC submitted Position Statements on the charges, LSC's employee union withdrew, and the NLRB closed the charges. No funds were recorded for these charges.

Collection Matters

Upon concluding that a grantee had misused LSC funds and committed other financial irregularities, LSC disallowed approximately $467,619 of the grantee's costs. In 2011, LSC terminated the grantee, which then closed its business and filed for bankruptcy in the United States Bankruptcy Court for the Middle District of Louisiana. LSC and seven other creditors filed Proof of Claims in the bankruptcy proceedings. A hearing of the claims has not yet been scheduled. As this is a collections matter serving to benefit LSC, no funds have been recorded.

15. Loan Repayment Assistance Program

Through the Herbert S. Garten Loan Repayment Assistance Program (LRAP), established in 2005 and funded by Congressional appropriations, LSC makes a limited number of forgivable loans to attorneys employed by its grantee programs to help repay law school debt. Each participant receives up to $5,600 per year for three years – for a maximum of $16,800 if they remain eligible and funding remains available.

Participants must commit to remain with the LSC-funded legal services program for three years. As long as the participant remains in good standing, the loans are forgiven. Participants that do not successfully complete employment within the loan terms must repay the loans. No provision has been made in the accompanying financial statements to reflect any interest on the loans as management has deemed these amounts to be immaterial.

Accounts receivable are stated at the amount management expects to collect from refunded loans. Management provides for probable forgiven amounts through an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Accounts receivable balances are written-off through a charge to the valuation allowance in the year the loans are forgiven. Deferred revenue is comprised of funding available for future loans and loan amounts outstanding.

LRAP balances at September 30 are as follows:

		2015		2014
Cash	$	1,457,877	$	1,406,089
Accounts receivable, net	$	20,838	$	2,330
Deferred revenue	$	1,464,843	$	1,408,419

LRAP activity for the years ended September 30 are as follows:

Loans made	$	965,885	$	1,030,400
Loans forgiven	$	977,417	$	1,047,200
Change in allowance for loan forgiveness	$	(33,840)	$	(16,426)

16. Temporarily Restricted Net Assets

Components of temporarily restricted net assets at September 30 were as follows:

		2015		2014
Public Welfare Foundation	$	166,399	$	66,622
Hurricane Sandy Disaster Relief		54,558		75,959
40th Anniversary Campaign		2,380,692		1,842,892
The Margaret A. Cargill Foundation		375,814		1,200,000
Andrew W. Mellon Foundation		100,000		-
William & Flora Hewlett Foundation		100,000		-
Kresge Foundation		100,000		-
	$	3,277,463	$	3,185,473

Temporarily restricted net assets released from restrictions for the years ending September 30 were as follows:

		2015		2014
Public Welfare Foundation	$	224	$	133,491
Hurricane Sandy Disaster Relief		21,401		-
40th Anniversary Campaign		29,547		488,822
The Margaret A. Cargill Foundation		824,186		-
	$	875,358	$	622,313

17. Subsequent Events

Legal Services Corporation has evaluated subsequent events occurring after the statements of financial position date through the date of January XX, 2016, the date the financial statement were available for release.

Fiscal Year 2016 Funding

After a series of continuing resolutions to partially fund the government for Fiscal Year 2016, the President signed legislation on December XX, 2015 which provides LSC funding of $385 million for fiscal year 2016.

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Independent Auditors' Report

To the Inspector General and Board of Directors,
Legal Services Corporation

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Legal Services Corporation ('LSC') as of and for the year ended September 30, 2015 and have issued our report thereon dated January XX, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered LSC's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of LSC's internal control. Accordingly, we do not express an opinion on the effectiveness of LSC's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether LSC's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Philadelphia, Pennsylvania
January XX, 2016

BOARD OF DIRECTORS

RESOLUTION

ACCEPTANCE OF THE FINANCIAL STATEMENTS FOR FISCAL YEAR 2015

WHEREAS, the independent certified public accounting firm of WithumSmith+Brown ("Withum") has completed its audit of the Financial Statements of the Legal Services Corporation ("LSC") for Fiscal Year 2015 (the "FY15 Audited Financial Statements"), and

WHEREAS, the opinion of Withum is that the FY15 Audited Financial Statements and the changes in net assets and its cash flows are presented fairly, in all material respects, in accordance with generally accepted accounting principles in the United States of America; and

WHEREAS, the Audit and Finance Committees of LSC's Board of Directors ("Board") have reviewed the FY15 Audited Financial Statements as presented by Withum and recommend acceptance of those Audited Financial Statements by the full Board;

NOW, THEREFORE, BE IT RESOLVED that the Board hereby accepts the FY15 Audited Financial Statements as presented.

Adopted by the Board of Directors
On January 30, 2016

____
John G. Levi
Chairman

Attest:

____
Ronald S. Flagg
Vice President for Legal Affairs,
General Counsel, and
Corporate Secretary

Financial Report for FY 2015

FINANCIAL & ADMINISTRATIVE SERVICES

MEMORANDUM

TO: Robert J. Grey, Jr., Finance Committee Chairman

FROM: David L. Richardson, Treasurer/Comptroller *dlr*

DATE: December 8, 2015

SUBJECT: Annual Financial Report for Fiscal Year 2015

The financial report for FY 2015 is attached. There are four attachments (some with multiple pages) that support this report.

Attachment A provides summary information for each element of the Temporary Operating Budget in two sections.

Attachment B presents Management and Grants Oversight's (MGO) budget and expenditures.

Attachment C shows the MGO Other Operating Expenses by cost centers.

Attachment D provides budget and expenditures for the Office of Inspector General (OIG).

The first section of Attachment A presents information for the Delivery of Legal Assistance, ***Roman numeral I***, and the Herbert S. Garten Loan Repayment Assistance Program (LRAP), ***Roman numeral II***. The expenditures are compared to the annual budget, and the report shows the variance for each budget line. The expenditures are also compared to the same period of the prior year.

I. There are six elements included in the Delivery of Legal Assistance:

1. The Basic Field Programs budget is $343,612,147; the grant expenses total $342,470,572. The grant expenses include Basic Field Programs of $321,541,700, Native American of $9,615,253, and Migrant of $11,313,619. The remaining funds of $1,141,575 are earmarked for a Michigan services

area on short-term funding, for a close-out audit to be conducted in Louisiana, and additional funds for American Samoa.

2. The U.S. Court of Veterans Appeals Funds budget totals $2,505,422, and the grant expenses are $2,492,937. The remaining funds of $12,485 will be used to support next year's activities.

3. The Grants from Other Funds budget totals $583,580, and one emergency grant totaling $47,280 has been awarded to Legal Services of North Florida. The remaining funds of $536,300 are available to support emergency or special one-time grants.

4. The Technology Initiatives budget totals $4,193,149, and the net grant expenses are $4,052,402. The remaining amount of $140,747 will be used to the support the FY 2017 competitive awards

5. The Hurricane Sandy Disaster Relief Funds budget totals $75,959 and there are grant expenses of $21,401.

6. The Pro Bono Innovation Fund budget is $4,000,000. Grant awards of $3,800,000 and direct costs of $3,397. The remaining $196,603 will be transferred to MGO to provide funding for the oversight and competition processes.

II. The Herbert S. Garten Loan Repayment Assistance Program's budget is $2,408,419; loan expenses are $943,576. The remaining funds of $1,464,843 will be used for future loans.

The second section of Attachment A presents expenditures for MGO and the OIG. The expenditures are compared to a pro rata allocation of the annual budget based on the number of months of the fiscal year covered by the reporting period.

III. MGO's annual budget totals $25,033,796. The budget is comprised of the MGO operating budget of $21,875,000, the MGO Research Initiative of $66,622, and the MGO Contingency Funds totaling $3,092,174.

The MGO operating budget compared to the actual expenses of $19,091,897 shows that MGO is under budget by $2,783,103, and the encumbrances are $362,282. The expenditures are $2,249,050 more than the same period in 2014.

The increases in expenditures in 2015 compared to 2014 are attributable to: (a) higher Compensation and Benefits ($1,958,811) associated with an increase in the number of regular employees, and the salary increases and the associated benefits as a result of the union contract; (b) Consulting costs ($356,857), which are up principally because of the use of outside counsel in Legal Affairs ($64,690), and for information technology consulting costs ($187,263) for upgrading of our Website, building the new Grantee Portal that will be our conduit for managing information related to our grantees, and selecting a new grants management system.

The MGO Research Initiative budget allocation is $66,622, and there are expenses of $224. The remaining funds of $66,398 will be used for the Data Collections Toolkit initiative.

The MGO Contingency Funds are $3,092,174, and there are no expenses.

IV. The OIG's annual budget totals $5,151,271. The budget is comprised of the OIG operating budget of $4,950,600, and Contingency Funds of $200,671.

The budget compared to actual expenses of $4,499,826, shows the OIG is under budget by $450,774, and the encumbrances are $51,824. The expenditures are $236,584 less than in 2014 because of a reduction in Compensation and Benefits due to open positions.

The OIG Contingency Funds are $200,671, and there are no expenses.

Attachment B, page 1, presents comparative budgets and expenditures for MGO by cost center. Attachment B, page 2, shows the budgets and expenditures by budget category for the MGO operating budget. All cost centers and budget categories are under budget.

> The largest variance under budget, totaling $1,490,492, is in the Compensation and Benefits category. This amount represents 53.56% ($1,490,492 divided by $2,783,102) of the MGO variance. The variance is attributable to delays in hiring, and to open positions.

Attachment B, page 3, provides a summary of the expenditures by office and by budget category. Attachment C, pages 1 and 2, presents a breakdown of the other operating expenses by account code and by cost center.

Attachment D shows a comparative OIG budget and expenditures by budget category. The OIG is under budget in all categories.

If you have any questions, please let me know.

Attachments (A – B – C - D)

cc Board of Directors
President
Corporate Secretary
Inspector General

ATTACHMENT A
PAGE 1 OF 1

LEGAL SERVICES CORPORATION
CONSOLIDATED OPERATING BUDGET WORKSHEET
FOR THE TWELVE-MONTH PERIOD ENDING SEPTEMBER 30, 2015
FOR FISCAL YEAR 2015

	(1)	(2)	(4)	(5)	(6)	(7)	(8)
	FISCAL YEAR 2015					COMPARATIVE	
	ANNUAL BUDGET	ACTUAL	VARIANCE BUD VS ACT UNDER / (OVER)	% OF VARIANCE UNDER / (OVER)	ENCUM-BRANCES	PRIOR Y-T-D ACTUAL	VARIANCE ACTUAL VS PRIOR Y-T-D INCR / (DECR)
I. DELIVERY OF LEGAL ASSISTANCE							
1. Basic Field Programs	343,612,147	342,470,572	$1,141,575	0.33	$0	335,824,344	$6,646,228
2. U.S. Court of Vets Appeals Funds	2,505,422	2,492,937	12,485	0.50	-	2,501,330	(8,392)
3. Grants From Other Funds	583,580	47,280	536,300	91.90	-	63,266	(15,986)
4. Technology Initiatives	4,193,149	4,052,402	140,747	3.36	-	6,682,679	(2,630,277)
5. Hurricane Sandy Disaster Relief Funds	75,959	21,401	54,558	71.83	-	-	21,401
6. Pro Bono Innovation Funds	4,000,000	3,803,397	196,603	4.92	-	2,375,000	1,428,397
TOTAL DELIVERY OF LEGAL ASSISTANCE	354,970,257	352,887,989	2,082,268	0.59	$0	347,446,619	5,441,370
II. HERBERT S. GARTEN LOAN REPAYMENT ASSISTANCE PROGRAM	2,408,419	943,576	1,464,843	60.82	-	1,030,774	(87,198)
	ANNUAL BUDGET	ACTUAL	VARIANCE BUD VS ACT UNDER / (OVER)	% OF VARIANCE UNDER / (OVER)	ENCUM-BRANCES	PRIOR Y-T-D ACTUAL	VARIANCE ACTUAL VS PRIOR Y-T-D INCR / (DECR)
III. MANAGEMENT & GRANTS OVERSIGHT							
1. MGO Operating Budget	21,875,000	19,091,897	$2,783,103	12.72	$362,282	16,842,847	2,249,050
2. MGO Research Initiative	66,622	224	66,398	99.66	-	133,491	(133,267)
3. MGO Contingency Funds	3,092,174	-	3,092,174	100.00	-	-	-
TOTAL MANAGEMENT & GRANTS OVERSIGHT	25,033,796	19,092,121	5,941,675	23.73	362,282	16,976,338	2,115,783
IV. INSPECTOR GENERAL							
1. I G Operating Budget	4,950,600	4,499,826	450,774	9.11	51,824	4,736,410	(236,584)
2. I G Contingency Funds	200,671	-	200,671	100.00	-	-	-
TOTAL INSPECTOR GENERAL	5,151,271	4,499,826	651,445	12.65	51,824	4,736,410	(236,584)
TOTAL	$387,563,743	$377,423,512	$10,140,231		$414,106	$370,190,140	$7,233,372

1/8/2016

CONSOLIDATED OPERATING BUDGET WORKSHEET
FOR THE TWELVE-MONTH PERIOD ENDING SEPTEMBER 30, 2015
FOR FISCAL YEAR 2015

	(1)	(2)	(4)	(5)	(6)	(7)	(8)
	FISCAL YEAR 2015					COMPARATIVE	
	ANNUAL BUDGET	ACTUAL	VARIANCE BUD VS ACT UNDER / (OVER)	% OF VARIANCE UNDER / (OVER)	ENCUM-BRANCES	PRIOR Y-T-D ACTUAL	VARIANCE ACTUAL VS PRIOR Y-T-D INCR / (DECR)
III. MANAGEMENT & GRANTS OVERSIGHT							
1. Board of Directors	$377,050	269,181	$107,869	28.61	$0	$280,182	($11,001)
2. Executive Office	1,404,525	1,254,853	149,672	10.66	-	1,086,534	168,319
3. Legal Affairs	1,554,575	1,345,291	209,284	13.46	24,348	1,085,534	259,757
4. Government Relations/Public Affairs	1,184,925	1,093,744	91,181	7.70	14,732	954,810	138,934
5. Human Resources	835,800	744,338	91,462	10.94	23,020	675,525	68,813
6. Financial & Admin Services	3,961,225	3,490,213	471,012	11.89	6,607	3,261,114	229,099
7. Information Technology	2,033,200	1,786,563	246,637	12.13	149,676	1,576,559	210,004
8. Program Performance	5,022,525	4,387,234	635,291	12.65	76,603	3,757,970	629,264
9. Information Management	604,775	412,504	192,271	31.79	3,901	542,545	(130,041)
10. Compliance & Enforcement	4,896,400	4,307,976	588,424	12.02	63,395	3,622,074	685,902
MANAGEMENT & GRANTS OVERSIGHT SUBTOTAL	$21,875,000	19,091,897	$2,783,103	12.72	$362,282	$16,842,847	$2,249,050
11. M & G O Research Initiative	66,622	224	66,398	99.66	-	133,491	(133,267)
12. M & G O Contingency Funds	3,092,174	-	3,092,174	100.00	-	-	-
TOTAL MANAGEMENT & GRANTS OVERSIGHT	$25,033,796	$19,092,121	$5,941,675	23.73	$362,282	$16,976,338	$2,115,783

LEGAL SERVICES CORPORATION
FINANCIAL REPORT BY BUDGET CATEGORY
FOR THE PERIOD ENDING SEPTEMBER 30, 2015
FOR FISCAL YEAR 2015
MANAGEMENT AND GRANTS OVERSIGHT

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
		F I S C A L Y E A R 2 0 1 5				C O M P A R A T I V E	
	ANNUAL BUDGET	ACTUAL	VARIANCE BUD VS ACT UNDER / (OVER)	% OF VARIANCE UNDER / (OVER)	ENCUM-BRANCES	PRIOR Y-T-D ACTUAL	VARIANCE ACTUAL VS PRIOR Y-T-D INCR / (DECR)
TOTAL COMP./BENEFITS	15,782,050	14,291,558	1,490,492	9.44	-	12,332,747	1,958,811
TEMP. EMPLOYEE PAY	689,500	534,001	155,499	22.55	-	590,148	(56,147)
CONSULTING	1,023,600	753,643	269,957	26.37	299,619	396,786	356,857
TRAVEL/TRANSPORTATION EXPS	1,142,400	793,797	348,603	30.51	-	781,760	12,037
COMMUNICATIONS	121,925	85,192	36,733	30.13	-	86,305	(1,113)
OCCUPANCY COST	1,775,500	1,722,793	52,707	2.97	4,009	1,718,928	3,865
PRINTING & REPRODUCTION	113,150	53,537	59,613	52.68	171	57,456	(3,919)
OTHER OPERATING EXPENSES	1,003,875	815,252	188,623	18.79	58,483	734,366	80,886
CAPITAL EXPENDITURES	223,000	42,124	180,876	81.11	-	144,351	(102,227)
TOTAL	$21,875,000	19,091,897	2,783,103	12.72	$362,282	16,842,847	2,249,050

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LEGAL SERVICES CORPORATION
OPERATING EXPENSES FOR FISCAL YEAR 2015
FOR THE PERIOD ENDING SEPTEMBER 30, 2015
MANAGEMENT AND GRANTS OVERSIGHT

BUDGET CATEGORY	BOARD OF DIRECTORS	EXECUTIVE OFFICE	LEGAL AFFAIRS	GOV'T REL PUBLIC AFFS	HUMAN RESOURCES	OFFICE FINANCIAL & ADMIN SRVCS
COMPENSATION & BENEFITS	-	1,192,954	1,079,680	987,865	687,000	1,259,420
TEMPORARY EMPLOYEE PAY	-	13,894	51,510	24,836	-	14,339
CONSULTING	59,749	12,900	163,074	1,875	20,508	28,522
TRAVEL/TRANSPORTATION EXPS	171,493	25,765	9,026	24,852	20,012	9,288
COMMUNICATIONS	1,776	3,773	2,254	4,494	1,474	14,155
OCCUPANCY COST	-	-	-	-	-	1,722,793
PRINTING & REPRODUCTION	-	70	-	16,465	-	37,002
OTHER OPERATING EXPENSES	36,163	5,498	39,747	33,357	15,344	395,496
CAPITAL EXPENDITURES	-	-	-	-	-	9,198
TOTAL	$269,181	$1,254,854	$1,345,291	$1,093,744	$744,338	$3,490,213

BUDGET CATEGORY	INFORMATION TECHNOLOGY	PROGRAM PERFORMANCE	INFORMATION MANAGEMENT	COMPLIANCE & ENFORCEMENT	TOTAL MGT & GRANTS OVERSIGHT
COMPENSATION & BENEFITS	1,063,930	3,764,381	398,089	3,858,239	14,291,558
TEMPORARY EMPLOYEE PAY	4,423	289,492	-	135,507	534,001
CONSULTING	393,146	32,374	-	41,495	753,643
TRAVEL/TRANSPORTATION EXPS	9,970	263,261	-	260,131	793,798
COMMUNICATIONS	29,991	14,915	26	12,334	85,192
OCCUPANCY COST	-	-	-	-	1,722,793
PRINTING & REPRODUCTION	-	-	-	-	53,537
OTHER OPERATING EXPENSES	252,177	22,811	14,389	270	815,252
CAPITAL EXPENDITURES	32,926	-	-	-	42,124
TOTAL	$1,786,563	$4,387,234	$412,504	$4,307,976	$19,091,898

OTHER OPERATING EXPENSES FOR THE TWELVE - MONTH PERIOD ENDING SEPTEMBER 30, 2015

ANNUAL BUDGET	ACTUAL	TWELVE -TWELFTHS OF THE FY 2015 BUDGET	UNDER / (OVER) BUD VS ACT VARIANCE
$1,003,875.00	815,252.00	1,003,875.00	188,623.00

ACCOUNT CODES	DESCRIPTION	COST CENTERS		YTD EXPENSE
		BOARD OF DIRECTORS	574.00	
		FINANCIAL & ADMIN SERVICES	26,803.44	
		INFORMATION TECHNOLOGY	100,847.87	
5600	**EQUIPMENT RENTAL**	TOTAL		128,225.31
		LEGAL AFFAIRS	669.00	
		HUMAN RESOURCES	138.75	
		FINANCIAL & ADMIN SERVICES	38,900.52	
		INFORMATION TECHNOLOGY	9,669.62	
5610	**OFFICE SUPPLIES**	TOTAL		49,377.89
		GOVERNMENT RELATIONS/PUBLIC AFFAIRS	69.55	
		HUMAN RESOURCES	1,344.27	
		FINANCIAL & ADMIN SERVICES	8,972.60	
		INFORMATION TECHNOLOGY	51,496.62	
5611	**OFFICE EQUIPMENT**	TOTAL		61,883.04
		FINANCIAL & ADMIN SERVICES	207,407.75	
5620	**COMMERICAL INSURANCE**	TOTAL		207,407.75
		LEGAL AFFAIRS	28,880.49	
		GOVERNMENT RELATIONS/PUBLIC AFFAIRS	32,124.07	
		HUMAN RESOURCES	350.00	
		FINANCIAL & ADMIN SERVICES	67,799.25	
		INFORMATION MANAGEMENT	72.64	
		INFORMATION TECHNOLOGY	87,167.54	
		OFFICE OF PROGRAM PERFORMANCE	899.00	
5640	**DATA PROCESSING**	TOTAL		217,292.99
		BOARD OF DIRECTORS	35,574.00	
		HUMAN RESOURCES	8,003.02	
		OFFICE OF PROGRAM PERFORMANCE	21,230.94	
5650	**ADVERTISING & CLIPPING SERVICES**	TOTAL		64,807.96

OTHER OPERATING EXPENSES FOR THE TWELVE - MONTH PERIOD ENDING SEPTEMBER 30, 2015

ANNUAL BUDGET	ACTUAL	TWELVE -TWELFTHS OF THE FY 2015 BUDGET	UNDER / (OVER) BUD VS ACT VARIANCE
$1,003,875.00	815,252.00	1,003,875.00	188,623.00

ACCOUNT CODES	DESCRIPTION	COST CENTERS		YTD EXPENSE
		EXECUTIVE OFFICE	280.00	
		LEGAL AFFAIRS	1,239.00	
		HUMAN RESOURCES	75.00	
		FINANCIAL & ADMIN SERVICES	28.00	
		INFORMATION TECHNOLOGY	500.00	
5660	**DUES & MEMBERSHIPS**	TOTAL		2,122.00
		CHIEF DEVELOPMENT UNIT	999.00	
		LEGAL AFFAIRS	8,942.00	
		GOVERNMENT RELATIONS/PUBLIC AFFAIRS	1,163.00	
		FINANCIAL & ADMIN SERVICES	501.00	
		OFFICE OF PROGRAM PERFORMANCE	481.49	
		INFORMATION MANAGEMENT	5,432.98	
		OFFICE OF COMPLIANCE AND ENFORCEMENT	269.74	
5670	**SUBSCRIPTIONS**	TOTAL		17,789.21
		HUMAN RESOURCES	2,276.68	
		FINANCIAL & ADMIN SERVICES	33,972.09	
5680	**EMPLOYEE LECTURES/OTHER ACT.**	TOTAL		36,248.77
		BOARD OF DIRECTORS	15.00	
		CHIEF DEVELOPMENT UNIT	4,219.37	
		LEGAL AFFAIRS	16.45	
		HUMAN RESOURCES	3,155.99	
		FINANCIAL & ADMIN SERVICES	11,111.16	
		INFORMATION TECHNOLOGY	2,495.00	
		PROGRAM PERFORMANCE	200.00	
		INFORMATION MANAGEMENT	8,883.65	
5690	**OFFICE EXPENSES**	TOTAL		30,096.62
		TOTAL OTHER OPERATING EXPENSES		**$815,251.54**

ATTACHMENT D

LEGAL SERVICES CORPORATION
FINANCIAL REPORT BY BUDGET CATEGORY
FOR THE PERIOD ENDING SEPTEMBER 30, 2015
FOR FISCAL YEAR 2015
INSPECTOR GENERAL

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
		F I S C A L Y E A R 2 0 1 5				C O M P A R A T I V E	
	ANNUAL BUDGET	ACTUAL	VARIANCE BUD VS ACT UNDER / (OVER)	% OF VARIANCE UNDER / (OVER)	ENCUM-BRANCES	PRIOR Y-T-D ACTUAL	VARIANCE ACTUAL VS PRIOR Y-T-D INCR / (DECR)
TOTAL COMP./BENEFITS	$3,990,600	3,831,034	159,566	4.00	-	4,018,029	(186,996)
TEMP. EMPLOYEE PAY	35,000	18,880	16,120	46.06	-	11,150	7,730
CONSULTING	430,000	329,959	100,041	23.27	45,019	332,890	(2,931)
TRAVEL/TRANSPORTATION EXPS	280,000	226,571	53,429	19.08	2,530	236,310	(9,739)
COMMUNICATIONS	35,000	19,271	15,729	44.94	-	29,482	(10,211)
OCCUPANCY COST	11,000	12	10,988	99.89	-	4,075	(4,063)
PRINTING & REPRODUCTION	18,000	10,025	7,975	44.31	-	13,020	(2,995)
OTHER OPERATING EXPENSES	86,000	61,156	24,844	28.89	4,275	81,483	(20,327)
CAPITAL EXPENDITURES	65,000	2,918	62,082	95.51	-	9,971	(7,053)
TOTAL	$4,950,600	4,499,826	450,774	9.11	$51,824	4,736,410	(236,584)

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Form 990 for FY 2015

Form **990** | **Return of Organization Exempt From Income Tax** | OMB No. 1545-0047 **2014**

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

▶ Do not enter social security numbers on this form as it may be made public.

▶ Information about Form 990 and its instructions is at www.irs.gov/form990.

Department of the Treasury Internal Revenue Service — Open to Public Inspection

A For the 2014 calendar year, or tax year beginning 10/01 **, 2014, and ending** 09/30, **20** 15

B Check if applicable: Address change / Name change / Initial return / Final return/terminated / Amended return / Application pending

C Name of organization: LEGAL SERVICES CORPORATION

Doing business as

Number and street (or P.O. box if mail is not delivered to street address): 3333 K STREET NW, 3RD FL — Room/suite

City or town, state or province, country, and ZIP or foreign postal code: WASHINGTON, DC 20007-3522

D Employer identification number: 52-1039060

E Telephone number: (202) 295-1500

G Gross receipts $ 378,476,352.

F Name and address of principal officer: JAMES J SANDMAN, 3333 K STREET, NW WASHINGTON, DC 20007

H(a) Is this a group return for subordinates? Yes [ ] No [X]

H(b) Are all subordinates included? Yes [ ] No [ ]

If "No," attach a list (see instructions)

H(c) Group exemption number ▶

I Tax-exempt status: [X] 501(c)(3) [ ] 501(c) ( ) ◀ (insert no.) [ ] 4947(a)(1) or [ ] 527

J Website: ▶ WWW.LSC.GOV

K Form of organization: [X] Corporation [ ] Trust [ ] Association [ ] Other ▶ — **L** Year of formation: 1974 — **M** State of legal domicile: DC

Part I Summary

Activities & Governance

1 Briefly describe the organization's mission or most significant activities: TO PROMOTE EQUAL ACCESS TO JUSTICE IN OUR NATION AND TO PROVIDE GRANTS FOR HIGH QUALITY CIVIL LEGAL ASSISTANCE TO LOW-INCOME PERSONS.

2 Check this box ▶ [ ] if the organization discontinued its operations or disposed of more than 25% of its net assets.

3	Number of voting members of the governing body (Part VI, line 1a)	3	10.
4	Number of independent voting members of the governing body (Part VI, line 1b)	4	10.
5	Total number of individuals employed in calendar year 2014 (Part V, line 2a)	5	199.
6	Total number of volunteers (estimate if necessary)	6	17.
7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a	0
b	Net unrelated business taxable income from Form 990-T, line 34	7b	0

			Prior Year	Current Year
Revenue	8	Contributions and grants (Part VIII, line 1h)	370,941,899.	378,468,678.
	9	Program service revenue (Part VIII, line 2g)	0	0
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	1,853.	333.
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	-391,521.	7,341.
	12	Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	370,552,231.	378,476,352.
Expenses	13	Grants and similar amounts paid (Part IX, column (A), lines 1-3)	348,151,754.	353,122,106.
	14	Benefits paid to or for members (Part IX, column (A), line 4)	0	0
	15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	17,006,794.	18,722,194.
	16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	b	Total fundraising expenses (Part IX, column (D), line 25) ▶ 324,852.		
	17	Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	4,792,585.	5,079,208.
	18	Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	369,951,133.	376,923,508.
	19	Revenue less expenses. Subtract line 18 from line 12	601,098.	1,552,844.
			Beginning of Current Year	**End of Year**
Net Assets or Fund Balances	20	Total assets (Part X, line 16)	82,826,697.	91,513,929.
	21	Total liabilities (Part X, line 26)	71,506,576.	79,286,307.
	22	Net assets or fund balances. Subtract line 21 from line 20	11,320,121.	12,227,622.

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

▶ Signature of officer — Date

▶ DAVID RICHARDSON — TREASURER

Type or print name and title

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check [ ] if self-employed	PTIN
	ERIC STRAUSS				P00991844
	Firm's name ▶WITHUMSMITH+BROWN, PC			Firm's EIN ▶ 22-2027092	
	Firm's address ▶2 LOGAN SQ STE 2001 PHILADELPHIA, PA 19103-2726			Phone no. 212-546-2140	

May the IRS discuss this return with the preparer shown above? (see instructions) [X] Yes [ ] No

For Paperwork Reduction Act Notice, see the separate instructions. Form **990** (2014)

Part III **Statement of Program Service Accomplishments**

Check if Schedule O contains a response or note to any line in this Part III . . . . [X]

1 Briefly describe the organization's mission:

ATTACHMENT 1

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? . . . . [ ] **Yes** [X] **No**

If "Yes," describe these new services on Schedule O.

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? . . . . [ ] **Yes** [X] **No**

If "Yes," describe these changes on Schedule O.

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

4a (Code:) (Expenses $ 353,122,106. including grants of $ 353,122,106.) (Revenue $)

LEGAL SERVICES CORPORATION PROVIDES FINANCIAL SUPPORT TO INDEPENDENT ORGANIZATIONS THAT DIRECTLY PROVIDE LEGAL ASSISTANCE IN NON-CRIMINAL PROCEEDINGS OR MATTERS TO PERSONS FINANCIALLY UNABLE TO AFFORD SUCH COUNSEL

4b (Code:) (Expenses $ including grants of $) (Revenue $)

4c (Code:) (Expenses $ including grants of $) (Revenue $)

4d Other program services (Describe in Schedule O.)

(Expenses $ including grants of $) (Revenue $)

4e Total program service expenses ▶ 353,122,106.

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	X	
2	Is the organization required to complete *Schedule B, Schedule of Contributors* (see instructions)?	2	X	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		X
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4		X
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		X
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		X
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? *If "Yes," complete Schedule D, Part II*	7		X
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		X
9	Did the organization report an amount in Part X, line 21, for escrow or custodial account liability; serve as a custodian for amounts not listed in Part X; or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9		X
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10		X
11	If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable.			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? *If "Yes," complete Schedule D, Part VI*	11a	X	
b	Did the organization report an amount for investments-other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII*	11b		X
c	Did the organization report an amount for investments-program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII*	11c		X
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX*	11d		X
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X*	11e		X
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X*	11f	X	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI and XII*	12a	X	
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional*	12b		X
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		X
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		X
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? *If "Yes," complete Schedule F, Parts I and IV*	14b		X
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or other assistance to or for any foreign organization? *If "Yes," complete Schedule F, Parts II and IV*	15		X
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or other assistance to or for foreign individuals? *If "Yes," complete Schedule F, Parts III and IV*	16		X
17	Did the organization report a total of more than $15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I* (see instructions)	17		X
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18		X
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		X
20a	Did the organization operate one or more hospital facilities? *If "Yes," complete Schedule H*	20a		X
b	If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	20b		

Part IV Checklist of Required Schedules *(continued)*

			Yes	No
21	Did the organization report more than $5,000 of grants or other assistance to any domestic organization or domestic government on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II*	21	X	
22	Did the organization report more than $5,000 of grants or other assistance to or for domestic individuals on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	22	X	
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	23	X	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a*	24a		X
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		
25a	**Section 501(c)(3), 501(c)(4), and 501(c)(29) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	25a		X
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	25b		X
26	Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? *If "Yes," complete Schedule L, Part II*	26		X
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? *If "Yes," complete Schedule L, Part III*	27		X
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions):			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	28a		X
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	28b		X
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? *If "Yes," complete Schedule L, Part IV*	28c		X
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	29		X
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	30		X
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	31		X
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	32		X
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? *If "Yes," complete Schedule R, Part I*	33		X
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1*	34		X
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a		X
b	If "Yes" to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2*	35b		
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	36		X
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	37		X
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? **Note.** All Form 990 filers are required to complete Schedule O.	38	X	

Part V **Statements Regarding Other IRS Filings and Tax Compliance**

Check if Schedule O contains a response or note to any line in this Part V . . . . ☐

					Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable	**1a**	32			
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable	**1b**	0			
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?			**1c**	X	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return .	**2a**	199			
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?			**2b**	X	
	Note. If the sum of lines 1a and 2a is greater than 250, you may be required to *e-file* (see instructions)					
3a	Did the organization have unrelated business gross income of $1,000 or more during the year?			**3a**		X
b	If "Yes," has it filed a Form 990-T for this year? *If "No" to line 3b, provide an explanation in Schedule O*			**3b**		
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?			**4a**		X
b	If "Yes," enter the name of the foreign country: ▶					
	See instructions for filing requirements for FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR).					
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?			**5a**		X
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?			**5b**		X
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?			**5c**		
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?			**6a**		X
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?			**6b**		
7	**Organizations that may receive deductible contributions under section 170(c).**					
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?			**7a**	X	
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?			**7b**	X	
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?			**7c**		X
d	If "Yes," indicate the number of Forms 8282 filed during the year	**7d**				
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?			**7e**		X
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?			**7f**		X
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?			**7g**		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?			**7h**		
8	**Sponsoring organizations maintaining donor advised funds.** Did a donor advised fund maintained by the sponsoring organization have excess business holdings at any time during the year?			**8**		
9	**Sponsoring organizations maintaining donor advised funds.**					
a	Did the sponsoring organization make any taxable distributions under section 4966?			**9a**		
b	Did the sponsoring organization make a distribution to a donor, donor advisor, or related person?			**9b**		
10	**Section 501(c)(7) organizations.** Enter:					
a	Initiation fees and capital contributions included on Part VIII, line 12	**10a**				
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	**10b**				
11	**Section 501(c)(12) organizations.** Enter:					
a	Gross income from members or shareholders	**11a**				
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.)	**11b**				
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?			**12a**		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	**12b**				
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**					
a	Is the organization licensed to issue qualified health plans in more than one state?			**13a**		
	Note. See the instructions for additional information the organization must report on Schedule O.					
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	**13b**				
c	Enter the amount of reserves on hand	**13c**				
14a	Did the organization receive any payments for indoor tanning services during the tax year?			**14a**		X
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O*			**14b**		

Part VI **Governance, Management, and Disclosure** *For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.*

Check if Schedule O contains a response or note to any line in this Part VI . . . . [X]

Section A. Governing Body and Management

				Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	1a 10			
	If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O.				
b	Enter the number of voting members included in line 1a, above, who are independent	1b 10			
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee? . . .		2		X
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors, or trustees, or key employees to a management company or other person? . .		3		X
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		4		X
5	Did the organization become aware during the year of a significant diversion of the organization's assets?		5		X
6	Did the organization have members or stockholders? . . .		6		X
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body? . . .		7a		X
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body? . . .		7b		X
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:				
a	The governing body? . . .		8a	X	
b	Each committee with authority to act on behalf of the governing body? . . .		8b	X	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? *If "Yes," provide the names and addresses in Schedule O* . . .		9		X

Section B. Policies *(This Section B requests information about policies not required by the Internal Revenue Code.)*

			Yes	No
10a	Did the organization have local chapters, branches, or affiliates? . . .	10a		X
b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes? . . .	10b		
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form? .	11a	X	
b	Describe in Schedule O the process, if any, used by the organization to review this Form 990.			
12a	Did the organization have a written conflict of interest policy? *If "No," go to line 13* . . .	12a	X	
b	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts? . . .	12b	X	
c	Did the organization regularly and consistently monitor and enforce compliance with the policy? *If "Yes," describe in Schedule O how this was done* . . .	12c	X	
13	Did the organization have a written whistleblower policy? . . .	13	X	
14	Did the organization have a written document retention and destruction policy? . . .	14	X	
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?			
a	The organization's CEO, Executive Director, or top management official . . .	15a		X
b	Other officers or key employees of the organization . . .	15b		X
	If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions).			
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year? . . .	16a		X
b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements? . . .	16b		

Section C. Disclosure

17 List the states with which a copy of this Form 990 is required to be filed ▶ DC,

18 Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (Section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply.

[X] Own website [ ] Another's website [ ] Upon request [ ] Other *(explain in Schedule O)*

19 Describe in Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year.

20 State the name, address, and telephone number of the person who possesses the organization's books and records: ▶

DAVID RICHARDSON, TREASURER 3333 K STREET NW WASHINGTON, DC 20007 202-295-1510

Part VII **Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors**

Check if Schedule O contains a response or note to any line in this Part VII . . . . ☐

Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

1a Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year.

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.
- List all of the organization's **current** key employees, if any. See instructions for definition of "key employee."
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than $100,000 from the organization and any related organizations.
- List all of the organization's **former** officers, key employees, and highest compensated employees who received more than $100,000 of reportable compensation from the organization and any related organizations.
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than $10,000 of reportable compensation from the organization and any related organizations.

List persons in the following order: individual trustees or directors; institutional trustees; officers; key employees; highest compensated employees; and former such persons.

☐ Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee.

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee): Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former	(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
(1) SHARON L. BROWNE FORMER DIRECTOR	[illegible].61 0	X						3,840.	0	0
(2) ROBERT J. GREY JR. DIRECTOR	2.2[illegible] 0	X						5,120.	0	0
(3) CHARLES N. W. KECKLER DIRECTOR	4.[illegible] 0	X						4,800.	0	0
(4) HARRY J.F. KORRELL III DIRECTOR	[illegible].90 0	X						2,240.	0	0
(5) JOHN G. LEVI CHAIRMAN	16.42 0	X						11,520.	0	0
(6) VICTOR B. MADDOX DIRECTOR	3.44 0	X						4,800.	0	0
(7) LAURIE MIKVA DIRECTOR	2.75 0	X						4,480.	0	0
(8) MARTHA MINOW VICE CHAIRMAN	2.82 0	X						4,480.	0	0
(9) FR. PIUS PIETRZYK, OP DIRECTOR	2.52 0	X						3,840.	0	0
(10) JULIE A. REISKIN DIRECTOR	6.51 0	X						4,800.	0	0
(11) GLORIA VALENCIA-WEBER DIRECTOR	4.17 0	X						5,120.	0	0
(12) JAMES J SANDMAN PRESIDENT	37.50 0			X				173,529.	0	48,833.
(13) DAVID L. RICHARDSON TREASURER & COMPTROLLER	37.50 0			X				161,936.	0	43,936.
(14) LYNN A. JENNINGS VICE PRESIDENT FOR GRANTS MGMT	37.50 0			X				163,869.	0	29,215.

Part VII **Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees** *(continued)*

(A) Name and title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position: Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former	(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
(15) RONALD S. FLAGG VICE PRESIDENT FOR LEGAL AFF.	37.50 0			X				163,704.	0	24,844.
(16) JEFFREY E. SCHANZ INSPECTOR GENERAL	37.50 0				X			163,704.	0	29,926.
(17) LAURIE A. TARANTOWICZ ASST INSPECTOR GENERAL	37.50 0				X			155,267.	0	39,972.
(18) JOEL S. GALLAY SPECIAL COUNSEL TO THE IG	37.50 0				X			154,756.	0	34,252.
(19) DAVID C. MADDOX ASST IG FOR MANAGEMENT & EVAL	37.50 0				X			154,676.	0	47,046.
(20) JOHN SEEBA ASSISTANT IG FOR AUDIT	37.50 0				X			150,[illegible]09.	0	28,274.
(21) JANET A. LABELLA DIRECTOR OF PROGRAM PERFORM.	37.50 0					X		148,837.	0	33,753.
(22) CAROL BERGMAN GOVERNMENT RELATIONS DIRECTOR	37.50 0					X		150,146.	0	39,747.
(23) PETER CAMPBELL CIO	37.50 0					X		160,000.	0	47,430.
(24) LAURA RATH DIRECTOR OF COMPLIANCE	37[illegible] 0					X		148,691.	0	33,427.
(25) TRACI HIGGINS HUMAN RESOURCES DIRECTOR	37.50					X		142,637.	0	32,276.
1b Sub-total ▶								554,374.	0	121,984.
c Total from continuation sheets to Part VII, Section A ▶								1,800,185.	0	414,824.
d Total (add lines 1b and 1c) ▶								2,354,559.	0	536,808.

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 of reportable compensation from the organization ▶ 58

		Yes	No
3 Did the organization list any **former** officer, director, or trustee, key employee, or highest compensated employee on line 1a? *If "Yes," complete Schedule J for such individual*	3	X	
4 For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than $150,000? *If "Yes," complete Schedule J for such individual*	4	X	
5 Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? *If "Yes," complete Schedule J for such person*	5		X

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than $100,000 of compensation from the organization. Report compensation for the calendar year ending with or within the organization's tax year.

(A) Name and business address	(B) Description of services	(C) Compensation
ATTACHMENT 2		

2 Total number of independent contractors (including but not limited to those listed above) who received more than $100,000 in compensation from the organization ▶ 2

Part VII Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees *(continued)*

(A) Name and title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position: Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former	(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
(26) JOHN MEYER (RESIGNED 8/11/2014 DIRECTOR OF INFO. MANAGEMENT	37.50 0						X	107,158.	0	23,877.

	(D)	(E)	(F)
1b Sub-total ▶			
c Total from continuation sheets to Part VII, Section A ▶			
d Total (add lines 1b and 1c) ▶			

DRAFT

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 of reportable compensation from the organization ▶ 58

		Yes	No
3 Did the organization list any **former** officer, director, or trustee, key employee, or highest compensated employee on line 1a? *If "Yes," complete Schedule J for such individual*	3	X	
4 For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than $150,000? *If "Yes," complete Schedule J for such individual*	4	X	
5 Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? *If "Yes," complete Schedule J for such person*	5		X

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than $100,000 of compensation from the organization. Report compensation for the calendar year ending with or within the organization's tax year.

(A) Name and business address	(B) Description of services	(C) Compensation

2 Total number of independent contractors (including but not limited to those listed above) who received more than $100,000 in compensation from the organization ▶

Part VIII Statement of Revenue

Check if Schedule O contains a response or note to any line in this Part VIII X

					(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514
Contributions, Gifts, Grants and Other Similar Amounts	1a	Federated campaigns	1a					
	b	Membership dues	1b					
	c	Fundraising events	1c					
	d	Related organizations	1d					
	e	Government grants (contributions)	1e	377,501,330.				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	967,348.				
	g	Noncash contributions included in lines 1a-1f: $						
	h	**Total.** Add lines 1a-1f ▶			378,468,678.			
Program Service Revenue				Business Code				
	2a							
	b							
	c							
	d							
	e							
	f	All other program service revenue						
	g	**Total.** Add lines 2a-2f ▶			0			
Other Revenue	3	Investment income (including dividends, interest, and other similar amounts) ATTACHMENT 3 ▶			3[illegible].			333.
	4	Income from investment of tax-exempt bond proceeds ▶			0			
	5	Royalties ▶			0			
				(i) Real / (ii) Personal				
	6a	Gross rents						
	b	Less: rental expenses						
	c	Rental income or (loss)						
	d	Net rental income or (loss) ▶			0			
	7a	Gross amount from sales of assets other than inventory		(i) Securities / (ii) Other				
	b	Less: cost or other basis and sales expenses						
	c	Gain or (loss)						
	d	Net gain or (loss) ▶			0			
	8a	Gross income from fundraising events (not including $ ____ of contributions reported on line 1c). See Part IV, line 18	a					
	b	Less: direct expenses	b					
	c	Net income or (loss) from fundraising events ▶			0			
	9a	Gross income from gaming activities. See Part IV, line 19	a					
	b	Less: direct expenses	b					
	c	Net income or (loss) from gaming activities ▶			0			
	10a	Gross sales of inventory, less returns and allowances	a					
	b	Less: cost of goods sold	b					
	c	Net income or (loss) from sales of inventory ▶			0			
		Miscellaneous Revenue		Business Code				
	11a	MISC INCOME		900099	7,341.	7,341.		
	b							
	c							
	d	All other revenue						
	e	**Total.** Add lines 11a-11d ▶			7,341.			
	12	**Total revenue.** See instructions ▶			378,476,352.	7,341.		333.

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Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A).

Check if Schedule O contains a response or note to any line in this Part IX . . . . ☐

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to domestic organizations and domestic governments. See Part IV, line 21	352,178,529.	352,178,529.		
2 Grants and other assistance to domestic individuals. See Part IV, line 22	943,577.	943,577.		
3 Grants and other assistance to foreign organizations, foreign governments, and foreign individuals. See Part IV, lines 15 and 16	0			
4 Benefits paid to or for members	0			
5 Compensation of current officers, directors, trustees, and key employees	2,891,367.		2,891,367.	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0			
7 Other salaries and wages	12,319,486.		12,105,091.	214,395.
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	1,000,175.		986,984.	13,191.
9 Other employee benefits	1,479,940.		1,451,545.	28,395.
10 Payroll taxes	1,031,226.		1,016,584.	14,642.
11 Fees for services (non-employees):				
a Management	0			
b Legal	132,500.		132,500.	
c Accounting	0			
d Lobbying	0			
e Professional fundraising services. See Part IV, line 17	0			
f Investment management fees	0			
g Other. (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O.)	[illegible]12,89[illegible]		891,482.	21,408.
12 Advertising and promotion	66,247.		66,247.	
13 Office expenses	[illegible]		364,109.	801.
14 Information technology	228,257.		228,257.	
15 Royalties	0			
16 Occupancy	1,[illegible]22,805.		1,722,805.	
17 Travel	931,322.		912,767.	18,555.
18 Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19 Conferences, conventions, and meetings	61,576.		61,576.	
20 Interest	0			
21 Payments to affiliates	0			
22 Depreciation, depletion, and amortization	218,345.		218,345.	
23 Insurance	207,408.		207,408.	
24 Other expenses. Itemize expenses not covered above (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O.)				
a EQUIPMENT RENTAL	150,495.		150,495.	
b SUBSCRIPTIONS	18,103.		18,103.	
c TRAINING	37,650.		37,650.	
d MISCELLANEOUS	26,700.		13,235.	13,465.
e All other expenses				
25 **Total functional expenses.** Add lines 1 through 24e	376,923,508.	353,122,106.	23,476,550.	324,852.
26 **Joint costs.** Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here ▶ ☐ if following SOP 98-2 (ASC 958-720)	0			

Part X Balance Sheet

Check if Schedule O contains a response or note to any line in this Part X . . . . [X]

			(A) Beginning of year		(B) End of year
Assets	1	Cash - non-interest-bearing	57,126,235.	1	30,944,749.
	2	Savings and temporary cash investments	22,029,807.	2	57,742,418.
	3	Pledges and grants receivable, net	2,920,860.	3	2,222,460.
	4	Accounts receivable, net	53,377.	4	39,970.
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L	0	5	0
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions). Complete Part II of Schedule L	0	6	0
	7	Notes and loans receivable, net	0	7	0
	8	Inventories for sale or use	0	8	0
	9	Prepaid expenses and deferred charges ATCH 4	319,953.	9	369,909.
	10a	Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D — 10a: 2,690,264.			
	b	Less: accumulated depreciation — 10b: 2,495,84[illegible]	376,465.	10c	194,423.
	11	Investments - publicly traded securities	0	11	0
	12	Investments - other securities. See Part IV, line 11	0	12	0
	13	Investments - program-related. See Part IV, line 11	0	13	0
	14	Intangible assets	0	14	0
	15	Other assets. See Part IV, line 11	0	15	0
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)	82,826,697.	16	91,513,929.
Liabilities	17	Accounts payable and accrued expenses	2,023,662.	17	4,118,474.
	18	Grants payable	67,367,277.	18	72,408,184.
	19	Deferred revenue ATCH 5	2,115,637.	19	2,759,649.
	20	Tax-exempt bond liabilities	0	20	0
	21	Escrow or custodial account liability. Complete Part IV of Schedule D	0	21	0
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L	0	22	0
	23	Secured mortgages and notes payable to unrelated third parties	0	23	0
	24	Unsecured notes and loans payable to unrelated third parties	0	24	0
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D	0	25	0
	26	**Total liabilities.** Add lines 17 through 25	71,506,576.	26	79,286,307.
Net Assets or Fund Balances		**Organizations that follow SFAS 117 (ASC 958), check here ▶ [X] and complete lines 27 through 29, and lines 33 and 34.**			
	27	Unrestricted net assets	8,134,648.	27	8,950,159.
	28	Temporarily restricted net assets	3,185,473.	28	3,277,463.
	29	Permanently restricted net assets	0	29	0
		Organizations that do not follow SFAS 117 (ASC 958), check here ▶ [ ] and complete lines 30 through 34.			
	30	Capital stock or trust principal, or current funds		30	
	31	Paid-in or capital surplus, or land, building, or equipment fund		31	
	32	Retained earnings, endowment, accumulated income, or other funds		32	
	33	Total net assets or fund balances	11,320,121.	33	12,227,622.
	34	Total liabilities and net assets/fund balances	82,826,697.	34	91,513,929.

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Part XI Reconciliation of Net Assets

Check if Schedule O contains a response or note to any line in this Part XI . . . . [X]

1	Total revenue (must equal Part VIII, column (A), line 12)	1	378,476,352.
2	Total expenses (must equal Part IX, column (A), line 25)	2	376,923,508.
3	Revenue less expenses. Subtract line 2 from line 1	3	1,552,844.
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	11,320,121.
5	Net unrealized gains (losses) on investments	5	0
6	Donated services and use of facilities	6	0
7	Investment expenses	7	0
8	Prior period adjustments	8	0
9	Other changes in net assets or fund balances (explain in Schedule O)	9	-645,343.
10	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	12,227,622.

Part XII Financial Statements and Reporting

Check if Schedule O contains a response or note to any line in this Part XII . . . . [ ]

			Yes	No
1	Accounting method used to prepare the Form 990: [ ] Cash [X] Accrual [ ] Other ______ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O.			
2a	Were the organization's financial statements compiled or reviewed by an independent accountant?	2a		X
	If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both: [ ] Separate basis [ ] Consolidated basis [ ] Both consolidated and separate basis			
b	Were the organization's financial statements audited by an independent accountant?	2b	X	
	If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both: [X] Separate basis [ ] Consolidated basis [ ] Both consolidated and separate basis			
c	If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant?	2c	X	
	If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O.			
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?	3a		X
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits.	3b		

SCHEDULE A
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.

▶ Attach to Form 990 or Form 990-EZ.

▶Information about Schedule A (Form 990 or 990-EZ) and its instructions is at *www.irs.gov/form990.*

OMB No. 1545-0047

2014

Open to Public Inspection

Name of the organization	Employer identification number
LEGAL SERVICES CORPORATION	52-1039060

Part I **Reason for Public Charity Status** (All organizations must complete this part.) See instructions.

The organization is not a private foundation because it is: (For lines 1 through 11, check only one box.)

1 ☐ A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i).**

2 ☐ A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E.)

3 ☐ A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**

4 ☐ A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state: ____________

5 ☐ An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II.)

6 ☐ A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**

7 ☒ An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi).** (Complete Part II.)

8 ☐ A community trust described in **section 170(b)(1)(A)(vi).** (Complete Part II.)

9 ☐ An organization that normally receives: (1) more than 33 1/3 % of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions - subject to certain exceptions, and (2) no more than 33 1/3 % of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See **section 509(a)(2).** (Complete Part III.)

10 ☐ An organization organized and operated exclusively to test for public safety. See **section 509(a)(4).**

11 ☐ An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in **section 509(a)(1)** or **section 509(a)(2).** See **section 509(a)(3).** Check the box in lines 11a through 11d that describes the type of supporting organization and complete lines 11e, 11f, and 11g.

a ☐ **Type I.** A supporting organization operated, supervised, or controlled by its supported organization(s), typically by giving the supported organization(s) the power to regularly appoint or elect a majority of the directors or trustees of the supporting organization. **You must complete Part IV, Sections A and B.**

b ☐ **Type II.** A supporting organization supervised or controlled in connection with its supported organization(s), by having control or management of the supporting organization vested in the same persons that control or manage the supported organization(s). **You must complete Part IV, Sections A and C.**

c ☐ **Type III functionally integrated.** A supporting organization operated in connection with, and functionally integrated with, its supported organization(s) (see instructions). **You must complete Part IV, Sections A, D, and E.**

d ☐ **Type III non-functionally integrated.** A supporting organization operated in connection with its supported organization(s) that is not functionally integrated. The organization generally must satisfy a distribution requirement and an attentiveness requirement (see instructions). **You must complete Part IV, Sections A and D, and Part V.**

e ☐ Check this box if the organization received a written determination from the IRS that it is a Type I, Type II, Type III functionally integrated, or Type III non-functionally integrated supporting organization.

f Enter the number of supported organizations . . . . ☐

g Provide the following information about the supported organization(s).

	(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1-9 above or IRC section (see instructions))	(iv) Is the organization listed in your governing document? Yes	No	(v) Amount of monetary support (see instructions)	(vi) Amount of other support (see instructions)
(A)							
(B)							
(C)							
(D)							
(E)							
Total							

Part II **Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)** (Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2010	(b) 2011	(c) 2012	(d) 2013	(e) 2014	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")	406,505,360.	351,019,363.	343,395,736.	370,941,899.	378,468,678.	1,850,331,036.
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						0
3 The value of services or facilities furnished by a governmental unit to the organization without charge						0
4 **Total.** Add lines 1 through 3	406,505,360.	351,019,363.	343,395,736.	370,941,899.	378,468,678.	1,850,331,036.
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						0
6 **Public support.** Subtract line 5 from line 4.						1,850,331,036.

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2010	(b) 2011	(c) 2012	(d) 2013	(e) 2014	(f) Total
7 Amounts from line 4	406,505,360.	351,019,3[illegible]	343,[illegible],736.	370,941,899.	378,468,678.	1,850,331,036.
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources	1,561.		447.	1,853.	333.	4,194.
9 Net income from unrelated business activities, whether or not the business is regularly carried on						0
10 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.) ATCH 1	[illegible]	[illegible],569.	10,544.	6,986.	7,342.	60,960.
11 **Total support.** Add lines 7 through 10						1,850,396,190.

12 Gross receipts from related activities, etc. (see instructions) . . . 12

13 **First five years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here ▶ ☐

Section C. Computation of Public Support Percentage

14 Public support percentage for 2014 (line 6, column (f) divided by line 11, column (f)) . . . 14 100.00 %

15 Public support percentage from 2013 Schedule A, Part II, line 14 . . . 15 100.00 %

16a **33 1/3 % support test - 2014.** If the organization did not check the box on line 13, and line 14 is 33 1/3 % or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶ ☒

b **33 1/3 % support test - 2013.** If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3 % or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶ ☐

17a **10%-facts-and-circumstances test - 2014.** If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part VI how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization ▶ ☐

b **10%-facts-and-circumstances test - 2013.** If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part VI how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization ▶ ☐

18 **Private foundation.** If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions ▶ ☐

Part III **Support Schedule for Organizations Described in Section 509(a)(2)**
(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2010	(b) 2011	(c) 2012	(d) 2013	(e) 2014	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 **Total.** Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of $5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 **Public support** (Subtract line 7c from line 6.)						

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2010	(b) 2011	(c) 2012	(d) 2013	(e) 2014	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.)						
13 **Total support.** (Add lines 9, 10c, 11, and 12.)						

14 **First five years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and **stop here** ▶ ☐

Section C. Computation of Public Support Percentage

15	Public support percentage for 2014 (line 8, column (f) divided by line 13, column (f))	15	%
16	Public support percentage from 2013 Schedule A, Part III, line 15	16	%

Section D. Computation of Investment Income Percentage

17	Investment income percentage for **2014** (line 10c, column (f) divided by line 13, column (f))	17	%
18	Investment income percentage from **2013** Schedule A, Part III, line 17	18	%

19a **331/3% support tests - 2014.** If the organization did not check the box on line 14, and line 15 is more than 331/3%, and line 17 is not more than 331/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶ ☐

b **331/3% support tests - 2013.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 331/3%, and line 18 is not more than 331/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶ ☐

20 **Private foundation.** If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions ▶ ☐

Part IV **Supporting Organizations**

(Complete only if you checked a box on line 11 of Part I. If you checked 11a of Part I, complete Sections A and B. If you checked 11b of Part I, complete Sections A and C. If you checked 11c of Part I, complete Sections A, D, and E. If you checked 11d of Part I, complete Sections A and D, and complete Part V.)

Section A. All Supporting Organizations

		Line	Yes	No
1	Are all of the organization's supported organizations listed by name in the organization's governing documents? *If "No," describe in **Part VI** how the supported organizations are designated. If designated by class or purpose, describe the designation. If historic and continuing relationship, explain.*	1		
2	Did the organization have any supported organization that does not have an IRS determination of status under section 509(a)(1) or (2)? *If "Yes," explain in **Part VI** how the organization determined that the supported organization was described in section 509(a)(1) or (2).*	2		
3a	Did the organization have a supported organization described in section 501(c)(4), (5), or (6)? *If "Yes," answer (b) and (c) below.*	3a		
b	Did the organization confirm that each supported organization qualified under section 501(c)(4), (5), or (6) and satisfied the public support tests under section 509(a)(2)? *If "Yes," describe in **Part VI** when and how the organization made the determination.*	3b		
c	Did the organization ensure that all support to such organizations was used exclusively for section 170(c)(2)(B) purposes? *If "Yes," explain in **Part VI** what controls the organization put in place to ensure such use.*	3c		
4a	Was any supported organization not organized in the United States ("foreign supported organization")? *If "Yes" and if you checked 11a or 11b in Part I, answer (b) and (c) below.*	4a		
b	Did the organization have ultimate control and discretion in deciding whether to make grants to the foreign supported organization? *If "Yes," describe in **Part VI** how the organization had such control and discretion despite being controlled or supervised by or in connection with its supported organizations.*	4b		
c	Did the organization support any foreign supported organization that does not have an IRS determination under sections 501(c)(3) and 509(a)(1) or (2)? *If "Yes," explain in **Part VI** what controls the organization used to ensure that all support to the foreign supported organization was used exclusively for section 170(c)(2)(B) purposes.*	4c		
5a	Did the organization add, substitute, or remove any supported organizations during the tax year? *If "Yes," answer (b) and (c) below (if applicable). Also provide detail in **Part VI**, including (i) the names and EIN numbers of the supported organizations added, substituted, or removed, (ii) the reasons for each such action, (iii) the authority under the organization's organizing document authorizing such action, and (iv) how the action was accomplished (such as by amendment to the organizing document).*	5a		
b	**Type I or Type II only.** Was any added or substituted supported organization part of a class already designated in the organization's organizing document?	5b		
c	**Substitutions only.** Was the substitution the result of an event beyond the organization's control?	5c		
6	Did the organization provide support (whether in the form of grants or the provision of services or facilities) to anyone other than (a) its supported organizations; (b) individuals that are part of the charitable class benefited by one or more of its supported organizations; or (c) other supporting organizations that also support or benefit one or more of the filing organization's supported organizations? *If "Yes," provide detail in **Part VI**.*	6		
7	Did the organization provide a grant, loan, compensation, or other similar payment to a substantial contributor (defined in IRC 4958(c)(3)(C)), a family member of a substantial contributor, or a 35-percent controlled entity with regard to a substantial contributor? *If "Yes," complete Part I of Schedule L (Form 990).*	7		
8	Did the organization make a loan to a disqualified person (as defined in section 4958) not described in line 7? *If "Yes," complete Part I of Schedule L (Form 990).*	8		
9a	Was the organization controlled directly or indirectly at any time during the tax year by one or more disqualified persons as defined in section 4946 (other than foundation managers and organizations described in section 509(a)(1) or (2))? *If "Yes," provide detail in **Part VI**.*	9a		
b	Did one or more disqualified persons (as defined in line 9(a)) hold a controlling interest in any entity in which the supporting organization had an interest? *If "Yes," provide detail in **Part VI**.*	9b		
c	Did a disqualified person (as defined in line 9(a)) have an ownership interest in, or derive any personal benefit from, assets in which the supporting organization also had an interest? *If "Yes," provide detail in **Part VI**.*	9c		
10a	Was the organization subject to the excess business holdings rules of IRC 4943 because of IRC 4943(f) (regarding certain Type II supporting organizations, and all Type III non-functionally integrated supporting organizations)? *If "Yes," answer (b) below.*	10a		
b	Did the organization have any excess business holdings in the tax year? *(Use Schedule C, Form 4720, to determine whether the organization had excess business holdings.)*	10b		

Part IV Supporting Organizations *(continued)*

			Yes	No
11	Has the organization accepted a gift or contribution from any of the following persons?			
a	A person who directly or indirectly controls, either alone or together with persons described in (b) and (c) below, the governing body of a supported organization?	**11a**		
b	A family member of a person described in (a) above?	**11b**		
c	A 35% controlled entity of a person described in (a) or (b) above? *If "Yes" to a, b, or c, provide detail in* ***Part VI.***	**11c**		

Section B. Type I Supporting Organizations

			Yes	No
1	Did the directors, trustees, or membership of one or more supported organizations have the power to regularly appoint or elect at least a majority of the organization's directors or trustees at all times during the tax year? *If "No," describe in* ***Part VI*** *how the supported organization(s) effectively operated, supervised, or controlled the organization's activities. If the organization had more than one supported organization, describe how the powers to appoint and/or remove directors or trustees were allocated among the supported organizations and what conditions or restrictions, if any, applied to such powers during the tax year.*	**1**		
2	Did the organization operate for the benefit of any supported organization other than the supported organization(s) that operated, supervised, or controlled the supporting organization? *If "Yes," explain in* ***Part VI*** *how providing such benefit carried out the purposes of the supported organization(s) that operated, supervised, or controlled the supporting organization.*	**2**		

Section C. Type II Supporting Organizations

			Yes	No
1	Were a majority of the organization's directors or trustees during the tax year also a majority of the directors or trustees of each of the organization's supported organization(s)? *If "No," describe in* ***Part VI*** *how control or management of the supporting organization was vested in the same persons that controlled or managed the supported organization(s).*	**1**		

Section D. All Type III Supporting Organizations

			Yes	No
1	Did the organization provide to each of its supported organizations, by the last day of the fifth month of the organization's tax year, (1) a written notice describing the type and amount of support provided during the prior tax year, (2) a copy of the Form 990 that was most recently filed as of the date of notification, and (3) copies of the organization's governing documents in effect on the date of notification, to the extent not previously provided?	**1**		
2	Were any of the organization's officers, directors, or trustees either (i) appointed or elected by the supported organization(s) or (ii) serving on the governing body of a supported organization? *If "No," explain in* ***Part VI*** *how the organization maintained a close and continuous working relationship with the supported organization(s).*	**2**		
3	By reason of the relationship described in (2), did the organization's supported organizations have a significant voice in the organization's investment policies and in directing the use of the organization's income or assets at all times during the tax year? *If "Yes," describe in* ***Part VI*** *the role the organization's supported organizations played in this regard.*	**3**		

Section E. Type III Functionally-Integrated Supporting Organizations

1 *Check the box next to the method that the organization used to satisfy the Integral Part Test during the year (**see instructions**):*

- **a** ☐ The organization satisfied the Activities Test. *Complete* **line 2** *below.*
- **b** ☐ The organization is the parent of each of its supported organizations. *Complete* ***line 3*** *below.*
- **c** ☐ The organization supported a governmental entity *Describe in Part VI how you supported a government entity (see instructions).*

			Yes	No
2	Activities Test. ***Answer (a) and (b) below.***			
a	Did substantially all of the organization's activities during the tax year directly further the exempt purposes of the supported organization(s) to which the organization was responsive? *If "Yes," then in* ***Part VI identify those supported organizations and explain*** *how these activities directly furthered their exempt purposes, how the organization was responsive to those supported organizations, and how the organization determined that these activities constituted substantially all of its activities.*	**2a**		
b	Did the activities described in (a) constitute activities that, but for the organization's involvement, one or more of the organization's supported organization(s) would have been engaged in? *If "Yes," explain in* ***Part VI*** *the reasons for the organization's position that its supported organization(s) would have engaged in these activities but for the organization's involvement.*	**2b**		
3	Parent of Supported Organizations. ***Answer (a) and (b) below.***			
a	Did the organization have the power to regularly appoint or elect a majority of the officers, directors, or trustees of each of the supported organizations? *Provide details in* ***Part VI.***	**3a**		
b	Did the organization exercise a substantial degree of direction over the policies, programs, and activities of each of its supported organizations? *If "Yes," describe in* ***Part VI*** *the role played by the organization in this regard.*	**3b**		

Part V Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations

1 ☐ Check here if the organization satisfied the Integral Part Test as a qualifying trust on Nov. 20, 1970. **See instructions.** All other Type III non-functionally integrated supporting organizations must complete Sections A through E.

Section A - Adjusted Net Income		(A) Prior Year	(B) Current Year (optional)
1 Net short-term capital gain	1		
2 Recoveries of prior-year distributions	2		
3 Other gross income (see instructions)	3		
4 Add lines 1 through 3	4		
5 Depreciation and depletion	5		
6 Portion of operating expenses paid or incurred for production or collection of gross income or for management, conservation, or maintenance of property held for production of income (see instructions)	6		
7 Other expenses (see instructions)	7		
8 Adjusted Net Income (subtract lines 5, 6 and 7 from line 4)	8		
Section B - Minimum Asset Amount		(A) Prior Year	(B) Current Year (optional)
1 Aggregate fair market value of all non-exempt-use assets (see instructions for short tax year or assets held for part of year):			
a Average monthly value of securities	1a		
b Average monthly cash balances	1b		
c Fair market value of other non-exempt-use assets	1c		
d Total (add lines 1a, 1b, and 1c)	1d		
e Discount claimed for blockage or other factors (explain in detail in **Part VI**):			
2 Acquisition indebtedness applicable to non-exempt-use assets	2		
3 Subtract line 2 from line 1d	3		
4 Cash deemed held for exempt use. Enter 1-1/2% of line 3 (for greater amount, see instructions).	4		
5 Net value of non-exempt-use assets (subtract line 4 from line 3)	5		
6 Multiply line 5 by .035	6		
7 Recoveries of prior-year distributions	7		
8 Minimum Asset Amount (add line 7 to line 6)	8		
Section C - Distributable Amount			Current Year
1 Adjusted net income for prior year (from Section A, line 8, Column A)	1		
2 Enter 85% of line 1	2		
3 Minimum asset amount for prior year (from Section B, line 8, Column A)	3		
4 Enter greater of line 2 or line 3	4		
5 Income tax imposed in prior year	5		
6 Distributable Amount. Subtract line 5 from line 4, unless subject to emergency temporary reduction (see instructions)	6		

7 ☐ Check here if the current year is the organization's first as a non-functionally-integrated Type III supporting organization (see instructions).

Part V Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations *(continued)*

Section D - Distributions		**Current Year**
1	Amounts paid to supported organizations to accomplish exempt purposes	
2	Amounts paid to perform activity that directly furthers exempt purposes of supported organizations, in excess of income from activity	
3	Administrative expenses paid to accomplish exempt purposes of supported organizations	
4	Amounts paid to acquire exempt-use assets	
5	Qualified set-aside amounts (prior IRS approval required)	
6	Other distributions (describe in **Part VI**). See instructions.	
7	**Total annual distributions.** Add lines 1 through 6.	
8	Distributions to attentive supported organizations to which the organization is responsive (provide details in **Part VI**). See instructions.	
9	Distributable amount for 2014 from Section C, line 6	
10	Line 8 amount divided by Line 9 amount	

	Section E - Distribution Allocations (see instructions)	**(i) Excess Distributions**	**(ii) Underdistributions Pre-2014**	**(iii) Distributable Amount for 2014**
1	Distributable amount for 2014 from Section C, line 6			
2	Underdistributions, if any, for years prior to 2014 (reasonable cause required-see instructions)			
3	Excess distributions carryover, if any, to 2014:			
a				
b				
c				
d				
e	From 2013			
f	**Total** of lines 3a through e			
g	Applied to underdistributions of prior years			
h	Applied to 2014 distributable amount			
i	Carryover from 2009 not applied (see instructions)			
j	Remainder. Subtract lines 3g, 3h, and 3i from 3f.			
4	Distributions for 2014 from Section D, line 7: $			
a	Applied to underdistributions of prior years			
b	Applied to 2014 distributable amount			
c	Remainder. Subtract lines 4a and 4b from 4.			
5	Remaining underdistributions for years prior to 2014, if any. Subtract lines 3g and 4a from line 2 (if amount greater than zero, see instructions).			
6	Remaining underdistributions for 2014. Subtract lines 3h and 4b from line 1 (if amount greater than zero, see instructions).			
7	**Excess distributions carryover to 2015**. Add lines 3j and 4c.			
8	Breakdown of line 7:			
a				
b				
c				
d	Excess from 2013			
e	Excess from 2014			

Part VI **Supplemental Information.** Provide the explanations required by Part II, line 10; Part II, line 17a or 17b; and Part III, line 12. Also complete this part for any additional information. (See instructions).

ATTACHMENT 1

SCHEDULE A, PART II - OTHER INCOME

DESCRIPTION	2010	2011	2012	2013	2014	TOTAL
OTHER INCOME	24,519.	11,569.	10,544.	6,986.	7,342.	60,960.
TOTALS	24,519.	11,569.	10,544.	6,986.	7,342.	60,960.

Schedule B
(Form 990, 990-EZ, or 990-PF)
Department of the Treasury
Internal Revenue Service

Schedule of Contributors

▶ **Attach to Form 990, Form 990-EZ, or Form 990-PF.**
▶ **Information about Schedule B (Form 990, 990-EZ, or 990-PF) and its instructions is at *www.irs.gov/form990*.**

OMB No. 1545-0047

2014

Name of the organization	**Employer identification number**
LEGAL SERVICES CORPORATION	52-1039060

Organization type (check one):

Filers of:	**Section:**
Form 990 or 990-EZ	[X] 501(c)(3) (enter number) organization
	[ ] 4947(a)(1) nonexempt charitable trust **not** treated as a private foundation
	[ ] 527 political organization
Form 990-PF	[ ] 501(c)(3) exempt private foundation
	[ ] 4947(a)(1) nonexempt charitable trust treated as a private foundation
	[ ] 501(c)(3) taxable private foundation

Check if your organization is covered by the **General Rule** or a **Special Rule.**
Note. Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule. See instructions.

General Rule

[ ] For an organization filing Form 990, 990-EZ, or 990-PF that received, during the year, contributions totaling $5,000 or more (in money or property) from any one contributor. Complete Parts I and II. See instructions for determining a contributor's total contributions.

Special Rules

[X] For an organization described in section 501(c)(3) filing Form 990 or 990-EZ that met the 33 1/3 % support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi), that checked Schedule A (Form 990 or 990-EZ), Part II, line 13, 16a, or 16b, and that received from any one contributor, during the year, total contributions of the greater of **(1)** $5,000 or **(2)** 2% of the amount on (i) Form 990, Part VIII, line 1h, or (ii) Form 990-EZ, line 1. Complete Parts I and II.

[ ] For an organization described in section 501(c)(7), (8), or (10) filing Form 990 or 990-EZ that received from any one contributor, during the year, total contributions of more than $1,000 *exclusively* for religious, charitable, scientific, literary, or educational purposes, or the prevention of cruelty to children or animals. Complete Parts I, II, and III.

[ ] For an organization described in section 501(c)(7), (8), or (10) filing Form 990 or 990-EZ that received from any one contributor, during the year, contributions *exclusively* for religious, charitable, etc., purposes, but no such contributions totaled more than $1,000. If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc., purpose. Do not complete any of the parts unless the **General Rule** applies to this organization because it received *nonexclusively* religious, charitable, etc., contributions totaling $5,000 or more during the year . . . . ▶ $ _______________

Caution. An organization that is not covered by the General Rule and/or the Special Rules does not file Schedule B (Form 990, 990-EZ, or 990-PF), but it **must** answer "No" on Part IV, line 2, of its Form 990; or check the box on line H of its Form 990-EZ or on its Form 990-PF, Part I, line 2, to certify that it does not meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF).

Name of organization LEGAL SERVICES CORPORATION

Employer identification number 52-1039060

Part I **Contributors** (see instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
1	US DEPARTMENT OF TREASURY 3700 EAST/WEST HIGHWAY ROOM #6D37 HYATTSVILLE, MD 20782	$ 375,000,000.	Person [X] Payroll [ ] Noncash [ ] (Complete Part II for noncash contributions.)
		$	Person [ ] Payroll [ ] Noncash [ ] (Complete Part II for noncash contributions.)
		$	Person [ ] Payroll [ ] Noncash [ ] (Complete Part II for noncash contributions.)
		$	Person [ ] Payroll [ ] Noncash [ ] (Complete Part II for noncash contributions.)
		$	Person [ ] Payroll [ ] Noncash [ ] (Complete Part II for noncash contributions.)
		$	Person [ ] Payroll [ ] Noncash [ ] (Complete Part II for noncash contributions.)

Name of organization LEGAL SERVICES CORPORATION

Employer identification number 52-1039060

Part II **Noncash Property** (see instructions). Use duplicate copies of Part II if additional space is needed.

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
----		$	

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
----		$	

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
----		$	

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
----		$	

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
----		$	

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
----		$	

Name of organization LEGAL SERVICES CORPORATION

Employer identification number 52-1039060

Part III ***Exclusively*** **religious, charitable, etc., contributions to organizations described in section 501(c)(7), (8), or (10) that total more than $1,000 for the year from any one contributor.** Complete columns **(a)** through **(e)** and the following line entry. For organizations completing Part III, enter the total of *exclusively* religious, charitable, etc., contributions of **$1,000 or less** for the year. (Enter this information once. See instructions.) ▶ $ ____________

Use duplicate copies of Part III if additional space is needed.

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
----			

(e) Transfer of gift

Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
----			

(e) Transfer of gift

Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
----			

(e) Transfer of gift

Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
----			

(e) Transfer of gift

Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee

SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b.
▶ Attach to Form 990.
▶ Information about Schedule D (Form 990) and its instructions is at *www.irs.gov/form990*.

OMB No. 1545-0047
2014
Open to Public Inspection

Name of the organization: LEGAL SERVICES CORPORATION
Employer identification number: 52-1039060

Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts.
Complete if the organization answered "Yes" to Form 990, Part IV, line 6.

		(a) Donor advised funds	(b) Funds and other accounts
1	Total number at end of year		
2	Aggregate value of contributions to (during year)		
3	Aggregate value of grants from (during year)		
4	Aggregate value at end of year		

5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? ☐ Yes ☐ No

6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit? ☐ Yes ☐ No

Part II Conservation Easements.
Complete if the organization answered "Yes" to Form 990, Part IV, line 7.

1 Purpose(s) of conservation easements held by the organization (check all that apply).
- ☐ Preservation of land for public use (e.g., recreation or education)
- ☐ Protection of natural habitat
- ☐ Preservation of open space
- ☐ Preservation of a historically important land area
- ☐ Preservation of a certified historic structure

2 Complete lines 2a through 2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year.

			Held at the End of the Tax Year
a	Total number of conservation easements	2a	
b	Total acreage restricted by conservation easements	2b	
c	Number of conservation easements on a certified historic structure included in (a)	2c	
d	Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register	2d	

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ▶ ________________

4 Number of states where property subject to conservation easement is located ▶ ________________

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? ☐ Yes ☐ No

6 Staff and volunteer hours devoted to monitoring, inspecting, and enforcing conservation easements during the year ▶ ________________

7 Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year ▶ $ ________________

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)? ☐ Yes ☐ No

9 In Part XIII, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements.

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets.
Complete if the organization answered "Yes" to Form 990, Part IV, line 8.

1a If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIII, the text of the footnote to its financial statements that describes these items.

b If the organization elected, as permitted under SFAS 116 (ASC 958), to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items:

(i) Revenue included in Form 990, Part VIII, line 1 ▶ $ ____________

(ii) Assets included in Form 990, Part X ▶ $ ____________

2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items:

a Revenue included in Form 990, Part VIII, line 1 ▶ $ ____________

b Assets included in Form 990, Part X ▶ $

Part III **Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets** *(continued)*

3 Using the organization's acquisition, accession, and other records, check any of the following that are a significant use of its collection items (check all that apply):

a ☐ Public exhibition
b ☐ Scholarly research
c ☐ Preservation for future generations
d ☐ Loan or exchange programs
e ☐ Other ______________________

4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIII.

5 During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? . . . . . . ☐ Yes ☐ No

Part IV **Escrow and Custodial Arrangements.** Complete if the organization answered "Yes" to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X? . . . . . ☐ Yes ☐ No

b If "Yes," explain the arrangement in Part XIII and complete the following table:

		Amount
c Beginning balance	1c	
d Additions during the year	1d	
e Distributions during the year	1e	
f Ending balance	1f	

2a Did the organization include an amount on Form 990, Part X, line 21 for escrow or custodial account liability? ☐ Yes ☐ No

b If "Yes," explain the arrangement in Part XIII. Check here if the explanation has been provided in Part XIII . . . . ☐

Part V **Endowment Funds.** Complete if the organization answered "Yes" to Form 990, Part IV, line 10.

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a Beginning of year balance					
b Contributions					
c Net investment earnings, gains, and losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance					

2 Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as:

a Board designated or quasi-endowment ▶ ________ %

b Permanent endowment ▶ ________ %

c Temporarily restricted endowment ▶ ________ %

The percentages in lines 2a, 2b, and 2c should equal 100%.

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by:

		Yes	No
(i) unrelated organizations	3a(i)		
(ii) related organizations	3a(ii)		
b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?	3b		

4 Describe in Part XIII the intended uses of the organization's endowment funds.

Part VI **Land, Buildings, and Equipment.**
Complete if the organization answered "Yes" to Form 990, Part IV, line 11a. See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land				
b Buildings				
c Leasehold improvements		6,695.	1,808.	4,887.
d Equipment		2,683,569.	2,494,033.	189,536.
e Other				
Total. Add lines 1a through 1e. *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶				194,423.

Part VII Investments - Other Securities.
Complete if the organization answered "Yes" to Form 990, Part IV, line 11b. See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
(3) Other		
(A)		
(B)		
(C)		
(D)		
(E)		
(F)		
(G)		
(H)		
Total. *(Column (b) must equal Form 990, Part X, col. (B) line 12.)* ▶		

Part VIII Investments - Program Related.
Complete if the organization answered "Yes" to Form 990, Part IV, line 11c. See Form 990, Part X, line 13.

(a) Description of investment	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
Total. *(Column (b) must equal Form 990, Part X, col. (B) line 13.)* ▶		

Part IX Other Assets.
Complete if the organization answered "Yes" to Form 990, Part IV, line 11d. See Form 990, Part X, line 15.

(a) Description	(b) Book value
(1)	
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
Total. *(Column (b) must equal Form 990, Part X, col. (B) line 15.)* ▶	

Part X Other Liabilities.
Complete if the organization answered "Yes" to Form 990, Part IV, line 11e or 11f. See Form 990, Part X, line 25.

1. (a) Description of liability	(b) Book value
(1) Federal income taxes	
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
Total. *(Column (b) must equal Form 990, Part X, col. (B) line 25.)* ▶	

2. Liability for uncertain tax positions. In Part XIII, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740). Check here if the text of the footnote has been provided in Part XIII [X]

Part XI Reconciliation of Revenue per Audited Financial Statements With Revenue per Return. Complete if the organization answered "Yes" to Form 990, Part IV, line 12a.

1	Total revenue, gains, and other support per audited financial statements			1	377,836,073.
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12:				
a	Net unrealized gains (losses) on investments	2a			
b	Donated services and use of facilities	2b	5,064.		
c	Recoveries of prior year grants	2c			
d	Other (Describe in Part XIII.)	2d	-645,343.		
e	Add lines **2a** through **2d**			2e	-640,279.
3	Subtract line **2e** from line **1**			3	378,476,352.
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1:				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a			
b	Other (Describe in Part XIII.)	4b			
c	Add lines **4a** and **4b**			4c	
5	Total revenue. Add lines **3** and **4c.** *(This must equal Form 990, Part I, line 12.)*			5	378,476,352.

Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return. Complete if the organization answered "Yes" to Form 990, Part IV, line 12a.

1	Total expenses and losses per audited financial statements			1	376,928,572.
2	Amounts included on line 1 but not on Form 990, Part IX, line 25:				
a	Donated services and use of facilities	2a	5,064.		
b	Prior year adjustments	2b			
c	Other losses	2c			
d	Other (Describe in Part XIII.)	2d			
e	Add lines **2a** through **2d**			2e	5,064.
3	Subtract line **2e** from line **1**			3	376,923,508.
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a			
b	Other (Describe in Part XIII.)	4b			
c	Add lines **4a** and **4b**			4c	
5	Total expenses. Add lines **3** and **4c.** *(This must equal Form 990, Part I, line 18.)*			5	376,923,508.

Part XIII Supplemental Information.

Provide the descriptions required for Part II, lines 3, 5, and 9; Part III, lines 1a and 4; Part IV, lines 1b and 2b; Part V, line 4; Part X, line 2; Part XI, lines 2d and 4b; and Part XII, lines 2d and 4b. Complete this part to provide any additional information.

SEE PAGE 5

Part XIII Supplemental Information *(continued)*

FORM 990,SCHEDULE D, PART X, LINE 2

LSC IS EXEMPT FROM FEDERAL INCOME TAX UNDER SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE AND THE APPLICABLE INCOME TAX REGULATIONS OF THE DISTRICT OF COLUMBIA, EXCEPT FOR UNRELATED BUSINESS INCOME. NO PROVISION FOR INCOME TAXES WAS REQUIRED FOR THE YEAR ENDED SEPTEMBER 30, 2015 AND 2014, AS LSC HAD NO NET UNRELATED BUSINESS INCOME. LSC HAS DETERMINED THERE WERE NO UNCERTAIN TAX POSITIONS AS OF SEPTEMBER 30, 2015 AND 2014. THERE WAS ALSO NO TAX RELATED TO INTEREST AND PENALTIES REPORTED IN THE FINANCIAL STATEMENTS. LSC'S FORMS 990, RETURN OF ORGANIZATION EXEMPT FROM INCOME TAX, FOR YEARS ENDING SEPTEMBER 30, 2013, 2014, AND 2015 ARE SUBJECT TO EXAMINATION BY THE IRS, GENERALLY FOR 3 YEARS AFTER THEY WERE FILED.

FORM 990,SCHEDULE D, PART XI, LINE 2D

CHANGES IN DEFERRED REVENUE DURING THE YEAR $[illegible]5,343.

SCHEDULE I
(Form 990)

Department of the Treasury
Internal Revenue Service

Grants and Other Assistance to Organizations, Governments, and Individuals in the United States

Complete if the organization answered "Yes" to Form 990, Part IV, line 21 or 22.
▶ Attach to Form 990.
▶ Information about Schedule I (Form 990) and its instructions is at *www.irs.gov/form990*.

OMB No. 1545-0047

2014

Open to Public Inspection

Name of the organization: LEGAL SERVICES CORPORATION

Employer identification number: 52-1039060

Part I General Information on Grants and Assistance

1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? . . . . . [X] Yes [ ] No

2 Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States.

Part II Grants and Other Assistance to Domestic Organizations and Domestic Governments. Complete if the organization answered "Yes" to Form 990, Part IV, line 21, for any recipient that received more than $5,000. Part II can be duplicated if additional space is needed.

1 (a) Name and address of organization or government	(b) EIN	(c) IRC section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) ACADIANA LEGAL SERVICES CORPORATION P. O. BOX 4823 LAFAYETTE, LA 70502-4823	72-0832432	501(C)(3)	1,471,883.				FEDERAL APPROPRIATIO
(2) ALASKA LEGAL SERVICES CORPORATION 1648 CUSHMAN STREET FAIRBANKS, AK 99701	92-0034754	501(C)(3)	[illegible]				FEDERAL APPROPRIATIO
(3) AMERICAN SAMOA LEGAL AID P.O. BOX 3322 PAGO PAGO, AS 96799	90-0835586	501(C)(3)	[illegible]				FEDERAL APPROPRIATIO
(4) ANISHINABE LEGAL SERVICES, INC. P. O. BOX 157 CASS LAKE, MN 56633-0157	41-0960032	501(C)(3)	239,[illegible]6.				FEDERAL APPROPRIATIO
(5) APPALACHIAN RESEARCH & DEFENSE FUND OF KY, 120 NORTH FRONT AVENUE	61-0848948	501(C)(3)	1,442,303.				FEDERAL APPROPRIATIO
(6) ATLANTA LEGAL AID SOCIETY, INC. 151 SPRING STREET NW ATLANTA, GA 30303-2097	58-0568[illegible]	501(C)(3)	3,669,473.				FEDERAL APPROPRIATIO
(7) BAY AREA LEGAL AID - OAKLAND 405 14TH STREET OAKLAND, CA 94612	94-16313[illegible]	501(C)(3)	4,483,195.				FEDERAL APPROPRIATIO
(8) BAY AREA LEGAL SERVICES - TAMPA 829 WEST DR. MARTIN L. KING TAMPA, FL 33603	59-1171886	501(C)(3)	3,274,589.				FEDERAL APPROPRIATIO
(9) BLUE RIDGE LEGAL SERVICES, INC. P O BOX 551 HARRISONBURG, VA 22803	54-1048944	501(C)(3)	1,208,187.				FEDERAL APPROPRIATIO
(10) CALIFORNIA INDIAN LEGAL SERVICES 510 16TH STREET OAKLAND, CA 94612-1500	94-1676390	501(C)(3)	910,144.				FEDERAL APPROPRIATIO
(11) CALIFORNIA RURAL LEGAL ASSISTANCE, INC. 631 HOWARD ST. SAN FRANCISCO, CA 94105-3907	95-2428657	501(C)(3)	7,426,703.				FEDERAL APPROPRIATIO
(12) CENTER FOR ARKANSAS LEGAL SERVICES 303 W. CAPITOL AVENUE	71-0387858	501(C)(3)	2,225,323.				FEDERAL APPROPRIATIO

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table . . . . . ▶

3 Enter total number of other organizations listed in the line 1 table . . . . . ▶

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Schedule I (Form 990) (2014)

SCHEDULE I
(Form 990)

Department of the Treasury
Internal Revenue Service

Grants and Other Assistance to Organizations, Governments, and Individuals in the United States

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OMB No. 1545-0047
2014
Open to Public Inspection

Name of the organization: LEGAL SERVICES CORPORATION
Employer identification number: 52-1039060

Part I General Information on Grants and Assistance

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(1) CENTRAL CALIFORNIA LEGAL SERVICES 1999 TUOLUMNE ST. SUITE 700	94-1631809	501(C)(3)	2,824,156.				FEDERAL APPROPRIATIO
(2) CENTRAL JERSEY LEGAL SERVICES, INC. 317 GEORGE STREET	21-0684259	501(C)(3)	[illegible]				FEDERAL APPROPRIATIO
(3) CENTRAL MINNESOTA LEGAL SERVICES 430 FIRST AVENUE NORTH	41-1299151	501(C)(3)	1,6[illegible]				FEDERAL APPROPRIATIO
(4) CENTRAL VIRGINIA LEGAL AID SOCIETY, INC. P. O. BOX 12206 RICHMOND, VA 23241-2206	54-0900644	501(C)([illegible]	1,268,[illegible]5.				FEDERAL APPROPRIATIO
(5) COAST TO COAST LA OF SOUTH FL, INC. 491 NORTH STATE ROAD 7 PLANTATION, FL 33317	90-0089501	501(C)(3)	1,959,338.				FEDERAL APPROPRIATIO
(6) COLORADO LEGAL SERVICES 1905 SHERMAN STREET DENVER, CO 80203-1181	84-0402[illegible]	501(C)([illegible]	4,621,434.				FEDERAL APPROPRIATIO
(7) COMMUNITY LAW OFFICE, INC. - SAN JUAN P. O. BOX 194735 SAN JUAN, PR 00919-4735	66-03872[illegible]	501(C)(3)	221,282.				FEDERAL APPROPRIATIO
(8) COMMUNITY LEGAL AID 405 MAIN STEET WORCESTER, MA 01608	04-2446242	50[illegible]	1,659,121.				FEDERAL APPROPRIATIO
(9) COMMUNITY LEGAL AID SERVICES, INC. 265 SOUTH MAIN STREET AKRON, OH 44308	34-0753560	501(C)(3)	2,040,245.				FEDERAL APPROPRIATIO
(10) COMMUNITY LEGAL SERVICES OF MID-FLORIDA, IN 128-A ORANGE AVENUE	59-1156260	501(C)(3)	4,153,948.				FEDERAL APPROPRIATIO
(11) COMMUNITY LEGAL SERVICES, INC. - PHOENIX 305 SOUTH 2ND AVENUE PHOENIX, AZ 85036-1538	86-0166615	501(C)(3)	5,165,960.				FEDERAL APPROPRIATIO
(12) DAKOTA PLAINS LEGAL SERVICES P. O. BOX 727 MISSION, SD 57555-0727	46-0310828	501(C)(3)	1,321,704.				FEDERAL APPROPRIATIO

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OMB No. 1545-0047
2014
Open to Public Inspection

Name of the organization: LEGAL SERVICES CORPORATION
Employer identification number: 52-1039060

DRAFT

Part I — General Information on Grants and Assistance

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2 Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States.

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(1) DNA-PEOPLE'S LEGAL SERVICES, INC. P. O. BOX 306 WINDOW ROCK, AZ 86515-0306	86-0207220	501(C)(3)	3,256,094.				FEDERAL APPROPRIATIO
(2) EAST RIVER LEGAL SERVICES 335 NORTH MAIN AVENUE SIOUX FALLS, SD 57104	23-7101054	501(C)(3)	[illegible]				FEDERAL APPROPRIATIO
(3) ESSEX-NEWARK LEGAL SERVICES PROJECT, INC. 5 COMMERCE ST. NEWARK, NJ 07102	22-1779177	501(C)(3)	[illegible]				FEDERAL APPROPRIATIO
(4) FLORIDA RURAL LEGAL SERVICES, INC. 3210 CLEVELAND AVE. FORT MYERS, FL 33902	59-1225173	501(C)([illegible]	4,735,[illegible]5.				FEDERAL APPROPRIATIO
(5) GEORGIA LEGAL SERVICES PROGRAM 104 MARIETTA STREET ATLANTA, GA 30303-2848	58-1111590	501(C)(3)	8,355,459.				FEDERAL APPROPRIATIO
(6) GREATER BAKERSFIELD LEGAL ASSISTANCE, INC. 615 CALIFORNIA AVENUE BAKERSFIELD, CA 93304	95-2829[illegible]	501(C)([illegible]	1,018,963.				FEDERAL APPROPRIATIO
(7) GUAM LEGAL SERVICES CORPORATION 113 BRADLEY PLACE HAGATNA, GU 96910-4911	98-004698[illegible]	501(C)(3)	250,355.				FEDERAL APPROPRIATIO
(8) IDAHO LEGAL AID SERVICES, INC. P. O. BOX 913 BOISE, ID 83701-0913	82-0293641	50[illegible]	2,066,158.				FEDERAL APPROPRIATIO
(9) INDIANA LEGAL SERVICES, INC. 151 NORTH DELAWARE ST.	35-6059654	501(C)(3)	6,675,596.				FEDERAL APPROPRIATIO
(10) INLAND COUNTIES LEGAL SERVICES 1737 ATLANTA AVENUE RIVERSIDE, CA 92507	95-6124556	501(C)(3)	4,676,508.				FEDERAL APPROPRIATIO
(11) IOWA LEGAL AID 1111 9TH ST. DES MOINES, IA 50314-2527	42-1079227	501(C)(3)	2,911,686.				FEDERAL APPROPRIATIO
(12) KANSAS LEGAL SERVICES, INC. 712 SOUTH KANSAS AVENUE TOPEKA, KS 66603	48-0872528	501(C)(3)	2,745,976.				FEDERAL APPROPRIATIO

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SCHEDULE I
(Form 990)

Department of the Treasury
Internal Revenue Service

Grants and Other Assistance to Organizations, Governments, and Individuals in the United States

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OMB No. 1545-0047
2014
Open to Public Inspection

Name of the organization: LEGAL SERVICES CORPORATION
Employer identification number: 52-1039060

Part I General Information on Grants and Assistance

1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? . . . . . [X] Yes [ ] No

2 Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States.

Part II Grants and Other Assistance to Domestic Organizations and Domestic Governments. Complete if the organization answered "Yes" to Form 990, Part IV, line 21, for any recipient that received more than $5,000. Part II can be duplicated if additional space is needed.

1 (a) Name and address of organization or government	(b) EIN	(c) IRC section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) KENTUCKY LEGAL AID 520 EAST MAIN STREET	61-0916523	501(C)(3)	1,140,900.				FEDERAL APPROPRIATIO
(2) LAND OF LINCOLN LEGAL ASSISTANCE FOUNDATION 327 MISSOURI AVE.	37-0958448	501(C)(3)	2,51[illegible]				FEDERAL APPROPRIATIO
(3) LAS OF MIDDLE TN AND THE CUMBERLANDS 300 DEADERICK STREET	62-0800756	501(C)(3)	3,0[illegible]				FEDERAL APPROPRIATIO
(4) LAUREL LEGAL SERVICES, INC. 306 SOUTH PENNSYLVANIA AVENUE	23-7007943	501(C)([illegible]	632,[illegible]9.				FEDERAL APPROPRIATIO
(5) LEGAL ACTION OF WISCONSIN, INC. 230 WEST WELLS STREET	39-1077192	501(C)(3)	3,977,787.				FEDERAL APPROPRIATIO
(6) LEGAL ADVICE & REFERRAL CENTER, INC. 33 N. MAIN STREET CONCORD, NH 03302-4147	02-0484[illegible]	501(C)([illegible]	742,908.				FEDERAL APPROPRIATIO
(7) LEGAL AID & DEFENDER ASSOCIATION, INC. 645 GRISWOLD DETROIT, MI 48226-4216	38-13582[illegible]	501(C)(3)	3,520,355.				FEDERAL APPROPRIATIO
(8) LEGAL AID BUREAU, INC. 500 EAST LEXINGTON STREET	52-0591621	501[illegible])	3,841,372.				FEDERAL APPROPRIATIO
(9) LEGAL AID FOUNDATION OF LOS ANGELES 1102 SO. CRENSHAW BLVD.	95-1684067	501(C)(3)	5,746,726.				FEDERAL APPROPRIATIO
(10) LEGAL AID OF ARKANSAS, INC. 4083 N. SHILOH DR.	71-0439977	501(C)(3)	1,495,419.				FEDERAL APPROPRIATIO
(11) LEGAL AID OF EAST TENNESSEE 502 SOUTH GAY STREET	58-9132803	501(C)(3)	2,408,494.				FEDERAL APPROPRIATIO
(12) LEGAL AID OF NEBRASKA 500 SOUTH 18TH STREET OMAHA, NE 68102-2533	47-0483506	501(C)(3)	2,000,403.				FEDERAL APPROPRIATIO

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JSA
4E1288 1.000

SCHEDULE I
(Form 990)

Department of the Treasury
Internal Revenue Service

Grants and Other Assistance to Organizations, Governments, and Individuals in the United States

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2014
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Name of the organization: LEGAL SERVICES CORPORATION
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(1) LEGAL AID OF NORTH CAROLINA, INC. 224 SOUTH DAWSON ST. RALEIGH, NC 27611-6087	31-1784161	501(C)(3)	11,371,096.				FEDERAL APPROPRIATIO
(2) LEGAL AID OF NORTH WEST TEXAS 2212 ARLINGTON DOWNS ROAD	75-0856086	501(C)(3)	[illegible]				FEDERAL APPROPRIATIO
(3) LEGAL AID OF SOUTEASTERN PA, INC 317 SWEDE STREET NORRISTOWN, PA 19401-4801	23-1901014	501(C)(3)	1,1[illegible]				FEDERAL APPROPRIATIO
(4) LEGAL AID OF THE BLUEGRASS 302 GREENUP STREET COVINGTON, KY 41011-1740	61-0668572	501(C)([illegible]	1,479,[illegible]0.				FEDERAL APPROPRIATIO
(5) LEGAL AID OF WEST VIRGINIA, INC. 922 QUARRIER ST. CHARLESTON, WV 25301	31-1789739	501(C)(3)	2,344,095.				FEDERAL APPROPRIATIO
(6) LEGAL AID OF WESTERN MICHIGAN 89 IONIA AVENUE NW GRAND RAPIDS, MI 49503	38-2156[illegible]	501(C)([illegible]	2,217,766.				FEDERAL APPROPRIATIO
(7) LEGAL AID OF WESTERN MISSOURI 1125 GRAND AVENUE KANSAS CITY, MO 64106	43-08246[illegible]	501(C)(3)	2,278,551.				FEDERAL APPROPRIATIO
(8) LEGAL AID OF WESTERN OHIO, INC. 520 MADISON AVENUE TOLEDO, OH 43604-1371	34-1485732	50[illegible])	3,144,104.				FEDERAL APPROPRIATIO
(9) LEGAL AID OF WYOMING, INC. 2424 PIONEER AVE. CHEYENNE, WY 82002	20-5552001	501(C)(3)	599,565.				FEDERAL APPROPRIATIO
(10) LEGAL AID SERVICE OF NORTHEASTERN MINNESOTA 424 WEST SUPERIOR STREET DULUTH, MN 55802	41-0958386	501(C)(3)	486,697.				FEDERAL APPROPRIATIO
(11) LEGAL AID SERVICES OF OK, INC. 2901 NORTH CLESSEN BLVD.	73-1022203	501(C)(3)	4,276,212.				FEDERAL APPROPRIATIO
(12) LEGAL AID SERVICES OF OREGON 921 SW WASHINGTON PORTLAND, OR 97205	93-0635480	501(C)(3)	4,335,470.				FEDERAL APPROPRIATIO

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Department of the Treasury
Internal Revenue Service

Grants and Other Assistance to Organizations, Governments, and Individuals in the United States

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Name of the organization: LEGAL SERVICES CORPORATION
Employer identification number: 52-1039060

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(1) LEGAL AID SOCIETY OF EASTERN VIRGINIA 125 ST. PAULS BLVD. STE. 400	54-0848499	501(C)(3)	1,145,838.				FEDERAL APPROPRIATIO
(2) LEGAL AID SOCIETY OF GREATER CINCINNATI 215 EAST NINTH STREET # 200	31-0536673	501(C)(3)	1,540,[illegible]				FEDERAL APPROPRIATIO
(3) LEGAL AID SOCIETY OF HAWAII 924 BETHEL STREET HONOLULU, HI 96813	99-0076020	501(C)(3)	1,5[illegible]				FEDERAL APPROPRIATIO
(4) LEGAL AID SOCIETY OF MID-NEW YORK, INC. 255 GENESEE STREET UTICA, NY 13501-3405	15-0578598	501(C)(3)	1,792,[illegible]8.				FEDERAL APPROPRIATIO
(5) LEGAL AID SOCIETY OF NORTHEASTERN NY, INC. 55 COLVIN AVENUE ALBANY, NY 12206	14-1338448	501(C)(3)	1,598,202.				FEDERAL APPROPRIATIO
(6) LEGAL AID SOCIETY OF ORANGE COUNTY 902 NORTH MAIN STREET SANTA ANA, CA 92701	95-1994[illegible]	501(C)(3)	3,635,736.				FEDERAL APPROPRIATIO
(7) LEGAL AID SOCIETY OF SAN DIEGO, INC. 110 SOUTH EUCLID AVENUE	95-18698[illegible]	501(C)(3)	2,793,238.				FEDERAL APPROPRIATIO
(8) LEGAL AID SOCIETY, INC. - KENTUCKY 425 WEST MUHAMMAD ALI BLVD.	61-0537626	50[illegible]	1,658,004.				FEDERAL APPROPRIATIO
(9) LEGAL ASSISTANCE FONDATION OF METRO CHICAGO 111 W. JACKSON BLVD CHICAGO, IL 60604-3502	36-2754650	501(C)(3)	6,364,571.				FEDERAL APPROPRIATIO
(10) LEGAL ASSISTANCE OF WESTERN NEW YORK 80 ST. PAUL STREET ROCHESTER, NY 14604-1350	16-0955954	501(C)(3)	1,896,481.				FEDERAL APPROPRIATIO
(11) LEGAL SERVICE OF NORTHERN MICHIGAN 1349 S.OTSEGO AVE. GAYLORD, MI 49735	38-1817336	501(C)(3)	1,626,693.				FEDERAL APPROPRIATIO
(12) LEGAL SERVICES ALABAMA, INC. 207 MONTGOMERY ST. 500 BELL BLDG	63-0743038	501(C)(3)	5,937,922.				FEDERAL APPROPRIATIO

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2014
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Name of the organization: LEGAL SERVICES CORPORATION
Employer identification number: 52-1039060

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1 (a) Name and address of organization or government	(b) EIN	(c) IRC section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) LEGAL SERVICES FOR NEW YORK CITY 350 BROADWAY - 6TH FLOOR	13-2600199	501(C)(3)	10,429,539.				FEDERAL APPROPRIATIO
(2) LEGAL SERVICES OF EASTERN MICHIGAN 436 SOUTH SAGINAW STREET FLINT, MI 48502	38-1958131	501(C)(3)	[illegible]				FEDERAL APPROPRIATIO
(3) LEGAL SERVICES OF EASTERN MISSOURI, INC. 4232 FOREST PARK AVENUE ST. LOUIS, MO 63108	43-0816805	501(C)(3)	2,1[illegible]				FEDERAL APPROPRIATIO
(4) LEGAL SERVICES OF GREATER MIAMI 3000 BISCAYNE BLVD MIAMI, FL 33137-4129	59-1227481	501(C)([illegible]	3,221,[illegible]8.				FEDERAL APPROPRIATIO
(5) LEGAL SERVICES OF NORTH DAKOTA 1025 THIRD STREET NORTH	45-0336235	501(C)(3)	717,609.				FEDERAL APPROPRIATIO
(6) LEGAL SERVICES OF NORTH FLORIDA, INC. 2119 DELTA BLVD. TALLAHASSEE, FL 32303-4209	51-0197[illegible]	501(C)([illegible]	1,560,090.				FEDERAL APPROPRIATIO
(7) LEGAL SERVICES OF NORTH LA, INC. 720 TRAVIS STREET SHREVEPORT, LA 71101	72-08274[illegible]	501(C)(3)	1,415,964.				FEDERAL APPROPRIATIO
(8) LEGAL SERVICES OF NORTHERN CALIFORNIA 517 - 12TH STREET SACRAMENTO, CA 95814	94-1384659	50[illegible]	3,650,471.				FEDERAL APPROPRIATIO
(9) LEGAL SERVICES OF NORTHERN VIRGINIA 6066 LEESBURG PIKE FALLS CHURCH, VA 22041	51-1137931	501(C)(3)	1,342,820.				FEDERAL APPROPRIATIO
(10) LEGAL SERVICES OF NORTHWEST JERSEY 34 WEST MAIN STREET	22-2092489	501(C)(3)	389,039.				FEDERAL APPROPRIATIO
(11) LEGAL SERVICES OF NORTHWEST MINNESOTA CORPO 1015 7TH AVE. MOORHEAD, MN 56561-0838	41-1291705	501(C)(3)	336,144.				FEDERAL APPROPRIATIO
(12) LEGAL SERVICES OF SOUTH CENTRAL MICHIGAN, I 420 NORTH FOURTH AVENUE	38-1845444	501(C)(3)	2,426,558.				FEDERAL APPROPRIATIO

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table . . . . . ▶

3 Enter total number of other organizations listed in the line 1 table . . . . . ▶

For Paperwork Reduction Act Notice, see the Instructions for Form 990.

SCHEDULE I
(Form 990)

Department of the Treasury
Internal Revenue Service

Grants and Other Assistance to Organizations, Governments, and Individuals in the United States

Complete if the organization answered "Yes" to Form 990, Part IV, line 21 or 22.
▶ Attach to Form 990.
▶ Information about Schedule I (Form 990) and its instructions is at *www.irs.gov/form990*.

OMB No. 1545-0047
2014
Open to Public Inspection

Name of the organization
LEGAL SERVICES CORPORATION

Employer identification number
52-1039060

Part I — General Information on Grants and Assistance

1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? . . . . . [X] Yes [ ] No

2 Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States.

Part II — Grants and Other Assistance to Domestic Organizations and Domestic Governments. Complete if the organization answered "Yes" to Form 990, Part IV, line 21, for any recipient that received more than $5,000. Part II can be duplicated if additional space is needed.

1 (a) Name and address of organization or government	(b) EIN	(c) IRC section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) LEGAL SERVICES OF SOUTHERN MISSOURI 2872 S. MEADOWBROOK AVENUE	43-1106228	501(C)(3)	1,690,050.				FEDERAL APPROPRIATIO
(2) LEGAL SERVICES OF THE HUDSON VALLEY 4 CROMWELL PLACE WHITE PLAINS, NY 10601	13-6265606	501(C)(3)	[illegible]				FEDERAL APPROPRIATIO
(3) LEGAL SERVICES OF THE VIRGIN ISLANDS 3017 ORANGE GROVE	67-0254645	501(C)(3)	[illegible]				FEDERAL APPROPRIATIO
(4) LONE STAR LEGAL AID 414 EAST PILAR STREET	74-1537787	501(C)([illegible]	10,414,[illegible]9.				FEDERAL APPROPRIATIO
(5) LS LAW LINE OF VERMONT 30 ELMWOOD AVENUE BURLINGTON, VT 05401	03-1349316	501(C)(3)	486,833.				FEDERAL APPROPRIATIO
(6) LSC OF DELAWARE, INC. 100 WEST 10TH STREET WILMINGTON, DE 19801	51-0372[illegible]	501(C)([illegible]	689,992.				FEDERAL APPROPRIATIO
(7) MEMPHIS AREA LEGAL SERVICES, INC. 109 N. MAIN ST. MEMPHIS, TN 38103	62-0841[illegible]	501(C)(3)	1,421,775.				FEDERAL APPROPRIATIO
(8) MERRIMACK VALLEY LEGAL SERVICES, INC. 35 JOHN STREET LOWELL, MA 01852-1101	23-7381007	50[illegible]	774,370.				FEDERAL APPROPRIATIO
(9) MICHIGAN INDIAN LEGAL SERVICES 814 SOUTH GARFIELD AVE.	38-2077208	501(C)(3)	165,020.				FEDERAL APPROPRIATIO
(10) MICRONESIAN LEGAL SERVICES, INC. P. O. BOX 500269 SAIPAN, MP 96950-0269	98-6018560	501(C)(3)	1,255,539.				FEDERAL APPROPRIATIO
(11) MID-MISSOURI LEGAL SERVICES CORPORATION 205 EAST FOREST AVENUE COLUMBIA, MO 65203	43-1122012	501(C)(3)	445,273.				FEDERAL APPROPRIATIO
(12) MIDPENN LEGAL SERVICES 213-A NORTH FRONT STREET	23-7101191	501(C)(3)	2,309,547.				FEDERAL APPROPRIATIO

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table . . . . . ▶

3 Enter total number of other organizations listed in the line 1 table . . . . . ▶

DRAFT

SCHEDULE I (Form 990)

Department of the Treasury
Internal Revenue Service

Grants and Other Assistance to Organizations, Governments, and Individuals in the United States

Complete if the organization answered "Yes" to Form 990, Part IV, line 21 or 22.
▶ Attach to Form 990.
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OMB No. 1545-0047
2014
Open to Public Inspection

Name of the organization: LEGAL SERVICES CORPORATION
Employer identification number: 52-1039060

DRAFT

Part I General Information on Grants and Assistance

1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? . . . . . [X] Yes [ ] No

2 Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States.

Part II Grants and Other Assistance to Domestic Organizations and Domestic Governments. Complete if the organization answered "Yes" to Form 990, Part IV, line 21, for any recipient that received more than $5,000. Part II can be duplicated if additional space is needed.

1 (a) Name and address of organization or government	(b) EIN	(c) IRC section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) MISSISSIPPI CENTER FOR LEGAL SERVICES 111 EAST FRONT ST.	64-0612891	501(C)(3)	2,737,199.				FEDERAL APPROPRIATIO
(2) MONTANA LEGAL SERVICES ASSOCIATION 616 HELENA AVE. HELENA, MT 59601	81-0298262	501(C)(3)	[illegible]				FEDERAL APPROPRIATIO
(3) NASSAU/SUFFOLK LAW SERVICES COMMITTEE, INC. ONE HELEN KELLER WAY HEMPSTEAD, NY 11550	11-2125411	501(C)(3)	[illegible]				FEDERAL APPROPRIATIO
(4) NATIONAL VETERANS LEGAL SERVICES PROGRAM 1600 K STREET NW WASHINGTON, DC 20006	20-1934881	501(C)([illegible]	2,470,[illegible]0.				FEDERAL APPROPRIATIO
(5) NEIGHBORHOOD LEGAL SERVICES ASSOCIATION 928 PENN AVENUE PITTSBURGH, PA 15222-3799	25-1157129	501(C)(3)	1,458,609.				FEDERAL APPROPRIATIO
(6) NEIGHBORHOOD LEGAL SERVICES OF LOS ANGELES 13327 VAN NUYS BOULEVARD	95-2408[illegible]	501(C)([illegible]	3,772,240.				FEDERAL APPROPRIATIO
(7) NEIGHBORHOOD LEGAL SERVICES PROGRAM OF DC 701 4TH STREET NW WASHINGTON, DC 20001	52-08580[illegible]	501(C)(3)	754,494.				FEDERAL APPROPRIATIO
(8) NEIGHBORHOOD LEGAL SERVICES, INC. - BUFFALO 495 ELLICOTT SQUIRE BUILDING	51-0198935	50[illegible]	1,194,326.				FEDERAL APPROPRIATIO
(9) NEVADA LEGAL SERVICES 530 SOUTH 6TH STREET LAS VEGAS, NV 89101	88-0176914	501(C)(3)	2,821,676.				FEDERAL APPROPRIATIO
(10) NEW CENTER FOR LEGAL ADVOCACY 257 UNION STREET NEW BEDFORD, MA 02740	04-3330208	501(C)(3)	860,641.				FEDERAL APPROPRIATIO
(11) NEW MEXICO LEGAL AID P O BOX 25486 ALBUQUERQUE, NM 87125-5486	85-0116950	501(C)(3)	3,632,605.				FEDERAL APPROPRIATIO
(12) NORTH MISSISSIPPI RURAL LEGAL SERVICES P. O. BOX 767 OXFORD, MS 38655-0767	64-0581747	501(C)(3)	1,747,289.				FEDERAL APPROPRIATIO

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table . . . . . ▶

3 Enter total number of other organizations listed in the line 1 table . . . . . ▶

For Paperwork Reduction Act Notice, see the Instructions for Form 990.

SCHEDULE I (Form 990)

Department of the Treasury
Internal Revenue Service

Grants and Other Assistance to Organizations, Governments, and Individuals in the United States

Complete if the organization answered "Yes" to Form 990, Part IV, line 21 or 22.
▶ Attach to Form 990.
▶ Information about Schedule I (Form 990) and its instructions is at *www.irs.gov/form990*.

OMB No. 1545-0047

2014

Open to Public Inspection

Name of the organization: LEGAL SERVICES CORPORATION

Employer identification number: 52-1039060

Part I General Information on Grants and Assistance

1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? . . . . . [X] Yes [ ] No

2 Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States.

Part II Grants and Other Assistance to Domestic Organizations and Domestic Governments. Complete if the organization answered "Yes" to Form 990, Part IV, line 21, for any recipient that received more than $5,000. Part II can be duplicated if additional space is needed.

1 (a) Name and address of organization or government	(b) EIN	(c) IRC section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) NORTH PENN LEGAL SERVICES, INC. 65 ELIZABETH AVENUE BETHELEHEM, PA 18018	23-1659111	501(C)(3)	1,857,007.				FEDERAL APPROPRIATIO
(2) NORTHEAST NEW JERSEY LEGAL SERVICES CORPORA 574 SUMMIT AVENUE	22-1898061	501(C)(3)	[illegible]				FEDERAL APPROPRIATIO
(3) NORTHWEST JUSTICE PROJECT 401 SECOND AVE. SOUTH SEATTLE, WA 98104	91-1687791	501(C)(3)	6,9[illegible]				FEDERAL APPROPRIATIO
(4) NORTHWESTERN LEGAL SERVICES 1001 STATE ST. SUITE 1200	25-1201331	501(C)([illegible]	696,[illegible]4.				FEDERAL APPROPRIATIO
(5) OHIO STATE LEGAL SERVICES 555 BUTTLES AVENUE COLUMBUS, OH 43215-1137	31-0718185	501(C)(3)	4,253,467.				FEDERAL APPROPRIATIO
(6) OKLAHOMA INDIAN LEGAL SERVICES 4200 PERIMETER CENTER DR.	73-1142[illegible]	501(C)([illegible]	820,795.				FEDERAL APPROPRIATIO
(7) PHILADELPHIA LEGAL ASSISTANCE CENTER 42 SOUTH 15TH ST. PHILADELPHIA, PA 19102	23-28237[illegible]	501(C)(3)	2,899,833.				FEDERAL APPROPRIATIO
(8) PINE TREE LEGAL ASSISTANCE, INC. 88 FEDERAL STREET PORTLAND, ME 04112-0547	01-0279387	50[illegible]	1,383,930.				FEDERAL APPROPRIATIO
(9) PRAIRIE STATE LEGAL SERVICES, INC. 975 NORTH MAIN STREET	37-1030764	501(C)(3)	3,650,736.				FEDERAL APPROPRIATIO
(10) PUERTO RICO LEGAL SERVICES, INC. 1859 AVE. PONCE DE LEON-PDA 26	66-0265391	501(C)(3)	11,417,908.				FEDERAL APPROPRIATIO
(11) RHODE ISLAND LEGAL SERVICES, INC. 56 PINE STREET PROVIDENCE, RI 02903	05-0318596	501(C)(3)	950,613.				FEDERAL APPROPRIATIO
(12) SOUTH CAROLINA CENTER FOR EQUAL JUSTICE 701 S MAIN STREET GREENVILLE, SC 29601	57-0485205	501(C)(3)	5,702,162.				FEDERAL APPROPRIATIO

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table . . . . ▶

3 Enter total number of other organizations listed in the line 1 table . . . . ▶

SCHEDULE I
(Form 990)

Department of the Treasury
Internal Revenue Service

Grants and Other Assistance to Organizations, Governments, and Individuals in the United States

Complete if the organization answered "Yes" to Form 990, Part IV, line 21 or 22.
▶ Attach to Form 990.
▶ Information about Schedule I (Form 990) and its instructions is at *www.irs.gov/form990*.

OMB No. 1545-0047
2014
Open to Public Inspection

Name of the organization: LEGAL SERVICES CORPORATION

Employer identification number: 52-1039060

Part I General Information on Grants and Assistance

1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? . . . . . . [X] Yes [ ] No

2 Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States.

Part II Grants and Other Assistance to Domestic Organizations and Domestic Governments. Complete if the organization answered "Yes" to Form 990, Part IV, line 21, for any recipient that received more than $5,000. Part II can be duplicated if additional space is needed.

1 (a) Name and address of organization or government	(b) EIN	(c) IRC section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) SOUTH JERSEY LEGAL SERVICES 745 MARKET STREET CAMDEN, NJ 08102-1117	22-1843254	501(C)(3)	1,927,491.				FEDERAL APPROPRIATIO
(2) SOUTHEAST LOUISIANA LEGAL SERVICES CORPORAT 1200 DEREK DR. HAMMOND, LA 70404-2867	72-0877422	501(C)(3)	[illegible]32,[illegible]				FEDERAL APPROPRIATIO
(3) SOUTHERN ARIZONA LEGAL AID, INC. 64 EAST BROADWAY BLVD TUCSON, AZ 85701-1720	86-0143449	501(C)(3)	2,7[illegible]				FEDERAL APPROPRIATIO
(4) SOUTHERN MINNESOTA REGIONAL LEGAL SERVICES, 166 E. FOURTH ST. ST. PAUL, MN 55101-1448	41-1316151	501(C)([illegible]	1,863,[illegible]7.				FEDERAL APPROPRIATIO
(5) SOUTHWEST VIRGINIA LEGAL AID SOCIETY, INC. 227 WEST CHERRY STREET MARION, VA 24354	54-0918255	501(C)(3)	716,020.				FEDERAL APPROPRIATIO
(6) SOUTHWESTERN PENNSYLVANIA LEGAL SERVICES, I 10 WEST CHERRY AVENUE WASHINGTON, PA 15301	25-1192[illegible]	501(C)([illegible]	282,219.				FEDERAL APPROPRIATIO
(7) STATEWIDE LEGAL SERVICES OF CONNECTICUT, IN 425 MAIN STREET MIDDLETOWN, CT 06457	06-14450[illegible]	501(C)(3)	2,497,106.				FEDERAL APPROPRIATIO
(8) TEXAS RIOGRANDE LEGAL AID, INC. 300 SOUTH TEXAS BLVD. WESLACO, TX 78596	74-1675230	50[illegible]	11,983,248.				FEDERAL APPROPRIATIO
(9) THE LEGAL AID SOCIETY OF CLEVELAND 1223 WEST SIXTH STREET CLEVELAND, OH 44113	34-0866026	501(C)(3)	2,460,988.				FEDERAL APPROPRIATIO
(10) THREE RIVERS LEGAL SERVICES, INC. 901 NW 8TH AVE. GAINESVILLE, FL 32601	59-1797499	501(C)(3)	2,028,848.				FEDERAL APPROPRIATIO
(11) UTAH LEGAL SERVICES, INC. 205 NORTH 400 WEST	87-0298910	501(C)(3)	2,574,180.				FEDERAL APPROPRIATIO
(12) VIRGINIA LEGAL AID SOCIETY, INC. 513 CHURCH STREET LYNCHBURG, VA 24505-6058	51-0226448	501(C)(3)	850,074.				FEDERAL APPROPRIATIO

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table . . . . . . ▶

3 Enter total number of other organizations listed in the line 1 table . . . . . . ▶

For Paperwork Reduction Act Notice, see the Instructions for Form 990. **Schedule I (Form 990) (2014)**

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SCHEDULE I
(Form 990)

Department of the Treasury
Internal Revenue Service

Grants and Other Assistance to Organizations, Governments, and Individuals in the United States

Complete if the organization answered "Yes" to Form 990, Part IV, line 21 or 22.
▶ Attach to Form 990.
▶ Information about Schedule I (Form 990) and its instructions is at *www.irs.gov/form990*.

OMB No. 1545-0047
2014
Open to Public Inspection

Name of the organization: LEGAL SERVICES CORPORATION
Employer identification number: 52-1039060

Part I — General Information on Grants and Assistance

1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? . . . . . [X] Yes [ ] No

2 Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States.

Part II — Grants and Other Assistance to Domestic Organizations and Domestic Governments. Complete if the organization answered "Yes" to Form 990, Part IV, line 21, for any recipient that received more than $5,000. Part II can be duplicated if additional space is needed.

1 (a) Name and address of organization or government	(b) EIN	(c) IRC section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) VOLUNTEER LAWYERS PROJECT OF BOSTON BAR ASS 99 CHAUNCY ST. BOSTON, MA 02111	22-2486215	501(C)(3)	2,039,893.				FEDERAL APPROPRIATIO
(2) WEST TENNESSEE LEGAL SERVICES, INC. P. O. BOX 2066 JACKSON, TN 38302-2066	58-1326791	501(C)(3)	[illegible]				FEDERAL APPROPRIATIO
(3) WISCONSIN JUDICARE INC. P. O. BOX 6100 WAUSAU, WI 54402-6100	39-1170880	501(C)(3)	[illegible]				FEDERAL APPROPRIATIO
(4)							
(5)							
(6)							
(7)							
(8)							
(9)							
(10)							
(11)							
(12)							

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table . . . . ▶ 135.

3 Enter total number of other organizations listed in the line 1 table . . . . ▶

For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Part III **Grants and Other Assistance to Individuals in the United States.** Complete if the organization answered "Yes" on Form 990, Part IV, line 22. Part III can be duplicated if additional space is needed.

	(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance
1	HERBERT S. GARTEN LOAN REPAYMENT ASSISTANCE PROGRA	183.	943,577.			
2						
3						
4						
5						
6						
7						

Part IV **Supplemental Information.** Complete this part to provide the information required in Part I, line 2, Part III, column (b), and any other additional information.

FORM 990, SCHEDULE I, PART I, LINE 2

THE OFFICE OF COMPLIANCE AND ENFORCEMENT (OCE) HAS THE PRIMARY RESPONIBILITY FOR OVERSIGHT BY MONITORING GRANTEE COMPLIANCE WITH THE LSC ACT, REGULATIONS, AND FUNDING RESTRICTIONS. OCE ALSO ENFORCES LSC'S ACCOUNTING GUIDE; CONDUCTS OVERSIGHT REVIEWS AS TO COMPLIANCE WITH THE LSC ACT AND OTHER LSC GUIDANCE, INCLUDING FISCAL-RELATED REGULATIONS; INITIATES QUESTIONED COST PROCEEDINGS; IDENTIFIES REQUIRED CORRECTIVE ACTIONS AND NECESSARY FOLLOW-UPS; AND PROVIDES TECHNICAL ASSISTANCE AND TRAINING. OCE PROVIDES NEW EXECUTIVE DIRECTOR AND FISCAL TRAINING FOR GRANTEE PERSONNEL WHEN REQUESTED. THE OFFICE OF PROGRAM PERFORMANCE (OPP)

Part III Grants and Other Assistance to Individuals in the United States. Complete if the organization answered "Yes" on Form 990, Part IV, line 22. Part III can be duplicated if additional space is needed.

(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance
1					
2					
3					
4					
5					
6					
7					

Part IV Supplemental Information. Complete this part to provide the information required in Part I, line 2, Part III, column (b), and any other additional information.

SUPPORTS THE OVERSIGHT FUNCTION THROUGH PROGRAM QUALITY VISITS, PROGRAM ENGAGEMENT VISITS, CAPABILITY ASSESSMENT VISITS, TECHNICAL ASSISTANCE, AND THROUGH THE COMPETITIVE GRANTS APPLICATION AND AWARD PROCESS, SHARING BEST PRACTICES FOR PROVIDING HIGH QUALITY CIVIL LEGAL SERVICES AND PROMOTING INNOVATIVE USES OF TECHNOLOGY BY GRANTEES. THE OFFICE OF INSPECTOR GENERAL ASSISTS IN OVERSIGHT BY PROVIDING POLICY DIRECTION FOR AND CONDUCTING AND SUPERVISING AUDITS AND INVESTIGATIONS OF LSC GRANTEES; PROMOTES ECONOMY, EFFICIENCY, AND EFFECTIVENESS IN THE GRANTEES; WORKS TO PREVENT AND DETECT FRAUD AND ABUSE IN THE GRANTEES.

SCHEDULE J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 23.

▶ Attach to Form 990.

▶ Information about Schedule J (Form 990) and its instructions is at *www.irs.gov/form990*.

OMB No. 1545-0047

2014

Open to Public Inspection

Name of the organization	Employer identification number
LEGAL SERVICES CORPORATION	52-1039060

Part I Questions Regarding Compensation

			Yes	No
1a	Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items. ☐ First-class or charter travel ☐ Housing allowance or residence for personal use ☐ Travel for companions ☐ Payments for business use of personal residence ☐ Tax indemnification and gross-up payments ☒ Health or social club dues or initiation fees ☐ Discretionary spending account ☐ Personal services (e.g., maid, chauffeur, chef)			
b	If any of the boxes on line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain	**1b**	X	
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, and officers, including the CEO/Executive Director, regarding the items checked in line 1a?	**2**	X	
3	Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III. ☐ Compensation committee ☒ Written employment contract ☐ Independent compensation consultant ☐ Compensation survey or study ☐ Form 990 of other organizations ☐ Approval by the board or compensation committee			
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a, with respect to the filing organization or a related organization:			
a	Receive a severance payment or change-of-control payment?	**4a**	X	
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	**4b**		X
c	Participate in, or receive payment from, an equity-based compensation arrangement?	**4c**		X
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III.			
	Only section 501(c)(3), 501(c)(4), and 501(c)(29) organizations must complete lines 5–9.			
5	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of:			
a	The organization?	**5a**		X
b	Any related organization?	**5b**		X
	If "Yes" to line 5a or 5b, describe in Part III.			
6	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of:			
a	The organization?	**6a**		X
b	Any related organization?	**6b**		X
	If "Yes" to line 6a or 6b, describe in Part III.			
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	**7**		X
8	Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III	**8**		X
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?	**9**		

Schedule J (Form 990) 2014 Page **2**

Part II **Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees.** Use duplicate copies if additional space is needed.

For each individual whose compensation must be reported in Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions, on row (ii). Do not list any individuals that are not listed on Form 990, Part VII.

Note. The sum of columns (B)(i)-(iii) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, applicable column (D) and (E) amounts for that individual.

(A) Name and Title		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation in column (B) reported as deferred in prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
1 JAMES J SANDMAN	(i)	173,529.	0	0	[illegible],767.	34,066.	222,362.	0
PRESIDENT	(ii)	0	0	0	0	0	0	0
2 DAVID L. RICHARDSON	(i)	161,936.	0	0	[illegible]3,767.	30,169.	205,872.	0
TREASURER & COMPTROLLER	(ii)	0	0	0	0	0	0	0
3 JEFFREY E. SCHANZ	(i)	163,704.	0	0	13,[illegible]1.	15,995.	193,630.	0
INSPECTOR GENERAL	(ii)	0	0	0	0	0	0	0
4 LAURIE A. TARANTOWICZ	(i)	155,267.	0	0	13,213.	26,759.	195,239.	0
ASST INSPECTOR GENERAL	(ii)	0	0	0	0	0	0	0
5 JOEL S. GALLAY	(i)	154,756.	0	0	13,150.	21,102.	189,008.	0
SPECIAL COUNSEL TO THE IG	(ii)	0	0	0	0	0	0	0
6 DAVID C. MADDOX	(i)	154,676.	0	0	13,159.	33,887.	201,722.	0
ASST IG FOR MANAGEMENT & EVAL	(ii)	0	0	0	0	0	0	0
7 LYNN A. JENNINGS	(i)	163,869.	0	0	13,931.	15,284.	193,084.	0
VICE PRESIDENT FOR GRANTS MGMT	(ii)	0	0	0	0	0	0	0
8 JANET A. LABELLA	(i)	148,837.	0	0	12,654.	21,099.	182,590.	0
DIRECTOR OF PROGRAM PERFORM.	(ii)	0	0	0	0	0	0	0
9 JOHN MEYER (RESIGNED 8/	(i)	107,158.	0	0	9,018.	14,859.	131,035.	0
DIRECTOR OF INFO. MANAGEMENT	(ii)	0	0	0	0	0	0	0
10 CAROL BERGMAN	(i)	150,1[illegible].	0	0	12,765.	26,982.	189,893.	0
GOVERNMENT RELATIONS DIRECTOR	(ii)	0	0	0	0	0	0	0
11 PETER CAMPBELL	(i)	160,000.	0	0	13,616.	33,814.	207,430.	0
CIO	(ii)	0	0	0	0	0	0	0
12 LAURA RATH	(i)	148,691.	0	0	12,654.	20,773.	182,118.	0
DIRECTOR OF COMPLIANCE	(ii)	0	0	0	0	0	0	0
13 RONALD S. FLAGG	(i)	163,704.	0	0	9,822.	15,022.	188,548.	0
VICE PRESIDENT FOR LEGAL AFF.	(ii)	0	0	0	0	0	0	0
14 TRACI HIGGINS	(i)	142,637.	0	0	12,127.	20,149.	174,913.	0
HUMAN RESOURCES DIRECTOR	(ii)	0	0	0	0	0	0	0
15 JOHN SEEBA	(i)	150,609.	0	0	12,804.	15,470.	178,883.	0
ASSISTANT IG FOR AUDIT	(ii)	0	0	0	0	0	0	0
16	(i)							
	(ii)							

DRAFT

Part III Supplemental Information

Complete this part to provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II. Also complete this part for any additional information.

FORM 990, SCHEDULE J, PART I, LINE 1A

LSC DOES NOT PAY HEALTH DUES, BUT WILL REIMBURSE AN AMOUNT UP TO $25 A

MONTH FOR THOSE WHO PAY FOR HEALTH CLUB AND GYM DUES.

SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on Form 990 or 990-EZ or to provide any additional information.
▶Attach to Form 990 or 990-EZ.

OMB No. 1545-0047

2014

Open to Public Inspection

Name of the organization	Employer identification number
LEGAL SERVICES CORPORATION	52-1039060

FORM 990, PART VI, SECTION B, LINE 11B

THE TREASURER REVIEWS THE FORM 990. HE INITIALS THE FORM TO INDICATE THE REVIEW HAS TAKEN PLACE AND THE INFORMATION AGREES WITH THE AUDITED FINANCIAL STATEMENTS. THE PRESIDENT OF LSC THEN REVIEWS THE FORM 990. AFTER THE PRESIDENT'S REVIEW, THE FORM 990 IS THEN PRESENTED TO THE AUDIT COMMITTEE FOR REVIEW BEFORE FILING. THE FORM 990 IS ALSO PROVIDED TO THE BOARD OF DIRECTORS BEFORE FILING.

FORM 990, PART VI, SECTION B, LINE 12C

THE LSC ACT PROHIBITS CONFLICTS OF INTEREST BY MEMBERS OF THE LSC BOARD OF DIRECTORS ("LSC BOARD" OR "BOARD MEMBERS") (42 U.S.C. 2996D(D)), A PROHIBITION WHICH IS FURTHER DEVELOPED IN THE LSC BYLAWS AT SECTION 3.05. IN ADDITION, LSC HAS A CODE OF ETHICS AND CONDUCT WHICH PROHIBITS CONFLICTS OF INTEREST BY BOARD MEMBERS AND BY EMPLOYEES. MONITORING OF THE PROHIBITION OF CONFLICTS OF INTEREST BY MEMBERS OF THE LSC BOARD IS ACCOMPLISHED BY ANNUAL REPORTS FROM BOARD MEMBERS REGARDING ANY INTEREST WHICH COULD BE CONSIDERED A CONFLICT OF INTEREST. IN ADDITION, SHOULD A BOARD MEMBER BECOME AWARE OF A POTENTIAL CONFLICT WHEN THE BOARD IS CONSIDERING A SUBJECT, THE BOARD MEMBER IS REQUIRED TO INFORM THE BOARD OF THE POTENTIAL CONFLICT AND WITHDRAW FROM ANY BOARD DISCUSSION OR CONSIDERATION OF THE ISSUE AT HAND. LSC EMPLOYEES DO NOT FILE ANNUAL DISCLOSURE STATEMENTS UNDER LSC'S CODE OF ETHICS AND CONDUCT BUT ARE REQUIRED TO INFORM THEIR SUPERVISOR OF ANY POTENTIAL CONFLICT AND WITHDRAW FROM CONSIDERATION OF ANY ISSUE THAT INVOLVES SUCH CONFLICT.

Name of the organization	Employer identification number
LEGAL SERVICES CORPORATION	52-1039060

FORM 990, PART VI, SECTION C, LINE 19

FINANCIAL STATEMENTS IN THE FORM OF BUDGET AND EXPENSE INFORMATION ARE PROVIDED QUARTERLY IN MATERIALS PROVIDED TO THE LSC BOARD OF DIRECTORS AND THE PUBLIC. THE ANNUAL FINANCIAL STATEMENTS ARE AVAILABLE FOR PUBLIC VIEWING THROUGH THE OFFICE OF THE INSPECTORS GENERAL'S WEBSITE. GOVERNING DOCUMENTS AND THE CONFLICT OF INTEREST POLICY ARE AVAILABLE ON LSC'S WEBSITE.

FORM 990, PART XI, LINE 9

LSC HAD A CHANGE IN DEFERRED REVENUE OF -$645,343.

ATTACHMENT 1

FORM 990, PART III, LINE 1 - ORGANIZATION'S MISSION

THE CONGRESS OF THE UNITED STATES, IN THE DECLARATION OF PURPOSE OF THE LEGAL SERVICES CORPORATION ACT, FOUND THAT "THERE IS A NEED TO PROVIDE EQUAL ACCESS TO THE SYSTEM OF JUSTICE IN OUR NATION FOR INDIVIDUALS WHO SEEK REDRESS OR GRIEVANCES"; "THAT THERE IS A NEED TO PROVIDE HIGH QUALITY LEGAL ASSISTANCE TO THOSE WHO WOULD BE OTHERWISE UNABLE TO AFFORD ADEQUATE LEGAL COUNSEL"; AND "THAT PROVIDING LEGAL ASSISTANCE TO THOSE WHO FACE AN ECONOMIC BARRIER TO ADEQUATE LEGAL COUNSEL WILL SERVE BEST THE ENDS OF JUSTICE AND ASSIST IN IMPROVING OPPORTUNITIES FOR LOW-INCOME PERSONS." IN KEEPING WITH THIS MANDATE, THE LEGAL SERVICE CORPORATION (LSC) ESTABLISHES AS OUR MISSION: TO PROMOTE EQUAL ACCESS TO JUSTICE IN OUR NATION AND TO PROVIDE GRANTS FOR HIGH QUALITY CIVIL LEGAL ASSISTANCE TO LOW-INCOME PERSONS.

Name of the organization	Employer identification number
LEGAL SERVICES CORPORATION	52-1039060

ATTACHMENT 2

990, PART VII- COMPENSATION OF THE FIVE HIGHEST PAID IND. CONTRACTORS

NAME AND ADDRESS	DESCRIPTION OF SERVICES	COMPENSATION
MCBRIDE, LOCK & ASSOCIATES 1111 MAIN STREET SUITE 900 KANSAS CITY, MO 64105	QC OF GRANTEE FIRMS	138,000.
BARKER SCOTT 1901 QUNICY STREET, NW WASHINGTON, DC 20011	DATA MANAGEMENT	114,328.

ATTACHMENT 3

FORM 990, PART VIII - INVESTMENT INCOME

DESCRIPTION	(A) TOTAL REVENUE	(B) RELATED OR EXEMPT REVENUE	(C) UNRELATED BUSINESS REV.	(D) EXCLUDED REVENUE
INTEREST INCOME	333.			333.
TOTALS	333.			333.

ATTACHMENT 4

FORM 990, PART X - PREPAID EXPENSES AND DEFERRED CHARGES

DESCRIPTION	BEGINNING BOOK VALUE	ENDING BOOK VALUE
PREPAID EXPENSES	319,953.	369,909.
TOTALS	319,953.	369,909.

ATTACHMENT 5

Name of the organization	Employer identification number
LEGAL SERVICES CORPORATION	52-1039060

ATTACHMENT 5 (CONT'D)

FORM 990, PART X - DEFERRED REVENUE

DESCRIPTION		BEGINNING BOOK VALUE	ENDING BOOK VALUE
DEFERRED REVENUE		2,115,637.	2,759,649.
	TOTALS	2,115,637.	2,759,649.

LEGAL SERVICE CORPORATION
STATEMENTS OF FINANCIAL POSITION
YEAR-END SEPTEMBER 30, 2015

			Form 990 -
Assets			
Current Assets			
Cash and cash equivalents	$ 88,687,167		- Part X, Lines 1 thru 2, Column (B) End of year
Accounts Receivable	39,970		- Part X, Line 4, Column (B) End of year
Contribution Receivable	542,140		
Grants Receivable	500,000		
Contributions receivable	1,180,320	2,222,460	- Part X, Line 3, Column (B) End of year
Prepaid expenses and deposits	369,909		- Part X, Line 9, Column (B) End of year
Capital assets (net)	194,423		- Part X, Line 10c, Column (B) End of year
Total Assets	$ 91,513,929		- Part X, Line 16, Column (B) End of year
			- Part 1, Line 20, Column Current Year
Liabilities and Net Assets			
Current Liabilities			
Grants and contracts payable	$ 72,408,184		- Part X, Line 18, Column (B) End of year
Accounts payable	1,536,774		
Accrued vacation and other liabilities	2,581,700	4,118,474	- Part X, Line 17, Column (B) End of year
Deferred Revenue	2,759,649		- Part X, Line 19, Column (B) End of year
Total Liabilities	79,286,307		- Part X, Line 26, Column (B) End of year
			- Part 1, Line 21, Column Current Year
Net Assets			
Unrestricted net assets:			
Undesignated	7,810,341		
Designated	945,395		
Net Invested in fixed assets	194,423		- Schedule D, Part VI, Total
Total unrestricted	8,950,159		- Part X, Line 27, Column (B) End of year
Temporarily restricted	3,277,463		- Part X, Line 28, Column (B) End of year
Total net assets	12,227,622		- Part 1, Summary, Line 22 - Part XI, Line 10
			- Part X, Line 33, Column (B) End of year
Total liabilities and net assets	$ 91,513,929		

LEGAL SERVICE CORPORATION
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSEST
YEAR-END SEPTEMBER 30, 2015

SUPPORT AND REVENUE			- Form 990
Federal appropriations	$ 375,000,000		
U.S. Court of Veterans Appeals	2,501,330	377,501,330	- Part VIII, Line 1e
Grant Revenue	425,000	2,926,330	
Contibutions	542,348	967,348	- Part VIII, Line 1f
Interest	333		- Part 1 - Summary, Line 10 - Part VIII, Line 3, Column (A)
Other income	7,341		- Part 1 - Summary, Line 11a, Column (A)
Donated Services	5,064		- Schedule D, Part XI, Line 2b
Change in deferred revenue	(645,343)		- Schedule D, Part XI, Line 2d
		645,343	- Part XI, Line 9
		(5,064)	
Total support and revenue	377,836,073		
		378,476,352	- Part 1 - Summary, Line 12, Current Year
EXPENSES			- Schedule D, Part XI, Line 5
Program activities			
Grants and contracts	352,178,529		- Part IX, Line 1
Herbert S. Garten Loan Repayment Assistance Program	943,577		- Part IX, Line 2
		353,122,106	- Part 1 - Summary, Line 13 - Part VIII, Line 1e
Supporting activities			
Management and Grants Oversight	18,984,707		
		(5,064)	- Donated services
Office of Inspector General	4,496,907		
Fundraising	324,852	23,811,530	- Part IX, Line 25, Total of Column (C) amd (D)
Total expenses	376,928,572	376,928,572	- Part IX, Line 25, Column (A)
Change in net assets	907,501	645,343	- Schedule D, Part XI, Line 2d
		1,552,844	- Remove Change in deferred revenue equals revenue less expense
			- Part 1 - Summary, Line 19 - Part XI, Line 3
Net assists, beginning of year	11,320,121		- Part 1, Line 22, Column Prior of year
Net assists, end of year	$ 12,227,622		- Part 1, Line 22, Column End of year
			- Part XI, Line 12

Governance & Performance
Review Committee

GOVERNANCE AND PERFORMANCE REVIEW COMMITTEE

January 29, 2016

Agenda

1. Approval of agenda

2. Approval of minutes of the Committee's Open Session meeting of October 5, 2015

3. Discussion of Board and Committee evaluations

    a. Staff Report on 2015 Board and Committee Evaluations
    b. Discussion of Governance and Performance Committee evaluations and the Committee's goals for 2016

    - Carol Bergman, Director of Government Relations & Public Affairs

4. Discussion of President's evaluation for 2015

5. Discussion of the Inspector General's FY2015 activities

6. Update on resources for Board and Board Committee succession planning

    - Ron Flagg, Vice President & General Counsel

7. Report on foundation grants and LSC's research agenda

    - Jim Sandman, President

8. Consider and act on other business

9. Public comment

10. Consider and act on motion to adjourn the meeting

Draft Minutes of the October 5, 2015
Open Session Meeting

Legal Services Corporation
Meeting of the Governance and Performance Review Committee

Open Session

Monday, October 5, 2015

DRAFT

Committee Chair Martha L. Minow convened an open session meeting of the Legal Services Corporation's ("LSC") Governance and Performance Review Committee ("the Committee") at 4:19 p.m. on Monday, October 5, 2015. The meeting was held at the Hyatt Regency San Francisco, 5 Embarcadero Center, San Francisco, California 94111.

The following Board Members were present:

Martha L. Minow, Chair
Charles N.W. Keckler
Julie A. Reiskin
John G. Levi, *ex officio*

Other Board members present:

Robert J. Grey, Jr.
Harry J. F. Korrell, III
Laurie Mikva
Victor B. Maddox
Father Pius Pietrzyk, O.P.
Gloria Valencia-Weber

Also attending were:

James J. Sandman	President
Rebecca Fertig Cohen	Chief of Staff
Mayealie Adams	Special Assistant to the President for Board Affairs
Lynn Jennings	Vice President for Grants Management
Ronald S. Flagg	Vice President for Legal Affairs, General Counsel and Corporate Secretary
Wendy Rhein	Chief Development Officer
David L. Richardson	Comptroller and Treasurer, Office of Financial & Administrative Services (OFAS)
Carol A. Bergman	Director, Office of Government Relations and Public Affairs (GRPA)
Jeffrey E. Schanz	Inspector General
David Maddox	Assistant Inspector General for Management and Evaluation, Office of the Inspector General (OIG)

Laurie Tarantowicz	Assistant Inspector General and Legal Counsel, Office of the Inspector General (OIG)
John Seeba	Assistant Inspector General for Audit, Office of the Inspector General (OIG)
Daniel O'Rourke	Assistant Inspector General for Investigations (OIG)
Lora Rath	Director, Office of Compliance & Enforcement (OCE)
Janet LaBella	Director, Office of Program Performance (OPP)
Allan J. Tanenbaum	Non-Director Member, Finance Committee
Herbert Garten	Non-Director Member, Institutional Advancement Committee
Michael Smith	Development Associate
Jose R. Padilla	California Rural Legal Services
Judge Lora J. Livingston	American Bar Association, Standing Committee on Legal Aid and Indigent Defendants (SCLAID)
Don Saunders	National Legal Aid and Defenders Association (NLADA)
Robin C. Murphy	National Legal Aid and Defenders Association (NLADA)

The following summarizes actions taken by, and presentations made to, the Board:

Committee Chair Minow called the open session meeting to order.

MOTION

Mr. Keckler moved to approve the agenda. Ms. Reiskin seconded the motion.

VOTE

The motion passed by voice vote.

MOTION

Mr. Keckler moved to approve the minutes of the Committee's meeting of July 16, 2015. Ms. Reiskin seconded the motion.

VOTE

The motion passed by voice vote.

Committee Chair Minow circulated the proposed amended Committee charter to Committee members, and management and requested comments. There were no comments.

MOTION

Ms. Reiskin moved to recommend the amended Committee charter to the Board. Mr. Keckler seconded the motion.

VOTE

The motion passed by voice vote.

Mr. Flagg briefed the Committee on resources available related to Board Succession. Mr. Flagg answered Committee members' questions.

Ms. Bergman reported on the GAO inquiry regarding a study of federal programs that target low income individuals, families, and communities. Ms. Bergman answered Committee members' questions.

Ms. Bergman reported on Board and Committee 2015 evaluations. She answered Committee members' questions.

President Sandman gave updated reports on grants from the Hewlett Foundation, the Kresge Foundation, the Mellon Foundation, and the Public Welfare Foundation, and LSC's research agenda. President Sandman answered Committee members' questions.

There was no other business to consider.

Committee Chair Minow solicited public comment and received none.

MOTION

Mr. Levi moved to adjourn the meeting. Ms. Reiskin seconded the motion.

VOTE

The motion passed by voice vote.

The Committee meeting adjourned to Closed Session at 5:09 p.m.

2015 Committee Evaluations and 2016 Goals and 2015 Board Evaluations

SUMMARY OF 2015 GOVERNANCE AND PERFORMANCE COMMITTEE EVALUATION RESPONSES

(Members: Martha Minow, Chair, Charles N.W. Keckler, Julie A. Reiskin)

All members strongly agreed that:

- There is alignment between our committee's goals and purposes and the actions taken and/or the decisions made by the committee.
- The length of our committee meetings is appropriate and respectful of the agenda. We consistently use our meeting time well; issues get the time and attention proportionate to their importance.
- The minutes of our meetings are accurate and reflect the discussion, next steps and/or action items articulated by the members.
- Our committee members treat each other with respect and courtesy.

Members either strongly agreed or agreed that:

- Committee members understand the goals and purpose of our committee; committee members agree on the goals and purpose of the committee. (2 strongly agree/1 agree)
- There is alignment between our committee's goals and purposes and the goals of LSC's Strategic Plan. (1 strongly agree/2 agree)
- Our committee has responded effectively and appropriately to issues of immediate concern brought before it; our committee has made significant progress on long-term strategic issues related to its goals and purposes. (2 strongly agree/1 agree)

  Comments:
  - I believe now that we have officially taken on the charge of research we should develop a research strategy or agenda. Not that we ourselves will be doing or funding the research, mainly; but we should develop a collective organizational sense of what we most need to know, and then whatever influence we can exert, or grant funds we do get (or raise) would have some guidance.
- Our committee has adequate resources (for example, staff time and expertise) to support its function. (2 strongly agree/1 agree)

  Comments:
  - *I believe that this is true in general, but the additional support of the new Director of Data Governance will be a welcome support to this Committee as in other areas.*

- Our committee meetings are held regularly and with appropriate frequency. (2 strongly agree/1 agree)

  Comments:
  - It might be good to have meetings outside of board meetings to do evaluations and we should be involved in development of board evaluation designs

- We receive the meeting agenda and materials sufficiently in advance of the meeting to allow for appropriate review and preparation. (2 strongly agree/1 agree)

- Our committee membership represents the talents and skills required to fulfill the goals and purposes of the committee. Our committee members come to meetings prepared and ready to contribute. (2 strongly agree/1 agree)

- As a general rule, when I speak I feel listened to and that my comments are valued. (2 strongly agree/1 agree)

The following are direct quotes:

Members liked (all responded)

- Efficient and thoughtful
- The people
- Variety of addressing governance, and performance

Ideas for Improvement (all responded):

- No issues
- Information in advance about items like research grants and results
- nothing comes to mind

Future Focus (all responded)

- We need to look seriously at the synchronization of the new employee performance system and the performance of the organization as a whole (possibly with another Committee).
- Outside research, and board transition.
- Continue to assure that LSC is operating at 100% so no energy has to be diverted to defend ourselves and we can put all energy on the mission.

SUMMARY OF LSC BOARD OF DIRECTORS
2015 EVALUATION RESPONSES

(12 Total Responses)

Board members responded to the statements below based on the following scale: 1=Strongly Agree; 2=Agree; 3=Disagree; 4=Strongly Disagree

1. The Board has a full and common understanding of LSC's mission and procedures, and the roles and responsibilities of the Board; Board members are involved and interested in the Board's work. **(All strongly agree)**

   Comments:
   - *This is an outstanding and committed Board.*
   - *This is a very engaged board, members are prepared and interested.*

2. The Board's plans are consistent with the goals of LSC's Strategic Plan. **(10 strongly agree, 2 agree)**

   Comments:
   - *We are focused on the goals of the plan but we should be reviewing the plan regularly to make sure we do not miss anything.*

3. The structural pattern of LSC's governance (Board, Committees, President, Officer, and staff) is clear. **(10 strongly agree, 2 agree)**

   Comments:
   - *Excellent leadership on the board and management.*

4. The Board has clear goals and measurements resulting from relevant and realistic strategic planning; the Board regularly monitors and evaluates progress toward strategic goals and program performance. **(6 strongly agree, 5 agree, 1 disagree)**

   Comments:
   - *We could do more to measure progress against strategic plan goals, or at least be more explicit that we are doing so.*

   - *Although the annual report is useful, it remains largely qualitative. Just as we are shifting grantees toward a quantitative outcome basis, we should do so as well. And of course, the latter is dependent on the former. Nevertheless, the nature of using counts in Case Service Reports, unadjusted for hours expended in cases, represents a structural weakness in our ability to track effectiveness and efficiency of legal service delivery, or changes in this year-over-year or between grantees. Tracking attorney-hours is not a panacea, nor should it be the only performance metric, but its absence is analytically constraining.*

- *We are getting there and doing a better job monitoring but we should review the strategic plan at each meeting or at least have reports on how we are meeting each goal in plan and know if there are any goals that are either being wildly exceeded or where we are struggling. This would not mean that anyone is not doing something right but would be good info for board. Management is likely dealing with plan all of the time but as board members the regular connection between the work and plan would be good.*

5. The Board receives regular and timely reports on finances, budgets, program performance, grantee issues, and other important matters. **(11 strongly agree, 1 agree)**

    Comments:
    - *We get a lot of information and public input.*

6. The Board provides input to and annually approves the budget request to Congress. **(11 strongly agree, 1 agree)**

7. The Board effectively represents LSC to the community. **(10 strongly agree, 2 agree)**

    Comments:
    - *How Board members can or should represent LSC to "the community" is happenstance. A discussion about what is desired and what should be planned activities of individual directors would be helpful.*

8. Board meetings facilitate focus and progress on important organizational matters. **(7 strongly agree, 5 agree)**

    Comments:
    - *There is often insufficient time to address substantive issues in committee, and the full board meeting (what should be the main event) is nearly always a rushed affair because people need to get to the airport. I appreciate the need for a public body to be engaged with the access to justice community and the importance of using our convening power to help draw attention to important issues. However, I feel we spend too much time on panel discussions of the same or similar topic (e.g., the importance of access to justice to the judiciary), with commentary by the same people. We spend a significant portion of our time together in such presentations, and I wonder if the marginal returns in terms of new information are now so small that we should try something else or devote some of that time to substantive issues in the committees or board meetings (that's my preference).*

    - *I continue to believe that there should be more time allocated to discussion among the board members and between the board and the panels and grantee representatives. In my view, the amount of time permitted to seek answers to questions and to develop lines of inquiry at board meetings is inadequate.*

    - *I worry sometimes that we are overscheduled.*

- *Excellent leadership.*

- *I worry about the burden that meetings place on grantees and LSC staff, and wonder if we could ease the work required of them.*

9. The Board has an adequate opportunity to evaluate the LSC President, Officers and Inspector General annually. **(11 strongly agree, 1 agree)**

10. The Board adheres to standards of ethics and conduct. **(11 strongly agree, 1 agree)**

11. Board members possess the skills and knowledge to carry out their duties. **(10 strongly agree, 2 agree)**

    Comments:
    - *Where we do not we have added non director members to committees.*

PRIORITIES FOR ATTENTION IN 2015 INCLUDE: (Please list three to five areas/issues on which you believe the Board should focus its attention in the next year. (Please be as specific as possible)

▪ **Grantee Governance & Performance**

Nine (9) Board Members identified continued grantee oversight and effectiveness as a priority.

- In an open process of dialogue with the grantees, institute required reporting of attorney hours in LSC-funded cases to LSC.
- Eliminate rules and regulations that place unnecessary hardships on grantees
- Systematic identification and compilation of grantee best practices backed up by quantitative evidence
- Grantee quality
- Create a plan/process for grantees to visit one another for learning and sharing ideas
- Ensuring grantee compliance with regulations
- Continue refining performance evaluation of grantees
- Provide training for grantee directors and boards
- Supporting grantee transitions

▪ **Development/Fundraising**

Five (5) Board Members identified development and private funding as a priority

- Development and private fund raising
- Fundraising --public and private
- Outside fundraising

- Continuing efforts to raise private funds

- **<u>Congressional Matters</u>**

Seven (7) Board Members identified broadening congressional funding and education as a priority.

- Funding from Congress
- Broaden support in Congress for LSC and its programs
- Congressional education
- Continue to fight for increased funding for our programs
- Educate members of Congress and the public about the realities of life for families steeped in poverty
- Educate Congress on national need for funding
- Improving bipartisan support for the corporation, including outreach efforts by grantees to local GOP elected officials

- **<u>Board Transition/Board Meetings</u>**

Four (4) Board Members identified board transition planning and structure of board meetings within states as a priority.

- Working to ensure the transition to a new board is smooth and with as little lost knowledge and momentum as possible
- Transition planning
- Continue to hold board meetings in various states
- Divide up states and have board visit all (not as group but with each of us)

- **<u>Enhanced Date/Technology</u>**

Four (4) Board Members identified expanding the use of data and technology as a priority.

- Technology
- Research and data to show impact of LSC work
- The development of a new strategic plan emphasizing transformative technology as a core objective
- Supporting tech innovation and sharing

- **<u>Communication</u>**

Three (3) Board Members identified public awareness and communication as a priority.

- Continue with communication work
- Public Awareness
- Public education

- **<u>Strategic Planning</u>**

Thee (3) Board Members identified strategic planning as a priority.

- Strategic Plan
- Revising Strategic Plan
- Strategic Planning

- **<u>Fiscal Oversight</u>**

Two (2) members identified fiscal oversight as a priority.

- Evaluation of OIG's budget request against relevant benchmarks
- Ensuring strong fiscal oversight

- **<u>Delivery of Legal Services</u>**

Two (2) members identified relationships with Access to Justice Commissions as a priority.

- Promote more state Access to Justice Commissions
- Working and educating state justice commissions

- **<u>Performance Criteria</u>**

Two (2) Board Members identified review of the Performance Criteria as a priority.

- Revising Performance Criteria
- Review of performance criteria (with input from programs, Bar and clients)

- **<u>Other</u>**

Each of the following priorities was identified by one (1) Board Member.

- An intentional effort to revisit, and put research funds behind, the issue of unmet legal need in an analytically sophisticated and non-advocacy way.
- Pro Bono
- Improving delivery of services to individual clients
- Review of major initiatives (FOTF, Pro Bono)
- Collaboration with outside vendors
- Getting a private entity to recreate the regional training centers
- Launching and monitoring initiatives supported by 40th campaign
- Clone Jim Sandman
- Collaboration with non LSC providers

Board members responded Yes or No to the statements below:

- Do I understand LSC's mission? **(12 Yes, 0 No)**
- Am I knowledgeable about LSC's programs and services? **(12 Yes, 0 No)**
- Do I follow trends and important developments related to LSC? **(12 Yes, 0 No)**
- Do I read and understand LSC's financial statements? **(12 Yes, 0 No)**
- Do I have a good working relationship with the LSC Board Chair? **(12 Yes, 0 No)**
- Do I have a good working relationship with the LSC President? **(12 Yes, 0 No)**
- Do I prepare for and participate in Board meetings and committee meetings? **(12 Yes, 0 No)**
- Do I act as a goodwill ambassador for LSC in my community? **(14 Yes, 1 No)**
- Do I find serving on the Board to be a satisfying and rewarding experience? **(12 Yes, 0 No)**

Board members responded to the following questions:

1. What factors contribute to my performance or lack of performance in the areas above? (Please be specific.)

- It is a respectful, thoughtful, engaged board. I enjoy the work both in and out of the meetings.
- I pay attention to what is going on and come prepared to participate.
- I lack contacts with national potential donors to LSC. My regional work and national issues are not what national donors have focused on.
- Our knowledge of the many issues affecting LSC and its grantees.
- Trust in LSC senior leadership, shared desire to make LSC a model organization.
- Factors that have helped me the most: The high quality of the Board Book, and its timeliness; The Professionalism of the Board; The thoroughness of the Management Briefings.
- Receipt of regular communications from management.

- Communication with relevant people.
- Attendance at all committee meetings.
- Being knowledgeable about LSC's activities.
- I appreciate receiving the materials in advance of the meetings and appreciate staff working to coordinate committee meetings.
- Sometimes I feel like just a pawn that shows up where the Board Chair and LSC staff tell me to.

2. What would I need to maintain/increase my level of board commitment? (Please be specific.)

- Nothing that I don't already have access to.
- If the board were to shift its focus to more fact-finding and policy discussion, I would be more involved.
- With my other commitments, I need more time. Lacking that, making focused use of my time seems the best approach.
- I do not have any suggestions here because I doubt I could increase my board commitment much more
- Perhaps a quarterly compilation of relevant research, articles, and information from the legal services field.
- To live in the U.S.A.
- I have what I need.
- Advance notice about extra meetings
- I am all in.
- I think it is appropriate the way it is now.
- I already get what I need which is in ability to get materials in advance, ability to ask questions during and in between meetings and receive timely answers, and payment of all expenses related to my board service. I need these to continue (and have no reason to doubt that they will).
- To feel like more of a contributing player.

3. **Other comments or suggestions that will help the board increase its effectiveness. (Please be specific.)**

- More time for substantive discussion of issues in committee and board meetings and less time in panel discussions, particularly those that discuss issues we have already heard discussed extensively in past presentations. Perhaps the board should weigh in on the topics on which we have panel discussions. Given the diversity of views and backgrounds on the board, that might be more thought provoking.

- There is too much repetition. We often have the same judges and panelists, and they say the same thing at every meeting. The board needs to be more focused on discussion rather than on listening to what we have already heard.

- The appointment of our 11th member assuming someone of Sharon Browne's commitment and expertise would be very helpful to the Board.

- Although the Sunshine Act poses certain challenges, I think the Board needs to be invited to think broadly and strategically more frequently than every five years. I look forward to those sorts of conversations during strategic planning, but think we should have them to some extent annually.

- Keep doing what we are doing.

- It would be nice to have more time to discuss some of the tougher issues and to have professional interaction with panels. We know we do not always agree on some deep issues and that is OK but having dialogue and even debate is healthy as long as we stay civil and professional. For example, we should be able to have more discussion about the role of poverty and moving away from poverty that our programs and services have or should have.

Board and Board Committee Succession Planning

LSC

OFFICE OF LEGAL AFFAIRS

To: Governance & Performance Committee

From: Ronald S. Flagg, Vice President for Legal Affairs and General Counsel

Re: Existing Resources to Assist in Transition to and Orientation for a New Board

Date: December 29, 2015

Attached is a revised List of Resources available to assist in a transition to, and an orientation for, a new LSC Board of Directors. The document reflects changes to a similar document presented to the Committee made in response to comments from Committee and other Board members. The items highlighted in yellow reflect items that were added or changed in some material way. John and Martha also requested that the areas in which the current Board undertook initiatives or offered support or oversight also be highlighted. Because those areas overlap with the areas already listed throughout the document, rather than adding them as separate items, I have added an asterisk to those areas.

History of LSC
- The Founding of LSC
- CLASP article – Civil Legal Aid in the US
- Fordham Urban Law Journal Article on LSC

Mission and Overview
- Annual Report
- Fact Sheet - What is LSC?
- FY 2016 Budget Request*

Congress
- Overview of Congressional Appropriations and Oversight
- Annual appropriations and budget timeline

Legal Structure
- LSC Resource Book
  - LSC Act
- 2014 Appropriation Act
  - LSC Regulations
  - IG Act
  - Property Acquisition and Management Manual
- LSC FOIA Policy Memo
- Compilation of Important OLA Opinions
- Compilation of Important Program Letters
- Compilation of Sources of Authorities

Organizational Structure
- Organizational Chart and Staff Count
- Office Descriptions

Strategic Planning*
- Strategic Plan 2017-2021*
- Strategic Plan 2012-2016*
- Strategic Plan Implementation 2012-2016*

*Areas involving significant Board initiatives, support or oversight

Management Responsibilities
- Annual Departmental Goals
- LSC Project Management Calendar

Grants Management
- Descriptions of LSC's grant programs and the bases on which grants are made(Basic, TIG, Native American, PBIF, LRAP, Migrant, Sandy, Emergency)
- Competition and Grantee Oversight Flow Chart
- Grant cycle timelines
- 2016 Grant Assurances (Basic Field, TIG, PBIF)
- 2016 Special Grant Conditions
- OIG Semi-Annual Report to Congress
- LSC Performance Criteria*
- Oversight visit schedule
- Sample oversight visit reports (OCE/OPP)
- Examples of management decisions in questioned cost proceedings
- OCE/OPP quarterly activity reports
- Reports to Audit Committee on Audits and Investigations*
- Outcome evaluation and assessment*

Technology Innovation*
- List of TIG awards and notable projects
- Technology Summit Report
- TIG Conference Programs

Pro Bono Innovation*
- List of PBIF awards and notable projects
- Pro Bono Task Force Report*
- Pro Bono Task Force Implementation*

Fiscal Management
- Fiscal Oversight Task Force Report*
- Fiscal Oversight Task Force Implementation*
- Current Operating Budgets*
- Guidelines for Consolidated Operating Budgets
- Last Audited Financial Statements
- Last Income Statement
- Overview of annual audit process
- GAO Reports 2007 & 2010
- Implementation of GAO Recommendations*

Management Responsibilities (Cont.)

Human Resources Management
- Who's Who at LSC
- Staff Directory and Key Staff Contact Information
- Employee Handbook
- LSC Administrative Manual
- Performance Mgt. System Overview*
- Code of Ethics and Conduct*
- Collective Bargaining Agreement*
- Local 135 Bargaining Unit descriptions
- Memo on Political Activities
- Hatch Act Guidance

Communications*
- LSC.gov
- Social Media
- Op-ed pieces

Board*
- Bylaws*
- Board members with terms and biographies
- Board Committee Charters*
- Non board member committee members
- List of board committee assignments*
- List of board meeting locations*
- Copy of most recent Board Book*
- Non-governance responsibilities*
- Government in the Sunshine Act Memo
- Resolutions*

Development/Private Fundraising
- Board resolution initiating the campaign*
- LSC Case Study
- 40th Anniversary Schedule of Events*
- Solicitation and Contribution Protocols*
- Report on private funding*

LSC Grantees
- LSC by the Numbers
- Fact Sheet – LSC Restrictions
- CRS Report on LSC Restrictions
- Overview of Grantee Audit Process/IPAs
- Outcome evaluation and assessment*

Grant Progress Report

Foundation Grants
last updated: January 13, 2106

Foundation Name	Project/Priorities	Contact	Concept	Amount	Budget Lines	Proposal Due	Decision	Lead Staff
Margaret A. Cargill Foundation	Arts and culture; environment; relief and resilience; animal welfare; health; aging services; children and families	Mark Lindberg, Program Director, Relief and Resilience Margaret A. Cargill Foundation 6889 Rowland Road Eden Prairie, MN 55344	Legal preparedness in a disaster for 2 state-wide Midwestern programs.	$1.2M	Grants to Programs: $867,000; LSC Salaries: $170,640; Benefits: $65,697; Travel: $19,111; Outreach: $8,000; Monitoring and Evaluation: $35,000; Communications: $2,548; Office Expense: $32,004	2-Apr-14	**FUNDED** 9/1/14 - 8/30/16; extension until February 28, 2017	J. Eidleman, J. LaBella, L. Jennings, Program Coordinator

Foundation Grants
last updated: January 13, 2106

Ford Foundation	Democratic and accountable government; human rights (including civil and criminal justice); gender, sexuality and reproductive justice; economic fairness; metropolitan opportunity; educational opportunity and scholarship; and freedom of expression.	Darren Walker, President	Comprehensive evaluation of statewide websites funded by TIGs.	$250,000	Salaries: $29,095; Consultant: $220,000; Communications and Office Expenses: $2,905	Concept paper March 27, 2015. Foundation requests full proposal by Aug. 1.	**FUNDED**	G. Rawdon, L. Jennings, J. LaBella, OPP staff
William and Flora Hewlett Foundation	Education; environment; global development and population; performing arts; special projects; effective philanthropy	Larry Kramer, President 2121 Sand Hill Road Menlo Park, CA 94025 Program Officer Kelly Born	Update on LSC's 2009 Justice Gap report.	$100,000	Consultant: $60,000; Travel $2700; Comms: $2675; Overhead: $14,485; Staff: $15,274; benefits: $4,967	Concept paper sent March 15, 2015; full proposal provided May 2015. Funding decision expected July 7. Extension through December 31, 2016	**FUNDED**	Researcher, L. Jennings, C. Rauscher

Foundation Grants
last updated: January 13, 2106

Kresge Foundation	Arts and culture; community development; Detroit; education; environment; health; and human services	Sandra McAlister Ambrozy, Senior Program Officer The Kresge Foundation 3215 W. Big Beaver Road Troy, MI 48084 Telephone: 248.643-9630	Justice Gap Report	$100,000	Consultant: $60,000; Travel $2700; Comms: $2675; Overhead: $14,485; Staff: $15,274; benefits: $4,967	8/21/2015; Funded September 3, 2015. Extension granted through December 31, 2016	**FUNDED**	Researcher, L. Jennings, C. Rauscher
Andrew Mellon Foundation	Higher education and scholarship in the humanities; arts and cultural heritage; scholarly communication; diversity; international higher education and strategic projects	Michele S. Warman, Vice President and General Counsel The Andrew W. Mellon Foundation 140 E. 62nd Street New York, NY 10065 Telephone: 212-838-8400	Empowering and training librarians to be resources for those seeking civil legal aid.	$100,000 planning grant	Libraries Facilitator: $60,000; Meeting space: $8250; Hotel: $13,750; Airfare: $10,000; Meals: $8,000	Concept paper provided May 2015. Full proposal due July 22.	**FUNDED**	L. Jennings

Foundation Grants
last updated: January 13, 2106

Public Welfare Foundation	Criminal justice; civil justice for the poor; worker's rights; juvenile justice	Mary E. McClymont, President Public Welfare Foundation 1200 U Street NW Washington, DC 20009 (202) 367-2930 | fax (202) 265-8851	Data collection and evaluation	$66,253 no cost extension	Travel: $7926; eLearning course: $50,000; LSC staff: $8472	Aug-15	**No cost extension** granted August 14 for $66,000. September 2015 - March 2016	J. Sandman
Public Welfare Foundation	Criminal justice; civil justice for the poor; worker's rights; juvenile justice	Mary E. McClymont, President Public Welfare Foundation 1200 U Street NW Washington, DC 20009 (202) 367-2930 | fax (202) 265-8851	Data collection and evaluation	$100,000	Consultant: $90,000; Printing/Comms: $1,952; Travel: $8,048	Aug-15	**FUNDED** September 2015 - March 2017	L. Jennings; Office of Data Governance

LSC Board & ABA Briefing Agenda

LEGAL SERVICES CORPORATION BOARD OF DIRECTORS AND ABA STANDING COMMITTEE ON PRO BONO AND PUBLIC SERVICE

January 30, 2016

Agenda

1. Introductions

2. Update from ABA Standing Committee on Pro Bono and Public Service
    - o Mary Ryan, Chair, ABA Standing Committee on Pro Bono and Public Service
    - Demonstration and Discussion of the Legal Answers Web site
    - National Celebration of Pro Bono/A Day of Service Update

3. Update on LSC Pro Bono Task Force Implementation
    - Ron Flagg, Vice President and General Counsel, Legal Services Corporation
    - Lynn Jennings, Vice President for Grants Management, Legal Services Corporation

4. Briefing on and discussion of Conference of Chief Justices Resolution 5, urging "support [of] the aspirational goal of 100 percent access to effective assistance for essential civil legal needs"
    - Jim Sandman, President, Legal Services Corporation

5. Next Steps

Pro Bono Task Force Implementation Update

LSC PRO BONO TASK FORCE IMPLEMENTATION UPDATE
JANUARY 2016

I. PRO BONO TASK FORCE OVERVIEW

In March 2011, LSC created a Pro Bono Task Force ("PBTF") comprised of judges, corporate general counsels, bar leaders, technology experts, leaders of organized pro bono programs, law firm leaders, government lawyers, law school deans, and the heads of legal aid organizations, to consider how to increase pro bono contributions to civil legal aid. The Task Force divided into working groups and spent months conducting interviews, identifying effective practices, and sharing ideas before reporting its findings and recommendations to the LSC Board of Directors.

In October 2012, the Pro Bono Task Force released its findings and recommendations. Since then, LSC has made significant progress in implementing the Task Force's recommendations. The following provides an update on recent activity.

II. IMPLEMENTING THE TASK FORCE RECOMMENDATIONS

A. Pro Bono Innovation Fund

One of the Task Force's key recommendations was for LSC to work with Congress to create a Pro Bono Innovation/Incubation Fund. Within two years, this recommendation was implemented and funding awards were announced. On January 17, 2014, the President signed P.L. 133-76, the Consolidated Appropriations Act of 2014, which included $2.5 million in LSC's appropriation for the creation of a Pro Bono Innovation Fund. Soon after Congress acted, LSC developed and implemented a competitive grant program with a rigorous review process. Congress increased the appropriation for the fund in FY 2015 to $4 million. On December 18, 2015, Congress appropriated $4 million for the Pro Bono Innovation Fund for Fiscal Year 2016.

i. Pro Bono Innovation Fund Grants – Round III

In 2016, the Pro Bono Innovation Fund will continue to advance LSC's goal of increasing the quantity and quality of legal services provided to eligible people. Applicants to the Pro Bono Innovation Fund should identify the most pressing unmet client needs and how pro bono volunteers will be used to address those needs. The timeline for Round III is as follows:

- March 28, 2016 -- Letters of Intent to Apply for Funding (LOI) due date.
- April 25, 2016 – Notification sent to grantees whether the proposal outlined in the LOI is selected to submit a full application
- July 18, 2016 – Full Application due date.
- September 2016 – Round III Awards announced.

ii. *Technical Assistance Webinars*

Pro Bono Innovation Fund staff is developing a series of webinars to enhance the pro bono knowledge base of LSC grantees. The goals of the series are to:

1. Identify pro bono resources and information to help LSC grantees strengthen their pro bono programs.
2. Identify technical experts and coaches to help LSC grantees strengthen their pro bono programs.
3. Broaden LSC grantees' perspective on pro bono delivery beyond PAI compliance.
4. Publicize early lessons and effective practices from Pro Bono Innovation Fund projects.

The working titles for the webinars are:

- *Pro Bono Best Practice Resources*
- *From PAI to Pro Bono: Pro Bono Change Management*
- *Understanding Law School Partnerships and Leveraging Law Student Volunteers*
- *Make Your Pro Bono Trainings Stick: Interactive Online and In-Person Trainings*
- *Effective Partnerships with Law Firms*
- *Following Through by Following Up: Taking Brief Service Pro Bono to the Next Level*

iii. On-Going and Up-Coming PBIF Activities

- The Pro Bono Innovation Fund team continues to monitor grantee progress from Rounds I and II.
- The PBIF evaluator's work is underway. They have created an evaluation plan and will be reaching out to interview the grantees in the next quarter.
- LSC staff will be presenting at the Pro Bono Institute Conference in March 2016.
- LSC will host a required meeting and training at the 2016 Equal Justice Conference in Chicago to facilitate knowledge-sharing, community-building and effective project development and implementation. LSC staff will assemble a Training Planning Committee of project staff from existing Pro Bono Innovation Fund grantees to assist with the planning, design and substantive direction for the meeting.

B. Revision of LSC's Private Attorney Involvement Regulation

The Pro Bono Task Force also recommended that LSC revise its Private Attorney Involvement (PAI) regulation to encourage pro bono. This recommendation was also implemented within two years. Following extensive outreach to grantees and other stakeholders and multiple rounds of public comments, LSC published a final rule revising 45 C.F.R. Part 1614 on October 15, 2014. 79 Fed. Reg. 61770 (Oct. 15, 2015). The new regulation became effective November 14, 2014. The 2016 Grant Activity Reports will collect data on how many law graduates and law students took cases as well as paralegals and other licensed professionals.

LSC continues to conduct outreach to its grantees regarding the new regulation, including by updating the PAI Frequently Asked Questions section of LSC's web site. Three new questions have been added since the last PBTF update. They are:

i. Private Attorneys

Q: A recent law graduate who has passed the Bar and has been admitted to practice in our state will be volunteering in one of our offices. She has no employer at this time. We expect her to advise/represent eligible clients in various areas of law. Can we count her cases as PAI or should they be staff cases?

A: Based on the facts presented, the volunteer would qualify as a private attorney under § 1614.3(a) because she is licensed to practice in your state and you do not employ her on a full-time or part-time basis. Her cases may be counted toward the PAI requirement if she provides the highest level of service on the case, consistent with Section 10.1(b)(iv) of the CSR Handbook.

ii. Law Students

Q: Local Law School (Local) provides us with funding for summer law clerks. They pay $5,000 per student. We get a check from Local. We then pay the students and ensure that they complete their required terms of service. We are a pass through for the funds, but must pay the students directly with funding from Local since we supervise the students. Can we count the amount that we are provided by Local toward our PAI requirement?

A: No. LSC considers compensated summer law clerks to be employees of the recipient for purposes of the PAI rule, even though they are getting paid by a third party to work as a full-time clerk at the recipient. You may still count time spent supervising the student, plus associated overhead and other costs, to the PAI requirement.

iii. Clinics

Q: A recipient offers a clinic at which individuals receive advice and limited assistance filling out court forms. Individuals arrive and complete a brief intake form, which includes income information and a citizenship attestation. They then attend a legal information session provided by a private attorney. Individuals who wish to meet with the private attorney to get advice and assistance completing the forms are screened for eligibility by the program staff (who is not authorized to provide legal assistance) and receive forms and some guidance on completing the forms. Individuals may complete the form at the clinic and consult with the private attorney, who will review and provide legal advice (and documents that advice and includes it in the individual's file). Alternatively, some individuals may leave with the forms and complete them on their own without consulting the private attorney. May the costs for the clinic be allocated to the PAI requirement even though not all clients see a private attorney?

A: Yes. The clinic is one in which the private attorney provides legal information to all individuals who attend, plus legal assistance to those individuals who want to meet with the private attorney and are eligible for LSC-funded legal assistance. Recipient staff provides support to the private attorney. Consequently, costs associated with the initial limited screening and the full screening, the legal information presentation conducted by the private attorney, legal assistance provided to LSC-eligible clients by the private attorney, and any overhead costs incurred, may be allocated to the PAI requirement.

C. Continued Outreach on Pro Bono Task Force Implementation

LSC staff organized a presentation on LSC's efforts to implement the Pro Bono Task Force recommendations at the National Legal Aid and Defender Association annual conference in November 2015. The presentation included a discussion of questions LSC has received and answered on the new PAI rule since its effective date and a panel discussion, led by Lynn Jennings, of PBIF grant recipients. The panel focused on 1) the diversity of project types funded through the PBIF, 2) using technology to encourage private attorneys located in urban areas to provide assistance to eligible clients in rural areas, and 3) the challenges and successes of implementing the grant recipients' projects.

Tech Summit Report

LSC
America's Partner For Equal Justice

Report of

The Summit on the Use of Technology to Expand Access to Justice

December 2013

Report of The Summit on the Use of Technology to Expand Access to Justice

Table of Contents

Background

It has been widely estimated for at least the last generation that all the programs and resources devoted to ensuring access to justice address only 20%[1] of the civil legal needs of low-income people in the United States. This is unacceptable in a nation dedicated to the rule of law and to the principle of justice for all.

The Legal Services Corporation (LSC) has found through its experience with its Technology Initiative Grant program that technology can be a powerful tool in narrowing the justice gap—the difference between the unmet need for civil legal services and the resources available to meet that need. Drawing on this experience, in late 2011, LSC decided to convene a summit of leaders to explore how best to use technology in the access-to-justice community. LSC formed a planning group with participants from its grantees, the American Bar Association, the National Legal Aid and Defender Association, the National Center for State Courts, the New York State Courts, the Self-Represented Litigation Network, and the U.S. Department of Justice's Access to Justice Initiative to design the summit.

The group adopted a mission for The Summit on the Use of Technology to Expand Access to Justice (Summit) consistent with the magnitude of the challenge:

> **"to explore the potential of technology to move the United States toward providing some form of effective assistance to 100% of persons otherwise unable to afford an attorney for dealing with essential civil legal needs."**

The planning group decided on a two-step process to accomplish this mission. In June 2012, LSC hosted the first session of the Summit with 50 participants (all participants are listed in the Appendix). This group was asked to explore a technology vision for expanding access to justice without regard to cost or practicality. In preparation for this first session, the planning group commissioned a series of white papers, six of which are available in the ***Harvard Journal of Law and Technology***[2] and five more are available online.[3] The participants in the first session identified 50 distinct technology activities that could be useful in improving access to justice.

The group attending the second session of the Summit in January 2013 was asked to develop a concrete plan for moving forward using the ideas developed in the first session. The second session had to consider factors such as cost, feasibility, and likelihood of adoption. In preparation for the second session, the planning group deployed a process called "Choiceboxing" to reduce the list of options. Using a website developed for this purpose, first session participants were given lists of 26 possible objectives and 50 possible technology activities and asked to identify their top 10 priorities from each list.

The planning group decided that the second session should focus on the top six activities identified in this process: (1) Document assembly for self-represented litigants; (2) better "triage"—that is, identification of the most appropriate form of service for clients in light of the totality of their circumstances; (3) mobile technologies; (4) remote service delivery; (5) expert systems and checklists; and (6) unbundled services.

The 51 attendees at the second session included 24 from the first session and 27 new participants (*see Appendix*). After an overview of the six areas of focus, the attendees divided into smaller groups to discuss strategies for overcoming obstacles and implementing the six areas of focus.

This report reflects the results of a process involving 75 leaders in legal services, the private bar, courts, libraries, IT development, legal academia, and other communities involved in providing access to justice; two one-and-a-half day working sessions; and preparation of numerous papers and analyses.

This report proposes a national vision that must of necessity be achieved locally. The proposal is ambitious. It must overcome challenges not only of technology, but of leadership, funding, and resistance to change. While the Legal Services Corporation has sponsored this process, from its inception the participants have recognized that the leadership necessary to implement the Summit's recommendations must come jointly from a broad spectrum of entities involved in providing access to justice.

A Vision of an Integrated Service-Delivery System

Technology can and must play a vital role in transforming service delivery so that all poor people in the United States with an essential civil legal need obtain some form of effective assistance.

The strategy for implementing this vision has five main components:

1. Creating in each state a unified "legal portal" which, by an automated triage process, directs persons needing legal assistance to the most appropriate form of assistance and guides self-represented litigants through the entire legal process

2. Deploying sophisticated document assembly applications to support the creation of legal documents by service providers and by litigants themselves and linking the document creation process to the delivery of legal information and limited scope legal representation

3. Taking advantage of mobile technologies to reach more persons more effectively

4. Applying business process/analysis to all access-to-justice activities to make them as efficient as practicable

5. Developing "expert systems" to assist lawyers and other services providers

The vision for achieving this is:

- Every state will create a statewide access portal that provides an easy way for a person to obtain assistance with a civil legal issue.

- The portal will use an automated process to refer each requester to the lowest-cost service likely to produce a satisfactory result in her or his case.

- The automated process will ultimately be informed by a sophisticated "triage" algorithm continually updated for each state by feedback data on the outcomes for persons who have previously sought assistance through the portal.[4]

- The portal will support a broad variety of access-to-justice services provided by courts, the private bar, legal aid entities, libraries, and others who collaborate in implementing the initiative. The systems of all collaborating entities will exchange information automatically to support each other's applications and to enable the accumulation and analysis of information on the functioning of the entire access-to-justice process.

- The baseline service available in a state will be a website accessible through computers, tablets, or smartphones that provides sophisticated but easily understandable information on legal rights and responsibilities, legal remedies, and forms and procedures for pursuing those remedies.[5] The statewide access portal will link a requester with the most appropriate section of the website.

- All of the collaborating entities in a jurisdiction will employ the same document assembly application, which will generate plain-language forms through an interview approach. Litigants will use the application themselves, or with lay or legal assistance, to choose a legal form or forms appropriate for their personal objectives and to complete the form by entering all required information through an on-line interview process.

- The document assembly application will employ automated "smart document" tags for the information entered by a requester so that the information can be reused by all access-to-justice entities without requiring re-entry of the information.

- The document assembly application will be linked to:

  - the website for access to detailed information about the legal principles and terms underlying the form

  - legal services providers, court self-help centers, and libraries and other support entities for assistance that does not include legal advice

  - legal aid lawyers or private lawyers providing pro bono services (or private lawyers providing unbundled legal services if the requester is unable or unwilling to receive free legal services) for legal advice on some aspect of the requester's legal situation

  - the court's electronic filing and electronic payment applications

  - the access-to-justice entity's case management application to store all tagged data for reuse

- Forms generated by the document assembly application will be universally accepted by courts in the state.

- All access-to-justice entities will employ a variety of automated and non-automated processes to make the best use of lawyers' time to assist requesters with their cases, including:

  - conducting business process analyses to streamline their internal operations and their interactions with all collaborating entities

  - having clients/litigants perform as much data entry and handle as many of the functions involved in their cases as possible (given the nature of the case and the characteristics of the client/litigant)

  - having lay staff perform a broad range of assistance activities not requiring the expertise of a lawyer

  - having expert systems and checklists available to assist and save time for lawyers and lay service providers

  - maximizing the extent to which services are provided remotely rather than face-to-face, to save the time of both the clients/litigants and the service providers

- The level of legal representation in a case will be guided by the state "triage" algorithm, which will be reviewed and revised regularly to make it as accurate as possible.

- Persons seeking more extensive legal services will be linked to legal aid offices, pro bono attorneys, court self-help centers, or lawyer referral services.

- Mobile applications will be deployed to assist requesters/clients/litigants.

- Evaluative information will be generated by automated systems routinely, presented to all collaborating entities regularly, and assessed collaboratively to refine and improve the access-to-justice process.

Components of the Integrated System

This section sets forth a detailed vision and implementation outline for each of the five main components. Many of the strategies will require funding and are therefore contingent on finding the resources to implement them. We have no current commitments to fund any of the strategies suggested. Securing financial support will be part of the hard work needed to make the vision a reality.

1. Statewide Legal Portals

The Vision

Each state now has multiple websites providing information on the courts, legal services, and private bar resources. The variety of choices can be confusing for the user and wasteful of scarce resources when multiple entities are providing information on the same topics. The better approach would be a single, statewide mobile web access portal in each state to which a user will be directed no matter where he/she comes into the system. The portal will support computers, tablets, and smartphones.

When an access-to-justice portal is implemented:

- Information will be available anywhere, any time to every person seeking assistance.

- Assistance from a person—lawyer or otherwise—will be available anywhere, if resources are available.

- The portal will use methods such as branching logic questions and gamification[6] to generate information on the capabilities of an inquirer, which will be part of the referral logic.

- The portal will generate information on the legal needs of persons within the state, aggregate it, and provide it regularly to all participating entities.

The key to this portal will be an integrated system of resources, rules, and recommendations through which users can be matched with available services. The site will apply branching logic to users' responses to questions and direct them to the most appropriate resource, considering factors such as case complexity, litigant capacity, strength and representation of the opponent, the importance of the litigant's stake in the case, and the availability of the resource (updated in real time).

All access-to-justice entities in a state (including legal aid entities, courts, the organized bar, interested law firms and lawyers, law schools, libraries, pro bono legal services support entities, and other interested community entities) will develop the portal and will receive appropriate referrals from it. If a referral proves inappropriate, the entity to which the referral was made may make a different referral. The confidentiality of information provided by an inquirer will be preserved.

Service options will include:

- Link to a specific section of a website for substantive and procedural information and access to document assembly forms

- Connection to a legal services, court, or library staff person for information and navigation assistance (including a personal assessment of the capability of the service requester)

- Connection to a self-help center or legal services attorney

- Connection to a lawyer providing unbundled services on a pro bono or compensated basis (if the client is able to pay)

If the inquirer is connected to a person, that person will have the capability to change the referral. Responses from a person will take the initial form of an email, text message, or live chat. Escalation can take the form of a phone call or video conference.

An essential function of the portal will be the accumulation of data on how cases progress and, based on outcome data, the relative efficacy of various service delivery mechanisms. The goal is to employ technology that is smart enough to refine referrals based on the data collected, but human review will be essential to the evaluation process.

It is unrealistic to propose that every referral be reviewed, but the system designers will build in a statistically valid system of review that will spot-check referrals and help to improve their efficacy. After the initial portal implementations are evaluated, the model will be modified as necessary, and the template will be provided for other states interested in replicating the process.

Implementation Plan

LSC will work with others to secure funding to develop portals in up to three pilot jurisdictions, selected competitively. The pilot portals will be designed for maximum potential reuse in other states. Although LSC currently requires its grantees to have a statewide website for each state, and although many court websites have good information for self-represented litigants, the portal will be a new site that (1) aggregates the resources already available, (2) delivers new resources to fill any gaps that exist, and (3) provides the new functionality envisioned by the triage and expert systems.

To compete for the pilot program, jurisdictions should demonstrate that the portal will be created and supported as a collaborative effort of the major access-to-justice entities within the state and that they are committed to sustaining funding for the portal after the grant.

2. Document Assembly

The Vision

Plain language forms will be produced through plain language interviews for all frequently used court and legal forms (e.g., a consumer letter). Users will answer questions regarding their legal matter, and the intelligent forms system will use the information to generate the appropriate form and display it for review. The forms will be translated into all locally appropriate languages (but produce English language forms for filing). The systems will employ "smart form" XML tagging[7] to deliver information in the form for recording and reuse in court and other entity case management systems. The document assembly system will provide "just in time" legal information (such as the definition of legal terms used in the form, as questions in the interview are reached), links to fuller discussions of legal options and implications, and links to unbundled legal advice providers to enable users to obtain professional assistance with specific issues at affordable rates.

Documents in process will remain on the system for a limited time to allow users to complete them in multiple sessions. Completed documents may be e-filed and filing fees paid through the system using a credit card. Court orders and notices will be generated using the tagged information and the same document assembly process (augmented by court workflow systems). Document assembly/e-filing systems will deliver filed documents electronically to process servers for service.

Implementation Plan

Unlike some other parts of this plan, document assembly is a relatively mature process in use by many access-to-justice entities. The biggest challenge is not a technological one, but the lack of uniform court forms in most states. The access-to-justice entities in each state must make the development of uniform statewide forms a priority, but that undertaking is outside the scope of this report.

Document assembly technology can benefit from additional development. For example, there is still a need for XML tagging standards for the data elements used in "smart forms," for compliance with or expansion of the National Information Exchange Model (NIEM) data model for those data elements, and for the cooperation of the courts, legal services providers, and vendors to implement support for those data standards in document assembly, e-filing, case management, and other types of applications and products. These standards are essential so that the various data systems used by legal services providers and the courts can share information without the need to reenter it. Creating links from document assembly to limited scope legal assistance requires the cooperation of unbundled legal services providers and, in many states, state or local bar associations or other legal referral entities.

To support our vision, we encourage those funders that provide resources to implement document assembly within a jurisdiction to make that funding contingent on commitments to:

- Implement the "full scope" document assembly vision described above
- Create a collaborative structure involving at least legal services organizations and courts that will ensure the system is developed and used by all access-to-justice entities within the jurisdiction
- Adopt court rules that will ensure universal acceptance of forms generated by the system by the courts within the jurisdiction
- Obtain extensive input from court users and from staff with the most frequent interaction with users, and from access-to-justice providers, in developing interviews and forms

Document assembly funding should cover:

- Technical support
- Support for a full-time internal position to manage the development and deployment process and to promote use of the application by staff and clients/litigants
- Resources for ongoing maintenance and support of document assembly applications, not just for their initial development and deployment

It should be possible to reuse interviews and forms developed in one state or jurisdiction by adapting them to the laws and requirements of other jurisdictions.

Much of the information needed to evaluate the effectiveness of a document assembly application should be built into the system itself—obtaining evaluative information from users and as a by-product of system operations, such as assessing the understandability of particular parts of an interview based on the likelihood that users change the information they enter, take longer than usual to complete an interview part, activate help functions, or seek in-person staff assistance.

3. Mobile Technologies

The Vision

Access-to-justice services will be location-independent and accessible using smartphones, tablets, and other mobile devices. Because the US population is becoming accustomed to remote delivery of banking, shopping, information retrieval, and support services, access-to-justice service providers may also need to adopt remote service delivery approaches. Use of computers, tablets and, increasingly, smartphones is becoming the expected medium for accessing services of all kinds. Eighty-six percent of adults earning less than $30,000 per year own cell phones, and 43 percent own smartphones.[8]

Implementation Plan

Information websites will be redesigned for easy access by, and interaction with, mobile devices by providing information in smaller, simplified sections that are readable on a smartphone screen. The new statewide legal portal and other automated systems should automatically detect the nature of a querying device and deliver information in the format appropriate to the device.

Access-to-justice entities should record user communication preferences and use them for sending reminders or alerts (e.g., email or text message). They should take advantage of smartphone capabilities by developing applications such as:

- A courthouse map application to find the right courtroom
- Use of a QR code (which can be saved on a smartphone) to link to location-specific information, to access a user's case and schedule information, or to add information to a user file when an access-to-justice professional has a client contact in the field
- Credit card transaction payments for court services using mobile devices
- Checklists of documents needed for interview or court appearance
- Smartphone scanning for document submission (e.g., pay stub or tax return)
- Video capability for court appearances, interviews, hearing preparation, and explanations of information
- Automated translation capabilities
- Linkage to court scheduling
- Use of geo location to provide resources
- Preventive information and tools

The Legal Services Corporation has already funded several mobile technology projects. It will assess existing projects and identify those that can be reused or replicated by other access-to-justice entities.

The implementation strategy for the vision should identify funding for three types of mobile technology projects and choose the projects competitively:

- Redesign of websites for mobile access
- Replication of successful current mobile projects
- Development of new applications such as those listed above

Once funding is obtained, LSC will negotiate one (or a few) national support contract(s) for mobile technology services to redesign websites and to develop mobile applications and mobile web applications for the specific jurisdictions selected in the competition. Support contracts should be awarded to jurisdictions based on the comprehensiveness of applications, including cross-entity collaboration. Each contract should be negotiated so that any access-to-justice entity that does not qualify through the competition can still procure services under its rates, terms, and conditions.

Individuals and small organizations now have the resources and capability to develop sophisticated mobile applications. "Hackathons" and other "crowdsourcing" means should be used to stimulate creativity and individual initiative in developing useful mobile apps for access-to-justice purposes. For instance, a state could challenge students to develop courthouse map apps for every courthouse in the state.

To ensure that poor people do not miss important, time-sensitive information provided by mobile applications, the initiative should undertake a campaign to convince telecommunications carriers to exclude specified access-to-justice addresses from the computation of chargeable usage counts—both minutes and data.

4. Business Process Analysis

The Vision

Business process analysis involves the disciplined "mapping" of how a task or function is performed, using standard conventions for depicting different aspects of the process. The process is often led by an outside expert in the use of the analysis, but it engages enough members of the organization to ensure a complete understanding of how the task or function is performed at all levels of the organization.

Application of business process analysis enables the participants to:

- Better understand the work they do in specific case types
- Simplify and improve their own processes and improve coordination with processes of other relevant entities
- Identify new processes that can improve case handling and provide additional capabilities
- Assign appropriate tasks to clients/litigants and to staff other than lawyers
- Apply the best available technology to substitute for or augment the work of staff and lawyers

- Increase understanding of, engagement with, and adoption of best practices and technology through the analysis process itself, which is inherently collaborative across staff and stakeholders

- Reduce costs, handle more cases, and meet the needs of more clients/litigants by ensuring that each case is handled efficiently

When the business process analysis is conducted with participants from multiple entities (such as courts, legal services providers, private lawyers, libraries, etc.), the benefits expand to include:

- Analyzing the optimal roles that each entity can perform in providing access-to-justice services (in particular, identifying where and how private lawyers can make the best contribution on both volunteer and fee-generating models and how to create incentives for the increased participation of the private bar)

- Maximizing the systemic impact of process improvements, rather than confining the improvements to a single entity

- Minimizing the duplication of effort across entities

- Expanding provider knowledge of others' processes

Process analysis can be conducted on a statewide basis to maximize the return on the participants' involvement. For instance, all of the legal services providers within a state could analyze the process for a particular case type, because the laws governing the process are the same (although how cases are handled by the courts may vary from county to county).

The purpose of business process analysis is not to identify one "best way" for handling a type of case. Rather, it provides a method by which individual programs, jurisdictions, and states can identify the process that will best meet the needs of the stakeholders in that place and time, given the existing legal and organizational structures and resources available. Knowledge about process, represented as process map templates in standard formats, can be shared across the access-to-justice community. It takes less time to modify an existing map to reflect local practices than to create one from scratch. Reusability can be maximized by:

- Using a single technical standard, such as Business Process Modeling Language, for documenting business process analyses

- Documenting the legal and organizational context for each analysis

- Recording the identities and contact information of the authors of such analyses to facilitate reuse of expertise

Implementation Plan

Implementation starts with a pilot project or projects: States will be invited to apply to create process map templates in several of the most common areas of poverty law practice. Applicants must commit to implementing and evaluating these business process results.

We contemplate that expert services will be provided to successful applicants pro bono by consulting firms, law firms, or legal services providers that have already gone through the process and learned its techniques and nomenclature. The legal services community will develop a cadre of expert support available at little or no cost to each program. These experts will not only examine existing practices but also endeavor to identify new capabilities that would benefit the systems.

The expectation is that the pilot projects will clearly demonstrate the benefits of business process analysis, both with increased access and a positive return on investment, so that other states join in these efforts. The National Center for State Courts is already working with state court systems and individual courts to conduct similar analyses. The leaders of the initiative will strive to encourage collaborative process analysis efforts at the state and local level.

LSC will create a website to collect completed process maps and to organize them for review by other entities beginning their analysis of a process.

5. Expert Systems and Intelligent Checklists

The Vision

Expert systems use information provided by a client to create personalized legal information tailored for her or him or the advocate/assistant. Such systems can be envisioned for a wide variety of topics, including benefits eligibility, identification of necessary forms and procedures, alternative approaches to problem solutions, and preventive law.

Intelligent checklists guide clients and advocates through the steps in processes, such as initiating or responding to court actions and dealing with government agencies.

Implementation Plan

The strategy to achieve the vision should include the development of a generic tool or tools that use the alternative types of logic needed for effective expert systems and checklists.

As access-to-justice entities conduct business process analyses for specific case types in their jurisdictions, they may identify a specific expert system or intelligent checklist application that would help deploy a revised business model for providing services. They could seek help for identifying existing tools experts capable of developing an application appropriate for their needs and funding for pilot efforts that could then, if successful, be publicized and reused elsewhere. Development of high-level expert systems will be governed by a state's rules governing the practice of law.

Next Steps for Reaching the Vision

Create a Steering Committee to Provide Leadership for Achieving the Integrated System

LSC will reconvene the group that planned the Summit to discuss how to achieve the goals identified in this document. It is anticipated that this group will present the vision for an integrated system to other national organizations supporting access-to-justice entities, urging their endorsement and asking for their support and guidance.

Activities for the steering committee may include designating:

- A small group to provide day-to-day direction to the initiative
- An appropriate supporting entity that can receive and administer funding raised to support the effort

- A more detailed action plan and timeline for the initiative revised on at least an annual basis

- A plan for generating and dispensing the funding that will be necessary to implement the initiative

Develop an Ongoing Outreach Process

It will be essential for the steering committee to communicate with the national organizations that represent access-to-justice stakeholders. The committee must reach out to, and obtain the support of, Access to Justice Commissions in every state in which they exist. These entities are natural allies, because they invariably have cross-organizational memberships and missions.

The steering committee must inform the trial court community of the vision to develop a general level of acceptance and to prepare a receptive environment for overtures from local legal services programs and bar associations to participate in pilot program activities. The Steering Committee must also engage with representatives of the joint committees on Access, Fairness and Public Trust of the Conference of Chief Justices and the Conference of State Court Administrators, with the National Center for State Courts, and with the National Association for Court Management to develop a strategy for reaching a significant part of the courts community.

This vision calls on legal services organizations to rethink a service delivery model that has been in place for more than a generation. LSC will need to reach out to and work closely with legal services leaders to obtain their input and assistance.

Develop a Funding Strategy

The steering committee will conduct an analysis of the costs associated with developing, deploying, and maintaining the pilot projects proposed. This analysis will produce an estimate sufficient to provide the basis for developing a funding strategy.

The committee will develop a funding strategy to seek financial support from multiple sources with the goal of leveraging congressional appropriations through additional private funding, including:

- LSC's Technology Initiative Grant program for essential initial activities, provided TIG funds are within the framework of the TIG program and awarded using the existing competitive process

- The State Justice Institute

- State legislatures and courts

- IOLTA programs

- Private foundations

- Corporate sponsors

- Individual donors

- Private venture capital investment in supportive applications that involve lawyers in the provision of unbundled legal services.

The strategy should include periodic meetings of all entities that supply financial support for the initiative to provide them with progress reports.

Develop a Replication Strategy

Even if all of the pilot projects prove successful, the initiative might fail unless the pilots are replicated in other jurisdictions. It is unrealistic to expect any funding strategy to find enough new money to do this replication. The pilots should be able to demonstrate not only that they improve access to justice, but that they are cost-neutral or result in savings. Therefore, a component of each pilot's evaluation needs to be a study of the return on investment for the project. To be most effective, these pilots will need an evaluation strategy that establishes the business case for their replication with hard data.

Develop a Communications Process

The initiative will need a communications program to provide progress reports on projects and to keep the access-to-justice community (both IT specialists and legal practitioners) informed concerning emerging best-of-breed applications, technology trends and developments, and strategic analyses of the implications of larger technology trends for the initiative and for the access-to-justice community more broadly.

Conclusion

The Summit resulted in a blueprint for using technology to provide some form of effective assistance to 100% of persons otherwise unable to afford an attorney for dealing with essential civil legal needs. We look forward to working with the broader legal services community to implement the Summit's vision for an unprecedented expansion of access to justice in the United States.

Endnotes

[1]Legal Services Corporation, ***Documenting the Justice Gap in America: The Current Unmet Civil Legal Needs of Low Income Americans***, 2009, p.13.

[2]http://jolt.law.harvard.edu/articles/pdf/v26/26HarvJLTech241.pdf

[3]http://jolt.law.harvard.edu/symposium/

[4]The term "triage" is placed in quotations because its use here is different from its source meaning in battlefield and other medical emergency situations, where a large number of casualties are sorted into groups to make the most effective use of limited treatment resources in medical circumstances. One of the groups is people whose wounds are so grievous that they are abandoned. This initiative, by contrast, has as its mission ending the current practice of abandoning (i.e., providing no service to) large numbers of poor people with essential civil legal needs. We use the term "triage" as it is commonly used today, including in the access-to-justice community, to characterize a range of strategies for allocating scarce resources most effectively.

[5]Such websites are already in place in every state. The initiative will ensure that they are accessible through smartphones and tablets as well as computers.

[6]Computer games use various techniques such as competition and rewards to keep users engaged. Similar tactics are being introduced into other software and websites to encourage users to complete the tasks and thus maximize their learning. This technique is called "gamification."

[7]Data "tags" are standardized notations identifying the nature of the data in a particular data field so that the data can be exchanged among different computer systems—e.g., so that information concerning "apples" in one application can be placed into the location for "apple" information in another application.

[8]As of May 2013, according to Pew Internet & American Life Project, http://pewinternet.org/Commentary/2012/February/Pew-Internet-Mobile.aspx

Attendees from the First Session of the Summit

Name	Title	Company	City	State
IV Ashton	President & General Counsel	LegalServer	Chicago	IL
Jorge Basto	CIO, Judicial Council of Georgia	Administrative Office of the Courts	Atlanta	GA
David Bonebrake	Program Counsel	Legal Services Corporation	Washington	DC
James Cabral	Senior Manager	MTG Management Consultants LLC	Seattle	WA
Abhijeet Chavan	CTO	Urban Insight, Inc	Los Angeles	CA
Thomas Clarke	Vice President, Research & Technology	National Center for State Courts	Williamsburg	VA
Lisa Colpoys	Executive Director	Illinois Legal Aid Online	Chicago	IL
Leonard DuCharme	Chief Strategy Officer	HotDocs Corporation	Lindon	UT
Fern Fisher	Deputy Chief Administrative Judge NYC	New York State Unified Court System	New York	NY
Eric Fong	IT Supervisor	Legal Assistance Foundation of Chicago	Chicago	IL
Jeff Frazier	Senior Director	CISCO	RTP	NC
Jamie Gillespie	Director of Operations, Odyssey	Tyler Technologies	Plano	TX
Richard Granat	President	DirectLaw, Inc.	Palm Beach Gardens	FL
John Greacen	Principal	Greacen Associates, LLC	Regina	NM
Pamela Harris	Court Administrator	Montgomery County Circuit Court	Rockville	MD
Steven Hollon	Administrative Director	Conference of State Court Administrators	Williamsburg	VA
Bonnie Hough	Managing Attorney	Administrative Office of the Courts	San Francisco	CA
Molly Jennings	Outreach Editor	Harvard Journal of Law and Technology	Cambridge	MA
Bill Jones	Technology, Information & Content Coordinator	American Bar Association Center for Pro Bono	Chicago	IL
Stephanie Kimbro	-	Kimbro Legal Services, LLC	Wilmington	NC
Marcia Koslov	Executive Director	LA Law Library	Los Angeles	CA
Lisa Krisher	Director of Litigation	Georgia Legal Services Program	Atlanta	GA

Name	Title	Company	City	State
Karen Lash	Senior Counsel	US Department of Justice	Washington	DC
Marc Lauritsen	President	Capstone Practice Systems	Harvard	MA
Susan Ledray	Pro Se Services Manager	4th Judicial District Court, MN	Minneapolis	MN
Lora Livingston	District Judge	Travis County	Austin	TX
Andrea Loney	Executive Director	South Carolina Legal Services	Columbia	SC
David Maddox	Assist. IG for Management & Evaluation	LSC/OIG	Washington	DC
Phil Malone	Clinical Professor of Law	Harvard Law School	Cambridge	MA
Ed Marks	Executive Director	New Mexico Legal Aid	Albuquerque	NM
Michael Mills	CEO	Neota Logic	New York	NY
Mark O'Brien	Executive Director	Pro Bono Net	New York	NY
Snorri Ogata	Chief Technology Officer	Orange County Superior Court	Santa Ana	CA
David Otte	CIO	Sidley Austin LLP	Chicago	IL
Alison Paul	Executive Director	Montana Legal Services Association	Helena	MT
James Pierson	Director Center for Innovation, PeaceHealth	PeaceHealth	Bellingham	WA
Laura Quinn	Executive Director	Idealware	Portland	ME
Glenn Rawdon	Program Counsel for Technology	Legal Services Corporation	Washington	DC
Linda Rexer	Executive Director	Michigan State Bar Foundation	Lansing	MI
Jane Ribadeneyra	Program Analyst	Legal Services Corporation	Washington	DC
James Sandman	President	Legal Services Corporation	Washington	DC
Maria Soto	Sr. VP Operations	NLADA	Washington	DC
David Tait	Professor	University of Western Sydney	Picnic Point	-
David Tevelin	-	Tevelin Consulting Group	Arlington	VA
James Waldron	Clerk of Court	United States Bankruptcy Court	Newark	NJ
Paul Wieser	-	Nunc Software LLC	Boardman	OH
Richard Zorza	Founder	Self-Represented Litigation Network	Washington	DC

Attendees from the Second Session of the Summit

Name	Title	Company	City	State
IV Ashton	President & General Counsel	LegalServer	Chicago	IL
David Bonebrake	Program Counsel	Legal Services Corporation	Washington	DC
Kevin Bowling	Court Administrator	20th Circuit Court	West Olive	MI
Kevin Burke	District Court Judge	Hennepin County District Court	Minneapolis	MN
Peter Campbell	CIO	Legal Services Corporation	Washington	DC
Alan Carlson	CEO	Orange County (CA) Superior Court	Santa Ana	CA
Thomas Clarke	Vice President Research & Technology	National Center for State Courts	Williamsburg	VA
Lisa Colpoys	Executive Director	Illinois Legal Aid Online	Chicago	IL
Jane Curran	Executive Director	The Florida Bar Foundation	Orlando	FL
Dina Fein	Judge	Massachusetts Trial Court	Springfield	MA
John Greacen	Principal	Greacen Associates, LLC	Regina	NM
Pieter Gunst	Founder and COO	LawGives	San Francisco	CA
Jeff Hogue	Supervising Attorney	LawNY	Geneva	NY
Will Hornsby	Staff Counsel	American Bar Association	Chicago	IL
Bonnie Hough	Managing Attorney	Administrative Office of the Courts	San Francisco	CA
Ronke' Hughes	Intake Managing Attorney	LSNV	Fairfax	VA
Bill Jones	Technology, Information & Content Coordinator	American Bar Association	Chicago	IL
Mark Juhas	Judge	Los Angeles Superior Court	Los Angeles	CA
Stephanie Kimbro	-	Burton Law LLC	Wilmington	NC
Karen Lash	Senior Counsel	US Department of Justice	Washington	DC
Marc Lauritsen	President	Capstone Practice Systems	Harvard	MA
Susan Ledray	Pro Se Services Manager	4th Judicial District Court, MN	Minneapolis	MN
Jon Levy	Justice	Maine Supreme Judicial Court	Portland	ME
Phil Malone	Clinical Professor of Law	Harvard Law School	Cambridge	MA

Name	Title	Company	City	State
Ed Marks	Executive Director	New Mexico Legal Aid	Albuquerque	NM
John Mayer	Executive Director	CALI	Chicago	IL
Michael Mills	CEO	Neota Logic	New York	NY
Eric Mittelstadt	Deputy Director	Utah Legal Services	Salt Lake City	UT
Vince Morris	Director	Arkansas Legal Services Partnership	Little Rock	AR
Mark O'Brien	Executive Director	Pro Bono Net	New York	NY
Snorri Ogata	Chief Technology Officer	Orange County Superiro Court	Santa Ana	CA
Alison Paul	Executive Director	Montana Legal Services Association	Helena	MT
Andrew Perlman	Professor	Suffolk University Law School	Boston	MA
Michael Prince	IT Manager	Legal Aid of NorthWest Texas	Dallas	TX
Laura Quinn	Executive Director	Idealware	Portland	ME
Glenn Rawdon	Program Counsel for Technology	Legal Services Corporation	Washington	DC
Elizabeth Reppe	State Law Librarian	MN State Law Librarian	St. Paul	MN
Linda Rexer	Executive Director	Michigan State Bar Foundation	Lansing	MI
Jane Ribadeneyra	Program Analyst	Legal Services Corporation	Washington	DC
Lisa Rush	Law Library Manager	Travis County Law Library	Austin	TX
James Sandman	President	Legal Services Corporation	Washington	DC
Don Saunders	Vice President, Civil Legal Services	NLADA	Washington	DC
Ron Staudt	Professor	Chicago-Kent College of Law	Lake Bluff	IL
Betty Torres	Executive Director	Texas Access to Justice Foundation	Austin	TX
Kristin Verrill	Practice Innovation Manager	Atlanta Legal Aid Society, Inc.	Atlanta	GA
Laurie Zelon	Associate Justice	California Court of Appeal	Los Angeles	CA
Richard Zorza	Founder	Self-Represented Litigation Network	Washington	DC

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LSC
America's Partner For Equal Justice

Board Agenda

BOARD OF DIRECTORS

January 30, 2016

Agenda

OPEN SESSION

1. Pledge of Allegiance

2. Approval of agenda

3. Approval of minutes of the Board's Open Session meeting of October 6, 2015

4. Approval of minutes of the Board's Open Session telephonic meeting of October 19, 2015

5. Approval of minutes of the Board's Open Session telephonic meeting of November 17, 2015

6. Consider and act on nominations for the Chairman of the Board of Directors

7. Consider and act on nominations for the Vice Chairman of the Board of Directors

8. Chairman's Report

9. Members' Reports

10. President's Report

11. Inspector General's Report

12. Consider and act on the report of the Finance Committee

13. Consider and act on the report of the Audit Committee

14. Consider and act on the report of the Combined Audit and Finance Committee

15. Consider and act on the report of the Operations and Regulations Committee

16. Consider and act on the report of the Governance and Performance Review Committee

17. Consider and act on the report of the Institutional Advancement Committee

18. Consider and act on the report of the Delivery of Legal Services Committee

19. Consider and act on process for updating LSC 2012-2016 Strategic Plan

20. Report on implementation of recommendations of the Pro Bono Task Force Report and the Pro Bono Innovation Fund

21. Public comment

22. Consider and act on other business

23. Consider and act on whether to authorize a closed session of the Board to address items listed below

CLOSED SESSION

24. Approval of minutes of the Board's Closed Session meeting of October 6, 2015

25. Management briefing

26. Inspector General briefing

27. Consider and act on General Counsel's report on potential and pending litigation involving LSC

28. Consider and act on list of prospective funders

29. Consider and act on motion to adjourn the meeting

Draft Minutes of the October 6, 2015 Open Session Meeting

Legal Services Corporation
Meeting of the Board of Directors

Open Session

Tuesday, October 6, 2015

DRAFT

Chairman John G. Levi convened an open session meeting of the Legal Services Corporation's ("LSC") Board of Directors at 9:08 a.m. on Tuesday, October 6, 2015. The meeting was held at the Hyatt Regency San Francisco, 5 Embarcadero Center, San Francisco, California 94111. The following Board members were present:

John G. Levi, Chairman
Martha L. Minow, Vice Chair
Robert J. Grey, Jr.
Charles N.W. Keckler
Harry J. F. Korrell, III
Victor B. Maddox
Laurie Mikva
Father Pius Pietrzyk, O. P.
Julie A. Reiskin
Gloria Valencia-Weber
James J. Sandman, *ex officio*

Also attending were:

Rebecca Fertig Cohen	Chief of Staff
Mayealie Adams	Special Assistant to the President for Board Affairs
Lynn Jennings	Vice President for Grants Management
Wendy Rhein	Chief Development Officer
David Richardson	Comptroller and Treasurer, Office of Financial and Administrative Services (OFAS)
Ronald S. Flagg	Vice President for Legal Affairs, General Counsel, and Corporate Secretary (OLA)
Jeffrey Schanz	Inspector General
David Maddox	Assistant Inspector General for Management and Evaluation, Office of the Inspector General (OIG)
Daniel O'Rourke	Assistant Inspector General for Investigations, Office of the Inspector General
Laurie Tarantowicz	Assistant Inspector General and Legal Counsel, Office of the Inspector General (OIG)
John Seeba	Assistant Inspector General for Audit, Office of the Inspector General (OIG)

Joel Gallay	Special Counsel to the Inspector General, Office of Inspector General (OIG)
Carol A. Bergman	Director, Office of Government Relations and Public Affairs (GRPA)
Carl Rauscher	Director of Media Relations, Office of Government Relations and Public Affairs (GRPA)
Marcos Navarro	Office of Government Relations and Public Affairs (GRPA)
Lora M. Rath	Director, Office of Compliance and Enforcement (OCE)
Janet LaBella	Director, Office of Program Performance (OPP)
Peter Campbell	Chief Information Officer, Office of Information Technology
Herbert Garten	Non-Director Member, Institutional Advancement Committee
Allan J. Tanenbaum	Non-Director Member, Finance Committee
Thomas Smegal	Non-Director Member, Institutional Advancement Committee
Glenn Rawdon	Program Counsel, Office of Program Performance (OPP)
Bernie Brady	LSC Travel Coordinator
Nancy Munoz Bigelow	Inland Counties Legal Services
Darrell Moore	Inland Counties Legal Services
Irene C. Morales	Inland Counties Legal Services
Ilene J. Jacobs	California Rural Legal Assistance
Judge Lora Livingston	American Bar Association, Standing Committee on Legal Aid and Indigent Defendants (SCLAID)
Paulette Brown	President, American Bar Association
Don Saunders	National Legal Aid and Defenders Association (NLADA)
Robin C. Murphy	National Legal Aid and Defenders Association (NLADA)

The following summarizes actions taken by, and presentations made to, the Board:

Chairman Levi called the meeting to order. Tom Smegal led the Pledge of Allegiance.

MOTION

Father Pius moved to approve the agenda. Dean Minow seconded the motion.

VOTE

The motion passed by voice vote.

MOTION

Ms. Reiskin moved to approve the minutes of July 18, 2015 and August 13, 2015. Dean Minow seconded the motion.

VOTE

The motion passed by voice vote.

Chairman Levi gave the Chairman's Report. He shared his experiences of visiting the Los Angeles area's grantees. He suggested that all board members take time to personally visit a grantee before their tenure is up. He thanked the presenters, grantees and extended a special thanks to Becky Fertig-Cohen and Dean Minow. He also thanked the Board, Non-Director members and LSC staff for their hard and continuous work.

During members' reports, Mr. Keckler reported on his role in his son's Boy Scouts Troop as a Law Merit Badge Counselor. Father Pius reported on an event he attended at Southeast Ohio Legal Aid. Mr. Grey reported on his annual meeting of the Leadership Council on Legal Diversity. Professor Valencia-Weber reported on her attendance at the Albuquerque Bar luncheon, the American Indian Law Center Leadership Conference, and other activities she had participated in. Mr. Korrell reported on the Mountain States Executive Directors meeting that occurred at his office.

President Sandman gave the President's Report, which covered Pro Bono Innovation Fund grants, Technology Initiative grants, and the Vieth Leadership Developments grants. President Sandman also reported on new private grants given to LSC, the Census adjustment, and improvement to LSC's internal business processes. He answered board members' questions.

Inspector General Schanz and Mr. O'Rourke gave the Inspector General's Report. Mr. Schanz briefed the Board on the reports OIG sent to all grantees and their Boards of Directors. Mr. Schanz also reported on the activities of the Council of the Inspectors General on Integrity and Efficiency (CIGIE). Mr. O'Rourke reported on the award OIG received from CIGIE for a fraud prevention program. Both answered questions from board members.

Mr. Grey gave the report for the Finance Committee.

MOTION

Mr. Grey moved to adopt the resolution on the temporary operating budget and special circumstances authority for fiscal year 2016.

VOTE

The motion passed by voice vote.

Mr. Maddox gave the report for the Audit Committee.

Mr. Keckler gave the Operations and Regulations Committee report.

Dean Minow gave the report for the Governance and Performance Review Committee.

MOTION

Dean Minow moved to amend the Committee's charter.

VOTE

The motion passed by voice vote.

Chairman Levi gave the Institutional Advancement Committee report.

Father Pius gave the report for the Delivery of Legal Services Committee.

Ms. Jennings and Mr. Flagg gave a report on the implementation of the Pro Bono Task Force report.

Chairman Levi invited public comment and received comments from Judge Lora Livingston.

There was new business to consider. Mr. Flagg and Mr. Rawdon briefed the Board on the proposed collective bargaining agreement.

MOTION

Dean Minow moved to authorize an executive session of the Board meeting. Father Pius seconded the motion.

VOTE

The motion passed by voice vote.

The Board continued its meeting in closed session at 10:59 a.m.

Draft Minutes of the October 19, 2015 Open Session Telephonic Meeting

Legal Services Corporation
Telephonic Meeting of the Board of Directors

Open Session

Monday, October 19, 2015

DRAFT

Vice Chair Martha L. Minow convened an open session telephonic meeting of the Legal Services Corporation's ("LSC") Board of Directors at 5:01 p.m. on Monday, October 19, 2015. The meeting was held at the F. William McCalpin Conference Center, Legal Services Corporation, 3333 K Street, N.W. Washington, D.C. 20007.

The following Board members were present:

John G. Levi, Chairman
Martha L. Minow
Robert J. Grey, Jr.
Charles N.W. Keckler
Harry J. F. Korrell, III
Victor B. Maddox
Father Pius Pietrzyk, O. P.
Julie A. Reiskin
James J. Sandman, *ex officio*

Also attending were:

Rebecca Fertig Cohen	Chief of Staff
Mayealie Adams	Special Assistant to the President for Board Affairs
Lynn Jennings	Vice President for Grants Management
Ronald S. Flagg	Vice President for Legal Affairs, General Counsel, and Corporate Secretary
Rebecca Weir	Senior Assistant General Counsel, Office of Legal Affairs
Traci Higgins	Director, Office of Human Resources
David Richardson	Comptroller and Treasurer
Martin Polacek	Accountant Manager, Office of Financial and Administrative Services
Jeffrey Schanz	Inspector General
Carol A. Bergman	Director, Office of Government Relations and Public Affairs
Robin Murphy	National Legal Aid and Defender Association (NLADA)

The following summarizes actions taken by, and presentations made to, the Board:

Vice Chair Minow called the meeting to order.

MOTION

Father Pius moved to approve the agenda. Ms. Reiskin seconded the motion.

VOTE

The motion passed by voice vote.

Mr. Grey briefed the Board on two resolutions recommended for approval from the Finance Committee. First, a resolution approving the Collective Bargaining Agreement and Revised FY 2015 Consolidated Operating Budget, and second, a resolution approving the Temporary Operating Budget and Special Circumstance Operating Authority for FY 2016.

VOTE

The resolution approving the Collective Bargaining Agreement and revised FY 2015 budget passed by voice vote, with one nay vote.

VOTE

The resolution approving the Temporary Operating Budget and Special Circumstance Operating Authority for FY 2016 passed by voice vote.

Vice Chair Minow invited public comment, and received none. There was no new business to consider.

MOTION

Mr. Keckler moved to adjourn the meeting.

VOTE

The motion passed by voice vote.

The meeting of the Board adjourned at 5:21 p.m.

Draft Minutes of the November 17, 2015 Open Session Telephonic Meeting

Legal Services Corporation
Telephonic Meeting of the Board of Directors

Open Session

Tuesday, November 17, 2015

DRAFT

Chairman John G. Levi convened an open session telephonic meeting of the Legal Services Corporation's ("LSC") Board of Directors at 2:28 p.m. on Tuesday, November 17, 2015. The meeting was held at the F. William McCalpin Conference Center, Legal Services Corporation, 3333 K Street, N.W. Washington, D.C. 20007.

The following Board members were present:

John G. Levi, Chairman
Robert J. Grey, Jr.
Charles N.W. Keckler
Harry J. F. Korrell, III
Victor B. Maddox
Laurie Mikva
Father Pius Pietrzyk, O. P.
Julie A. Reiskin
Gloria Valencia- Weber
James J. Sandman, *ex officio*

Also attending were:

Rebecca Fertig Cohen	Chief of Staff
Mayealie Adams	Special Assistant to the President for Board Affairs
Lynn Jennings	Vice President for Grants Management
Ronald S. Flagg	Vice President for Legal Affairs, General Counsel, and Corporate Secretary
Katherine Ward	Executive Assistant, Office of Legal Affairs
David Richardson	Comptroller and Treasurer
Jeffrey Schanz	Inspector General
Joel Gallay	Special Counsel to the Inspector General, Office of the Inspector General
John Seeba	Assistant Inspector General for Audit, Office of the Inspector General
David Maddox	Assistant Inspector General for Management and Evaluation, Office of the Inspector General
Daniel O'Rourke	Assistant Inspector General for Investigations, Office of the Inspector General

Lora M. Rath	Director, Office of Compliance and Enforcement
Treefa Aziz	Government Affairs Representative, Office of Government Relations and Public Affairs

The following summarizes actions taken by, and presentations made to, the Board:

Chairman Levi called the meeting to order.

MOTION

Ms. Mikva moved to approve the agenda. Ms. Reiskin seconded the motion.

VOTE

The motion passed by voice vote.

President Sandman briefed the Board on the Semiannual Report to Congress from the Office of Inspector General for the period of April 1, 2015 through October 31, 2015 along with a draft transmittal letter. Mr. Sandman recommended changes to the transmittal letter, and answered Board members' questions.

MOTION

Ms. Reiskin moved to approve the transmittal letter with the proposed changes accompanying the IG's Semi-Annual Report to Congress for the reporting period of April 1, 2015 through October 31, 2015. Mr. Grey seconded the motion.

VOTE

The motion passed by voice vote.

MOTION

Ms. Reiskin moved to adjourn the meeting. Mr. Keckler seconded the motion,

VOTE

The motion passed by voice vote.

The meeting of the Board adjourned at 2:31 p.m.

Enforcement Mechanisms

LSC
America's Partner for Equal Justice

To: Board of Directors

From: James J. Sandman, President

Date: January 19, 2016

Re: FY 2015 Annual Report Regarding Enforcement Mechanisms

SUMMARY

In January 2013, LSC revised the regulations for enforcement mechanisms to add lesser reductions of funding and revise the rules regarding suspensions, debarments, and terminations. The Board adopted Resolution 2013-004 to require an annual report on the implementation of these regulations. This memo addresses the six topics required by the resolution.

LSC has not applied or initiated any of the enforcement mechanisms in FY 2015 or in the first quarter of FY 2016. Nonetheless, they continue to provide important tools as part of LSC's overall grants management and compliance process. LSC issued Program Letter 15-3 on April 2, 2015, to provide guidance regarding the operation of the enforcement mechanisms. Management does not recommend any changes at this time.

REPORT

1. <u>Accounting</u>

   An accounting of all suspension, debarment, termination, or reduction of funding proceedings initiated under these regulations or active in the relevant fiscal year, including a brief discussion of the causes for such proceedings and the status of each as of the close of the fiscal year. Management shall preserve confidentiality as appropriate and consistent with applicable law.

   LSC has not initiated any enforcement mechanisms proceedings during FY 2015 or the first quarter of FY 2016.

2. <u>Effect of Provision of Legal Services</u>

   A description, to the extent practicable, of the effect of such proceedings on the provision of legal services to the poor.

   There have been no effects because LSC has not initiated such proceedings.

3. <u>Due Process Concerns</u>

   Any and all due process concerns raised by grantees in the course of the reported proceedings.

   There have been no concerns raised because LSC has not initiated such proceedings.

4. <u>Ongoing Need</u>

   Management's opinion as to the ongoing need for and effectiveness of the enhanced enforcement procedures provided for in this rule change.

   The ongoing need for, and effectiveness of, these enhanced enforcement procedures has not changed since their enactment in January of 2013. As expected, LSC has not had an immediate need for them. Nonetheless, as LSC deals with compliance concerns, they remain an important tool.

5. <u>Suggestions</u>

   Management's suggestions, if any, of any proposed changes to these Enforcement Regulations to enhance due process for grantees and better protect the provision of legal services to the poor, while at the same time maintaining the ability of LSC to adequately ensure that the corporation is able to take timely action to deal with issues of substantial noncompliance by grantees.

   Management does not recommend any changes at this time. Management will report to the Board if and when we have suggestions for proposed changes.

6. <u>Guidance</u>

Any guidance issued in the prior year related to these regulations.

On April 2, 2015, LSC issued Program Letter 15-3 and provided a copy in the April 2015 Board Book. This program letter provides a detailed roadmap of all four enforcement mechanisms. LSC developed this program letter because each option has a different set of procedures and requirements. They appear in disparate sections of the CFR, and the CFR formatting is not easy to follow. The program letter provides a "desk-reference"-style guide for grantees and LSC staff. It also emphasizes that enforcement is an integral part of LSC's overall grants management and oversight process. Compliance issues are weighed heavily in determining grant awards, grant terms, and special grant conditions. LSC works closely with grantees to resolve compliance issues, if possible, without resorting to an enforcement mechanism.

CONCLUSION

The enforcement mechanisms continue to provide important tools as part of LSC's overall grants management and compliance process. LSC did not need to use them in FY 2015 or in the first quarter of FY 2016. Program Letter 15-3 provides guidance regarding how the enforcement mechanisms would work. Management does not recommend any changes at this time.

Office of Inspector General Briefing

Office of Inspector General
Legal Services Corporation

Inspector General
Jeffrey E. Schanz

3333 K Street, NW, 3rd Floor
Washington, DC 20007-3558
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ADVISORY

TO: EXECUTIVE DIRECTORS OF LSC PROGRAMS

FROM: Jeffrey E. Schanz
Inspector General

DATE: December 03, 2015

SUBJECT: Compendium of Internal Control Audit Findings & Recommendations from Reports Issued October 1, 2013 through September 30, 2015

The purpose of this advisory is to summarize the findings and recommendations reported by the Office of Inspector General (OIG) of Legal Services Corporation (LSC) in internal control review audit reports issued October 1, 2013 to September 30, 2015.

Over the two fiscal years, the OIG issued 18 internal control audits containing 166 recommendations to improve internal controls at LSC grantees. Of the 166 recommendations, which in this report are categorized into 11 topics, the majority address issues with written policies and procedures, contracting, disbursements and fixed assets. The OIG also issued recommendations related to cost allocation, credit cards, derivative income, segregation of duties, vehicles, employee benefits and other issues.

We encourage management to use this information as a tool; the issues presented are frequent internal control weaknesses at LSC grantees and the recommendations are techniques for addressing them.

LEGAL SERVICES CORPORATION

OFFICE OF INSPECTOR GENERAL

COMPENDIUM OF INTERNAL CONTROL AUDIT FINDINGS & RECOMMENDATIONS FROM REPORTS ISSUED OCTOBER 1, 2013 THROUGH SEPTEMBER 30, 2015

Report No. AU 16-03

DECEMBER 2015

INTRODUCTION

The purpose of this advisory is to summarize the findings and recommendations reported by the Office of Inspector General (OIG) of Legal Services Corporation (LSC) in internal control review audit reports issued October 1, 2013 to September 30, 2015. We encourage management to use this information as a tool; the issues presented are frequent internal control weaknesses at LSC grantees and the recommendations are techniques for addressing them.

The overall objective of OIG internal control audits is to assess the adequacy of selected internal controls in place at each grantee, as they relate to operations and oversight including program expenditures and fiscal accountability. The audits evaluate certain financial and administrative areas and test controls to ensure that costs are adequately supported and in compliance with the LSC Act and regulations.

In accordance with the Legal Services Corporation Accounting Guide for LSC Recipients (2010 Edition) (Accounting Guide), Chapter 3, an LSC grantee "…is required to establish and maintain adequate accounting records and internal control procedures."

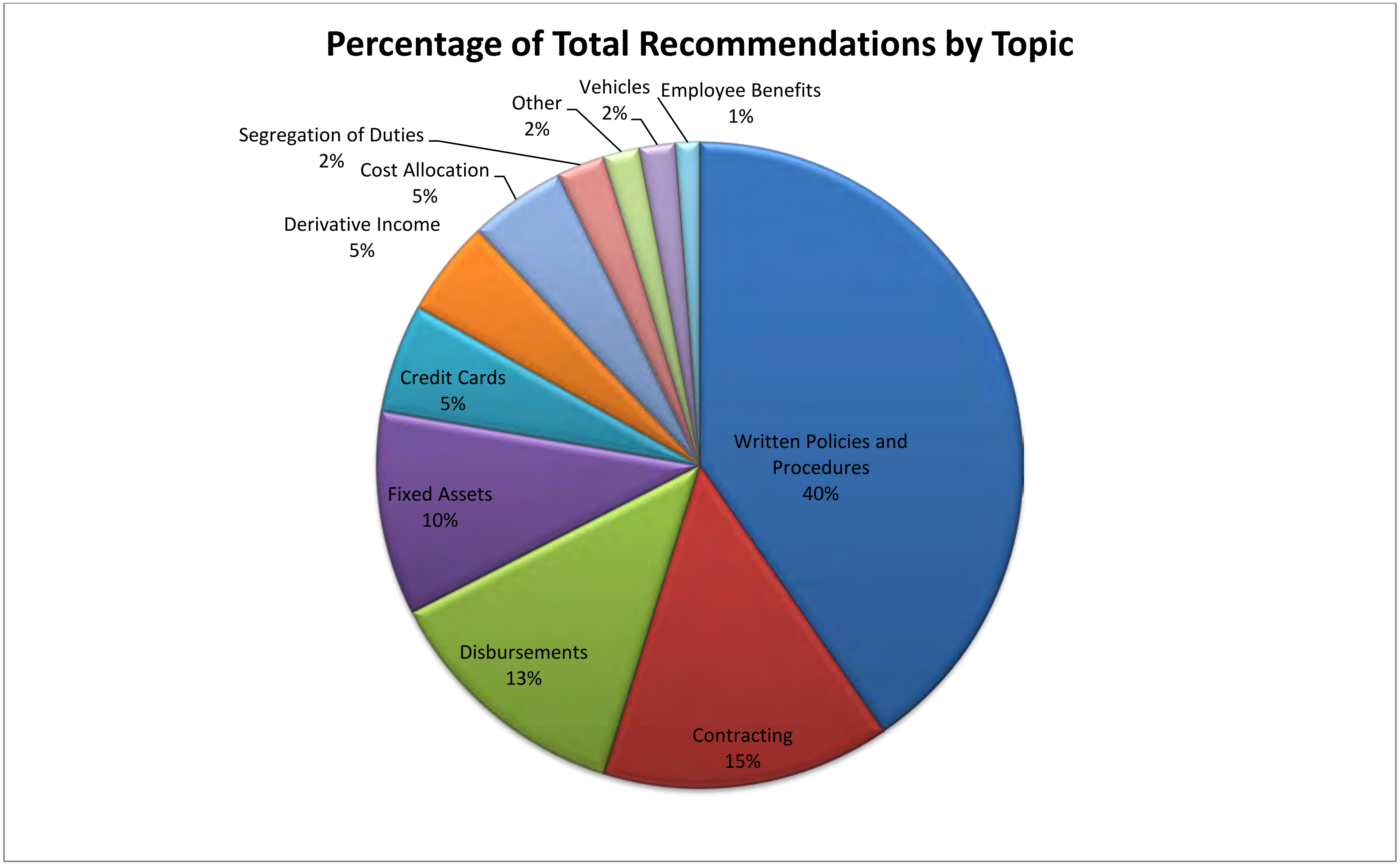
Over the two fiscal years, the OIG issued 18 internal control audits containing 166 recommendations to improve internal controls at LSC grantees. Of the 166 recommendations, which in this report are categorized into 11 topics, the majority address issues with written policies and procedures, contracting, disbursements and fixed assets. The OIG also issued recommendations related to cost allocation, credit cards, derivative income, segregation of duties, vehicles, employee benefits and other issues.

The following exhibits summarize the number of recommendations issued by the OIG from October 1, 2013 to September 30, 2015 by topic and the number of audit reports in which each topic appeared.

Exhibit 1: Summary of Recommendations by Topic

	Number of Recommendations	Number of Audit Reports
Written Policies and Procedures	**67**	**18**
Contracting	**24**	**12**
Disbursements	**21**	**10**
Fixed Assets	**17**	**10**
Credit Cards	**9**	**7**
Derivative Income	**8**	**6**
Cost Allocation	**8**	**6**
Segregation of Duties	**4**	**4**
Other	**3**	**3**
Vehicles	**3**	**1**
Employee Benefits	**2**	**2**
Grand Total	**166**	

Exhibit 2: Percentage of Total Recommendations by Topic



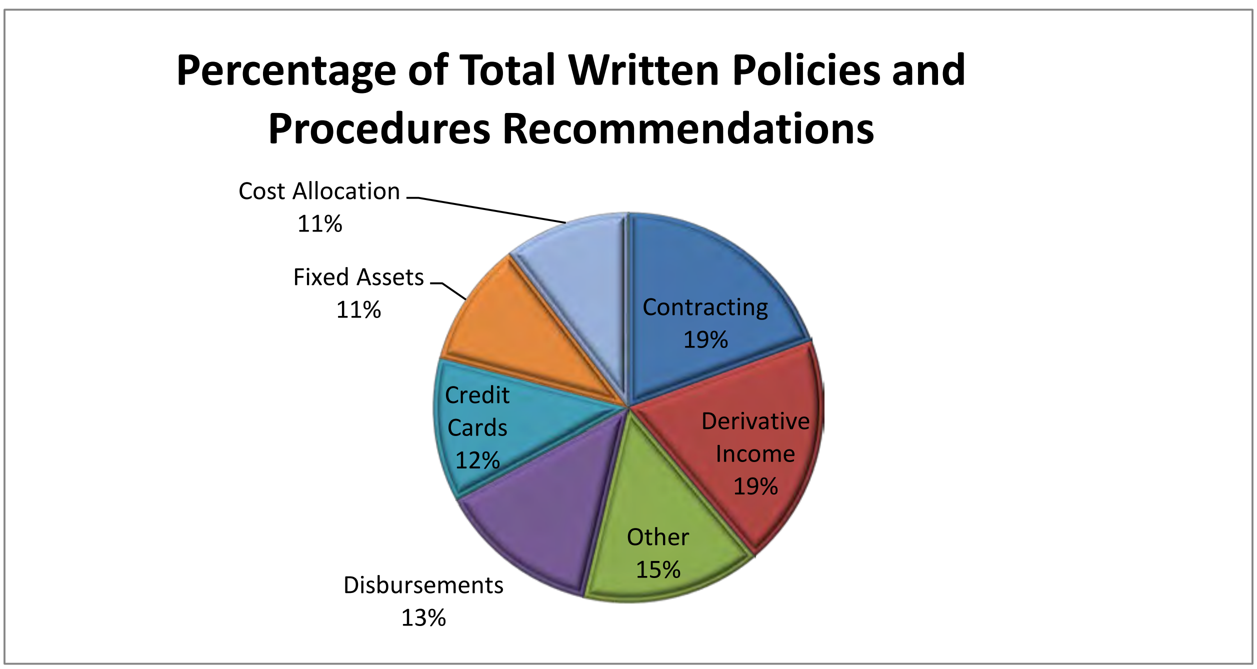
WRITTEN POLICIES AND PROCEDURES

In the audits issued from October 1, 2013 to September 30, 2015, the OIG presented 67 recommendations to develop or enhance written policies and procedures. In our audits, the OIG reviews and evaluates the adequacy of written policies and procedures pertaining to various areas including disbursements, contracting, credit cards, cost allocation, derivative income, fixed assets, employee benefits and internal reporting and budgeting. In our review of grantee accounting and administrative manuals over the course of the reporting period, the OIG concluded that written procedures in almost every area needed improvement. However, we issued the most recommendations regarding written policies and procedures for contracting, derivative income, disbursements and credit cards, indicating that these areas require particular attention.

Exhibit 3: Summary of Written Policies and Procedures Recommendations

	Number of Recommendations	Number of Audit Reports
Contracting	13	10
Derivative Income	13	11
Other	10	8
Disbursements	9	6
Credit Cards	8	5
Fixed Assets	7	7
Cost Allocation	7	6
Grand Total	67	

Exhibit 4: Percentage of Total Written Policies and Procedures Recommendations



Contracting

Over the two year period, the OIG issued 13 recommendations in response to weak contracting policies and procedures at ten different grantees.

In general, written policies and procedures for contracts were missing elements required by LSC's *Fundamental Criteria* of the Accounting Guide such as procedures for securing various types of contracts, competition requirements, approval authorities, dollar thresholds for approvals, documentation requirements to support contracting decisions and contract oversight responsibilities.

Commonly, the OIG found that grantees' written contracting policies did not outline policies for competition or for documenting deviations from approved contracting processes required by the *Fundamental Criteria*. Evidence, when available, did not distinguish between the different types of contracts, such as consulting, personal service and sole-source.

To address findings related to supporting documentation for contracting, the OIG recommended that Executive Directors should:

- ensure written policies and procedures for contracting address all required areas contained in LSC's *Fundamental Criteria* including contracting procedures for different types of contracts, competition, documentation and approval requirements; and
- ensure policies include procedures for deviating from the approved contracting process, such as when sole-source contracts are executed.

Derivative Income

From October 1, 2013 to September 30, 2015, the OIG issued 13 recommendations, to 11 different grantees, to develop or enhance written policies related to derivative income consistent with LSC regulations.

In some instances, grantees did not have any written policies in place for recording and allocating derivative income. In others, grantees had written policies and procedures, but they did not fully or accurately capture all the requirements contained in LSC regulations for different types of derivative income including rental income, attorney's fees and interest income.

Without formal written policies that mirror LSC requirements for all derivative income sources, it is difficult to ensure that such income is properly recorded and allocated back to their funding sources. To address the findings related to policies and procedures associated with derivative income, the OIG recommended that Executive Directors should:

- develop and document policies and procedures for recording and allocating derivative income to include the requirements set forth by LSC regulations including 45 CFR § 1630.12, 1609.6, 1609.4 and the Accounting Guide.

Disbursements

During the period, the OIG issued nine recommendations in six reports to improve written policies and procedures for disbursements. The recommendations addressed findings related to unallowable expenses, purchase approvals, securing and approving new vendors, segregation of purchasing duties, and duplicate payment controls.

The OIG recommended that Executive Directors should:

- revise the disbursement policy to include specific unallowable LSC expenses and ensure LSC funds are only used to pay LSC allowable costs;
- establish written policies and procedures for approving purchases. The policies should outline the appropriate level of management that must approve purchases before a commitment of resources is made;
- establish written policies for securing and approving new vendors. These policies should outline procedures for setting up new vendors in the accounting information system to ensure that only employees independent of the accounts payable function are allowed to create and edit vendor information; and
- establish a process whereby the purchasing function is adequately segregated so that employees responsible for placing orders do not also have accounting or receiving responsibilities.

Credit Cards

The OIG reported that written policies and or practices relating to credit cards were not documented appropriately at five grantees. We found that the grantees did not have adequate written policies in place governing issuance of credit cards, acceptable uses, spending limits and approvals for purchases related to travel.

To address findings related to credit card policies and procedures, the OIG recommended that Executive Directors should:

- enhance written policies for credit cards to include policies for issuance and procedures for acknowledging receipt;
- clearly delineate acceptable uses of credit cards;
- set spending limits for credit card purchases; and
- develop policies for approval of travel related expenses.

Cost Allocation

The OIG issued seven recommendations to develop, strengthen or update written policies regarding cost allocation. The majority of recommendations issued by the OIG advised grantees to ensure their policies and procedures for cost allocation detail the methodologies practiced by the program and address the requirements of 45 CFR Part 1630 and LSC's Accounting Guide.

The Accounting Guide states that the allocation formula should be adequately documented in writing with sufficient detail for the auditor, LSC OIG, GAO and others, to easily understand, follow and test the formula.

To address issues with documenting cost allocation methodologies, the OIG recommended that Executive Directors should:

- ensure that all cost allocation processes as practiced by the grantee are fully documented in writing;
- ensure that policies and procedures address the requirements of 45 CFR Part 1630 and LSC's Accounting Guide; and
- develop a written policy for allocating indirect costs that are prohibited by LSC regulations to funding sources other than LSC.

Fixed Assets

During the period, the OIG issued seven audits with findings related to written policies for fixed assets. Generally, we reported that written policies and procedures for fixed assets were in place, but did not address all the elements of the *Fundamental Criteria* and/or LSC's Property Acquisition and Management Manual (PAMM).

According to LSC *Fundamental Criteria*, property purchases should be recorded in a property subsidiary record and include the 12 items listed in the Section 3-5.4 (c) property record, which is also included in the LSC Accounting Guide at Appendix II, Description of Accounting Records.

LSC's PAMM, Section 3 requires LSC's prior approval in obtaining bids for the acquisition of personal property over $10,000 when using LSC funds. It also requires documenting the reasons when competitive quotes are not obtained. Section 4 requires that the grantee seek prior approval to use LSC funds to acquire real property and for expenditures for capital improvements.

To address findings related to cost allocation policies and procedures, the OIG recommended that Executive Directors should:

- ensure the fixed assets policies and procedures fully capture applicable requirements detailed in the LSC Accounting Guide; and

- develop written policies and procedures that implement Sections 3 and 4 of the LSC Property Acquisition and Management Manual.

<u>Other</u>

The OIG issued ten recommendations regarding written policies and procedures each of which was unique to a single grantee. The recommendations pertained to the following topics:

- internal reporting and budgeting;
- whistleblower protection policy;
- loan repayment assistance program;
- salary advances; and
- matching funds.

We recommended that the Executive Director develop and implement written policies and procedures in each area.

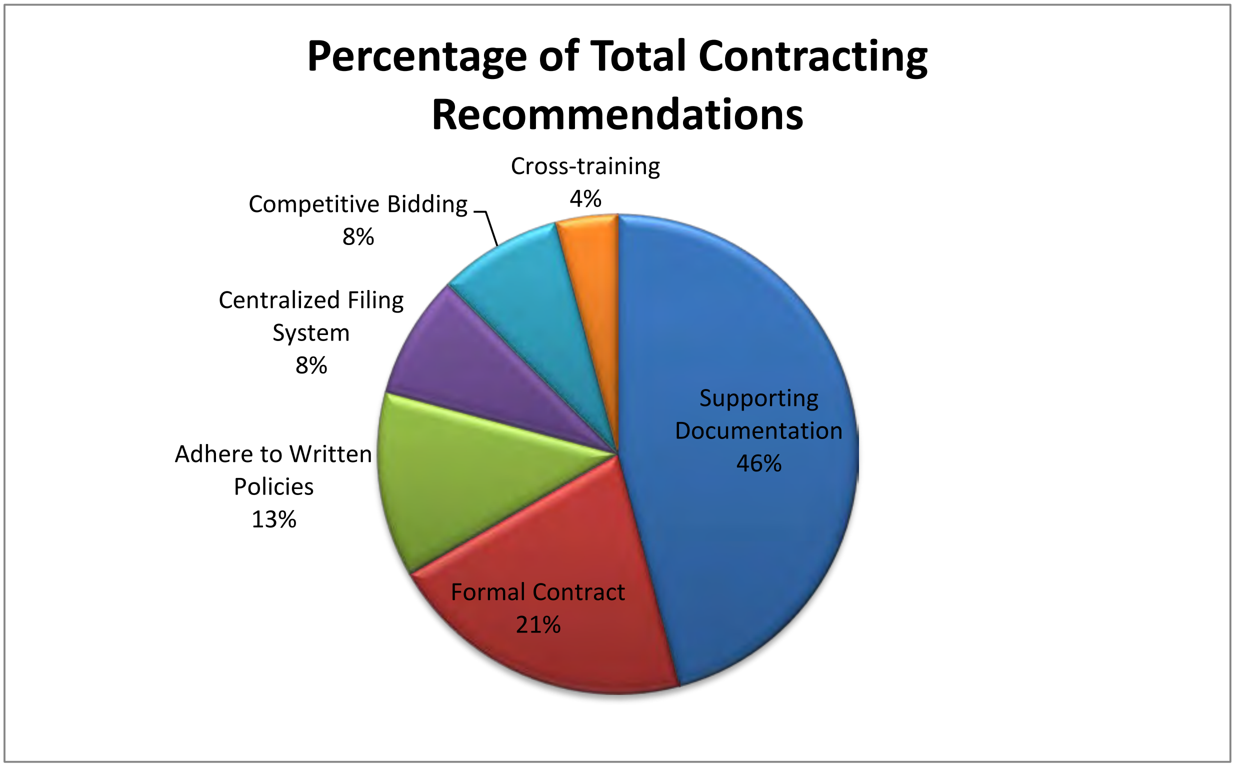
CONTRACTING

From October 1, 2013 to September 30, 2015, the OIG issued 24 recommendations regarding contracting. A majority of the recommendations related to ensuring contracts are sufficiently documented as required by LSC's *Fundamental Criteria*. Additionally, the recommendations addressed ensuring valid formal contracts are in place, adherence to written policies, competitive bidding, maintaining contract documentation in a centralized file and adequately training employees involved in the contracting process.

Exhibit 5: Summary of Contracting Recommendations

	Number of Recommendations	Number of Audit Reports
Supporting Documentation	**11**	**9**
Formal Contract	**5**	**3**
Adhere to Written Policies	**3**	**3**
Centralized Filing System	**2**	**2**
Competitive Bidding	**2**	**2**
Cross-training	**1**	**1**
Grand Total	**24**	

Exhibit 6: Percentage of Total Contracting Recommendations



<u>Supporting Documentation</u>

During the period, the OIG found that nine grantees did not sufficiently document the contracting process stipulated by the *Fundamental Criteria*. In certain cases, the contracting process and payments made to vendors conformed to LSC regulations and guidelines; however, supporting documentation justifying the process used to obtain the contracts, some of which were sole-sourced, did not exist or was not adequate. In detailed testing of contracts, the OIG found that grantees did not retain adequate evidence of contract actions. In multiple instances, files regarding contracts were missing required documentation including request for proposals, sole source justifications, evidence of competition and reasons for selection.

The <u>Accounting Guide</u>, Section 3-5.16 provides that management should identify the contracting procedures for the various types of contracts, dollar thresholds, and competition requirements. Contracts that should receive additional oversight include consulting, personal service, and sole-source. The process used for each contract action should be fully documented and the documentation maintained in a central file. Any deviations from the approved contracting process should be fully documented, approved, and maintained in the contract file.

To address findings related to supporting documentation for contracting, the OIG recommended that Executive Directors should:

- ensure all contract items such as request for proposals, sole source justifications, evidence of competition and reasons for selection, are retained;
- ensure that a centralized contract filing system is created whereby each individual contract file contains all pertinent documentary support related to the contract action, including the contract document, solicitation, receipt and evaluation of bids and the award of the contract; and
- familiarize staff with the LSC Accounting Guide contract criteria to ensure all requirements are met, including documenting contract process, rationale, and decisions made.

Formal Contracts

The OIG issued five recommendations related to formal contracts over the period of review. At several grantees, business arrangements recognized as contracts were not supported by valid, written contracts. At another, the actual dates of services rendered conflicted with the written agreement; the service period was prior to the contract date and the contract was not signed by the recipient.

Without a formal contract, the statement of work along with other contract terms cannot be adequately communicated and monitored, which may hinder management's ability to prevent or detect the risk of fraud, waste and abuse.

To address the findings, the OIG recommended that Executive Directors implement formal agreements describing the cost and terms of work for all contracted jobs. Additionally, they should ensure that invoices paid to contractors are supported by a valid contract within specified timeframes and rates.

Adhere to Written Policies

In three audits, we found that the grantees did not adhere to their own internal policies regarding contracting. In two cases, the organizations' current practices were not in accordance with their current contracting policy or LSC's *Fundamental Criteria*. To address findings that involve adhering to written policies, the OIG recommended that Executive Directors should:

- train staff to adhere to written policies and procedures for contracting; and
- ensure that contracting practices adhere to internal policies regarding contracting.

Centralized Filing System

Two of the recommendations the OIG issued pertain to the need for a centralized filing system. During audit site visits at two different locations, we found that contracts and related documentation were not centrally filed in one location. The lack of a centralized filing system could result in lost or misplaced contracting information as well as nonconformity with the *Fundamental Criteria*.

The OIG recommended that Executive Directors ensure that a centralized filing system is created whereby each contract file relates to a specific contract and contains all pertinent documents related to the solicitation, receipt, evaluation of bids, and the award of the contract.

Competitive Bidding

In two audits, the OIG found that grantees did not periodically evaluate or reopen contracts for bidding. The contracts dated back to 2002 in one instance and to 2008 in the other. The OIG recommended that the Executive Director should periodically evaluate the service agreements and potentially re-compete the contracts to ensure that the grantee was receiving the best price and service available.

To address this finding, the OIG recommended that the grantee reopen the contracts for bidding to the public to ensure they are receiving the best price and service obtainable.

Cross-training of Employees

The OIG found one instance where two contracts should have been competitively bid but were not because employees were not appropriately cross-trained. For both contracts, the purchasing agent was on vacation and the individual filling in for the purchasing agent did not require competitive bidding before placing the order.

The OIG recommended that the Executive Director should ensure that employees in the finance department are adequately cross-trained to handle the job duties and responsibilities of the different positions within that department.

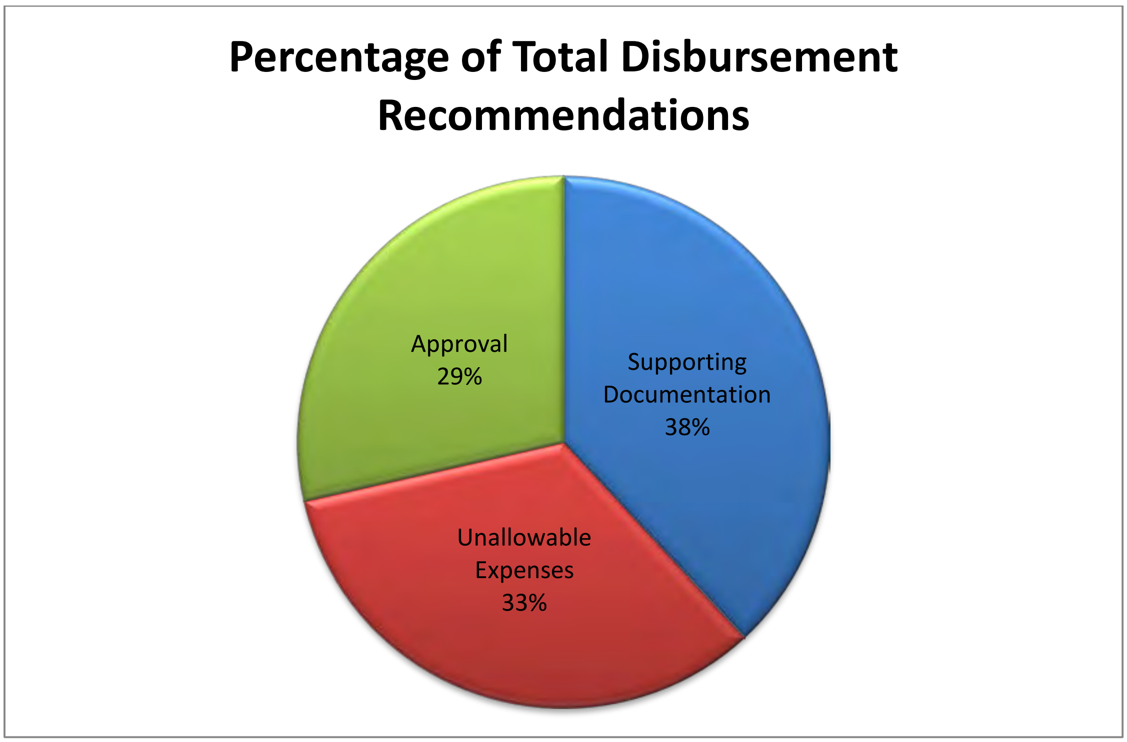
DISBURSEMENTS

In audits issued from October 1, 2013 to September 30, 2015, the OIG found that internal controls over disbursements needed strengthening. Over the two year period, the OIG issued 21 recommendations related to disbursements. Specifically, the findings and recommendations highlighted the need to improve documentation to support each transaction, obtain approvals for disbursements and prevent unallowable disbursements.

Exhibit 7: Summary of Disbursement Recommendations

	Number of Recommendations	Number of Audit Reports
Supporting Documentation	**8**	**5**
Unallowable Expenses	**7**	**7**
Approval	**6**	**5**
Grand Total	**21**	

Exhibit 8: Percentage of Total Disbursement Recommendations



Supporting Documentation

The OIG found that five grantees failed to provide sufficient documentation for at least a portion of the tested disbursements. The OIG referred $21,877 in questioned costs to LSC management as a result. Examples of missing supporting documentation included failing to attach purchase orders to invoices prior to payment, missing or incomplete contracts, invoices missing sufficient detail of work performed by vendors, and the inability to provide sufficient documentation for employee travel related reimbursements.

Without obtaining adequate supporting documentation for all disbursements, it is difficult to determine whether all expenditures are reasonable, necessary and allowable within LSC regulations and guidelines. Chapter 3-5.4(d), of the *Fundamental Criteria* states that disbursements require adequate documentation supporting the reason for each disbursement contained in the files.

To address findings related to supporting documentation for disbursements, the OIG recommended that Executive Directors should:

- ensure that adequate support and documentation is maintained for all expenditures prior to payment to ensure LSC funds are used only for authorized purposes;
- ensure that disbursements over a specified threshold amount are initiated by purchase order and that the purchase order is attached to the packing slip and invoice prior to payment; and
- invoices provide sufficient detail of goods rendered and services provided for each line item.

Unallowable Expenses

In seven audits, the OIG reported that grantees used LSC funds to pay for disbursements for unallowable purposes totaling approximately $16,119. Common unallowable disbursements included purchases for alcohol, flowers, membership dues to organizations in violation of 45 CFR §1627.4, credit card late fees, bar dues, and personal or unnecessary charges such as a training course held on a cruise ship and food for a retirement party.

The OIG found that in some of these instances, there was an existing cash disbursements policy within the grantee's accounting manual which reflected LSC regulations regarding unallowable purchases. However, either management failed to enforce the current policy, or the policy needed to be modified to prohibit disbursing LSC funds for purposes prohibited by the Accounting Guide and LSC regulations.

To address findings related to unallowable expenses the OIG recommended that Executive Directors:

- ensure that the written policies and procedures contained in their manuals prohibit the use of LSC funds for unallowable expenses, as defined by the Accounting Guide and LSC regulations, including, but not limited to purchases such as: alcohol, flowers, late fees, bar dues and membership fees; and
- ensure that LSC funds are used only to pay for allowable expenses.

Purchase Approval

During the two year period under review, the OIG issued six recommendations to five different grantees regarding purchase approvals. For example, in a review of 147 disbursement checks, we noted nine checks, totaling $27,994.36, for which the grantee created the purchase order after receipt of an invoice. The total amount allocated to LSC for these checks was $6,337.36.

Appropriate approval of disbursements ensures that expenditures are made with the knowledge at the correct level of authority. Section 3-5.4, Cash Disbursement, Managing Purchases, of the Accounting Guide states that approvals should be required at an appropriate level of management before a commitment of resources is made. It also states that criteria for purchases should be documented along with appropriate procedures.

In response to these findings, the OIG recommended that the Executive Directors of the grantees should ensure that management adheres to the grantee's established policies for purchasing, and ensure that orders are received, reviewed and approved prior to the purchase of goods and services.

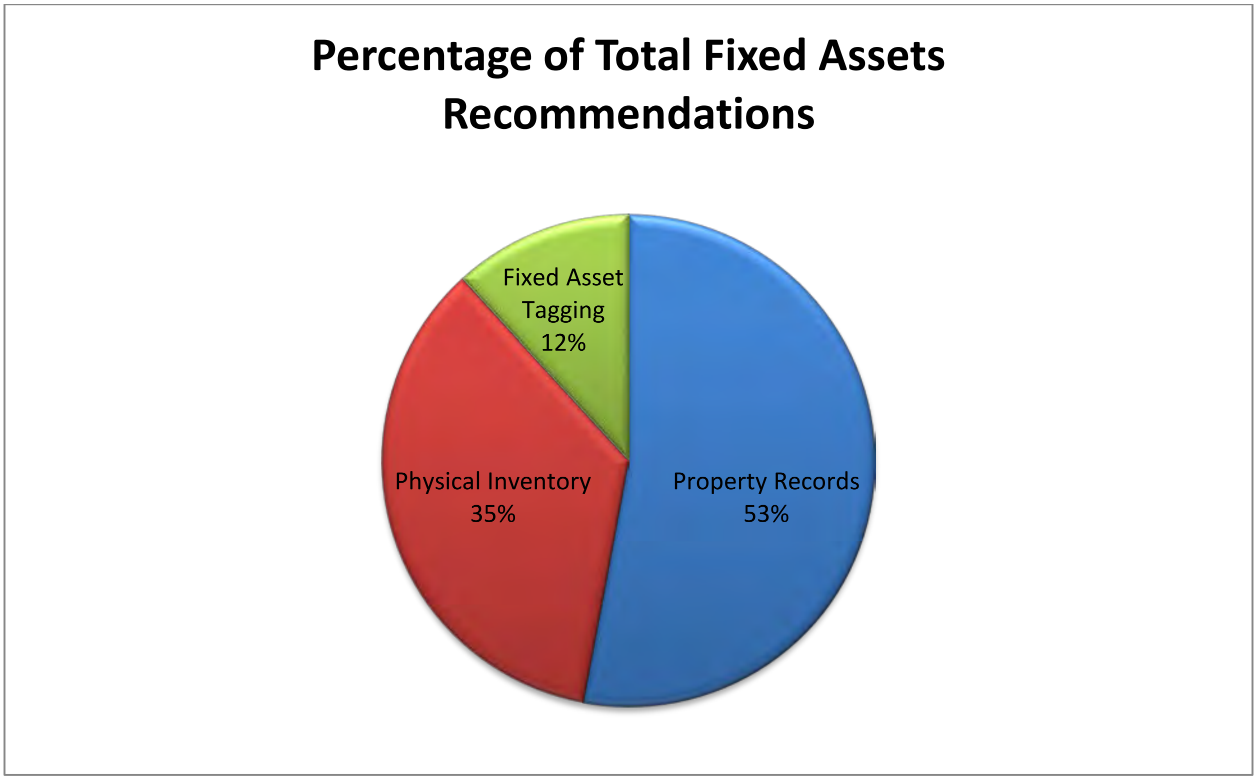
FIXED ASSETS AND IT EQUIPMENT

From October 1, 2013 to September 30, 2015, the OIG issued 17 recommendations regarding fixed assets and IT equipment. A majority of the recommendations related to ensuring property records are complete and contain the information stipulated by LSC's Accounting Guide. Additional recommendations issued during the period related to physical inventories of fixed assets and IT equipment and asset tagging.

Exhibit 9: Summary of Fixed Asset Recommendations

	Number of Recommendations	Number of Audit Reports
Property Records	**9**	**9**
Physical Inventory	**6**	**5**
Fixed Asset Tagging	**2**	**2**
Grand Total	**17**	

Exhibit 10: Percentage of Total Fixed Asset Recommendations



Property Records

During the two year period, the most prevalent recommendations related to updating property records for fixed asset and IT equipment. The audits found that the property records maintained by grantees were incomplete. They did not contain all the information stipulated by the Accounting Guide, including model and serial numbers, identification number, date of acquisition, location of property, check number used to pay for the asset, source of funds used for acquisition, cost of property/salvage value and condition of property. Generally, grantees maintained property records, but some of the fields required were missing.

We found that controls over non-capitalized IT equipment needed improvement. Although not capitalized, grantees should track IT equipment. The LSC Accounting Guide states that the grantee should be mindful of items that may contain sensitive information (i.e., a computer containing client confidential information) with values less than $5,000, as well as the need to inventory these items and dispose of them properly. In two instances, the OIG found that grantees did not keep adequate records of IT equipment; one grantee was not able to locate IT equipment listed on the property records.

To address issues with inadequate tracking of fixed assets and IT equipment, the OIG recommended that Executive Directors should:

- update the property records to include all fields required by the LSC Accounting Guide; and
- enhance the current tracking system over non-capitalized assets to include IT equipment.

Physical Inventory

The OIG issued six recommendations related to physical inventories of fixed assets and IT equipment. Four related to conducting and documenting the results of physical inventories of fixed assets and IT equipment. We found that grantees either had not conducted physical inventories, had not conducted them according to the schedule outlined in their written policies or had not adequately documented the results of the physical inventory. Two recommendations pertained to reconciling physical inventory counts to property records. The grantees performed the inventories, but did not provide evidence that the results were reconciled to the property records.

For property control purposes, the Accounting Guide states, a physical inventory should be taken and the results reconciled with the property records at least once every two years.

To address findings related to physical inventories of fixed assets and IT equipment, the OIG recommended that Executive Directors should:

- conduct physical inventories of fixed assets and IT equipment at least once every two years and document the results;
- ensure that the results of the physical inventory are reconciled to the property records and investigate any differences between quantities determined by the physical inspection and those shown in the accounting records.

Fixed Asset Tagging

The OIG found that two grantees did not affix property tags to assign a property control number to all fixed assets. The failure to properly tag assets may lead to inefficiency in properly tracking and accounting for fixed assets.

We recommended that the Executive Directors ensure that all fixed assets are properly tagged.

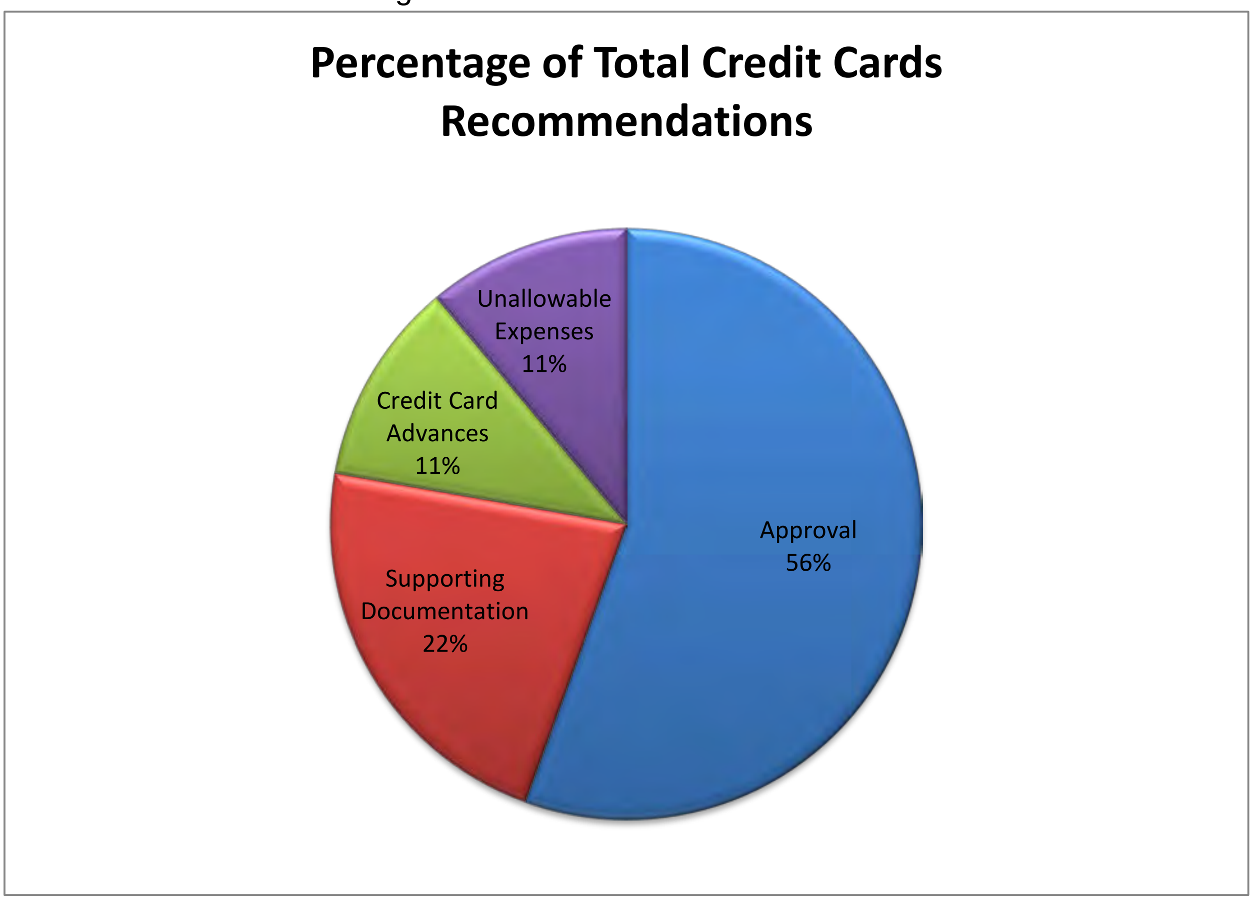
CREDIT CARDS

From October 1, 2013 to September 30, 2015, the OIG issued nine recommendations regarding credit cards. The findings included issues with approval of credit card transactions, documentation to support credit card charges and issuance, unallowable purchases and credit card advances.

Exhibit 11: Summary of Credit Card Recommendations

	Number of Recommendations	Number of Audit Reports
Approval	**5**	**5**
Supporting Documentation	**2**	**2**
Credit Card Advances	**1**	**1**
Unallowable Expenses	**1**	**1**
Grand Total	**9**	

Exhibit 12: Percentage of Total Credit Card Recommendations



Approval

The OIG found that credit card transactions were not appropriately approved at five of the grantees. In one instance, the OIG determined the Executive Director's credit card transactions were self-approved. In another audit, the OIG found 12 transactions, totaling $17,839, which did not have the requisite approval. The other audits found multiple credit card transactions that were either not approved or not approved prior to payment.

The *Fundamental Criteria* section 3-5.4 states that approval should be required at an appropriate level of management before resources are committed. Failure to follow the purchase approval process may result in purchases made without the knowledge of appropriate management, at unacceptable prices or terms or for unauthorized uses.

In response to these findings, the OIG recommended that Executive Directors should ensure credit card transactions have the requisite approval at the appropriate level of management and that approvals are obtained prior to payment. Regarding the Executive Director who approved her own credit card purchases, the OIG recommended that the credit card transactions be reviewed and approved periodically by someone other than herself, preferably the Board of Directors.

Supporting Documentation

The OIG issued two recommendations related to the documentation supporting credit card transactions and issuance. In one instance, documentation supporting credit card transactions was not maintained in a centralized location and some electronic receipts were not included with supporting documentation. In the other instance, the grantee did not keep adequate records pertaining to credit cards issued to staff members. Management did not require employees, to whom the grantee issued the credit cards, to sign acknowledgement of receipt.

Documentation supporting all disbursements shall be contained in the files according to the Accounting Guide. Inadequate documentation to support the issuance of credit cards to users and for credit card charges could result in unauthorized disbursements.

The OIG recommended that the Executive Directors should:

- ensure that all supporting documentation for credit card charges is included with each credit card statement prior to payment and that the documentation is maintained in one central location; and
- require staff to sign an acknowledgement of receipt of credit cards.

Unallowable Expenses

We found unallowable expenses totaling $643, charged to credit cards and allocated to LSC, at one grantee. They included purchases for personal use, credit card fees and membership dues.

45 CFR Part 1630 provides that expenditures by a grantee be reasonable and necessary for the performance of the grant or contract and be adequately documented. 45 CFR §1627.4 provides that grantees may not use LSC funds to pay dues to any private or nonprofit organization other than dues mandated as a requirement of practicing a profession by a governmental organization.

The grantee had written policies in place prohibiting such expenditures. The OIG recommended that the Executive Director address these issues by ensuring that policies and procedures for purchasing are followed.

Credit Card Advances

The OIG found that one grantee made five cash advance transfers to cover payroll overdrafts amounting to $13,806. Grantee management attributed the transfers to lack of training on payroll processing procedures. As a result of the transfers the grantee was charged bank fees. Although these transactions were not charged to LSC funds, the OIG recommended that the grantee address the issue by ensuring staff is properly trained in processing payroll to prevent further occurrences in order to ensure that the grantee does not incur avoidable bank fees in the future.

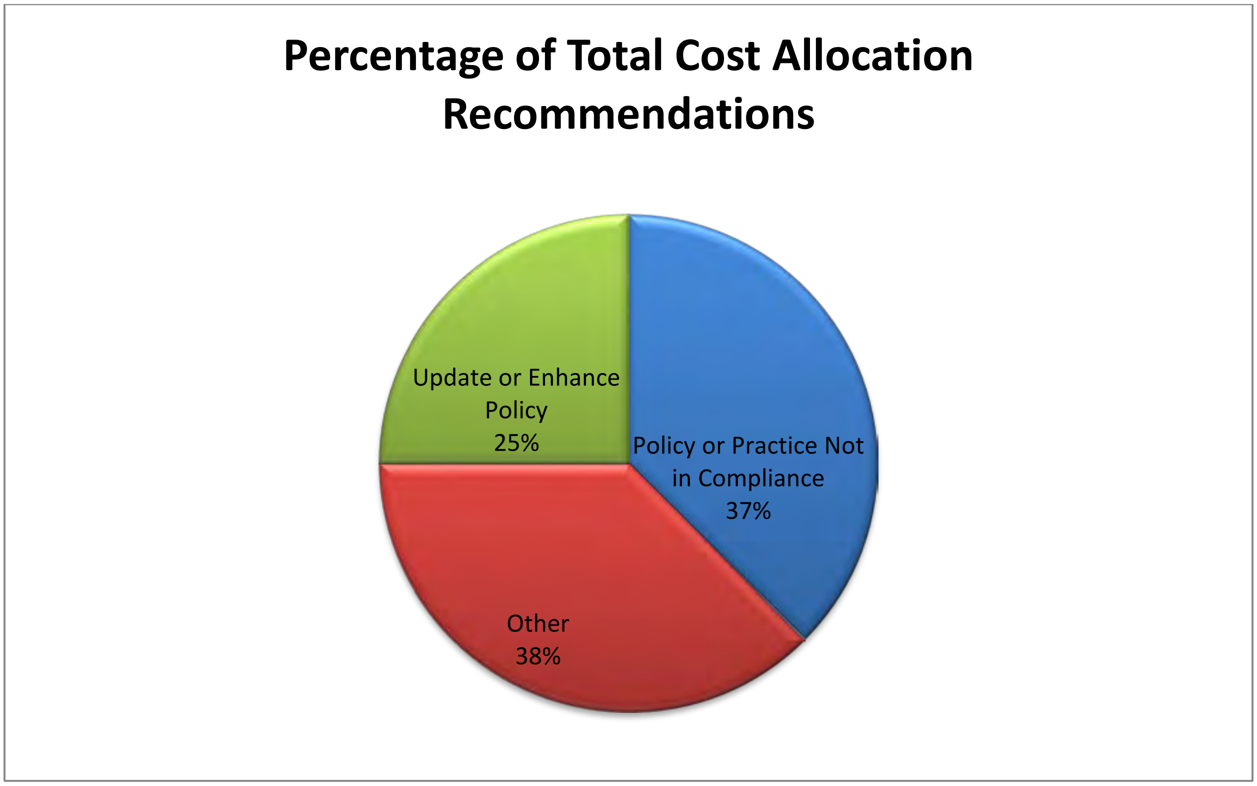
COST ALLOCATION

From October 1, 2013 to September 30, 2015, the OIG issued eight recommendations regarding cost allocation. The recommendations address findings related to the cost allocation methodologies in place at eight different grantees.

Exhibit 13: Analysis of Cost Allocation Recommendations

	Number of Recommendations	Number of Audit Reports
Policy or Practice Not in Compliance	**3**	**3**
Other	**3**	**3**
Update or Enhance Policy	**2**	**2**
Grand Total	**8**	

Exhibit 14: Percentage of Total Cost Allocation Recommendations



At three grantees, the OIG reported that cost allocation practices were not in compliance with LSC regulations. In two reports, we found that the grantees' cost allocation policies were outdated or needed to be enhanced to fully comply with LSC requirements. In three audits, we found that the grantees' written policies and allocation practices were generally sound, but we noted specific and unique issues with the allocations. In one instance sufficient supporting documentation of the cost allocation formulae was not retained. At another, the wrong Census data was used to determine allocation percentages. At the third, we identified an issue in the grantee's accounting for cost allocation that could have impacted the accuracy of financial reporting.

To address the findings common to multiple grantees, the OIG recommended that Executive Directors should:

- establish a fair, transparent, consistent and systematic cost allocation methodology in accordance with LSC requirements;
- establish an allocation system that ensures that allowable indirect costs are divided by an equitable distribution base and allocated to individual grant awards accordingly;
- ensure that all cost allocation processes are documented in writing; and
- adhere to written policies and procedures for cost allocation.

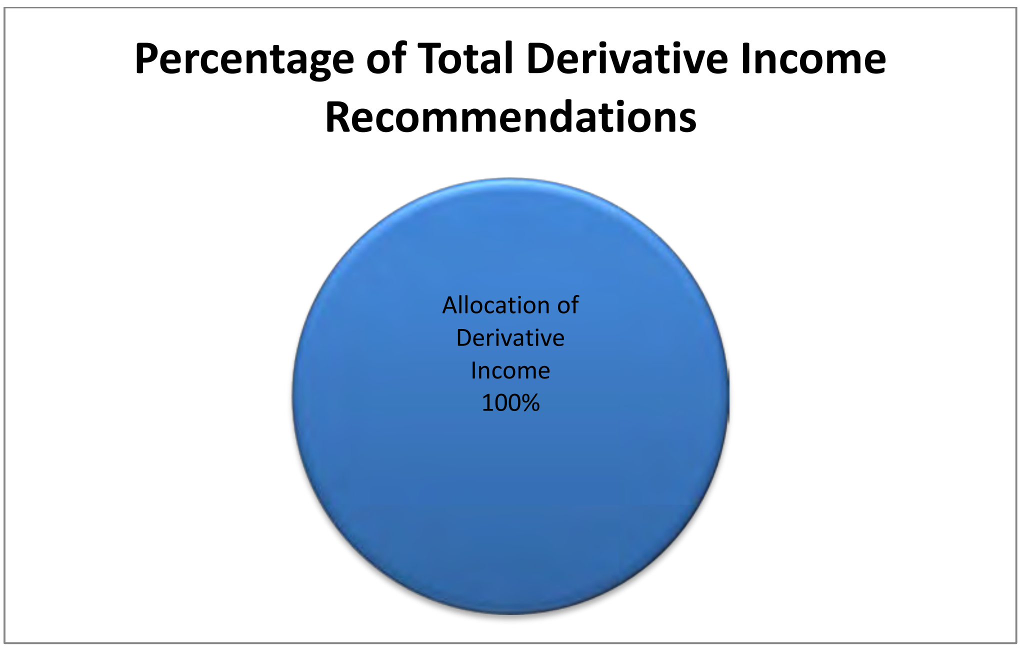
DERIVATIVE INCOME

The OIG issued eight recommendations regarding derivative income to six different grantees over the past two fiscal years. The recommendations are in response to issues with the manner in which the grantees allocated rental income, attorney's fees, interest income and State Supplemental Security Income reimbursements. In six instances, the OIG reported that grantees did not account for derivative income properly and allocate it back to the revenue source to which the expense that generated the income was allocated, in accordance with LSC requirements. In total, we referred approximately $273,801 in questioned derivative income to LSC management.

Exhibit 15: Analysis of Derivative Income Recommendations

	Number of Recommendations	Number of Audit Reports
Allocation of Derivative Income	**8**	**6**
Grand Total	**8**	

Exhibit 16: Percentage of Total Derivative Income Recommendations



In two instances, the OIG reported that a grantee did not have a system in place to track derivative income and facilitate its allocation.

To address the findings, the OIG recommended that Executive Directors should:

- develop a system to track and allocate derivative income; and

- ensure that derivative income is allocated back to the revenue source to which the expense that generated the income was allocated.

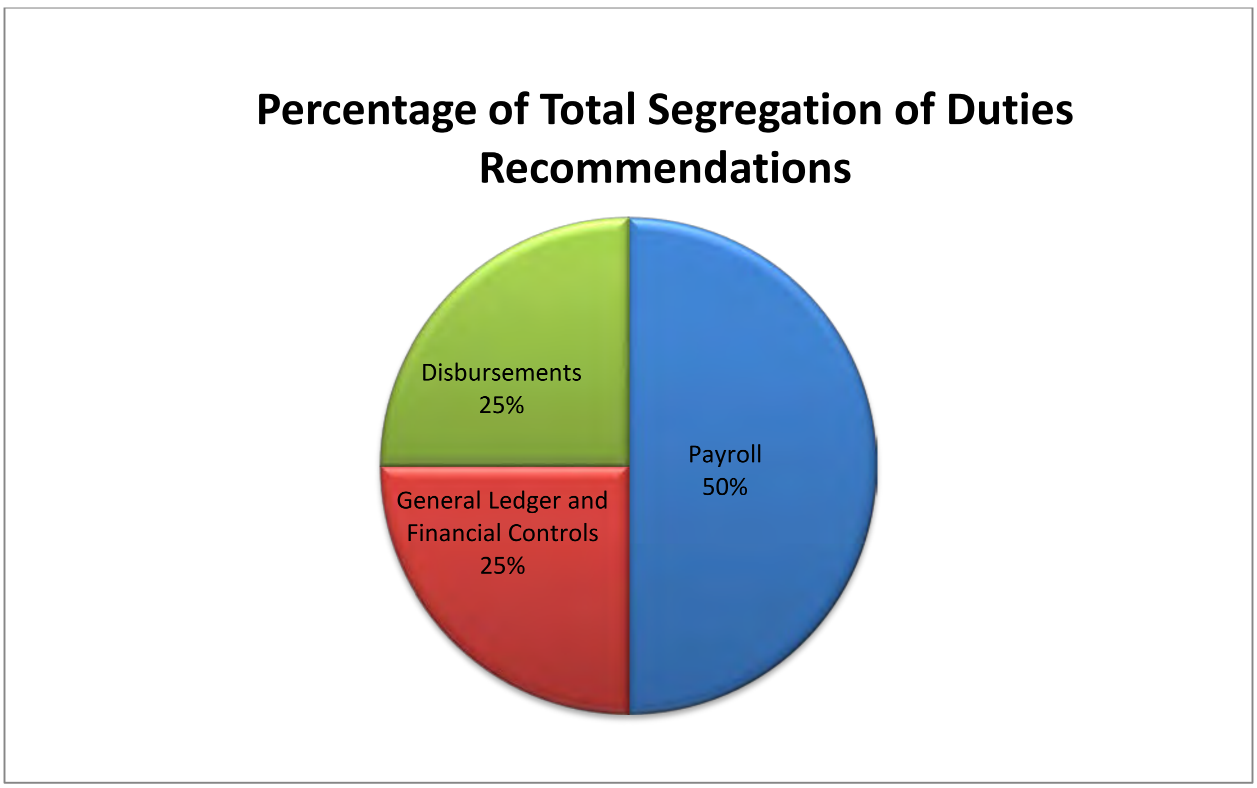
SEGREGATION OF DUTIES

During the past two fiscal years, the OIG issued four recommendations related to segregation of duties. At two different grantees we found that duties related to payroll were not appropriately segregated. At one grantee, we found that duties related to disbursements were not segregated. At another, we found that controls over access to the grantee's accounting system needed to be established and segregated.

Exhibit 17: Analysis of Segregation of Duties Recommendations

	Number of Recommendations	Number of Audit Reports
Payroll	**2**	**2**
General Ledger and Financial Controls	**1**	**1**
Disbursements	**1**	**1**
Grand Total	**4**	

Exhibit 18: Percentage of Total Segregation of Duties Recommendations



In each instance, we recommended that the Executive Director ensure that duties are appropriately segregated or develop compensating controls, such as independent monitoring, to mitigate risk of loss or fraud.

VEHICLES

In one audit report, we issued three recommendations related to use of a grantee vehicle. This issue was unique to a single LSC recipient. The OIG recommended that the grantee's Board of Directors determine whether use of the vehicle was a benefit they wished to give the employee as part of their overall compensation. If so, the OIG recommended that the grantee account for the personal portion of vehicle expenses, adequately document vehicle usage and ensure that no vehicle related expenses resulting from personal use are charged to LSC funds.

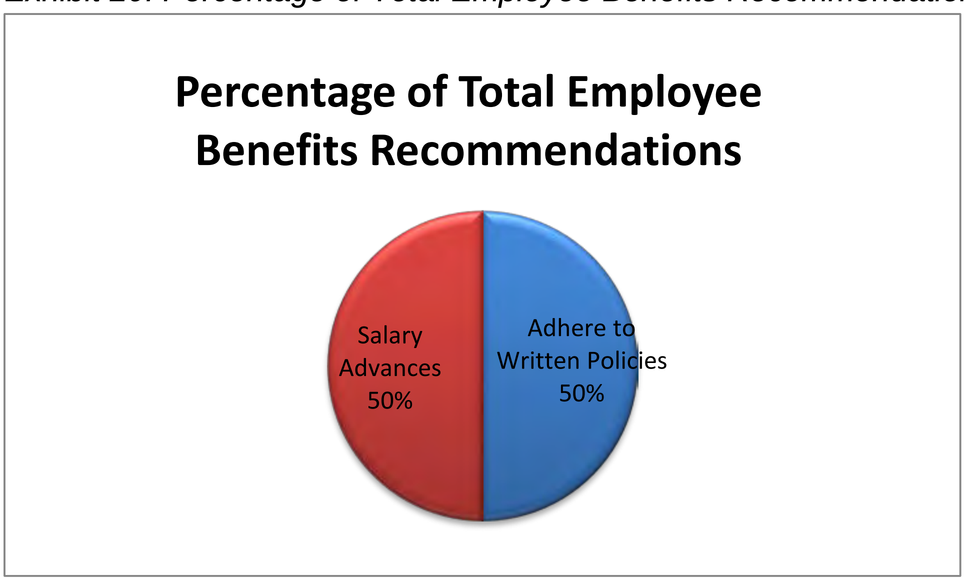
EMPLOYEE BENEFITS

From October 1, 2013 to September 30, 2015, the OIG issued two findings regarding employee benefits. In one instance, we reported that a grantee had written employee benefits policies, but management overrode the written policies. In the other, we found that a member of the executive staff received more than the maximum number of salary advances allowed pursuant to the grantee's salary advance policy.

Exhibit 19: Summary of Employee Benefits Recommendations

	Number of Recommendations	Number of Audit Reports
Adhere to Written Policies	**1**	**1**
Salary Advances	**1**	**1**
Grand Total	**2**	

Exhibit 20: Percentage of Total Employee Benefits Recommendations



To address the findings, the OIG recommended that Executive Directors should:

- update written benefits policies and include language that allows management to grant exceptions to benefits policies, at their discretion, to accommodate organizational needs; and
- ensure that all staff receive only the allowed number of salary advances in accordance with internal written policy.

OTHER RECOMMENDATIONS

During the two years included in this review, the OIG issued one recommendation each regarding client trust funds, loan repayment assistance programs and general ledger and financial controls. Each recommendation addressed a finding unique to a single grantee. These recommendations were not common among grantees, but may be informative.

The OIG recommended that Executive Directors should:

- strengthen internal controls over client trust fund accounting;
- ensure that cash receipts are recorded in a log used specifically for that purpose; and,
- determine if non-attorney staff should participate in student loan repayment assistance programs, and if so, establish a policy authorizing the program.

CONCLUSION

The OIG recognizes that in many instances wherein we made recommendations, practices are more advanced than the written policies and procedures, a common occurrence in a busy work environment. Notwithstanding, written policies and procedures are an integral part of a grantee's internal control structure that encompasses the organizations' leadership, emphasis on performing high quality work, and the organizations' policies and procedures designed to provide reasonable assurance of complying with professional standards and applicable legal and regulatory requirements.

Pro Bono Award Reception Speaker Biographies

Pro Bono Awards Reception
January 28, 2016
Nelson Mullins Riley & Scarborough LLP
Charleston, SC

George Cauthen, Partner, Nelson Mullins Riley & Scarborough LLP


George B. Cauthen, a partner in the law firm of Nelson Mullins Riley & Scarborough, L.L.P. works in the Columbia office of the Firm as a bankruptcy lawyer. Mr. Cauthen has proudly served on the Firm's Pro Bono Committee for the past twenty-six years, the only permanent member. He also chaired the South Carolina Bar's Pro Bono Committee, and serves on the American College of Bankruptcy Pro Bono Committee. He co-founded and was an ex officio member of the South Carolina Access to Justice Commission. He has served on various American Bar Association committees and has been recognized by the state bars of South Carolina, Louisiana and Florida for pro bono work and received the Order of the Palmetto in 2003 from the Governor of the State of South Carolina for his pro bono work. In 2007 he was named South Carolina Appleseed's Advocate of the Year. In 2012 he was recognized by the American Bar Association with its Grassroots Advocacy Award for his work in advocating for Legal Services Corporation and its grantees. That same year he was recognized by Central South Carolina Habitat for Humanity for his pro bono work with the first-ever George Cauthen Legacy award. In 2013 he received a "Live United" award from the United Way of the Midlands for his pro bono work. He will never receive the "Best Dressed Lawyer of the Year Award," if his law firm has any input on the subject.

From 1990 through 2015, Mr. Cauthen chaired the firm's Bankruptcy Group. He holds the following degrees: B.A., History, University of South Carolina, 1970; J.D., University of South Carolina School of Law, 1976; M.P.A., University of South Carolina, 1984.

Alice F. Paylor, Past President, South Carolina Bar

In May 2013, Alice Paylor became the fourth female president of the South Carolina Bar and the third member of her firm to hold the position. She continues to serve her profession as a member of the Executive Council of the National Conference of Bar Presidents. Ms. Paylor's practice focuses primarily on complex commercial litigation, employment litigation, school law and zoning law. Her commercial litigation practice includes representation of all types of business entities in contract disputes, business torts, lender-borrower litigation, and more. In her employment law practice Alice represents both employers and employees in various employment matters including FLSA, discrimination, non-compete, and wrongful termination. Ms. Paylor also has significant experience working with school districts, private schools and charter schools. She represented the Charleston County School District in a major school desegregation case that deemed the district a unitary school district.

Ms. Paylor joined Rosen Hagood as an associate in 1982, was made a partner/shareholder five years later and served as the firm's managing shareholder from 2003 to 2008. She remains a member of its Management Committee. Alice received her undergraduate degree from the University of North Carolina at Chapel Hill, and her J.D. from the University of South Carolina School of Law. She served for the next several years as Deputy Corporation Counsel for the City of Charleston, helping to navigate complex litigation in which the City was involved.

Marie-Louise Ramsdale, President, South Carolina Bar Foundation

Marie-Louise Ramsdale is the principal lawyer of the Ramsdale Law Firm, LLC, in Mount Pleasant, South Carolina, where she practices solely in the area of family law. Ms. Ramsdale is President of the South Carolina Bar Foundation and a member of the South Carolina Bar House of Delegates. She is a member of the South Carolina Access to Justice Commission and does pro bono work in fee dispute resolution. She also enjoys serving as the attorney-coach for the Moultrie Middle School Mock Trail Team. Ms. Ramsdale, a graduate of Harvard Law School, resides on Sullivan's Island with her family.

U. S. District Court for the District of South Carolina Courtroom Participant Biographies

January 29, 2016
U.S. District Court for the District of South Carolina
J. Waties Waring Judicial Center
Hon. Sol Blatt, Jr. Courtroom
Charleston, SC

Judge Richard Gergel, United States District Court for the District of South Carolina

Judge Richard Gergel was nominated as United States District Judge by President Barack Obama in December 22, 2009. He was confirmed unanimously by the United States Senate on August 5, 2010 and received commission on August 9, 2010. Prior to taking the bench, he was in private practice with a focus on complex civil litigation as a senior partner of Gergel, Nickles, and Solomon from 1983-2010.

Judge Gergel helped establish the South Carolina Supreme Court Historical Society and has played a continuous leadership role in organizing periodic day long seminars on significant matters in South Carolina's legal history. These have included seminars on the early African American bar in South Carolina during Reconstruction, women and the law, South Carolina's contribution to the development of religious freedom in America, and the life and career of United States District Judge Matthew Perry. In May of 2011, the Historical Society hosted a seminar to commemorate the 60th anniversary of the trial of *Briggs v. Elliott*, one of five cases which made up the landmark school desegregation case *Brown v. Board of Education*. The seminar focused on the remarkable courage and vision of United States District Judge J. Waties Waring of Charleston, whose dissent in *Briggs* laid the foundation for the Supreme Court's decision in *Brown*, and for whom this Judicaial Center is named after.

Dean Robert M. Wilcox, University of South Carolina School of Law

Dean Robert Wilcox joined USC law faculty in 1986 after practicing with Dow, Lohnes & Albertson in Washington, D.C. and Atlanta. Among his primary teaching and research interests are Professional Responsibility, Real Property, and Trusts and Estates. He has written and spoken extensively on professional ethics, and from 2003 to 2008, served as the Director of the Nelson Mullins Riley & Scarborough Center on Professionalism, a USC School of Law-based clearinghouse of information and research pertaining to improvement of the character, competence, and conduct of legal professionals. He is the author of *South Carolina Annotated Rules of Professional Conduct* (with N. Crystal) and has written a number of articles pertaining to legal ethics and professional responsibility.

Dean Wilcox serves on the South Carolina Supreme Court's Commission on the Profession, and on the South Carolina Commission on Judicial Conduct. He is a former chair of the University of South Carolina Faculty Senate, a frequent presenter at continuing legal education seminars around the State of South Carolina, and a member of the Order of the Coif. He served as Associate Dean for Academic Affairs from 2006 to 2011 and became Dean on July 1, 2011.

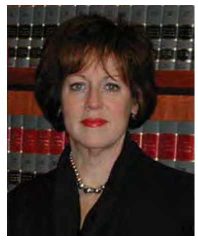
Matthew T. Richardson, Chair, South Carolina Access to Justice Commission

Matthew Richardson (born May 22, 1973) is a partner and attorney for the Greenville-based private practice law firm of Wyche, Burgess, Freeman & Parham, P.A. He is the grandson of former South Carolina Supreme Court Justice, the late Julius B. "Bubba" Ness. He is the current Chair of the South Carolina Access to Justice Commission, a position he has held since November 2014.

Upon passing the state bar, Richardson served as a law clerk for both the Honorable Kaye G. Hearn on the South Carolina Court of Appeals and then later for the United States District Court Judge P. Michael Duffy. In 2001, Richardson joined Wyche, Burgess, Freeman & Parham P.A., a Greenville-based private practice law firm, which specializes in consumer protection, securities fraud, commercial and real estate disputes, products liability, intellectual property protection, voting rights, employment rights, and compensation for injuries to workers and families; six years later, he was made partner at the firm.

The Importance of Access to Justice to the Judiciary
January 29, 2016
U.S. District Court for the District of South Carolina
J. Waties Waring Judicial Center
Hon. Sol Blatt, Jr. Courtroom
Charleston, SC

Chief Justice Maureen O'Connor, Supreme Court of Ohio

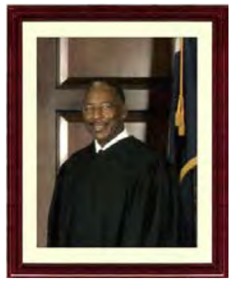


Chief Justice Maureen O'Connor is the 10th chief justice and the first woman in Ohio history to lead the Ohio judicial branch. Since she took office in 2011, Chief Justice O'Connor has led significant reforms and improvements in the Ohio judicial system. As Chief Justice, she charged the Supreme Court's Task Force on Access to Justice with identifying obstacles to accessing the civil justice system in Ohio. The task force issued 11 recommendations in April 2015, which include more funding and higher fees for out-of-state attorneys to fund civil legal aid work and creating an Access-to-Justice position at the Supreme Court.

She first joined the Supreme Court of Ohio as a justice in January 2003. She was re-elected in November 2008 in a landslide victory in which she carried each of Ohio's 88 counties and took approximately 68 percent of the vote. She was elected chief justice in 2010, by a 2-to-1 margin over her challenger and again carried every county.

Born in the nation's capital, but raised in Strongsville and Parma, Chief Justice O'Connor's career in public service and the law spans three decades and includes service as a private lawyer, magistrate, common pleas court judge, prosecutor, and Supreme Court justice. She earned her bachelor of arts at Seton Hill College in 1973 before going on to earn her law degree from Cleveland-Marshall College of Law in 1980.

Justice Donald W. Beatty, South Carolina Supreme Court



Justice Beatty is a native of Spartanburg, South Carolina. He is married and is the proud father of three children. Justice Beatty is a cum laude graduate of South Carolina State University and earned a Juris Doctor degree from the University of South Carolina School of Law. Justice Beatty began his legal career by working for the Neighborhood Legal Assistance Program, thus fulfilling a personal commitment to use his legal training to benefit those who could not afford paid legal representation. Continuing that commitment, he currently serves on the South Carolina Access to Justice Commission.

Following his tenure with the legal aid program, he established a private practice in his home town, Spartanburg, South Carolina. During this time, Justice Beatty maintained a commitment to public service with his election to the Spartanburg City Council, later moving to the state level with his election to the House of Representatives. During his tenure in the South Carolina General Assembly, he served as a member of the Medical Military, Public and Municipal affairs Committee and the Judiciary Committee. In addition, he served as Vice-Chairman and Chairman-elect of the South Carolina Legislative Black Caucus.

His dedication to his community led to his service on the Piedmont Legal Services Board of Directors, Spartanburg Residential Development Corporation, Southside Neighborhoods Association Partnership, BB&T Advisory Board, BMW minority Advisory Board/BMW Construction Project, and many other community organizations intent on uplifting our community. Justice Beatty also finds time to appear at various schools and often speaks to youth groups.

Justice Cheri Beasley, Supreme Court of North Carolina

Justice Cheri Beasley is a seasoned Judge with over sixteen years of judicial experience. After her successful election to a full-eight year term in 2014, Justice Beasley remains committed to maintaining a standard of fairness, ethics and justice on the Supreme Court of North Carolina. She currently serves as Vice-Chair on the North Carolina Equal Access to Justice Commission.

In December 2012, Beasley was appointed by Governor Beverly Perdue to serve as Associate Justice of the Supreme Court of North Carolina, becoming the second African American woman to sit on the State's highest court in its almost 200 year history. Prior to this appointment, Justice Beasley served as an Associate Judge on the North Carolina Court of Appeals to which she was elected in 2008. Justice Beasley is the only African-American woman elected to any statewide office in North Carolina without the benefit of incumbency or appointment by the Governor. She served for nearly ten years as a District Court Judge in the Twelfth Judicial District, Cumberland County, appointed by Governor Jim Hunt in 1999 and subsequently elected and reelected. Justice Beasley also served as a Family Court Judge, a certified Juvenile Court Judge and presided in criminal, traffic and civil matters.

Outside of the courtroom, she lectured at New District Court Judges School at UNC-CH School of Government, lectured for law enforcement and other court personnel, was on the faculty of National Institute for Trial Advocacy, and lectures for Appellate Advocacy and Trial Advocacy classes at UNC School of Law and NCCU School of Law. Justice Beasley holds memberships in the American Bar Association, Appellate Judicial Division, N.C. Bar Association (serving on several committees), Cumberland County Bar Association, Wake County Bar Association, Junior League of Raleigh and a host of other organizations. Justice Beasley is a 2012 Henry Toll Fellow of the Council on State Governments and the recipient of numerous awards to include being inducted into the Douglass Society, selection as a 2015 Wiley A. Branton Symposium Honoree, and receiving the Fayetteville State University's Chancellor's Medallion.

Judge Stephen R. McCullough, Court of Appeals of Virginia

Judge Stephen R. McCullough was elected to the Court of Appeals of Virginia in August of 2011. He was a member of the Access to Justice Planning Committee, which recommended the establishment of an Access to Justice Commission for Virginia. Following the establishment of the Access to Justice Commission in 2013 by the Supreme Court of Virginia, Judge McCullough was appointed as a member of the Commission. He serves on the Commission's pro bono committee, which seeks to improve the bench and the bar's awareness of the need for pro bono services and to increase pro bono participation.

Judge McCullough began his career as a law clerk for Supreme Court of Virginia Justice Leroy R. Hassell, Sr. Following his clerkship, McCullough served as an Assistant Attorney General in the Criminal Litigation Section, where he handled criminal appeals and defended convictions from collateral attack in State and Federal Court. In 2007, he was promoted to the post of Deputy Solicitor General. In 2009, he became Solicitor General of Virginia. The Solicitor General Section in the Attorney General's Office represents Virginia in non-capital cases before the United States Supreme Court, defends state statutes and regulations against constitutional challenge, and handles high profile cases as assigned by the Attorney General. Prior to his elevation on the bench he also served as Opinions Counsel in the Office of the Attorney General. Judge McCullough received two "Best Brief" Awards from the National Association of Attorneys General for briefs he authored in the United States Supreme Court. He was selected as a United States Supreme Court Fellow with the National Association of Attorneys General. Judge McCullough has lectured and written extensively on appellate procedure and criminal law.

He is a graduate with high distinction, Phi Beta Kappa, of the University of Virginia and he obtained his J.D. from the University of Richmond Law School *cum laude,* where he was selected for both the Law Review and the Moot Court Board.

Judge Jill Pryor, U.S. Court of Appeals for the 11th Circuit

Judge Jill Pryor was nominated by President Barack Obama and confirmed by the Senate with a vote of 97-0 on September 8, 2014. A former President of the Georgia Association for Women Lawyers and past Chair of the State Bar of Georgia's Appellate Practice Section, Judge Pryor currently serves on the State Bar of Georgia's Board of Governors and chairs its Access to Justice Committee. She previously served on the Board of Directors for Georgia Legal Services Program.

Before joining the U.S. Court of Appeals for the Eleventh Circuit in October of 2014, Judge Pryor was a partner with Bondurant, Mixson & Elmore, where she practiced business litigation for 25 years. While in private practice, she was recognized in *The Best Lawyers in America*, "The Most Effective Lawyers in Georgia" (*Georgia Trend*), the "Top 100 SuperLawyers," and Chambers & Partners (USA). Before entering private practice, Judge Pryor served as a law clerk to the Honorable J.L. Edmondson, U.S. Court of Appeals for the Eleventh Circuit. She is a graduate of Yale Law School and the College of William and Mary.

Leading and Managing a Cohesive Statewide Program
January 29, 2016
U.S. District Court for the District of South Carolina
J. Waties Waring Judicial Center
Hon. Sol Blatt, Jr. Courtroom
Charleston, SC

Phyllis Holmen, Executive Director, Georgia Legal Services Program

Phyllis Holmen is the Executive Director of Georgia Legal Services Program (GLSP), the nonprofit law firm that provides civil legal aid to resolve critical legal problems of low-income Georgians who live outside the metro Atlanta area. Over two million persons are potentially eligible for GLSP services.

She is or has been a board member and had leadership positions with the National Legal Aid and Defender Association; the National Senior Citizens Law Center; and the national Poverty and Race Research Action Council, among others. She co-founded the Women's Policy Group, which advocated for progressive policies for Georgia's women for over 20 years. She also served on the American Bar Association's Standing Committee on Legal Aid and Indigent Defendants for several years. She was appointed to the ABA President's 2006 Task Force on Access to Civil Justice and helped to draft policies concerning the right to counsel in civil cases.

Ms. Holmen is active with the State Bar of Georgia Board of Governors and its Executive Committee. She served on the Georgia Supreme Court Indigent Defense Commission which wrote and passed legislation that resulted in a completely new statewide system of appointed counsel for indigent defendants. She also served on Governor Roy Barnes' Judicial Nominating Commission, the Supreme Court's Blue Ribbon Commission on the Judiciary, among others.

Andrea Loney, Executive Director, South Carolina Legal Services, Inc.

Attorney Andrea Loney is the Executive Director of South Carolina Legal Services, a statewide law firm that provides civil legal services to protect the rights and represent the interests of low income South Carolinians. South Carolina Legal Services is the entity that evolved from the merger of three (3) legal services programs in South Carolina in 2002. Ms. Loney currently serves on the South Carolina Access to Justice Commission.

Attorney Loney has dedicated her entire career to public interest work with 30+ years in a non-profit civil legal services law firm. She started as a law clerk in 1979 and has remained with legal services except for a four year stint as executive director of the South Carolina Guardian ad Litem Program.

Janice Morgan, Executive Director, Legal Aid Services of Oregon

Janice Morgan is a career legal aid lawyer who currently serves as the Executive Director of Legal Aid Services of Oregon (LASO). LASO is the statewide, LSC-funded legal aid program in Oregon, with basic field, migrant and Native American components. Prior to becoming Executive Director in 2012, Ms. Morgan was the Director of the Farmworker Program at LASO where she represented agricultural workers in employment, housing and civil rights issues. She also served as the director of LASO's low-income taxpayer clinic.

Before joining LASO in 1998, Ms. Morgan worked as a staff attorney and managing attorney for LSC-funded legal aid programs in Michigan and as a staff attorney with the Migrant Legal Action Program, the former national support center for farmworker issues. She began her career representing the rural poor at Western Kentucky Legal Services, where she handled consumer, housing, public benefits and family law cases. Ms. Morgan is a 1980 graduate of Mt. Holyoke College and a 1983 graduate of Georgetown University Law Center. She has served on the Oregon State Bar's Pro Bono Committee and its Advisory Committee on Diversity and Inclusion. She has also served on the boards of directors of several non-profit organizations that provide services to low-income individuals and has been a member of several professional organizations including Oregon Women Lawyers.

Adrienne Worthy, Executive Director, Legal Aid of West Virginia

Adrienne Worthy is currently the Executive Director of Legal Aid of West Virginia, a position she has held for 13 years. Prior to assuming her current position, she was the director of two other regional legal aid organizations in West Virginia for a total of six years. She has the distinction of being one of the few non-attorney directors of a legal aid program in the country.

Ms. Worthy has more than 34 years of experience working at a leadership level within non-profits and government agencies on poverty, environmental, health, consumer, literacy and justice issues, particularly focusing on the needs of low-income women and girls.

Luncheon Speaker Biography

Luncheon
January 29th, 2016
Mills House
Charleston, SC

William C. Hubbard, Immediate Past President, American Bar Association

William C. Hubbard served as President of the American Bar Association in 2014-2015. He previously served a two-year term as Chair of the ABA's House of Delegates. Mr. Hubbard is a past president of the American Bar Foundation and the American Bar Endowment. He is also a member of the Council of the American Law Institute and is an Honorary Bencher of Middle Temple in London.

Among his many accolades, Mr. Hubbard is Chairman of the Board of the World Justice Project. He is a Fellow of the American College of Trial Lawyers and the American Board of Trial Advocates. Mr. Hubbard has also served on the Board of Trustees of the University of South Carolina since 1986 and served as Chairman of the Board from 1996-2000.

In 2002, Mr. Hubbard was presented the Order of the Palmetto, the highest civilian award presented by a South Carolina Governor and in 2007, he received the American Inns of Court Professionalism Award for the United States Court of Appeals, Fourth Circuit.

Mr. Hubbard earned his B.A. and J.D. degrees from the University of South Carolina. He was law clerk to U.S. District Judge Robert F. Chapman. He is a partner with Nelson Mullins Riley & Scarborough LLP.

Former South Carolina Supreme Court Chief Justice Jean Hoefer Toal

Chief Justice Jean H. Toal (Ret.) began her service as an Associate Justice on the Supreme Court of South Carolina in 1988, becoming the first woman to serve as a Justice of the South Carolina Supreme Court. She was re-elected in February of 1996 and was installed as the first female Chief Justice in 2000. She retired on December 31, 2015 after 27 years on the bench.

In addition to her work on the bench, Chief Justice Toal has become chief advocate for South Carolina's Judicial Automation Project. Under her leadership, technology initiatives are being integrated into the eight levels of the South Carolina court system. Some of the technology projects include high-speed network connectivity to all 46 county courthouses and an on-line, statewide case management system. Because of her efforts in promoting technology as a way to create a more efficient court system, Chief Justice Toal was recognized by Government Technology magazine as one of the 2002 "Top 25 Doers, Dreamers & Drivers" of technology in government.

Prior to joining the South Carolina Supreme Court, Chief Justice Toal was in private practice for 20 yrs in Columbia. When she was admitted to the Bar in 1968, women comprised less than one percent of the licensed lawyers in South Carolina. In addition to practicing law, Chief Justice Toal utilized her law degree in public service. Beginning in 1975 she served in the South Carolina House of Representatives representing Richland County for 13 years.

Chief Justice Toal is a graduate of the University of South Carolina School of Law. She is a member of the Order of the Coif, Mortar Board and Phi Beta Kappa.