

## MEMORANDUM

**TO:** Finance Committee

**FROM:** James J. Sandman, President

**DATE:** July 19, 2013

**SUBJECT:** Management's Recommendation for LSC's FY 2015 Budget Request

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LSC management recommends that the Finance Committee consider a budget request of **\$486 million** for FY 2015 – the same amount that the Board of Directors adopted for FY 2014.

This recommendation reflects a balancing of the overwhelming need for civil legal services with political and budgetary realities. In light of budget pressures on the federal government, the realities of the appropriations process, the amount of the President's budget request for FY 2014, and the importance of maintaining credibility with our funders, we recommend maintaining our budget request at the same level as last year.

As discussed in greater detail below, the need for civil legal aid would justify a far larger request. The size of the eligible population is expected to remain at a near record high level in FY 2015. The census adjustment has, in many jurisdictions, reduced LSC funding despite increases in the size of the eligible poverty population. Our recommendation would return funding per poor person to about its pre-recession level. But even before the recession, half of all those who sought legal assistance from LSC-funded organizations were turned away according to LSC's 2005 report, *Documenting the Justice Gap in America*; returning funding per poor person to its pre-recession level is not nearly sufficient to meet the need.

Last year's budget recommendation (\$481 million, to which \$5 million was added for the Pro Bono Innovation Fund) was calculated in part by increasing the FY 2013 request by 2.34% – the then-expected increase in the number of people financially eligible for civil legal assistance from 2012 to 2014. The most recent data from the Census Bureau show, however, that growth in the number of people living in poverty has flattened. (**Appendix 1** shows the population eligible for LSC-funded legal aid from 2000 through 2015.) Using the most recent data to project the size of the 2015 eligible population, and adjusting for estimated FY 2015 inflation, using last year's methodology would result in an FY 2015 request of \$493 million, including \$5 million for the Pro Bono Innovation Fund.

We believe that adopting a lower request than last year would understate the magnitude of the need and be inconsistent with our efforts to achieve the first two goals of LSC's strategic plan: "to maximize the *availability*, quality, and effectiveness of the civil legal services that [our] grantees provide to eligible low-income individuals" and "to become a leading voice for civil legal services for poor Americans." (Emphasis added.)

Under this recommendation, basic field grants would continue to represent the largest component of LSC’s overall budget by far. Consistent with previous years, LSC management recommends that approximately 93% of the budget be allocated to basic field grants for FY 2015. Four percent, or \$19.5 million, would fund administrative costs, including compliance and management oversight costs, and 1% would fund LSC’s Inspector General. Consistent with LSC’s appropriation request for FY 2014, our recommended FY 2015 request includes \$5 million for a new grant program to encourage innovations in pro bono legal services as proposed by the Pro Bono Task Force.

The chart below compares LSC’s actual FY 2013 appropriation with the President’s FY 2014 budget request, LSC’s FY 2014 budget request, and our recommended FY 2015 request:

| Budget Category    | FY 2013 Appropriation |       | FY 2014 President’s Request |      | FY 2014 LSC Request  |       | FY 2015 LSC Request  |       |
|--------------------|-----------------------|-------|-----------------------------|------|----------------------|-------|----------------------|-------|
| <b>Basic Field</b> | \$316,144,749         | 92.7% | \$400,300,000               | 93%  | \$451,300,000        | 92.8% | \$451,300,000        | 92.8% |
| <b>TIG</b>         | \$3,158,470           | 0.9%  | \$3,500,000                 | 0.8% | \$5,000,000          | 1%    | \$5,000,000          | 1%    |
| <b>LRAP</b>        | \$928,962             | 0.3%  | \$1,000,000                 | 0.2% | \$1,000,000          | 0.2%  | \$1,000,000          | 0.2%  |
| <b>MGO</b>         | \$15,792,345          | 4.6%  | \$19,500,000                | 4.5% | \$19,500,000         | 4%    | \$19,500,000         | 4%    |
| <b>OIG</b>         | \$3,901,639           | 1.1%  | \$4,200,000                 | 1%   | \$4,200,000          | 0.9%  | \$4,200,000          | 0.9%  |
| <b>Pro Bono IF</b> | -                     | -     | \$1,500,000                 | 0.4% | \$5,000,000          | 1%    | \$5,000,000          | 1%    |
| <b>Total</b>       | <b>\$340,876,165</b>  |       | <b>\$430,000,000</b>        |      | <b>\$486,000,000</b> |       | <b>\$486,000,000</b> |       |

Last month, members of the public presented their recommendations for LSC’s FY 2015 budget request to the Finance Committee. Recommendations were submitted by:

- The National Legal Aid and Defenders Association (NLADA), recommending **\$560 million**.
- The Standing Committee on Legal Aid and Indigent Defendants (SCLAID) of the American Bar Association, recommending **\$492.8 million**. (SCLAID’s request is based on LSC’s FY 2014 budget request, adjusted for the Census Bureau’s most recent year-over-year percentage increase in poverty population data (1.4% from 2010-2011), but without the benefit of LSC’s correction in the projected growth in the size of the eligible population since our FY 2014 budget request was adopted.)
- The Conference of Chief Justices (CCJ) and the Conference of State Court Administrators (COSCA), jointly urging LSC to request **an amount “substantially above LSC’s current appropriations level.”**

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

### **The Eligible Poverty Population Remains High, and Funding Continues to Decline**

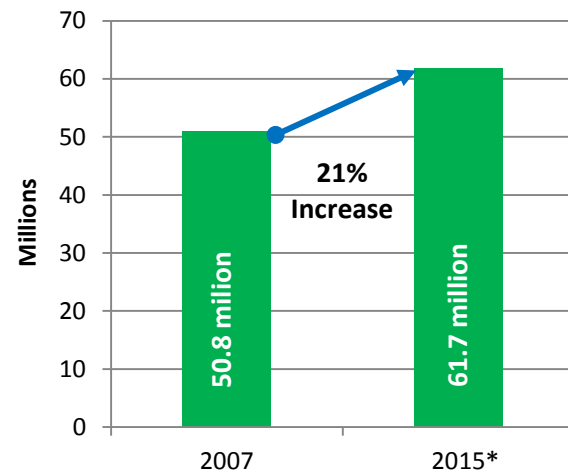
LSC estimates that the number of persons financially eligible for LSC-funded legal aid, *i.e.*, those with incomes at or below 125% of the federal poverty guideline (currently \$14,363 for an

individual and \$29,438 for a family of four), will continue to be high in FY 2015. Based on the most recent information from the Bureau of the Census and the Congressional Budget Office, we estimate that 61.8 million people, or 19.2% of Americans, will be financially eligible for services at LSC grantees in FY 2015, a 21% increase since 2007.

### Eligible Poverty Population

|       | Eligible Population | Percentage of Total Population |
|-------|---------------------|--------------------------------|
| 2007  | 50,876,000          | 16.9%                          |
| 2008  | 53,805,000          | 17.7%                          |
| 2009  | 56,840,000          | 18.6%                          |
| 2010  | 60,443,000          | 19.6%                          |
| 2011  | 63,324,000          | 20.3%                          |
| 2012* | 61,805,000          | 19.7%                          |
| 2013* | 61,635,000          | 19.5%                          |
| 2014* | 61,606,000          | 19.3%                          |
| 2015* | 61,771,000          | 19.2%                          |

\*Estimated



While the overall poverty population remains high, funding for LSC-supported legal aid organizations has declined since 2010 – both in absolute terms and in inflation-adjusted dollars. LSC received its largest appropriation, \$420 million, in FY 2010. Since that time, LSC’s appropriation has been reduced by 19%, to \$340.8 million in FY 2013. LSC is currently funded at less than the 2008 level (LSC’s FY 2008 appropriation was \$350.5 million) and at just \$40 million more than the 1980 level. If LSC’s 1980 appropriation were adjusted to keep pace with inflation, it would amount to \$838.4 million today. (**Appendix 3** shows LSC’s funding history from 1980 to 2013, both in absolute and inflation-adjusted dollars.)

|      | LSC + Non-LSC Actual \$ / Eligible Person | Inflation-Adjusted \$ / Eligible Person |
|------|---|---|
| 2007 | \$16.62                                   | \$18.40                                 |
| 2008 | \$16.41                                   | \$17.49                                 |
| 2009 | \$16.05                                   | \$17.18                                 |
| 2010 | \$15.88                                   | \$16.72                                 |
| 2011 | \$14.75                                   | \$15.05                                 |
| 2012 | \$14.28                                   | \$14.28                                 |

Total non-LSC revenue for all LSC-funded legal aid programs was about constant from 2011 to 2012. (**Appendix 4** shows the historical data on grantees’ LSC and non-LSC funding, and **Appendix 5** shows the sources of non-LSC funding.)

As the chart to the left shows, total grantee funding (LSC + non-LSC funding) per eligible person has declined steadily over the past six years, decreasing 14.1% in absolute dollars and 22% in inflation-adjusted dollars.

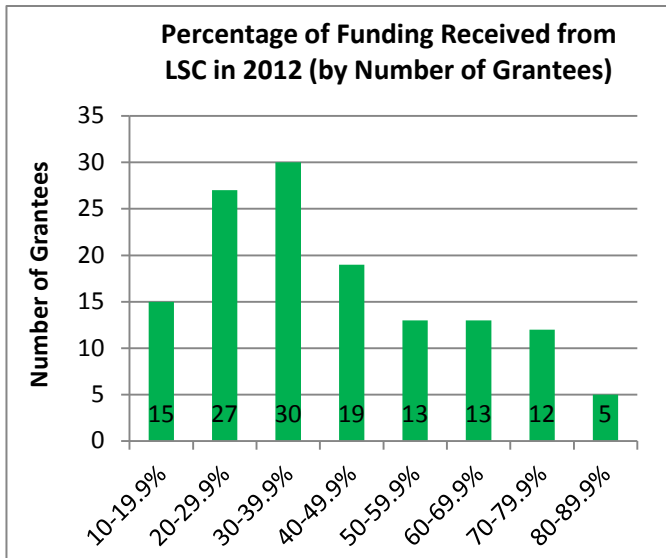
Non-LSC funding levels vary widely from jurisdiction to jurisdiction. In 2012, grantees in 24 states and 3 territories experienced reductions in their non-LSC funding, some by more than 15%. A few of the hardest-hit states also had the highest client-eligible populations. For example, grantees in Alabama, North Carolina, and Oregon experienced non-LSC funding

reductions of 17% or more, while 20% or more of their populations live at or below 125% of the federal poverty line.

As the chart to the right shows, 43 of 134 grantees depend on LSC for half or more of their funding. Thirty grantees receive 60% or more of their funding from LSC and are particularly hard-hit by reductions in LSC funding.

For many grantees, funding reductions have been compounded by the census-based grant reapportionment. Thirty jurisdictions have experienced census-based reductions in LSC funding. Sixteen

have experienced cuts of at least 10% and 10 have experienced cuts of more than 20%. Twenty-five of the 30 jurisdictions experiencing census-based funding reductions saw *increases* in the absolute size of their poverty populations between 2000 and 2011; the reductions were only to their *share* of the U.S. poverty population. (**Appendices 6 and 7** show the changes in the size of each state's poverty population between 2000 and 2011 and the changes in each state's share of the national poverty population.)



### Reduced Funding Has Affected Grantee Operations

In 2012, LSC grantees closed 30 offices. Between 2010 and 2012, grantees eliminated 1003 full-time positions – 406 attorneys, 204 paralegals, and 393 support staff. (My memorandum of July 5, 2013 underreported these reductions.) This represents an 11% loss of the LSC grantee workforce in just two years. (**Appendix 8** shows LSC grantee staffing levels from 2007 to 2012.)

Grantee attorneys closed 10% fewer cases in 2012 than 2011, including 5.5% fewer domestic abuse cases, 10.1% fewer child custody and visitation cases, 13.5% fewer child support cases, and 10.7% fewer landlord/tenant cases. As the following chart shows, the number of cases closed by grantee staff (excluding private attorney involvement (PAI) cases) – 710,264 – was the lowest in recent years. (See **Appendix 9** for the number of cases closed by type in 2012 and **Appendix 10** for a comparison of basic field grant funding from 2007 to 2012 to attorney levels and the number of cases closed during those years.)

|                               | Attorneys         | Paralegals   | Support Staff | LSC Cases Closed<br>(Excluding PAI) | Total Basic Field<br>Funding |
|-------------------------------|-------------------|--------------|---------------|-------------------------------------|------------------------------|
| <b>2007</b>                   | 3920 <sup>1</sup> | 1526         | 3,082         | 808,976                             | \$371,361,640                |
| <b>2008</b>                   | 4144              | 1582         | 3,166         | 795,987                             | \$359,289,240                |
| <b>2009</b>                   | 4174              | 1577         | 3,134         | 816,703                             | \$396,591,900                |
| <b>2010</b>                   | 4351              | 1614         | 3,094         | 824,785                             | \$421,524,780                |
| <b>2011</b>                   | 4097              | 1447         | 2,819         | 797,162                             | \$391,700,500                |
| <b>2012</b>                   | 3945              | 1410         | 2,701         | 710,264                             | \$327,598,070                |
| <b>% Change<br/>2007-2012</b> | <b>0.6%</b>       | <b>-7.6%</b> | <b>-12.4%</b> | <b>-12.2%</b>                       | <b>-11.8%</b>                |

The reduced staff, office, and case closure levels from 2010 to 2012 are not surprising in light of significant cuts to LSC funding during that time. States with the greatest dependence on LSC funds saw high rates of staff reductions and office closures between 2010 and 2012.<sup>2</sup> LSC grantees in southern states, which received a median of 48.3% of their total funding from LSC in 2012, eliminated 334 of the 964 full-time positions eliminated by LSC grantees. Georgia eliminated 21% of its attorney positions, Arkansas eliminated 22% of its support staff, Virginia eliminated nearly 30% of its paralegals, and Kentucky eliminated 16% of its total staff. At the same time, client-eligible populations in the south remain higher than the national median.

Similarly, LSC grantees in western states, which received a median of 48.5% of their total funding from LSC in 2012, saw high rates of office closures – 23 of the 30 offices closed. In addition, Oregon reduced its total staff by more than one-third, including over 30% of its attorney positions, and Montana eliminated two-thirds of its paralegal staff.

Despite office closures and staff reductions, LSC grantees have worked to leverage their resources through partnerships, pro bono assistance, technology, and other creative delivery systems to maintain client services. For example, **the Northwest Justice Project (NJP)** has an online intake and triage solution system for prospective clients in Washington. This system, which is integrated with NJP’s case management system, allows clients to apply for assistance online 24 hours a day, 7 days a week, enabling staff to focus on data *confirmation* rather than data collection. The innovation saves approximately 10 - 15 minutes of staff time per application and 1.0 – 1.5 full-time intake staff per year, allowing resources to be allocated more effectively elsewhere.

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<sup>1</sup> Although significantly more cases were closed in 2007 by 25 fewer grantee attorneys than in 2012, significant decreases in paralegal and support staff over the same time period may explain the difference. In 2007, the ratio of non-attorney staff (paralegals + support staff) to attorneys was 1.18:1; five years later, it was 1.04:1 – a decline of 11.4%. It can be difficult for attorneys to manage the same caseload with reduced administrative support. In addition, grantees reported significant increases in certain categories of activities between 2007 and 2012 that did not result in closed cases. For example, the number of people assisted at court help desks increased from 93,659 in 2007 to 276,481 in 2012 (a 195% increase), and the number of persons attending presentations to community groups increased from 280,663 in 2007 to 683,141 in 2012 (a 143% increase).

<sup>2</sup> Generally, southern and western states rely more heavily on LSC funding than northeastern and mid-western states. (In 2012, southern and western states received about 48% of their total funding from LSC, whereas northeastern and mid-western states’ LSC funding accounted for a little over 34% of total funding. The percentage for all grantees was 39.9.)

The **Mississippi Center for Legal Services (MCLS)** has increased pro bono assistance by developing an online pro bono training and clinic calendar tool and an online case notification and placement system to facilitate pro bono attorney participation. As a result, private attorneys viewed MCLS's pro bono case listings 1,347 times in the first month, an increase of 600%, and 86 new volunteers registered to do pro bono work. PAI cases closed in Mississippi have more increased 51% since the system was implemented in 2011 (1138 PAI cases closed in 2010 compared to 2312 cases in 2012).

The **Central Virginia Legal Aid Society** partnered with the Richmond Bar Foundation, the Legal Aid Justice Center, Capital One, the University of Virginia School of Law, and ten law firms to launch a model case management system called Justice Server. Justice Server has been praised for its potential to enhance pro bono assistance in Virginia and will also enhance grantees' internal case management systems, allowing supervisors to review complete case files online.

### **The Cost of Returning to Pre-Recession Office and Staffing Levels**

Our FY 2015 budget recommendation aims to restore the same level of service that LSC grantees provided in 2007 – the last year before the recession began and the size of the population eligible for LSC-funded services increased dramatically.

| Year | Total Basic Field Funding | Eligible Persons | \$/Eligible Person |
|------|---------------------------|------------------|--------------------|
| 2007 | \$371,361,640             | 50,876,000       | \$7.30             |
| 2008 | \$359,289,240             | 53,805,000       | \$6.68             |
| 2009 | \$396,591,900             | 56,840,000       | \$6.98             |
| 2010 | \$421,524,780             | 60,443,000       | \$6.97             |
| 2011 | \$391,700,500             | 63,324,000       | \$6.19             |
| 2012 | \$327,598,070             | 61,805,000       | \$5.30             |
| 2013 | \$316,144,749             | 61,635,000       | \$5.13             |

In 2007, basic field funding, \$371 million, was \$7.30 per eligible person in inflation-adjusted dollars.<sup>3</sup> Basic field funding per eligible person is now only \$5.13 in constant dollars. We project that basic field funding will need to be \$450.9 million in FY 2015 to return to FY2007 funding per eligible person. LSC management recommends a request of \$451.3 million for Basic Field funding in FY 2015.

### **Budgetary Realities Suggest a Flat Request**

The federal government is under enormous pressure to bring down the deficit and limit spending. The House and Senate reached a bipartisan agreement on the debt limit in August 2011 that set

<sup>3</sup> Basic field funding adjusted for inflation in 2013 Dollars using United States Department of Labor, Bureau of Labor Statistics, CPI Inflation Calculator, [http://www.bls.gov/data/inflation\\_calculator.htm](http://www.bls.gov/data/inflation_calculator.htm); Eligible persons 2007-2011, U.S. Bureau of the Census, Current Population Survey, Annual Social and Economic Supplements, Table 6. People Below 125 Percent of Poverty Level and the Near Poor: 1959 to 2011 (for persons below 125% poverty 1994-2011); LSC Projections for 2012, 2013, and 2015 client eligible populations using LSC estimates based on: Monea and Sawhill, "Simulating the Effect of the 'Great Recession' on Poverty" (<http://www.brookings.edu/research/papers/2009/09/10-poverty-monea-sawhill>); Unemployment, CBO, "CBO's Baseline Economic Forecast - February 2013 Baseline Projections", (<http://www.cbo.gov/publication/43902>); Total Population, US Census, "2012 National Population Projections - Table 1"; Poverty Population, U.S. Bureau of the Census, Current Population Survey, Annual Social and Economic Supplements.

discretionary spending limits for ten years, with sequestration beginning in January 2013 if no agreement was reached by November 2011 to limit the deficit. The Budget Control Act of 2011 (BCA) requires additional sequesters every year through 2021 to reduce future federal deficits.

### *FY 2013*

On March 1, 2013 a 5% sequestration was implemented on all discretionary funding. As a result, LSC's \$350.1 million appropriation was reduced by 5%, resulting in a final appropriation of \$332.6 million during the first half of FY 2013. On March 27, Congress passed the Consolidated and Further Continuing Appropriations Act of 2013 (P.L. 11306) for the remainder of FY 2013. This provided LSC with an initial appropriation of \$365 million, which was reduced by two across-the-board rescissions (1.877% and .2%) and sequestration (5%), for a total of \$340.8 million.

### *FY 2014*

The BCA set a spending cap of \$966 billion for FY 2014 – 1.8% below current levels. The House and the Senate have passed budget resolutions governing FY 2014 appropriations. The House resolution calls for discretionary spending of \$967 billion – almost 2% below this year's \$986 billion after sequestration. The Senate's FY 2014 budget resolution calls for discretionary spending of \$1.058 trillion, \$91 billion more than the spending plan moving in the House.

The House and Senate Appropriations Committees have set their "302(b) allocations," which divide discretionary budget funds among twelve appropriations subcommittees. The House 302(b) allocation provided \$47.4 billion for the Commerce, Justice, Science, and Related Agencies (CJS) Subcommittee, which has jurisdiction over LSC's appropriation. This is 6.8% less than the CJS discretionary budget authority enacted for FY 2013. The Senate 302(b) allocation for the CJS Subcommittee is \$52.272 billion, \$2 billion more than was enacted for FY 2013, and \$4.872 billion more than the House CJS Subcommittee's allocation.

The House CJS appropriations bill provides \$300 million for LSC – a decrease of 11.7% over FY 2013 enacted levels after sequestration and the same amount recommended by the House in FY 2013. The Senate CJS appropriations bill provides \$430 million for LSC; this is consistent with the White House request.

Although we believe the need for civil legal services would certainly justify an increase over LSC's appropriations request for FY 2014, our recommendation to make the same request as last year reflects our sensitivity to the current budget climate and the importance of maintaining credibility with our appropriators.

### **Conclusion**

A persistently high client-eligible population, coupled with significant funding cuts – a 19% decline in LSC funding in just three years' time, decreasing revenues from some non-LSC funding sources, and census-based adjustments for a significant number of grantees, despite increasing poverty rates in their service areas – has made it impossible for LSC grantees to

continue to do more with less. LSC grantees have been forced to eliminate 11% of their staff and close 30 of their offices, resulting in a 10% decline in the number of cases they were able to close in 2012. We believe that LSC needs a substantial increase from its current funding level to be able to support basic civil legal services for low-income Americans.

**The following are explanations of the portions of the recommended budget in addition to basic field grants.**

**Pro Bono Innovation Fund**

LSC management recommends requesting \$5,000,000 for FY 2015 to establish a Pro Bono Innovation Fund. The Pro Bono Task Force urged the creation of the Innovation Fund to expand legal aid by engaging private attorneys in new and innovative pro bono projects across the country. The Board voted to include this amount in LSC’s FY 2014 budget request.

**Management and Grants Oversight**

Congress appropriated \$17 million for Management and Grants Oversight (MGO) for FY 2013 (which, after two rescissions and sequestration, was reduced to \$15,792,345). Last year, the Board approved a request of \$19,500,000 for MGO. We recommend the same request for FY 2015.

As part of its commitment to sound fiscal oversight and a more efficient and effective system for evaluating and monitoring internal controls related to the proper use of funding by LSC’s grantees, the LSC Board adopted the recommendations of the Task Force on Fiscal Oversight and directed management to begin implementation in 2012.

The proposed MGO budget would allow LSC to continue implementation of the Task Force’s recommendations and to improve fiscal oversight. We also plan to continue projects to improve and upgrade our information technology systems, website functionality, and communications.

As detailed in the chart to the right, our proposed budget would allow LSC to add staff in the Office of Compliance and Enforcement and the Office of Program Performance to increase the number of grantee visits, enhance grantee oversight to ensure compliance with good fiscal practice and regulatory and statutory requirements, and improve service delivery to clients. It would also permit implementation of recommendations resulting from the data project funded by the Public Welfare Foundation.

| <b>LSC Staffing By Department:<br/>Comparison of FY 2013 and Estimated FY 2015 Staffing Levels</b> |                         |                                  |                                 |
|--|-------------------------|----------------------------------|---------------------------------|
| <b>Department</b>  | <b>FY2013 Staffing*</b> | <b>FY2015 Staffing Estimates</b> | <b>Difference FY13 and FY15</b> |
| EO   | 6                       | 7                                | 1                               |
| OLA  | 6                       | 7                                | 1                               |
| GRPA   | 6                       | 7                                | 1                               |
| HR   | 5                       | 6                                | 1                               |
| OFAS   | 10                      | 10                               | 0                               |
| OIT  | 7                       | 9                                | 2                               |
| OPP  | 24                      | 30                               | 6                               |
| OIM  | 5                       | 5                                | 0                               |
| OCE  | 22                      | 28                               | 6                               |
| Training   | 0                       | 3                                | 3                               |
| <b>Subtotal</b>  | <b>91</b>               | <b>112</b>                       | <b>21</b>                       |
| OIG  | 28                      | 30                               | 2                               |
| <b>Total</b>   | <b>119</b>              | <b>142</b>                       | <b>23</b>                       |

\*Actual staffing levels as of 7.16.13, excluding temporary staff and two new hires in OCE, which have not yet received payroll payments



## **Technology Initiative Grants**

Currently, the Technology Initiative Grants (TIG) program is funded at \$3,158,470. For the past two years (FY 2013 and FY 2014), the Board has approved a request of \$5,000,000. We recommend the same request for FY 2015.

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

Continuation of the TIG program and the development of resources for the poor to take advantage of mobile devices in particular is an important tool for LSC to use in the implementation of this vision. Mobile devices are the fastest growing access low-income persons have to the Internet, and we intend to work with our grantees to be sure that websites and automated forms are optimized for use on mobile devices. The use of text messaging needs to be integrated into delivery systems to provide legal information on demand and reminders for appointments, deadlines, and court hearings.

In addition, the technology working group of the LSC Pro Bono Task Force has recommended adopting best practices such as case management systems optimized to support pro bono, automated forms and use of mobile apps, facilitating integration and centralization for both attorneys and clients, providing and ensuring support for pro bono attorneys, and encouraging innovative approaches, including providing opportunities for non-lawyer volunteers. Increased TIG funding will allow LSC to fund these projects.

## **Herbert S. Garten Loan Repayment Assistance Program**

Last year, the Board adopted a request of \$1,000,000 for the Herbert S. Garten Loan Repayment Assistance Program (LRAP) for FY 2014; we recommend the same amount in FY 2015.

Starting as a pilot program in 2005, LRAP has enabled LSC grantees to recruit and retain high-quality attorneys. Past evaluations of the program show that large law school loan debts for legal aid attorneys, coupled with low salaries, constitute major barriers for grantees in hiring and retaining talented lawyers. The evaluations found that LRAP mitigates the economic hardships confronting grantee attorneys and increases their ability and willingness to stay with their legal aid organizations.

With the appropriation of \$928,962 in FY 2013, LSC was able to provide loan repayment assistance to a new class of 76 attorneys. To date, loan repayment assistance has been provided to a total of 480 attorneys at 106 LSC grantees. This year, six new LSC grantees have LRAP recipients. An appropriation of \$1,000,000 for FY 2015 would permit LSC to assist a new class of 80 attorneys.

## **Office of Inspector General**

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

The Inspector General Act established independent Offices of Inspector General (OIG) within federal agencies and certain federally-funded corporations, charged with the dual mission of preventing and detecting fraud and abuse, and improving the economy, efficiency, and effectiveness of their respective agencies' and corporations' programs.

For FY 2015, the LSC OIG is requesting \$4,200,000, the same amount appropriated annually (pre-sequestration or rescission adjustments) since FY 2009, and less than 1 percent of the total LSC budget request. The OIG request takes into consideration existing funding constraints while conservatively planning to spend down anticipated carryover. The requested amount will facilitate vital flexibility in the OIG's work plan, allowing the OIG to remain an effective oversight resource for Congress, LSC and the American taxpayer.

The requested funds will enable the OIG to thoroughly address current concerns and program priorities while responding quickly and effectively to requests for reviews from Congress, the LSC Board and LSC management. With these funds, the OIG will continue to review LSC grantees' operations with an eye toward improving accountability for LSC funds while simultaneously maintaining its focus on internal LSC operations. The OIG will also continuously identify opportunities for LSC to be more effective and efficient in carrying out its statutory mission by providing LSC management with current and relevant information to assist them in their grant competition and administration activities.

In addition, the funds will support the OIG's comprehensive program of audit quality control reviews, which is intended to ensure that the work of grantees' independent public accountants meets all relevant auditing standards. The funds will also support the OIG's ongoing efforts to combat fraud, waste, and abuse through a wide range of fraud and compliance investigations; outreach and educational initiatives such as fraud awareness briefings, webinars and assessments; and by operating a nationwide hotline for reporting suspected malfeasance. Moreover, the funds will enable OIG to continue its program of grantee regulatory vulnerability reviews designed to improve grantees' regulatory compliance. Finally, the requested funds will allow the OIG to upgrade its information systems to improve the sharing of information regarding OIG audits and investigations and facilitate office-wide planning.

As required by the Inspector General Act of 1978, as amended, I, Jeffrey E. Schanz, Inspector General of the Legal Services Corporation, certify that the request includes \$60,000 to satisfy foreseeable OIG professional training needs for FY 2015. The request also includes \$12,000 for the OIG's projected pro rata contribution in support of the Council of Inspectors General on Integrity and Efficiency.

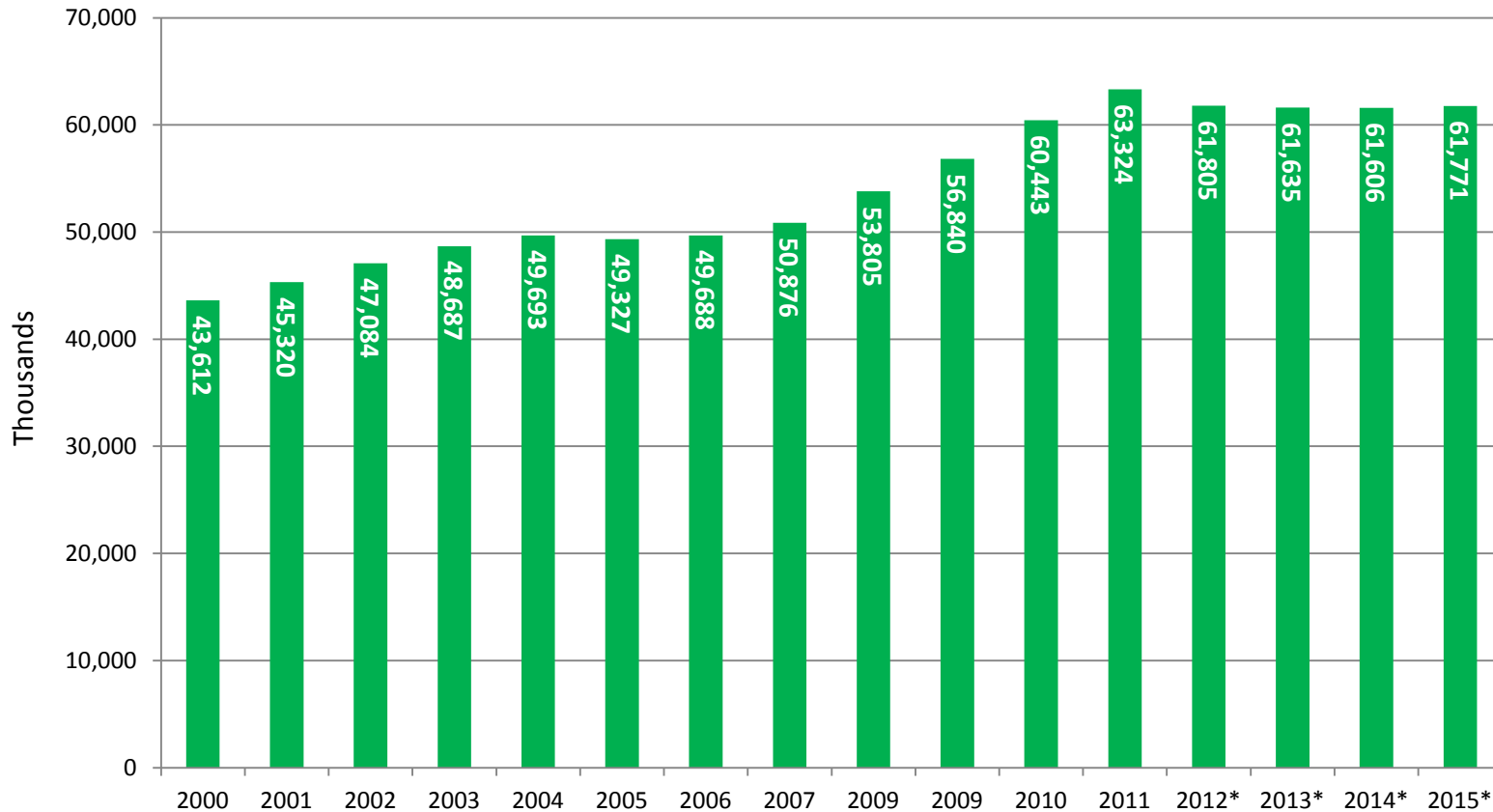
The OIG requires the requested funds to adequately perform its mission in FY 2015 and to maintain the utmost flexibility to redirect resources – whenever and wherever they may be needed – in a timely and effective manner. In addition, the requested appropriation will enable the OIG to prioritize its resources to address the most significant and relevant issues and provide

timely reporting to LSC and the Congress, with the shared goal of increasing accountability and public confidence in the LSC's expenditure of federal funds.

## APPENDIX 1

# Americans Eligible for LSC-Funded Legal Aid

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



\*Projections.

Sources: 2000-2010 data from U.S. Bureau of the Census, Current Population Survey, Annual Social and Economic Supplements. 2011 data from U.S. Census Bureau, 2011 American Community Survey 1-year estimates, Table S1701, Poverty Status in the Past 12 months. 2012-2015 estimates based on 2011 and prior year data from U.S. Bureau of the Census, Current Population Survey, Annual Social and Economic Supplements; Emily Monea and Isabel Sawhill, "An Update to 'Simulating the Effect of the 'Great Recession' on Poverty,'" The Brookings Institution, September 13, 2011, Figure A; and U.S. Census Bureau, Population Division, Table 1-C. Projections of the Population and Components of Change for the United States: 2010 to 2050 Constant Net International Migration Series (NP2009-T1-C), Release Date: December 16, 2009.

**APPENDIX 2**

**Public Comments Regarding  
LSC's FY 2015 Appropriations  
Request**

## MEMORANDUM

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

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

Date: June 10, 2013

Re: NLADA Recommendation for FY 2015 LSC Funding Request

The National Legal Aid & Defender Association's (NLADA) Board of Directors and Civil Policy Group submits this recommendation to LSC in response to your notice seeking input regarding LSC's request to Congress for funding for Fiscal Year 2015.

We urge the Finance Committee to recommend a figure of **\$560 million** for FY 2015 for consideration by the LSC Board. This figure represents a reasonable increase to our recommendation from last year following our long-standing goal of consistent growth aimed at closing the Justice Gap in the United States.

This figure is also consistent with the well-reasoned requests submitted to Congress by LSC for previous years. Those recommendations define a multi-year plan for the measured, reasonable growth of federal support, aimed in part to return the LSC grantee community to the level of capacity that existed before the onset of this long period of recession. The approach likewise continues an effort to close the 55% turn-away rate of applicants with meritorious claims indicated by LSC's 2009 report on *Documenting the Justice Gap in America*.

We submit three fundamental rationales for this request:

- 1) *The huge gap between the availability of, and the need for, civil legal assistance for people living in poverty in the United States;*
- 2) *The continuing loss of capacity among LSC grantees due to an increasingly challenging fiscal environment; and, most compellingly,*
- 3) *The depth of positive outcomes for low-income Americans resulting from the federal investment in LSC and its grantees.*

### 1) **The Justice Gap.**

We understand that LSC is looking at a variety of data and evidence to support its budget request. We think the amount of our request for federal support for the justice system is justified by a wide range of empirical indicators that clearly demonstrate the huge, and growing, need for legal aid in the United States.

Census Bureau estimates project that over 60 million Americans are now eligible for services from your grantees. Defining the exact parameters of need among such a huge number of people is understandably difficult, as hard needs-based data does not exist at this point in time. However, there can be no doubt that the scope of unmet need in this country is overwhelming.

As we pointed out in detail regarding the FY 2014 request, comparing the level of federal support to the level provided in 1981 under the “minimum access” formula that was used in the formative days of LSC shows just how far congressional support for the civil justice system has slipped over the years. This analysis indicates that federal support relative to need for the basic infrastructure of the legal aid system in this country has fallen precipitously using today’s dollars. The relative level of funding has fallen by 300% since 1981, while the number of eligible clients has grown nearly 50% since 1981.

As your FY 2014 Budget Request dramatically indicated, since 1995 LSC funding per poor person in inflation adjusted dollars has endured a devastating 55% drop.

Of most immediate relevance is the steep decline in federal support for LSC over the last three years. Congressional funding for LSC has decreased from a high of \$420 million in FY 2010 to the current level of \$340.8 million, an erosion approaching 19%. During that same time period, poverty in the United States continued to spike as a result of the stubborn economic downturn. This juxtaposition could not have come at a worse time for those Americans in need of access to the civil justice system to vindicate their most basic and critical legal rights.

These cuts have led to the total loss of 923 personnel in LSC grantee programs across the nation – a 10.3% loss in just two years. Thirty offices have been closed due to these cuts. These losses also forced 71% of LSC offices to reduce client services, which lead to a 10% overall decline in cases closed in 2012, including a 5.5% reduction in the number of domestic violence cases, 10.1% reduction in child custody and visitation cases, 13.5% reduction in child support cases, and 10.7% reduction in landlord/tenant cases that were closed nationwide.

NLADA certainly welcomes, and will support in any way we can, the efforts of LSC and others to develop better data defining the actual need for legal assistance among the nation’s poverty population. We have committed significant new resources to research and gathering evidence-based analysis around critical issues related to civil legal assistance. Our new website, [www.legalaidresearch.org](http://www.legalaidresearch.org), is making research available to the broader community in a much more systematized fashion.

However, there can be no doubt, based upon existing evidence and the clear experiences of your grantees in the field, that the current demand far exceeds the capacity of our system to respond. A request of **\$560 million**, while providing much needed assistance to your grantees and the clients they serve, would not begin to fully address the need for resources in the field.

## 2) Erosion of other funding sources.

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

Strong federal support for LSC is particularly important in regions that have historically lacked other resources to support their civil justice systems. That federal support is particularly critical on the Indian reservation, in the Deep South and Rocky Mountain regions, and for politically disfavored populations in need of justice. The

quality of the justice system should not be dependent upon where one lives in a country founded on principles of equality and justice under the law.

However, even in states with historically high levels of non-LSC funding, the erosion of those other sources of revenue is growing at an alarming rate. Anecdotally, NLADA has heard over the past year from a number of experienced leaders in the LSC grantee community who feel as if the current combination of funding cutbacks and growing client need has resulted in the most difficult conditions for their work and the civil justice system in their collective memories.

Grantees throughout the nation are suffering from serious funding cuts resulting from the economic downturn. In 2011, IOLTA income continued its downward trend, falling below \$94 million for the first time since the 1990's. That level compares with revenues over \$300 million in 2007. This stunning drop reflects both dwindling IOLTA fund balances and the continuing miniscule federal funds interest rate.

Except for private giving campaigns, data collected by the American Bar Association indicates that every other general category of funding to support civil legal aid is currently trending downward. For the first time since this information has been collected, the overall funding level is in decline.

In recent years, LSC grantees have faced growing challenges beyond the growth in the number of clients eligible for their services. These include the provision of service to an increasing number of cultural and linguistic minority communities who compose significant populations in many areas of the country ill-equipped to address the special needs of these populations. Programs have likewise found it even harder to serve large rural areas in light of the significant decrease in federal support for the delivery of civil legal services.

The obstacles facing LSC grantees in responding to the legal needs of the ever-growing number of people and families living in poverty in this country are overwhelming. In some states, these obstacles are being exacerbated by additional losses resulting from LSC's census redistribution. Given the difficult, austere fiscal climate that has been taking a growing toll on LSC grantees ability to meet their most basic challenges, the importance of growing support for civil legal aid at the federal level is more critical than ever.

### **3) An investment in LSC is an investment in good government.**

LSC grantees serve as a critical and unique resource in helping low-income people and their families escape the shackles of poverty and become self-sufficient members of society. In these extraordinarily difficult fiscal times, the federal investment in legal aid ensures significant positive outcomes for our society that empower the poor and vastly increase the health and vitality of the communities in which they live.

Many legal aid offices now measure outcomes achieved for the families that they assist. Statistics from legal aid programs throughout the country demonstrate the positive results realized for clients from their access to legal services.

Legal aid is the "emergency room" of the legal profession. LSC grantees help clients with legal emergencies such as:

- leaving an abusive situation with the children;
- working with their landlords to preserve their housing;
- challenging mortgage companies to save their homes;
- appealing administrative agency decisions denying access to health insurance or disability income; or
- putting their lives back together after devastating natural disasters, as evidenced by the recent response of the legal aid system to Superstorm Sandy and the Oklahoma tornadoes.



Addressing any of these legal issues not only helps keep the individual client from falling further into poverty and despair, but also saves the communities in which these individuals live the high cost of providing shelter, increased social services and acute care that often becomes necessary when legal intervention cannot be secured.

The benefits of legal aid reach far beyond those who benefit from direct representation. The economic benefits of legal aid services have become increasingly apparent in the last few years, as pointed out extensively in LSC's FY 2014 Budget Request.

A recent report by Community Services Analysis, LLC (CSACO) illustrated many additional benefits to the community from the work of the LSC grantees in Arizona. Increased property values from reduced numbers of foreclosures, long-term employment of lower-income individuals due to enforcement of employment rights and significant savings on emergency housing are just a few of the many additional benefits shown by the study. During 2011, the CSACO study found that Arizona Legal Aid Services closed 3,522 legal matters resulting in \$3,167,599 in immediate direct financial community benefits and \$13,350,240 in long-term consequential financial benefits. The study found that the \$13,191,509 provided to Arizona programs in 2011 created a net value of \$84,328,327 to the communities they serve. This figure represents a social return on investment of **639%**. In other words, for every \$1 of investment in Arizona LSC providers, a value of \$6.39 was realized in these communities.

The continuing confluence of a growing poverty population and a significant erosion of the overall financial foundation upon which our legal aid system is built make it more important than ever that LSC send a strong signal to the Administration and Congress of the need for federal support for civil legal assistance.

We appreciate the consideration the Committee and Board have given in the past to the recommendations we have submitted on behalf of the field as well as your strong advocacy before the Congress with regard to funding for the delivery of civil legal assistance to the millions of clients in need of assistance from your grantees. Your FY 2014 request sent a strong signal of your commitment to advancing the cause of justice in the United States and provided a strong and eloquent message as to why significantly enhanced federal support is so crucial. That support is greatly appreciated by the field and contributes to boosting the morale of your grantees, who struggle daily to make the ends of justice meet in their local communities.

We are very aware that LSC must present its request for FY 2015 in an intensively competitive environment for very limited discretionary federal funding. Yet, as the primary messenger to the Administration and Congress, LSC must remain steadfast in presenting the case that our democracy's promise of equal justice remains a paramount priority of our nation, particularly in times so challenging for millions of Americans.

## **SPECIFICS BUDGETARY ISSUES**

There are several specific issues that NLADA would like to recommend with respect to various lines within the FY 2015 request.

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

administration of LSC.

However, we ask that funds be specially allocated for two continuing LSC initiatives: 1) continuation of the Herbert S. Garten Loan Repayment Assistance Program; and 2) Technology Initiative Grants.

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

Therefore, we urge you to seek funding of at least **\$1 million** for loan repayment assistance for FY 2015. We would also offer to work with LSC in the coming year to develop more detailed data on the effectiveness of the program and to consider whether or not it is appropriately targeted to meet the most pressing needs in the attorney community in light of other existing LRAP programs.

- **Technology Initiative Grants.** NLADA has worked in partnership with LSC and its grantees in helping the civil legal assistance community make great strides in using technological innovation to expand the reach and quality of legal services. The LSC Technology Initiative Grants (TIG) have played a vital role in helping states and local programs to improve their ability to use technology to better serve their clients and to develop a national infrastructure necessary to support state and local efforts. Therefore, we strongly support the continuation of the Technology Initiative Grant program. We recommend that the FY 2015 appropriation request contain at least **\$3.4 million** for TIG.

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

- **Native American Special Grants.** NLADA continues to request that LSC study methods to address the significant disparities in funding for Native American programs and to help develop strategies to improve the delivery of services to Native Americans.
- **Training and Other Assistance for Substantive Advocacy.** We remain concerned about the need for training, professional development and advocacy support within the legal aid community. In today's environment of shrinking budgets, these issues are often neglected. Failure to invest in professional growth and expertise is both a short term mistake and a long term threat to the entire vitality of the system. NLADA would like to continue discussions with LSC about how it can work with the field to reinforce the importance of training and support and strengthen the capacity of the current system to meet these needs.

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

**Chair**

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**MEMORANDUM**

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

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

Date: June 10, 2013

Re: ABA Recommendation for FY 2015 LSC Budget Request

This memorandum sets forth the recommendation of the Standing Committee on Legal Aid and Indigent Defendants (SCLAID), on behalf of the American Bar Association, regarding the Legal Services Corporation's budget request for FY 2015. We appreciate the opportunity to submit this recommendation, and look forward to working with LSC to obtain adequate funding for the important work of the Corporation and its grantees.

Prior to the recession from which the U.S. economy is only now slowly emerging, LSC-funded programs were unable to respond to more than a fraction of the legal needs of eligible persons. As a result of the recession, the number of poor people has increased dramatically. The most recent available data shows that, even now, the poverty population continues to increase. With this increase in poverty, the need for services provided through LSC funding continues to expand. LSC has never been provided with sufficient budget resources to respond to the legal needs of all eligible poor persons, and its ability to do so is slipping even further behind.

Nevertheless, the LSC Board, and organizations such as the ABA which advocate on behalf of the Corporation, must face federal budget realities. In a perfect world, we would prefer to urge that you seek a budget appropriation approaching five times the FY2014 allocation to LSC; this would come close to meeting the needs. But we recognize that competing federal priorities and limited federal resources counsel a more moderate approach. Therefore, we propose that the LSC Board consider that the most recent Census Bureau report indicates a year-over-year increase in poverty of 1.4%, and we urge the Board to seek a similar increase over its FY 2014 budget request. We recommend that the LSC Board seek FY2015 funding of not less than \$492.8 million.

**The Need for LSC Services Continues to Grow**

The latest Census Bureau report providing an indication of poverty trends was the Supplemental Poverty Measure issued in November, 2012. That report indicates

that the percentage of people in the U.S. living in poverty increased by 1.4% between 2010 and 2011.

Past research has demonstrated that approximately 50% of low-income households face legal needs at any point in time. And research has also shown that about half of those households will have more than one legal problem. Thus, the increase in the poverty population means that a larger number of poor people are experiencing legal problems, and half of those people will confront two or more serious legal issues for which LSC-funded programs could provide needed assistance.

The trend toward increasing poverty is certain to result in an increased demand for legal help as more people fall into poverty and suffer problems with employment, housing and income maintenance. Those legal problems, and the need for services, will persist for some time, and this burgeoning demand will impact the LSC-funded network of provider-programs.

### **Other Indicators Also Support an Increased Request**

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

The continuing reduction in funding of legal aid organizations has dramatically curtailed the number of legal aid lawyers available to help those who must turn to the courts for relief. At the same time an increasingly large number of poor people are experiencing multiple legal needs. As a result, the numbers of pro se litigants appearing in state and federal courts continues to rise. According to a research report issued in May 2013:

There have been dramatic increases in the numbers of people representing (self represented litigants or SRL's) themselves in family and civil court over the past decade, across North America. In some family courts this number now reaches to 80% and is consistently 60-65% at the time of filing. The National Self Represented Litigants Project: Identifying and Meeting the Needs of Self Represented Litigants Final Report available at: <http://www.representing-yourself.com/doc/report.pdf>

A report accompanying a February 2013 ABA policy encouraging lawyers to unbundle their services and thus provide at least some modicum of service to more clients reviewed the landscape as it has evolved over the years:

National data indicates that in family law matters, between 60 and 90 percent of the cases involve at least one self-represented party. In New York, nearly two million litigants self-represent each year. California has over 150,000 divorce cases per year. At least one party is unrepresented in 70 percent of them. A New Hampshire report indicates that in 70 percent of the domestic relations matters there at least one party is self represented. In Oregon, about seven out of ten litigants in family law matters self-represent. According to a Utah study conducted in 2005, both sides in debts collection cases were represented in only three percent of the cases. In addition, 81 percent of respondents in divorce cases in Utah self-represent, and in evictions, 97 percent of respondents self-represented.

In 2009, the ABA Coalition for Justice surveyed judges to measure the impact of the economic downturn on the courts. Six out of ten judges who participated in the survey reported that the number of self-represented litigant had increased. Just over a third indicated it had stayed the same, but only 3 percent of the judges reported that more litigants were coming to court with representation. In addition, the study found the self-represented litigants were unprepared, with many having an unsatisfactory outcome. High percentages of judges reported that self represented litigants failed to include important

evidence, committed procedural errors and were ineffective in raising objections, examining witnesses and crafting arguments. Nearly two-thirds of the judges reported that the outcomes of self-represented parties were worse than if they had been represented. See page 2 of report available at:

[www.americanbar.org/content/dam/aba/directories/policy/2013\\_hod\\_midyear\\_meeting\\_108.docx](http://www.americanbar.org/content/dam/aba/directories/policy/2013_hod_midyear_meeting_108.docx)

This trend toward involuntary self-representation has been compounded by significant decreases in the budgets for state and federal courts, causing in many places temporary closures and suspension of trials or services. This impacts everyone who uses the courts to resolve problems—businesses, veterans, victims of domestic violence, landlords and tenants. LSC is an investment that produces an important collateral benefit: it helps to insure that courts keep working as efficiently as possible for both poor litigants and for all others.

### ***Sources of Funding for Legal Aid Continue to Decline***

Federal funding available through LSC provides the foundation for the nation's civil legal aid delivery system, and LSC funding catalyzes the development of other, additional, funding sources. Unfortunately, both LSC and other public funding sources saw significant declines in the last year. Aggregate state funding devoted to legal aid fell by 7%, and other public funding fell by 2%. This is on top of similar funding decreases that occurred in the previous year. Overall, taking all sources providing funding for all legal aid programs into account, funding in the system was 3.5% less in 2012 than the previous year.

With the leadership of the organized bar, Interest on Lawyer Trust Account (IOLTA) programs have been established in every state, the District of Columbia and the Virgin Islands to provide funding for legal aid. However, falling interest rates and the reduction in legal business and therefore in the principal balances in lawyer trust accounts have caused overall IOLTA grants to legal aid nationwide to fall by 54% since 2008, when those grants were at their height. The decline in aggregate IOLTA grants to legal aid from 2010 to 2011 was 14%.

At the same time, local legal aid programs are working hard to increase revenue from private sources. Those sources have responded to entreaties during this difficult economic period. For example, private donations from the legal community increased by 7% during the past year and foundation support increased by 8%. It must be noted, however, that these increases, starting from much lower base amounts and comprising a much smaller portion of revenue in the overall system, cannot compensate for the loss of federal funding.

These reductions in other funding sources make it more important than ever that LSC provide the backbone of funding for legal aid programs.

### **Supplementary Contributions Made Through Pro Bono by Private Lawyers**

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

In 2013, the ABA completed the latest in a series of periodic empirical examinations of pro bono contributions reported by lawyers across the nation. Approximately 50% of lawyers reported contributions of pro bono service addressing the everyday legal needs of the poor (though many others – 80% of the bar in all – reported providing all types of pro bono services including in important policy and issue-oriented advocacy). The ABA continues to work closely with LSC to

buttress and expand pro bono efforts by private lawyers, and in particular to foster more pro bono service to poor individuals with routine legal matters. All who work within the delivery system, however, recognize that pro bono provides only a supplement that cannot replace the network of LSC-funded staff legal aid offices, and that in any event, is dependent on the infrastructure provided by LSC-funded programs.

### **Attracting and Retaining Legal Services Lawyers**

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

### **Building a Strong Technological Infrastructure**

Similarly, we endorse the continuation of the “Technology Initiative Grants” (TIG) program, enabling the civil legal assistance community to move forward with improving and expanding the technological infrastructure for serving clients, reaching into rural communities, etc. We urge the Board to include within its FY2015 budget request an amount that will permit continued development of a strong technological infrastructure within the legal services community.

### **Conclusion**

As the LSC Board prepares its 2015 budget request to the Congress, we urge the Corporation to advocate for a reasonable increase in federal support for legal services for the poor. We believe that a request of \$492.8 million is reasonable for FY2015 in light of the above, and that an appropriation at this level would bring LSC a step closer to fulfilling its role in promoting equal access to justice. The American Bar Association will continue to work closely with LSC to vigorously support increased funding for LSC.

# Conference of Chief Justices Conference of State Court Administrators

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June 10, 2013

Mr. David L. Richardson  
Treasurer  
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3333 K Street, NW  
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Dear Mr. Richardson:

On behalf of the Conference of Chief Justices and the Conference of State Court Administrators, we respond to the recent notice in the Federal Register whereby the Legal Services Corporation (LSC) Board of Directors is seeking public comment on the LSC Budget for FY 2015.


We trust the Board is aware that the Conferences have adopted a series of resolutions in 2002, 2009, 2011, and 2012 in support of adequate public funding for the Legal Services Corporation. Moreover, last year, the Conferences published a policy paper report on "The Importance of Funding for the Legal Services Corporation."

Our policy paper research and the recent White House Forum on Increasing Access to Justice make clear that the depressed national economy is spawning an increase in citizen poverty with a concomitant multiplication of civil legal problems for low-income people. Due to the enduring economic recession and federal budget cuts, LSC and local legal service providers are forced to cut back legal assistance rather than increase capacity. Hence more and more citizens forego legal remedies or feebly represent themselves in cases involving family stability, healthcare, shelter, and livelihood. Contemporaneously many court budgets are just beginning to recover from recession-driven cuts and trial judges continue to manage dockets with very tight appropriations.

In the face of these sobering circumstances, we urge LSC leaders to seek from Congress an FY 2015 appropriation that provides a significant increase above LSC's current appropriations level.

After LSC submits its next budget request to federal policy makers, we are confident that the Conferences will continue to champion the importance of LSC programs to the administration of justice in our country.

Sincerely yours,



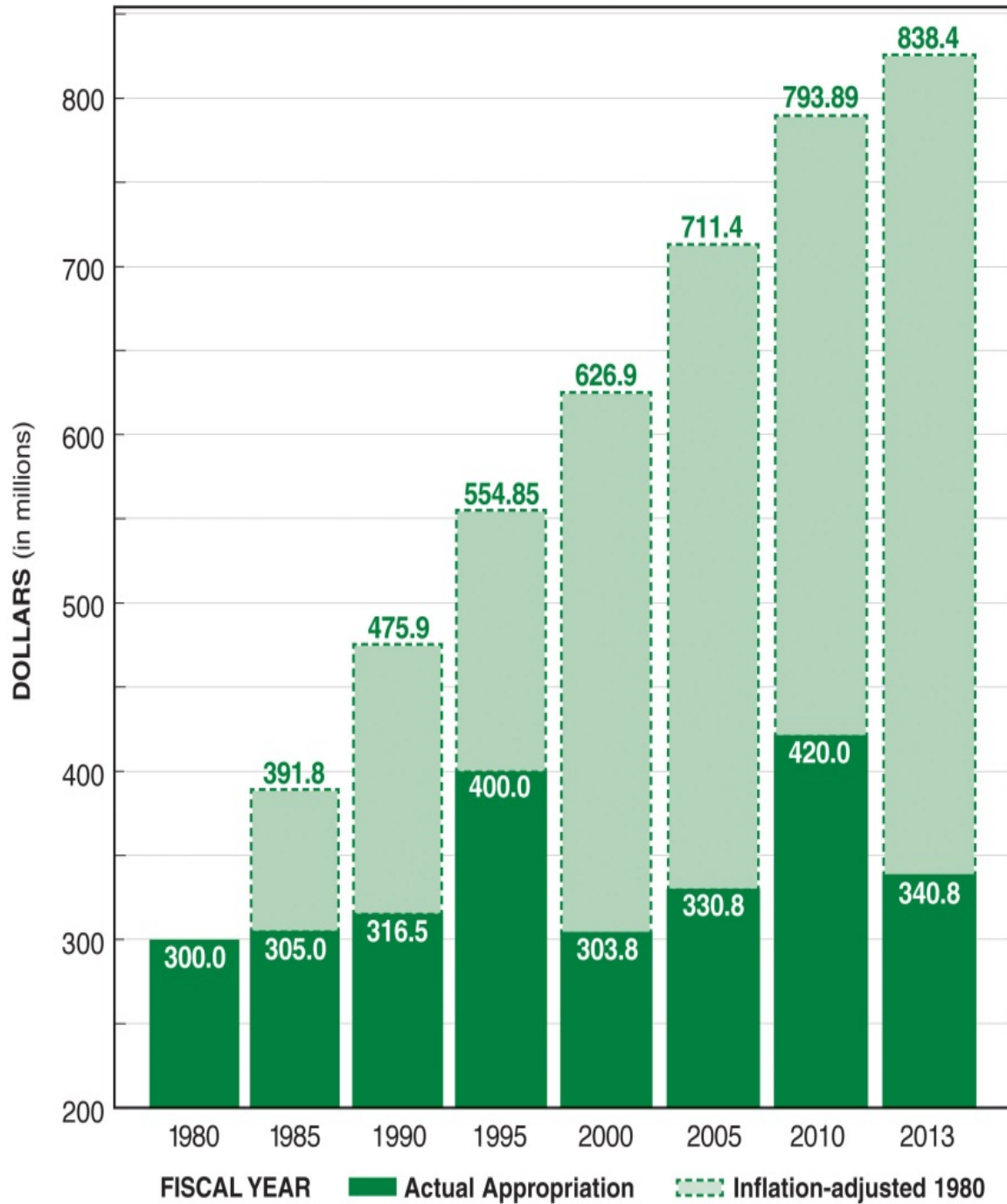
Chief Justice Myron T. Steele  
President  
Conference of Chief Justices



Donald D. Goodnow  
President  
Conference of State Court Administrators

## APPENDIX 3

### LSC Appropriations Compared to its 1980 Appropriations When Adjusted for Inflation

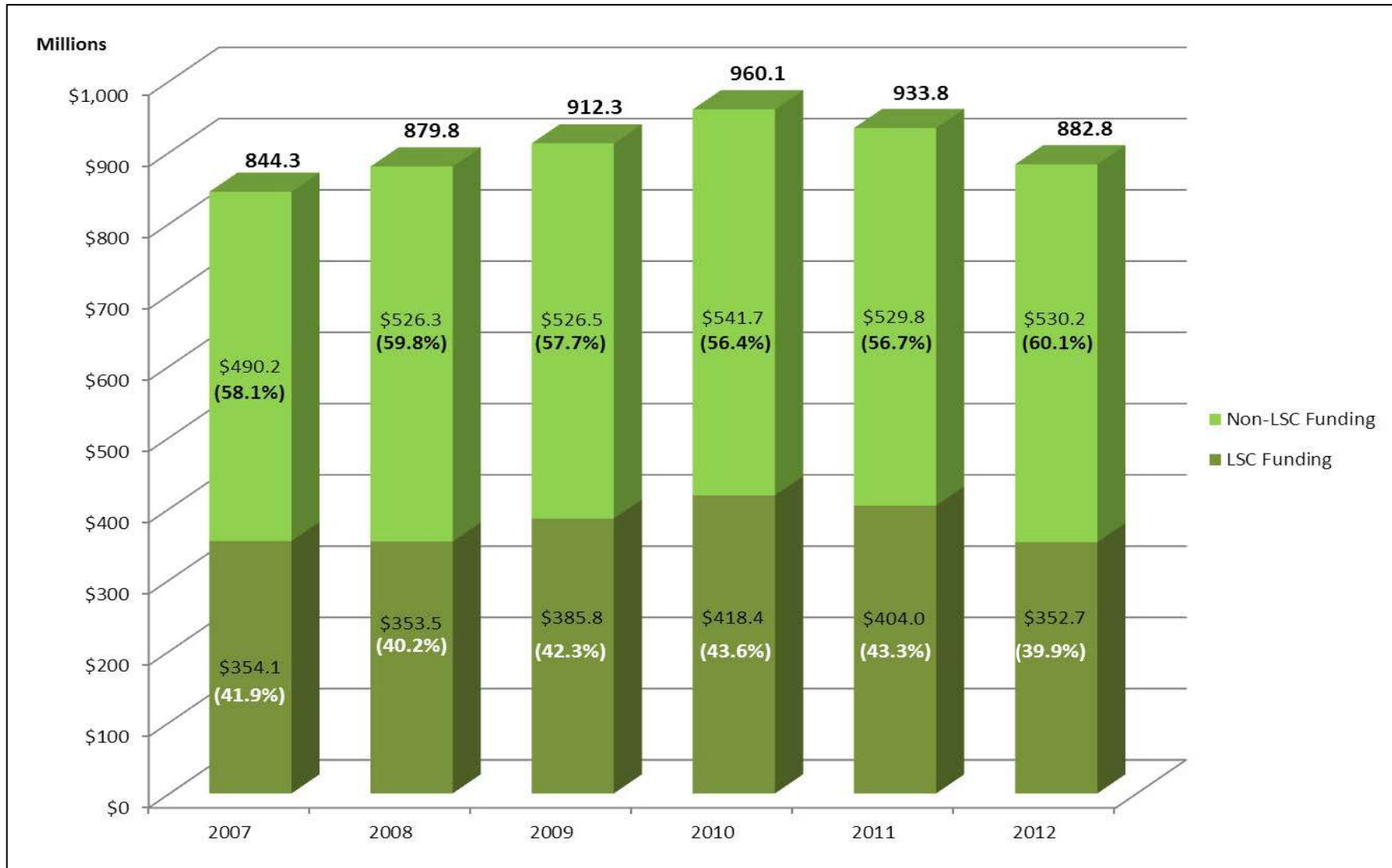


**Note:** The inflation-adjusted figures in this table were derived using the Consumer Price Index (CPI) Inflation Calculator on the Bureau of Labor Statistics website (available here: [http://www.bls.gov/data/inflation\\_calculator.htm](http://www.bls.gov/data/inflation_calculator.htm)) on February 26, 2013.



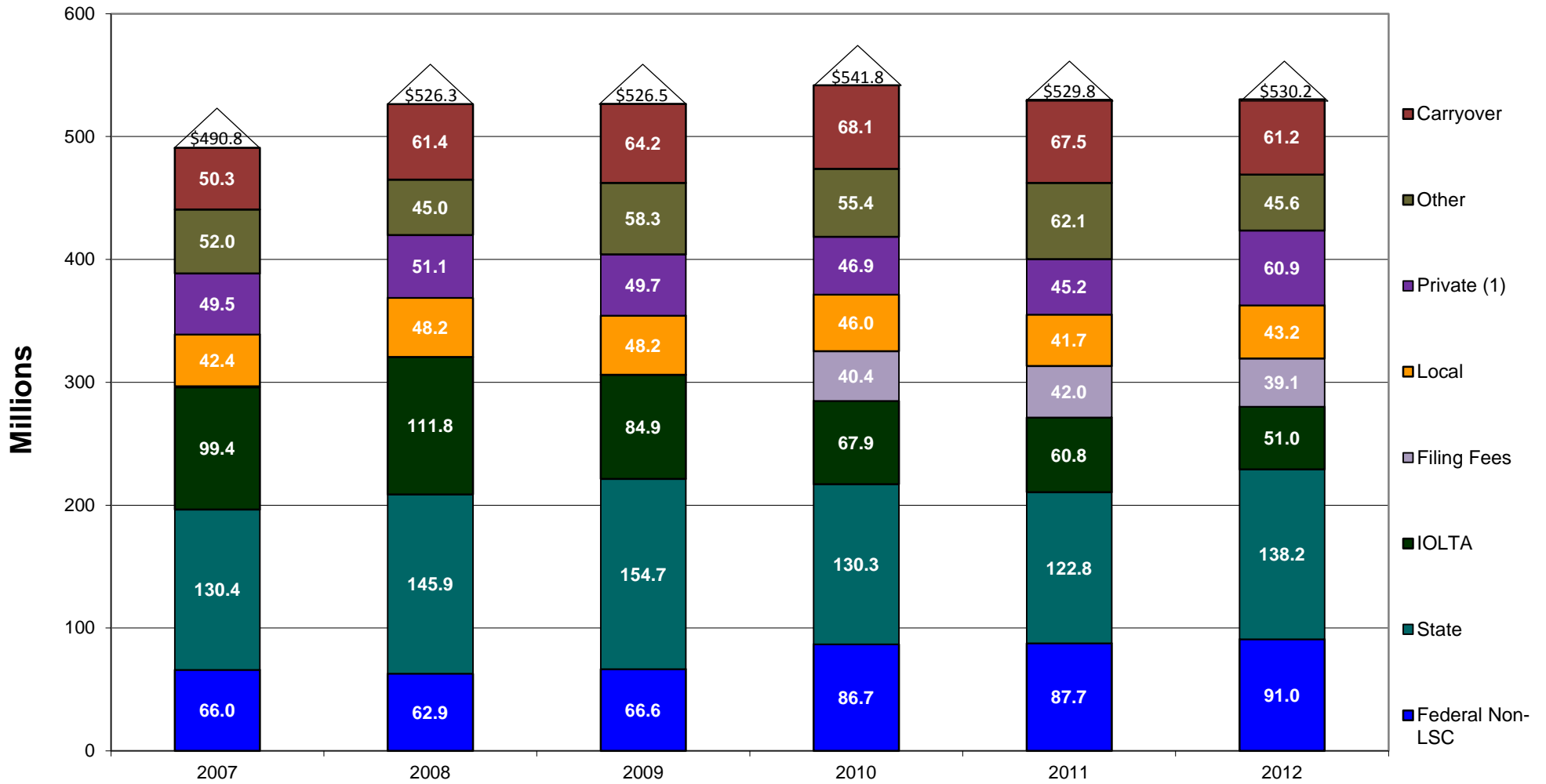
# APPENDIX 4

## Funding Sources 2007-2012



# APPENDIX 5

## Non-LSC Funding Sources 2007-2012



# APPENDIX 6

| Changes in LSC Funding by State Based on 2013 and 2014 Census Adjustments |  |  |                                       |   |   |   |
|---|--|--|---------------------------------------|---|---|---|
| State   | Poverty Population Change: 2000 Census to 2011 ACS       |  | FY13 Actual Funding                   |   | Funding with Full Census Adjustment Based on FY2013 Appropriation | Funding Change: FY13 Funding Before Census Adjustment Plus/Minus Full Census Adjustment Based on FY2013 Appropriation |
|   | Decrease/ Increase in Size of State's Poverty Population | Change in % State's Share of U.S. Poverty Population | FY13 Funding Before Census Adjustment | FY13 Funding with Phase-In of Census Adjustment |   |   |
| Alabama   | 161,798  | -7.03%   | 5,957,639                             | \$5,829,433                                     | \$5,532,721   | -\$424,918  |
| Alaska  | 14,080   | -11.30%  | \$1,185,659                           | \$1,161,903                                     | \$1,107,408   | -\$78,251   |
| Arizona   | 409,995  | 18.29%   | \$8,961,196                           | \$9,314,750                                     | \$10,107,158  | \$1,145,962   |
| Arkansas  | 126,253  | -1.38%   | \$3,514,152                           | \$3,499,331                                     | \$3,461,782   | -\$52,370   |
| California  | 970,055  | -8.96%   | \$40,978,603                          | \$39,876,156                                    | \$37,337,558  | -\$3,641,045  |
| Colorado  | 262,688  | 26.46%   | \$3,408,055                           | \$3,677,091                                     | \$4,281,464   | \$873,409   |
| Connecticut   | 90,926   | 1.93%  | \$2,213,810                           | \$2,226,881                                     | \$2,253,901   | \$40,091  |
| Delaware  | 32,454   | 10.53%   | \$596,542                             | \$615,781                                       | \$658,571   | \$62,029  |
| DC  | -1,465   | -25.53%  | \$934,486                             | \$861,407                                       | \$695,117   | -\$239,369  |
| Florida   | 1,017,361  | 14.81%   | \$16,663,958                          | \$17,419,851                                    | \$19,109,456  | \$2,445,498   |
| Georgia   | 652,242  | 23.10%   | \$8,822,507                           | \$9,446,901                                     | \$10,848,255  | \$2,025,748   |
| Hawaii  | 23,352   | -12.80%  | \$1,495,419                           | \$1,445,068                                     | \$1,329,759   | -\$165,660  |
| Idaho   | 87,148   | 19.71%   | \$1,329,298                           | \$1,405,928                                     | \$1,577,696   | \$248,398   |
| Illinois  | 457,357  | 2.20%  | \$11,025,719                          | \$11,100,057                                    | \$11,255,411  | \$229,692   |
| Indiana   | 395,936  | 28.90%   | \$4,774,701                           | \$5,197,360                                     | \$6,147,346   | \$1,372,645   |
| Iowa  | 106,262  | 6.57%  | \$2,201,870                           | \$2,246,174                                     | \$2,343,779   | \$141,909   |
| Kansas  | 117,866  | 9.99%  | \$2,200,342                           | \$2,267,659                                     | \$2,417,290   | \$216,948   |
| Kentucky  | 169,429  | -3.93%   | \$5,300,504                           | \$5,236,717                                     | \$5,086,382   | -\$214,122  |
| Louisiana   | -26,208  | -26.84%  | \$7,263,495                           | \$6,666,221                                     | \$5,307,589   | -\$1,955,906  |
| Maine   | 32,869   | -6.21%   | \$1,264,911                           | \$1,242,910                                     | \$1,191,801   | -\$73,110   |
| Maryland  | 107,809  | -5.97%   | \$3,743,711                           | \$3,675,253                                     | \$3,516,184   | -\$227,527  |
| Massachusetts   | 135,884  | -6.63%   | \$4,878,287                           | \$4,778,860                                     | \$4,548,458   | -\$329,829  |
| Michigan  | 591,795  | 19.21%   | \$8,870,526                           | \$9,383,445                                     | \$10,532,942  | \$1,662,416   |
| Minnesota   | 220,724  | 19.27%   | \$3,467,739                           | \$3,659,394                                     | \$4,088,943   | \$621,204   |
| Mississippi   | 90,291   | -12.08%  | \$4,754,142                           | \$4,580,983                                     | \$4,184,161   | -\$569,981  |
| Missouri  | 243,589  | 4.30%  | \$5,443,836                           | \$5,515,619                                     | \$5,671,603   | \$227,767   |
| Montana   | 15,965   | -15.13%  | \$1,242,451                           | \$1,191,677                                     | \$1,075,636   | -\$166,815  |
| Nebraska  | 63,146   | 5.04%  | \$1,406,816                           | \$1,428,051                                     | \$1,474,454   | \$67,638  |
| Nevada  | 179,435  | 41.33%   | \$1,878,149                           | \$2,100,382                                     | \$2,600,742   | \$722,593   |
| New Hampshire   | 29,270   | 3.61%  | \$661,010                             | \$668,428                                       | \$684,443   | \$23,433  |
| New Jersey  | 159,317  | -7.33%   | \$5,971,046                           | \$5,836,925                                     | \$5,526,866   | -\$444,180  |
| New Mexico  | 74,608   | -6.04%   | \$3,257,254                           | \$3,201,254                                     | \$3,071,420   | -\$185,834  |
| New York  | 152,818  | -20.23%  | \$22,975,559                          | \$21,551,398                                    | \$18,305,382  | -\$4,670,177  |
| North Carolina  | 638,218  | 25.73%   | \$8,382,936                           | \$9,027,806                                     | \$10,476,211  | \$2,093,275   |
| North Dakota  | 7,233  | -17.09%  | \$875,672                             | \$842,856                                       | \$767,955   | -\$107,717  |
| Ohio  | 606,717  | 14.60%   | \$9,990,872                           | \$10,437,677                                    | \$11,436,211  | \$1,445,339   |
| Oklahoma  | 121,070  | -5.92%   | \$4,948,456                           | \$4,872,473                                     | \$4,695,881   | -\$252,575  |
| Oregon  | 206,075  | 15.49%   | \$3,488,041                           | \$3,645,502                                     | \$3,997,637   | \$509,596   |
| Pennsylvania  | 317,103  | -6.17%   | \$11,129,485                          | \$10,919,273                                    | \$10,431,223  | -\$698,262  |
| Rhode Island  | 15,822   | -14.61%  | \$1,027,140                           | \$981,098                                       | \$875,802   | -\$151,338  |
| South Carolina  | 268,616  | 12.49%   | \$4,675,576                           | \$4,854,445                                     | \$5,253,413   | \$577,837   |
| South Dakota  | 14,540   | -13.08%  | \$1,680,750                           | \$1,647,961                                     | \$1,572,919   | -\$107,831  |
| Tennessee   | 350,786  | 10.94%   | \$6,373,182                           | \$6,586,689                                     | \$7,061,997   | \$688,815   |
| Texas   | 1,261,561  | 6.02%  | \$26,634,936                          | \$27,125,954                                    | \$28,205,280  | \$1,570,344   |
| Utah  | 139,402  | 26.48%   | \$1,836,809                           | \$1,979,626                                     | \$2,300,472   | \$463,663   |
| Vermont   | 15,364   | -3.63%   | \$466,219                             | \$460,958                                       | \$448,520   | -\$17,699   |
| Virginia  | 205,309  | -0.92%   | \$5,603,849                           | \$5,588,063                                     | \$5,545,944   | -\$57,905   |
| Washington  | 264,475  | 8.08%  | \$5,489,128                           | \$5,618,481                                     | \$5,904,872   | \$415,744   |
| West Virginia   | 6,881  | -22.87%  | \$2,695,022                           | \$2,506,173                                     | \$2,076,150   | -\$618,872  |
| Wisconsin   | 264,707  | 19.73%   | \$3,996,740                           | \$4,229,639                                     | \$4,751,715   | \$754,975   |
| Wyoming   | 4,908  | -17.76%  | \$627,067                             | \$601,640                                       | \$543,618   | -\$83,449   |
| <b>TERRITORIES</b>  |  |  |                                       |   |   |   |
| American Samoa  | -2,936   | -30.90%  | \$296,518                             | \$268,460                                       | \$204,665   | -\$91,853   |
| Guam  | 1,056  | -22.23%  | \$296,919                             | \$276,701                                       | \$230,653   | -\$66,266   |
| Micronesia  | 1,462  | -23.90%  | \$1,521,778                           | \$1,410,365                                     | \$1,156,731   | -\$365,047  |
| Puerto Rico   | -152,087   | -30.83%  | \$15,520,882                          | \$14,054,986                                    | \$10,723,207  | -\$4,797,675  |
| Virgin Islands  | -11,308  | -48.95%  | \$298,105                             | \$253,400                                       | \$151,995   | -\$146,110  |
| <b>TOTAL</b>  | <b>11,710,023</b>  | <b>0.00%</b>   | <b>\$316,499,474</b>                  | <b>\$316,499,474</b>                            | <b>\$316,144,749</b>  | <b>-\$354,725</b>   |

**Sources.** Funding data: Legal Services Corporation, Office of Information Management; Poverty population data: U.S. Census Bureau: Census 2000: P87. POVERTY STATUS IN 1999 BY AGE: Data Set: Census 2000 Summary File 3 (SF 3) - Sample Data (with statutorily required adjustments for AK and HI); 2011 American Community Survey 3-Year Estimates, data provided LSC pursuant to P.L. (with statutorily required adjustments for AK and HI); Population data for territories other than Puerto Rico from U.S. Census Bureau, 2010 Census, DP-3-Geography (for each territory), Profile of Selected Economic Characteristics: 2010. Poverty population data for Micronesia based on U.S. Census Bureau, 2010 Census, DP-3-Geography for Commonwealth of the Northern Marianas, Profile of Selected Economic Characteristics: 2010, and data from the governments of the Federated States of Micronesia, the Republic of Palau, and the Republic of the Marshall Islands. **Notes:** (1) "2013 Actual Funding" and "Funding with Full Census Adjustment Based on FY2013 Appropriation" total funding amounts differ because 2013 Actual Funding includes supplement of \$354,725 of 2011 funds for American Samoa that had been unallocated. (2) 2013 Actual Funding for Wyoming does not include a one-time payment of \$114,609 in prior-year unexpended funds received by the Wyoming grantee in 2013.

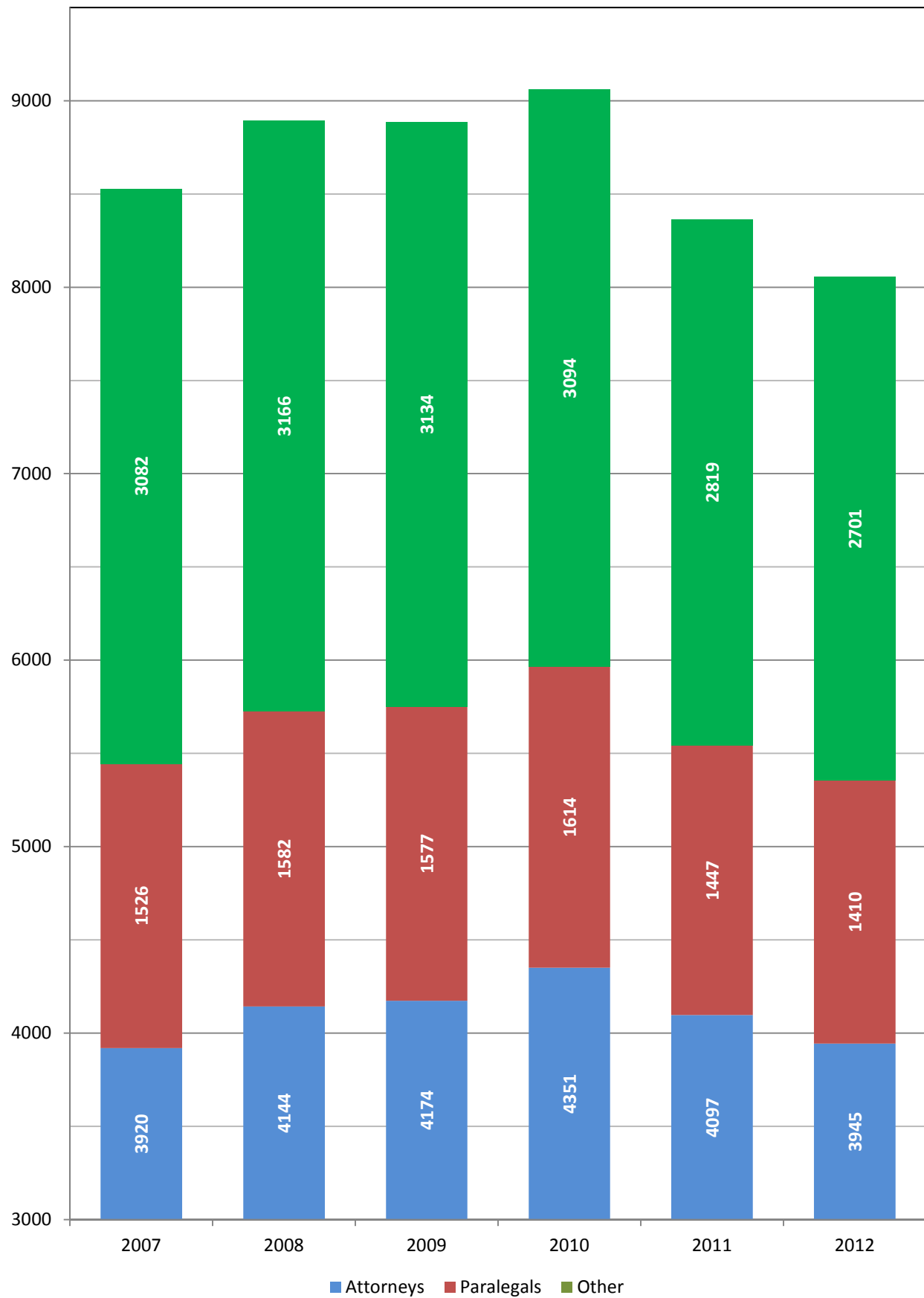
# APPENDIX 7

| Change in States' Poverty Populations: 2000 Census to American Community Survey 2011 3-Year Estimates |                    |  |                    |  |                                       |  |   |
|---|--------------------|--|--------------------|--|---------------------------------------|--|---|
| State   | 2000 Census        |  | 2011               |  | 2000 - 2011 Change                    |  |   |
|   | Poverty Population | % Share of Total U.S. Poverty Population | Poverty Population | % Share of Total U.S. Poverty Population | Changes in Size of Poverty Population | % Change in Size of Poverty Population | % Change in Share of U. S. Poverty Population |
| Alabama   | 698,097            | 1.94%                                    | 859,895            | 1.80%                                    | 161,798                               | 23.18%                                 | -7.03%  |
| Alaska  | 80,405             | 0.22%                                    | 94,485             | 0.20%                                    | 14,080                                | 17.51%                                 | -11.30%                                       |
| Arizona   | 722,865            | 2.01%                                    | 1,132,860          | 2.37%                                    | 409,995                               | 56.72%                                 | 18.29%  |
| Arkansas  | 411,777            | 1.14%                                    | 538,030            | 1.13%                                    | 126,253                               | 30.66%                                 | -1.38%  |
| California  | 4,706,130          | 13.06%                                   | 5,676,185          | 11.89%                                   | 970,055                               | 20.61%                                 | -8.96%  |
| Colorado  | 388,952            | 1.08%                                    | 651,640            | 1.36%                                    | 262,688                               | 67.54%                                 | 26.46%  |
| Connecticut   | 259,514            | 0.72%                                    | 350,440            | 0.73%                                    | 90,926                                | 35.04%                                 | 1.93%   |
| Delaware  | 69,901             | 0.19%                                    | 102,355            | 0.21%                                    | 32,454                                | 46.43%                                 | 10.53%  |
| DC  | 109,500            | 0.30%                                    | 108,035            | 0.23%                                    | -1,465                                | -1.34%                                 | -25.53%                                       |
| Florida   | 1,952,629          | 5.42%                                    | 2,969,990          | 6.22%                                    | 1,017,361                             | 52.10%                                 | 14.81%  |
| Georgia   | 1,033,793          | 2.87%                                    | 1,686,035          | 3.53%                                    | 652,242                               | 63.09%                                 | 23.10%  |
| Hawaii  | 150,439            | 0.42%                                    | 173,791            | 0.36%                                    | 23,352                                | 15.52%                                 | -12.80%                                       |
| Idaho   | 148,732            | 0.41%                                    | 235,880            | 0.49%                                    | 87,148                                | 58.59%                                 | 19.71%  |
| Illinois  | 1,291,958          | 3.58%                                    | 1,749,315          | 3.66%                                    | 457,357                               | 35.40%                                 | 2.20%   |
| Indiana   | 559,484            | 1.55%                                    | 955,420            | 2.00%                                    | 395,936                               | 70.77%                                 | 28.90%  |
| Iowa  | 258,008            | 0.72%                                    | 364,270            | 0.76%                                    | 106,262                               | 41.19%                                 | 6.57%   |
| Kansas  | 257,829            | 0.72%                                    | 375,695            | 0.79%                                    | 117,866                               | 45.71%                                 | 9.99%   |
| Kentucky  | 621,096            | 1.72%                                    | 790,525            | 1.66%                                    | 169,429                               | 27.28%                                 | -3.93%  |
| Louisiana   | 851,113            | 2.36%                                    | 824,905            | 1.73%                                    | -26,208                               | -3.08%                                 | -26.84%                                       |
| Maine   | 135,501            | 0.38%                                    | 168,370            | 0.35%                                    | 32,869                                | 24.26%                                 | -6.21%  |
| Maryland  | 438,676            | 1.22%                                    | 546,485            | 1.14%                                    | 107,809                               | 24.58%                                 | -5.97%  |
| Massachusetts   | 573,421            | 1.59%                                    | 709,305            | 1.49%                                    | 135,884                               | 23.70%                                 | -6.63%  |
| Michigan  | 1,021,605          | 2.83%                                    | 1,613,400          | 3.38%                                    | 591,795                               | 57.93%                                 | 19.21%  |
| Minnesota   | 380,476            | 1.06%                                    | 601,200            | 1.26%                                    | 220,724                               | 58.01%                                 | 19.27%  |
| Mississippi   | 548,079            | 1.52%                                    | 638,370            | 1.34%                                    | 90,291                                | 16.47%                                 | -12.08%                                       |
| Missouri  | 637,891            | 1.77%                                    | 881,480            | 1.85%                                    | 243,589                               | 38.19%                                 | 4.30%   |
| Montana   | 128,355            | 0.36%                                    | 144,320            | 0.30%                                    | 15,965                                | 12.44%                                 | -15.13%                                       |
| Nebraska  | 161,269            | 0.45%                                    | 224,415            | 0.47%                                    | 63,146                                | 39.16%                                 | 5.04%   |
| Nevada  | 205,685            | 0.57%                                    | 385,120            | 0.81%                                    | 179,435                               | 87.24%                                 | 41.33%  |
| New Hampshire   | 78,530             | 0.22%                                    | 107,800            | 0.23%                                    | 29,270                                | 37.27%                                 | 3.61%   |
| New Jersey  | 699,668            | 1.94%                                    | 858,985            | 1.80%                                    | 159,317                               | 22.77%                                 | -7.33%  |
| New Mexico  | 304,737            | 0.85%                                    | 379,345            | 0.79%                                    | 74,608                                | 24.48%                                 | -6.04%  |
| New York  | 2,692,202          | 7.47%                                    | 2,845,020          | 5.96%                                    | 152,818                               | 5.68%                                  | -20.23%                                       |
| North Carolina  | 958,667            | 2.66%                                    | 1,596,885          | 3.34%                                    | 638,218                               | 66.57%                                 | 25.73%  |
| North Dakota  | 73,457             | 0.20%                                    | 80,690             | 0.17%                                    | 7,233                                 | 9.85%                                  | -17.09%                                       |
| Ohio  | 1,170,698          | 3.25%                                    | 1,777,415          | 3.72%                                    | 606,717                               | 51.83%                                 | 14.60%  |
| Oklahoma  | 491,235            | 1.36%                                    | 612,305            | 1.28%                                    | 121,070                               | 24.65%                                 | -5.92%  |
| Oregon  | 388,740            | 1.08%                                    | 594,815            | 1.25%                                    | 206,075                               | 53.01%                                 | 15.49%  |
| Pennsylvania  | 1,304,117          | 3.62%                                    | 1,621,220          | 3.39%                                    | 317,103                               | 24.32%                                 | -6.17%  |
| Rhode Island  | 120,548            | 0.33%                                    | 136,370            | 0.29%                                    | 15,822                                | 13.13%                                 | -14.61%                                       |
| South Carolina  | 547,869            | 1.52%                                    | 816,485            | 1.71%                                    | 268,616                               | 49.03%                                 | 12.49%  |
| South Dakota  | 95,900             | 0.27%                                    | 110,440            | 0.23%                                    | 14,540                                | 15.16%                                 | -13.08%                                       |
| Tennessee   | 746,789            | 2.07%                                    | 1,097,575          | 2.30%                                    | 350,786                               | 46.97%                                 | 10.94%  |
| Texas   | 3,117,609          | 8.65%                                    | 4,379,170          | 9.17%                                    | 1,261,561                             | 40.47%                                 | 6.02%   |
| Utah  | 206,328            | 0.57%                                    | 345,730            | 0.72%                                    | 139,402                               | 67.56%                                 | 26.48%  |
| Vermont   | 55,506             | 0.15%                                    | 70,870             | 0.15%                                    | 15,364                                | 27.68%                                 | -3.63%  |
| Virginia  | 656,641            | 1.82%                                    | 861,950            | 1.80%                                    | 205,309                               | 31.27%                                 | -0.92%  |
| Washington  | 612,370            | 1.70%                                    | 876,845            | 1.84%                                    | 264,475                               | 43.19%                                 | 8.08%   |
| West Virginia   | 315,794            | 0.88%                                    | 322,675            | 0.68%                                    | 6,881                                 | 2.18%                                  | -22.87%                                       |
| Wisconsin   | 451,538            | 1.25%                                    | 716,245            | 1.50%                                    | 264,707                               | 58.62%                                 | 19.73%  |
| Wyoming   | 54,777             | 0.15%                                    | 59,685             | 0.12%                                    | 4,908                                 | 8.96%                                  | -17.76%                                       |
| <b>TERRITORIES</b>  |                    |  |                    |  |                                       |  |   |
| American Samoa  | 34,745             | 0.10%                                    | 31,809             | 0.07%                                    | -2,936                                | -8.45%                                 | -30.90%                                       |
| Guam  | 34,792             | 0.10%                                    | 35,848             | 0.08%                                    | 1,056                                 | 3.04%                                  | -22.23%                                       |
| Micronesia  | 178,317            | 0.49%                                    | 179,779            | 0.38%                                    | 1,462                                 | 0.82%                                  | -23.90%                                       |
| Puerto Rico   | 1,818,687          | 5.05%                                    | 1,666,600          | 3.49%                                    | -152,087                              | -8.36%                                 | -30.83%                                       |
| Virgin Islands  | 34,931             | 0.10%                                    | 23,623             | 0.05%                                    | -11,308                               | -32.37%                                | -48.95%                                       |
| <b>TOTAL</b>  | <b>36,048,372</b>  | <b>100.00%</b>                           | <b>47,758,395</b>  | <b>100.00%</b>                           | <b>11,710,023</b>                     | <b>32.48%</b>                          | <b>0.00%</b>                                  |

**Sources.** U.S. Census Bureau: *Census 2000: P87. POVERTY STATUS IN 1999 BY AGE: Data Set: Census 2000 Summary File 3 (SF 3) - Sample Data* (with statutorily required adjustments for AK and HI); 2011 *American Community Survey 3-Year Estimates*, data provided LSC pursuant to PL. (with statutorily required adjustments for AK and HI); Population data for territories other than Puerto Rico from U.S. Census Bureau, *2010 Census, DP-3-Geography* [for each territory], *Profile of Selected Economic Characteristics: 2010*. Poverty population data for Micronesia based on U.S. Census Bureau, *2010 Census, DP-3-Geography for Commonwealth of the Northern Marianas, Profile of Selected Economic Characteristics: 2010*, and data from the governments of the Federated States of Micronesia, the Republic of Palau, and the Republic of the Marshall Islands.

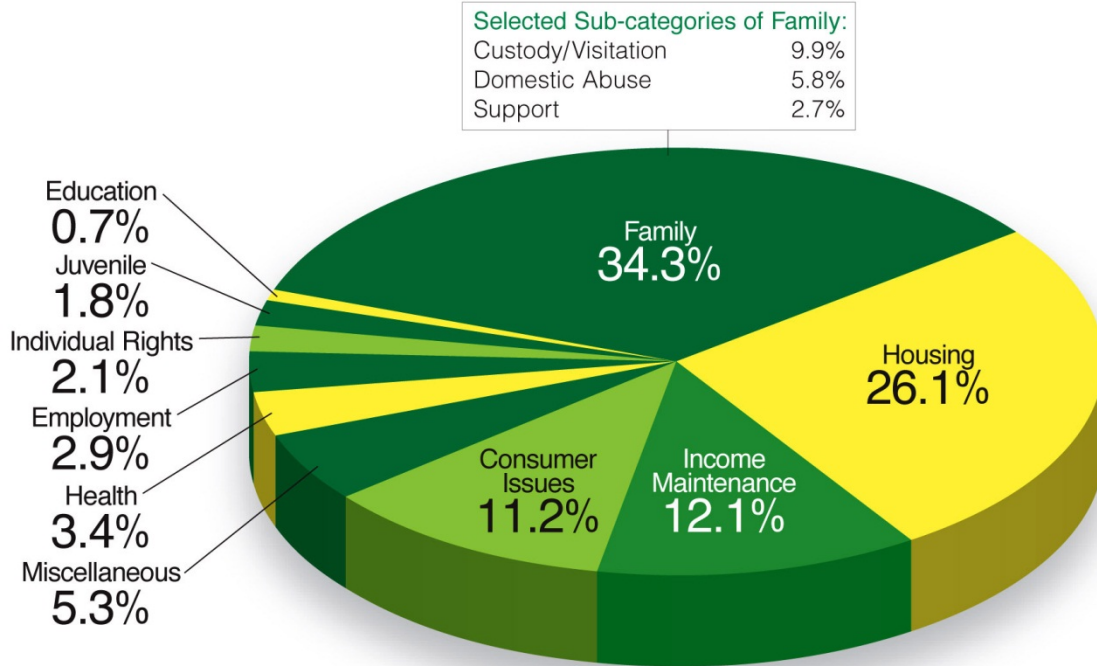
# APPENDIX 8

## LSC Grantee Staff Size 2007-2012



# APPENDIX 9

2012 LSC-Eligible Case Services by Case Type



| Case Type          | Total Closed Cases | Percent       |
|--------------------|--------------------|---------------|
| Family             | 277,964            | 34.3%         |
| Housing            | 211,603            | 26.1%         |
| Income Maintenance | 98,328             | 12.1%         |
| Consumer           | 90,875             | 11.2%         |
| Miscellaneous      | 42,588             | 5.3%          |
| Health             | 27,668             | 3.4%          |
| Employment         | 23,646             | 2.9%          |
| Individual Rights  | 16,693             | 2.1%          |
| Juvenile           | 14,600             | 1.8%          |
| Education          | 5,865              | 0.7%          |
| <b>Total</b>       | <b>809,830</b>     | <b>100.0%</b> |

# APPENDIX 10

