

Budget Request For Fiscal Year 2003



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**LEGAL SERVICES CORPORATION
BUDGET REQUEST**

(dollars in thousands)

	(1)	(2)	(3)
	FY 2002 REQUEST	FY 2002 APPROPRIATION LEVELS	FY 2003 REQUEST
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I. DELIVERY OF LEGAL ASSISTANCE	314,400	314,400	313,400
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A. PROGRAM SERVICES TO CLIENTS	310,000	310,000	310,000
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1. Basic Field Programs	310,000	310,000	310,000
2. Basic Field Programs CPI Increase	---	---	---
3. Basic Field Programs Program Enhancements	---	---	---
B. PROGRAM INITIATIVES	4,400	4,400	3,400
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1. Information Technology	4,400	4,400	3,400
2. Legal Needs Assessment	---	---	---
3. National Legal Services Retirement Fund	---	---	---
4. Student Loan Forgiveness Program	---	---	---
5. State Planning Development	---	---	---
II. MANAGEMENT & ADMINISTRATION	12,400	12,400	13,300
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1. Management & Administration	12,400	12,400	13,300
2. Compliance and Enforcement	---	---	---
III. OFFICE OF INSPECTOR GENERAL	2,500	2,500	2,600
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TOTAL	329,300	329,300	329,300
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Budget Narrative

The Legal Services Corporation (LSC) is a private, non-membership, nonprofit corporation located in the District of Columbia. The Board of Directors is composed of 11 voting members who are appointed by the President of the United States with the advice and consent of the Senate. By law, the Board is bipartisan: no more than six members can be of the same political party.

LSC plays the central role in providing low-income Americans with access to legal assistance and information concerning critical, civil legal problems. Created by Congress in 1974, LSC was formed to “provide equal access to the system of justice in our Nation for individuals who seek redress of grievances”

and to “provide high-quality legal assistance to those who would otherwise be unable to afford adequate legal counsel.”

For FY 2003, LSC seeks an appropriation of \$329,300,000 to provide funding for civil legal assistance to low-income persons in the United States. This amount represents no increase from the FY 2002 appropriation. This budget request is structured to al-

FY 2003 BUDGET REQUEST	
I. CLIENT SERVICES	
A. PROGRAM SERVICES TO CLIENTS	\$310,000,000
B. TECHNOLOGY GRANTS	3,400,000
II. MANAGEMENT & ADMINISTRATION	13,300,000
III. OFFICE OF INSPECTOR GENERAL	2,600,000
TOTAL	\$329,300,000

low LSC to continue to focus on three strategic goals: (1) to dramatically increase the availability of legal services to eligible persons, (2) to ensure legal services clients are receiving appropriate and high-quality legal assistance, and (3) to ensure that legal services programs fully comply with all legal requirements.

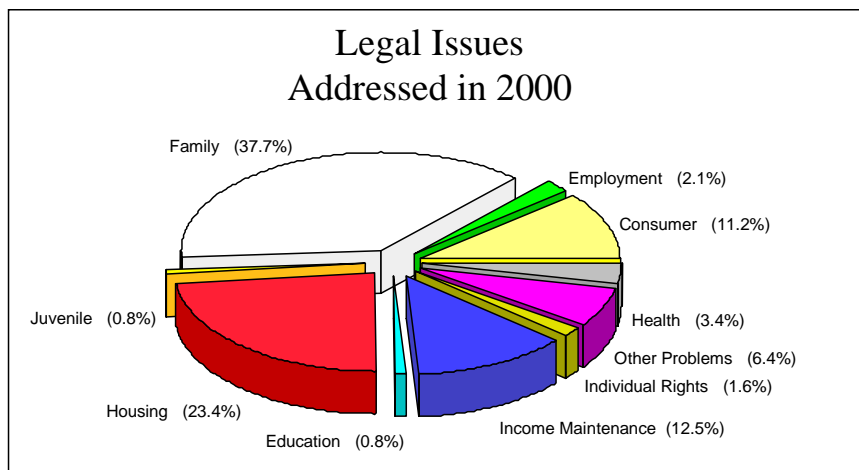
In 2000, LSC-funded programs closed more than one million civil legal cases. Without LSC funding, many of these individuals would have no other source of legal assistance for these significant, and many times, life-altering problems. LSC-funded legal services programs are governed by local boards. Local bar associations appoint the majority of the members of the board. These programs provide legal assistance to individuals pursuant to locally determined priorities that meet with local community conditions and needs. Consistent with these priorities, local programs hire staff, contract with local attorneys, and develop *pro bono* programs for the direct delivery of legal assistance to eligible clients.

Program Services to Clients: \$310,000,000

In FY 2003, LSC will allocate \$310,000,000 in grants to local legal services programs. Federally funded local legal services programs serve clients in every state, county, and congressional district in the United States, as well as in Puerto Rico, the Virgin Islands, Guam, and Micronesia. In addition, special service areas are funded for two populations with special needs, Native Americans and migrant workers.

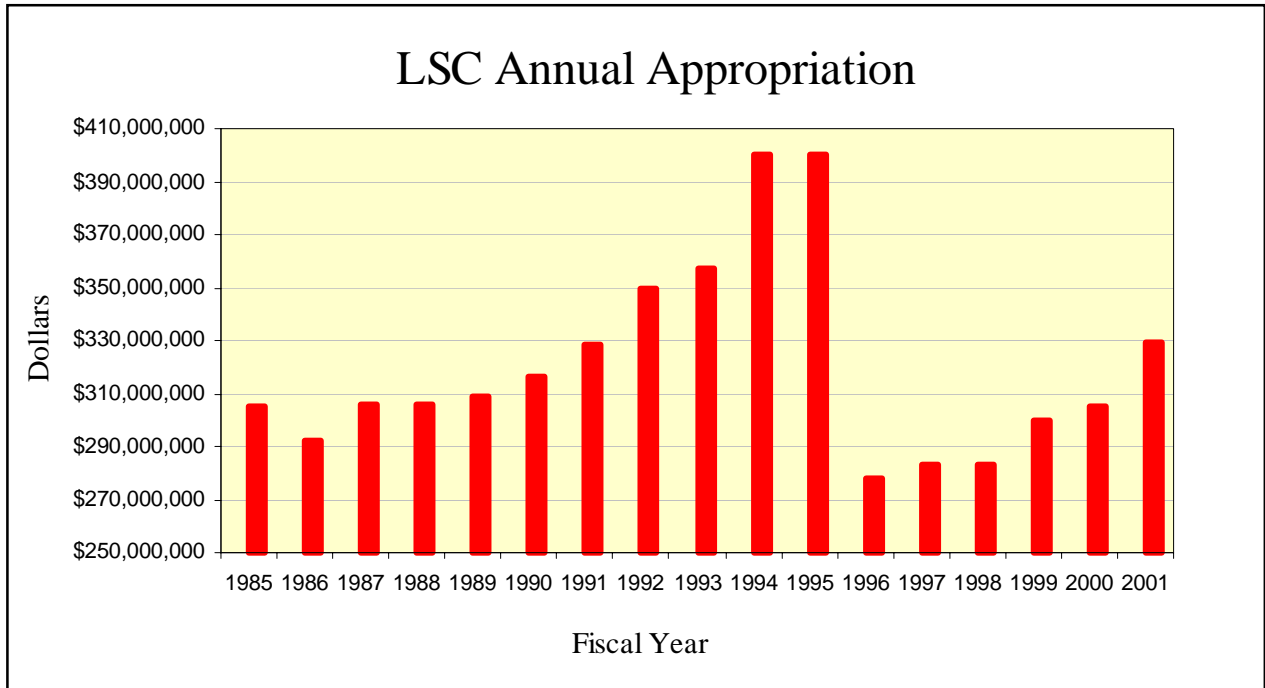
In 2000, the most recent year for which final statistics are available, LSC-funded programs closed more than one million legal cases. The most common categories were family, housing, income maintenance, consumer, and employment law. More than 10 percent of LSC cases involve efforts to obtain protection from domestic violence. Fourteen percent of LSC clients are seniors. Other case types for which legal assistance is provided frequently include evictions, foreclosures, child custody or support, child abuse or neglect, wage claims, access to health care, unemployment, or disability claims.

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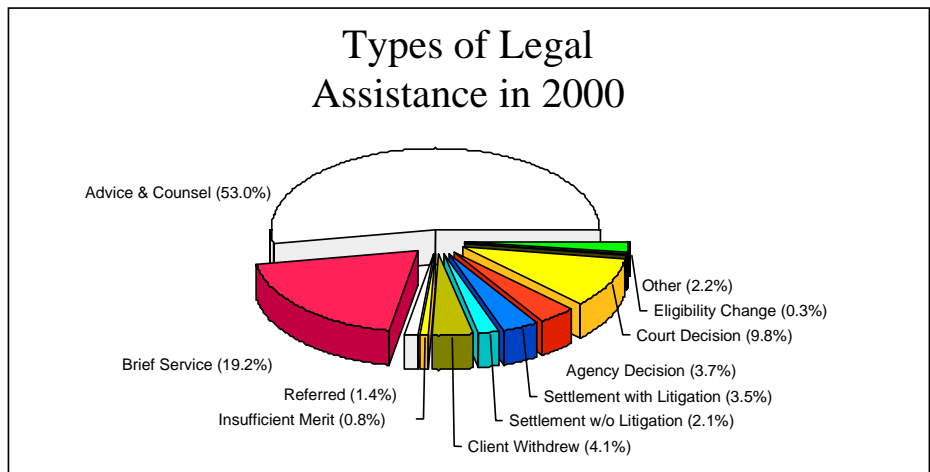


The need for legal services is still overwhelming. More than 43 million Americans are potentially eligible for LSC-funded services. Yet because of limited resources, local legal services programs are forced to turn away the vast majority of low-income individuals with critical legal needs. A benchmark legal needs study released in 1994 by the American Bar Association concluded that 80 percent of eligible clients go without legal assistance when they are in serious situations in which a lawyer's advice and assistance could make a difference. Since the release of the ABA study, state legal needs studies have been carried out in Florida, Georgia, Hawaii, Illinois, Indiana, Kentucky, Maryland, Massachusetts, Missouri, Nevada, New York, Oregon, and Virginia. Using a variety of methodologies for estimating the unmet legal needs of the

poor, they all reached similar conclusions. The legal assistance crisis in America was further buttressed by a survey of selected local legal services programs conducted in the spring of 1993, when LSC-funding was substantially higher than it is today. That survey revealed that nearly half of all eligible clients who applied for assistance from local programs were turned away because of insufficient program resources.



In 1998, consistent with its commitment to remain viable and responsive to the needs of low-income persons, LSC implemented its *State Planning Initiative*. This state planning process called upon all LSC grantees to examine ways to develop and expand efficient and effective statewide delivery systems configured to best serve the civil legal needs of low-income persons.



As part of the *State Planning Initiative*, all LSC programs were asked to develop comprehensive plans to coordinate and integrate their work in seven important areas: expanding client access and efficiency in

delivering high-quality legal assistance; using technology to expand access and enhance services; promoting client self-help and preventive legal education and advice; coordinating legal work and training; collaborating with the private bar; expanding resources to support legal services; and designing a system configuration that enhances client services, reduces barriers, and operates efficiently and effectively. Program achievements within these seven areas are highlighted in a recent LSC publication, *Building State Justice Communities*, which recognizes states that have taken a leading role in reform efforts.

Central to the state planning process and consistent with LSC's vision of an effective and efficient statewide delivery system, grantees have engaged in an ongoing process of reconfiguration to maximize the federal investment in every state. The number of grantees receiving LSC funding has decreased from 262 in 1998 to 207 in 2001. In 2002, LSC projects that there will be approximately 170 programs.

The restructured legal services delivery system continues to be a model of efficient dispute resolution. A very small percentage, approximately 10 percent, of LSC-funded cases is resolved by a court decision, and the majority of these are family law cases that require a court determination. Rather than litigating cases, legal services lawyers consistently find more efficient ways to solve problems for their clients. With their services in heavy demand, these advocates know they must use their limited resources wisely. As in past years, nearly three-fourths of cases in calendar year 2000 were resolved through advice, referral, or brief services.

Current-Year Funding by State

Alaska	\$1,078,584	Kentucky	\$6,031,910	Ohio	\$11,728,653
Alabama	\$6,401,585	Louisiana	\$8,554,762	Oklahoma	\$5,252,019
Arkansas	\$3,866,790	Massachusetts	\$4,579,380	Oregon	\$3,218,106
Arizona	\$8,174,531	Maryland	\$3,348,807	Pennsylvania	\$11,355,863
California	\$32,892,197	Maine	\$1,242,906	Rhode Island	\$818,221
Colorado	\$3,406,371	Michigan	\$10,682,809	South Carolina	\$4,580,751
Connecticut	\$1,921,913	Minnesota	\$4,067,660	South Dakota	\$1,786,014
District of Columbia	\$851,741	Missouri	\$5,866,016	Tennessee	\$6,532,889
Delaware	\$557,173	Mississippi	\$5,657,795	Texas	\$26,630,326
Florida	\$14,191,727	Montana	\$1,248,732	Utah	\$1,776,739
Georgia	\$8,166,243	North Carolina	\$7,539,138	Virginia	\$5,410,730
Hawaii	\$1,167,630	North Dakota	\$1,024,896	Vermont	\$464,814
Iowa	\$2,719,648	Nebraska	\$1,539,321	Washington	\$4,839,968
Idaho	\$1,214,106	New Hampshire	\$602,344	Wisconsin	\$4,639,418
Illinois	\$11,737,172	New Jersey	\$5,070,494	West Virginia	\$3,052,929
Indiana	\$5,074,742	New Mexico	\$2,906,452	Wyoming	\$620,527
Kansas	\$2,429,504	Nevada	\$1,179,017	U.S. territories	\$20,151,415
		New York	\$20,146,522		

Technology Initiatives: \$3,400,000

In FY 2003, LSC will allocate \$3,400,000 to the Technology Initiative Grant (TIG) program. This technology plan was designed to significantly increase access to legal information, self-help resources, and assistance for low-income Americans. Initiated with the FY 2000 appropriation, the TIG program awards grants to eligible LSC-funded grantees through a competitive grant process.

In 2001, LSC received 95 TIG applications that totaled \$19.2 million in requests. Fifty-five grants totaling approximately \$7 million were ultimately awarded. One of LSC's TIG goals in 2001 was to encourage the creation of statewide legal services web sites using templates developed with last year's TIG grants. Twenty-eight states received statewide web site grants this year. LSC also strongly encouraged programs to work together on other technology initiatives, resulting in 13 additional grants for statewide technology projects. These grants will aid states in improving and enhancing access to their case management systems so they can expand their intake ability from remote locations and recruit additional *pro bono* attorneys. Six grants with a national scope were also awarded. Four of these were designed to help other TIG recipients ensure the success of their projects. One national grant, for example, will fund an online conference center for use by any LSC-funded program to facilitate training and support.

The FY 2003 grant awards will fund projects that:

1. Create and improve self-help materials, court forms, and guidance through the expanded use of technology in *pro se* clinics and through *pro se* projects, websites, and stand-alone kiosks;
2. Provide direct legal information through statewide websites and touch-screen kiosks;
3. Increase advice and brief services by developing centralized telephone intake systems and web-based approaches; and
4. Provide direct video conferencing and "virtual law offices" for reaching clients who are geographically isolated.

Management and Administration: \$13,300,000

Only \$13,300,000 of LSC's total FY 2003 requested appropriation will be allocated for Management and Administration (M&A).

With a small and efficient staff, LSC's management ensures accountability to Congress and the taxpayers through aggressive oversight and enforcement of federal laws and other requirements. LSC management also ensures the operation of a competitive grants system that promotes the efficient and effective delivery of high-quality legal services. Since 1998, LSC has reviewed the configuration of the delivery of

legal services in every state, and promoted program collaboration and/or consolidation to maximize services throughout the country.

For FY 2003, LSC is seeking additional M&A funds to strengthen its capacity to ensure compliance with congressional restrictions enacted in 1996, to offset annual compensation increases and rental costs, and to continue to provide technical assistance to LSC programs on a wide range of issues.

Executive Office

The Executive Office is composed of the President, the Vice-President for Programs, the Vice-President for Administration, and other staff. This office sets direction and provides leadership and oversight of all funds appropriated under the policy direction of the LSC Board of Directors.

Office of Legal Affairs (OLA)

The Office of Legal Affairs (OLA) serves as in-house counsel, providing legal advice to LSC's Board of Directors and President, as well as to various offices. OLA provides traditional "lawyer" functions including negotiating, drafting and reviewing legal instruments such as contracts. OLA also represents LSC's interests in litigation, both directly or through retention and oversight of outside counsel. OLA responds to FOIA requests and ensures compliance with the Sunshine Act and other applicable laws. Finally, OLA is responsible for interpreting statutory and regulatory requirements and drafting regulations for consideration by the Board of Directors.

Office of Governmental Relations and Public Affairs (GRPA)

The Office of Governmental Relations and Public Affairs is responsible for managing LSC's communications and requests for information from Congress, the Executive Branch, the media, and the general public. GRPA coordinates the production of LSC's *Budget Request*, *Annual Report*, and quarterly magazine.

Office of Financial and Administrative Services (OFAS)

The Office of Financial and Administrative Services provides essential financial and administrative support for LSC. The Financial Services staff is responsible for maintaining the efficiency and effectiveness of LSC's financial systems and the integrity of its accounts. Budget requests and financial audit reports are provided to Congress annually. Additionally, the Financial Services staff generates financial reports and budgets to the Board of Directors, the President, and LSC management. The Administrative Services staff is responsible for the day-to-day services required by LSC, such as mail and reprographics, facility management, insurance, security, and the purchase and distribution of all LSC assets and supplies.

Office of Human Resources (HR)

The Office of Human Resources is primarily responsible for attracting and retaining a highly skilled workforce to accomplish the LSC mission. To further this objective, the office developed and maintains a comprehensive human resources program that is conducive to conducting business in an effective and efficient manner.

Office of Information Technology (OIT)

The Office of Information Technology coordinates LSC's computer, telecommunications, knowledge management, and record management functions. OIT's functions include developing and implementing technology planning and development policies and procedures. The office identifies and recommends the most efficient and cost-effective technological innovations available to further LSC's mission and goals, and coordinate LSC's information/technology strategy and security.

Office of Compliance and Enforcement (OCE)

The Office of Compliance and Enforcement (OCE) has several major responsibilities. Its mission is to respond promptly and effectively to inquiries, complaints, requests for prior approvals, Private Attorney Involvement and fund balance waivers, approval of sub-grant agreements, and to follow up on matters referred by the Office of Inspector General through the A-50 referral process. OCE is also responsible for conducting on-site reviews of program compliance with Case Service Reporting, Case Management System requirements, and other federally-mandated regulations. In 2001, the Office of Compliance and Enforcement conducted 34 on-site reviews.

Office of Program Performance (OPP)

The Office of Program Performance oversees the LSC competitive grant process, evaluates the quality of LSC grantees' efforts, promotes the coordination of equal justice efforts within each state through LSC's *State Planning Initiative*, and encourages the effective use of technology for client services through the Technology Initiative Grant program. Through state planning and related efforts, the staff promotes innovative practices such as centralized intake and brief services, community legal education and *pro se* efforts, private bar involvement, coordination/training, and resource development. OPP encourages the effective delivery of services to special populations and coordinates LSC's efforts regarding client-centered representation, loan repayment assistance programs for recent law graduates, and diversity and leadership outreach in the legal services community.

Office of Information Management (OIM)

The Office of Information Management is responsible for automation of LSC's grant management processes, including the systems of competition, compliance oversight, and grantee activity reporting. OIM is charged with implementing systems for measuring the performance of LSC's grantees in meeting the legal needs of the client population.

Office of the Inspector General: \$2,600,000

The Office of Inspector General (OIG) requests \$2,600,000 for FY 2003, an increase of \$100,000 above the FY 2002 appropriation.

The OIG has an explicit statutory role in the oversight of LSC grantees. LSC's FY 1996 appropriations act placed a particularly significant responsibility with the OIG — overseeing the monitoring of grantee compliance with congressional prohibitions and restrictions via independent public accountants' (IPAs) annual audits of grantees. This approach replaced the prior system of on-site checks by LSC management. This oversight responsibility includes development of guidance for the IPAs conducting the audits, review of their audit reports, referral of findings to LSC management for follow-up, and tracking the status of corrective actions. It also includes the OIG's on-site reviews of grantee compliance.

FY 2003 Plan

The OIG has developed a strategic plan outlining a series of operational projects, which were formulated based on the OIG's risk assessment of the legal services program. The risk assessment determined that the OIG should allocate a majority of resources to assessing compliance with the prohibitions and restrictions on LSC-grantee activities and to promoting the effectiveness of the legal service delivery system. The risk assessment indicated that the threat of significant monetary losses through fraudulent activities is low. The OIG's plan includes mandatory and discretionary projects. Mandatory projects are those required by statute. Discretionary projects are OIG-initiated projects undertaken in fulfillment of the OIG's mission.

Mandatory projects include the annual audit of LSC's financial statements, investigations of crimes and referral of evidence for prosecution, and review of proposed legislation and regulations. In addition, the OIG will conduct activities aimed at the prevention and detection of noncompliance with statutory restrictions. The OIG plans to conduct six on-site audits of grantee compliance with program integrity requirements for separation of grantees from organizations that conduct prohibited or restricted activities. The OIG will review approximately 200 grantee audit reports, refer significant findings to LSC management, and track the progress of corrective actions. The OIG will continue to manage the audit follow-up process and maintain the Audit Guide and Compliance Supplement that provide audit guidance to the IPAs.

The OIG also will conduct discretionary activities. The OIG will perform three audits of the private

attorney involvement (PAI) program under which grantees devote 12.5 percent of their basic field grants to the involvement of private attorneys in the delivery of legal assistance. In the current fiscal year, the OIG will determine the different ways in which LSC grantees are meeting the PAI requirement. For FY 2003, the OIG will determine if three grantees are complying with 45 CFR Part 1614, which covers the PAI program, and how effective grantees have been in involving private attorneys in the program.

The OIG will perform two technology grant audits. The objectives will be to determine: 1) whether the grantee spent grant funds in accordance with the grant terms, 2) what technology, hardware, software, or technical support was purchased, and 3) what impact the grant had on the delivery of services to clients. Depending on the audit results, additional audits may be planned in future years.

The OIG plans to perform 20 audit service reviews (ASRs). These reviews examine the IPAs working papers to determine whether the IPAs properly reviewed grantees' compliance with 14 restrictions and prohibitions imposed by Congress. The ASRs provide an ongoing measure of whether compliance checking by independent auditors is reliable.

The OIG will continue its ongoing assessment of the application of information technology to the delivery of legal services. The OIG will focus on alternative means for the delivery of legal advice and counsel in support of *pro se* clients, especially the use of automated systems such as Internet and PC-based legal advisors, self-help kiosks, and other technologies.

In FY 2002, the OIG will complete an evaluation of mapping in the state of Georgia. The evaluation will determine the usefulness of prototyping conventional and electronic maps in support of legal services operational and strategic planning at the local, state and national levels. Depending on the results, additional FY 2003 activities may be undertaken directed at other states or regions.

In FY 2002, the OIG will conduct client trust fund inspections of eight grantees to determine whether the funds are properly safeguarded. The OIG will continue this inspection program into FY 2003 by performing an additional eight inspections of client trust funds.

Resources

The OIG's FY 2002 appropriation was \$2,500,000 which, along with approximately \$386,000 in carryover FY 2001 funds, provided \$2.886 million to fund the FY 2002 activities shown below. The OIG requests \$2,600,000 for FY 2003. The requested increase of \$100,000, or 4 percent above the FY 2002 appropriation, is needed to fund the annual increase in OIG staff compensation and the additional costs associated with the audits of program integrity, private attorney involvement program, and the technology grants.

The FY 2001 carryover was attributable to staff departures, including the Inspector General, and the delay of the mapping evaluation project. It is anticipated that FY 2002 carryover will be minimal.

A review of Fiscal Years 2002 and 2003 OIG activities is shown below:

	FY 2002	FY 2003
FUNDING	\$2,500,000 + \$386,000 (carryover) = \$2,886,000	\$2,600,000
ACTIVITIES	<p>Mandatory Activities:</p> <p>6 Audits of Program Integrity (Separation from entities performing restricted activities)</p> <p>Discretionary Activities:</p> <p>Private Attorney Involvement Program Audit - methods for meeting requirements</p> <p>20 Audit Service Reviews</p> <p>Evaluation of Alternative Delivery Technologies</p> <p>Mapping Evaluation</p> <p>8 Inspections of Client Trust Funds</p>	<p>Mandatory Activities:</p> <p>6 Audits of Program Integrity (Separation from entities performing restricted activities)</p> <p>Discretionary Activities:</p> <p>3 Private Attorney Involvement Program Audits - compliance and program effectiveness</p> <p>20 Audit Service Reviews</p> <p>Evaluation of Alternative Delivery Technologies</p> <p>Mapping Evaluation</p> <p>8 Inspections of Client Trust Funds</p> <p>2 Technology Grant Audits</p>

Legal Services Corporation
Budget Request for
Fiscal Year 2003

Written and Produced by
LSC's Office of Governmental
Relations & Public Affairs

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The Legal Services Corporation (LSC) is a private, nonprofit corporation established by Congress in 1974 to seek to ensure equal access to justice under the law for all Americans. LSC is headed by a bipartisan Board of Directors appointed by the President and confirmed by the Senate. It receives funds annually from Congress and makes grants directly to independent local programs that provide civil legal assistance to those who otherwise would be unable to afford it.