



Legal Services Corporation: Background and Funding

Carmen Solomon-Fears
Specialist in Social Policy

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Summary

The Legal Services Corporation (LSC) is a private, nonprofit, federally funded corporation that helps provide legal assistance to low-income people in civil (i.e., non-criminal) matters. The primary responsibility of the LSC is to manage and oversee the congressionally appropriated federal funds that it distributes in the form of grants to local legal services providers, which in turn give legal assistance to *low-income* clients in all 50 states, the District of Columbia, the U.S. territories of American Samoa, Guam, and the Virgin Islands, the Commonwealth of Puerto Rico, and Micronesia (including the Commonwealth of the Northern Mariana Islands, the Republic of the Marshall Islands, and Palau).

Although the authorization of appropriations for the LSC expired at the end of FY1980, the LSC has operated for the past 29 years under annual appropriations laws. The LSC is currently funded at \$390 million for FY2009 (P.L. 111-8). The Obama Administration's FY2010 budget request included \$435 million for the LSC. On June 18, 2009, the House passed legislation (H.R. 2847) that would appropriate \$440 million for the LSC for FY2010. On November 5, 2009, the Senate passed legislation (H.R. 2847, amended) that would appropriate \$400 million for the LSC for FY2010. The conference report on the consolidated appropriations for 2010 (H.R. 3288; H.Rept. 111-366) included \$420 million for the LSC for FY2010 (P.L. 111-117). Moreover, P.L. 111-117 continues existing limitations on the use of LSC funds (and non-LSC funds) except for the restriction on the ability of LSC-funded programs to collect attorneys' fees. Current LSC funding now surpasses the LSC's previous highest funding level of \$400 million in FY1994 and FY1995.

Under the LSC's competitive process, legal services providers in every jurisdiction bid to become the LSC grantee for a designated service area in a state. During 2008, the LSC funded 137 local programs/grantees in 918 offices employing about 4,100 attorneys. Local programs establish their own eligibility criteria, in which clients served may not have income that exceeds 125% of the federal poverty guidelines. In 2008, 73% of LSC clients were females and 27% were males. The majority of LSC clients (85%) were between the ages of 18 and 59, 13% were age 60 or older, and 2% were under the age of 18. Almost 47% of LSC clients were non-Hispanic white, 25% were non-Hispanic black, 8% were of other races, and 20% were Hispanic. In 2008, LSC grantees closed 889,155 cases involving issues primarily related to families (divorce, child support, etc.), housing, income maintenance, consumer finance, and individual rights.

Although the LSC is the largest single source of funding for the civil legal services system in the United States, it is not the only source of funding. Local legal services programs supplement their LSC grants with funds from a variety of governmental and private sources. LSC funding accounts for 40% of all funding for civil legal services for the poor in the United States. This report will be regularly updated.

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Introduction

The Legal Services Corporation (LSC) is a private, nonprofit, federally funded corporation that helps provide legal assistance to low-income people in non-criminal (i.e., civil) matters. The LSC is governed by an 11-member board appointed by the President and confirmed by the Senate, of whom no more than six members may be of the same political party. The primary responsibility of the LSC is to manage and oversee the congressionally appropriated federal funds that it distributes in the form of grants to local legal services providers, which in turn give legal assistance to *low-income* clients in all 50 states, the District of Columbia, the U.S. territories of American Samoa, Guam, and the Virgin Islands, the Commonwealth of Puerto Rico, and Micronesia (including the Commonwealth of the Northern Mariana Islands, the Republic of the Marshall Islands, and Palau).

The federal government has administered a program of legal services for the poor since 1966. Originally, the program was administered through the Office of Economic Opportunity, a now-defunct agency that had led the War on Poverty in the mid-1960s. In 1971, President Nixon proposed establishment of a separate corporation to deliver legal services to insulate the program from political pressure.¹ Authorizing legislation was enacted in 1974 (P.L. 93-355), and the LSC came into existence the following year. In 1977, the LSC was extended through FY1980 (P.L. 95-222). Although Congress has not reauthorized the LSC statute since FY1980, it has continued to fund LSC every year, and has included legislative language affecting LSC activities in the annual appropriations laws.

Program Mechanics

The LSC does not provide legal services directly. Rather, it funds local legal services providers, referred to by the LSC as “grantees.” Grantees may include nonprofit organizations that have as a purpose the provision of legal assistance to eligible clients, private attorneys, groups of private attorneys or law firms, state or local governments, and certain sub-state regional planning and coordination agencies.

During 2008, the LSC funded 137 local programs in 918 offices employing about 4,100 attorneys. These numbers are reduced from 1994, when 320 local programs employed about 4,500 attorneys. Each local program is governed by its own board of directors, of which a majority are attorneys and one-third are eligible clients. Local

LSC Laws and Appropriations

P.L. 93-355 (July 25, 1974)
 P.L. 95-222 (Dec. 28, 1977)
 P.L. 105-12 (Apr. 30, 1997)
 P.L. 106-185 (Apr. 25, 2000)
 P.L. 104-134 (Apr. 26, 1996)
 P.L. 104-208 (Sept. 30, 1996)
 P.L. 105-119 (Nov. 26, 1997)
 P.L. 105-277 (Oct. 21, 1998)
 P.L. 106-113 (Nov. 29, 1999)
 P.L. 106-553 (Dec. 21, 2000)
 P.L. 107-77 (Nov. 28, 2001)
 P.L. 108-7 (Feb. 20, 2003)
 P.L. 108-199 (Jan. 23, 2004)
 P.L. 108-447 (Dec. 8, 2004)
 P.L. 109-108 (Nov. 22, 2005)
 P.L. 110-5 (Feb. 15, 2007)
 P.L. 110-161 (Dec. 26, 2007)
 P.L. 110-329 (Sept. 30, 2008)
 P.L. 111-8 (Mar. 11, 2009)
 P.L. 111-117 (Dec. 16, 2009)

¹ Center for Law and Social Policy. *Securing Equal Justice for All: A Brief History of Civil Legal Assistance in the United States*, by Alan W. Houseman and Linda E. Perle, Revised January 2007, p. 19, <http://www.clasp.org/admin/site/publications/files/0158.pdf>. See also President Nixon, *Special Message to the Congress Proposing Establishment of a Legal Services Corporation*, May 5, 1971, <http://www.presidency.ucsb.edu/ws/index.php?pid=2998>.

programs establish their own eligibility criteria, under which a client's household income may not exceed 125% of the federal poverty guidelines.² Each local program must spend an amount equal to at least 12.5% of its basic grant to encourage private attorneys to provide pro bono legal aid to the poor.

Since April 1996 (P.L. 104-134), LSC grantees (i.e., legal services agencies/providers/programs) have been selected on a competitive basis.³ Under the LSC's competitive process, legal services providers in every jurisdiction bid to become the LSC grantee for a designated service area in a state. Pursuant to its 1998 State Planning Initiative, the LSC has sought to streamline its delivery system. During the competition process, the LSC evaluates applications according to established quality standards and awards grants to those providers judged best qualified to provide high-quality legal services in accordance with applicable legal requirements. Federal regulations (Title 45 C.F.R. Part 1634) stipulate the procedures to be followed in awarding LSC grants. Grants are made for one to three years. Multi-year awardees must submit reports and grant renewal forms as part of the annual grant renewal process.

Before the implementation of the 1998 State Planning Initiative, LSC grantees often were unaware of other LSC grantees in the state. Work and training collaborations and other cooperative endeavors were rare among LSC grantees in the same state, and practically nonexistent among LSC grantees in other states. Further, most legal services programs only had superficial relationships and minimal contact with law firms and local judges. In anticipation of reduced federal funding, the LSC first encouraged and later directed grantees to form partnerships with the judiciary, private bar associations, and with each other. The 1998 State Planning Initiative was the means by which the LSC sought to ensure that LSC funds were efficiently and effectively used to provide legal services to poor persons in all areas of the states and jurisdictions. Pursuant to the 1998 Initiative, the LSC made participation in statewide civil legal services delivery systems a condition of receipt of LSC funding.⁴

It is generally agreed that poor persons in need of legal assistance have benefitted from the LSC's statewide delivery system approach. The LSC has done this by requiring federally funded legal services providers to coordinate their work with other persons and organizations within a state, including groups historically considered funding "competitors" (other nonprofit organizations and non-LSC legal services programs) or "unlikely partners" (judges, legislators, bar leaders).⁵

Restrictions on Activities

Since its inception, the legal services program has been controversial, and Congress has imposed restrictions on activities of local attorneys. The authorizing statute contains restrictions against lobbying, political activities, class actions except under certain conditions, and cases involving abortion, school desegregation, and draft registration or desertion from the military. Additional

² In 2007, 125% of the federal poverty guidelines was \$25,813 for a household of four (higher in Alaska and Hawaii).

³ This system supplanted the previous system of presumptive refunding for LSC grantees. The LSC is prohibited from granting any preference to current or previous grantees of LSC funds (Section 503(e) of P.L. 104-134, enacted April 26, 1996).

⁴ Legal Services Corporation. *State Planning—A Five Year Overview*, 2005, pp. 1-7, http://www.lsc.gov/pdfs/030194_sp5yrrprt.pdf.

⁵ *Ibid.*, p. 8.

restrictions have been included in appropriations laws each year. Under the current appropriations law, LSC grantees may not

- engage in partisan litigation related to redistricting;
- attempt to influence regulatory, legislative, or adjudicative action at the federal, state, or local level;
- attempt to influence oversight proceedings of the LSC;
- initiate or participate in any class action suit;
- represent certain categories of aliens, except that both LSC and non-LSC funds may be used to represent aliens who have been victims of domestic violence or child abuse;
- conduct advocacy training on a public policy issue or encourage political activities, strikes, or demonstrations;
- engage in litigation related to abortion;
- represent clients in eviction proceedings if the eviction was based on drug-related activities;
- represent federal, state, or local prisoners;
- participate in efforts to reform a federal or state welfare system;
- engage in activities related to assisted suicide, euthanasia, or mercy killing; or
- solicit clients.

LSC grantees must establish priorities, and staff must agree in writing not to engage in activities outside these priorities. Moreover, federal law prohibits the LSC from receiving nonfederal funds, and grantees are prohibited from receiving non-LSC funds, unless the source of funds is told in writing that these funds may not be used for any activities prohibited by the LSC Act or the appropriations law.⁶

Clients and Cases

Legal services provided through LSC funds are available only in civil matters to individuals with household incomes of less than 125% of the federal poverty guidelines. The LSC places primary emphasis on the provision of routine legal services. Legal services cases deal with a variety of issues, including family-related issues (divorce, separation, child custody, support, adoption, spousal abuse, child abuse or neglect); housing issues (evictions, foreclosures); welfare or other income maintenance program issues (access to health care, unemployment compensation benefit claims); consumer and finance

LSC Cases Closed

FY2002: 978,834

FY2003: 935,793

FY2004: 901,067

FY2005: 906,338

FY2006: 895,488

FY2007: 906,507

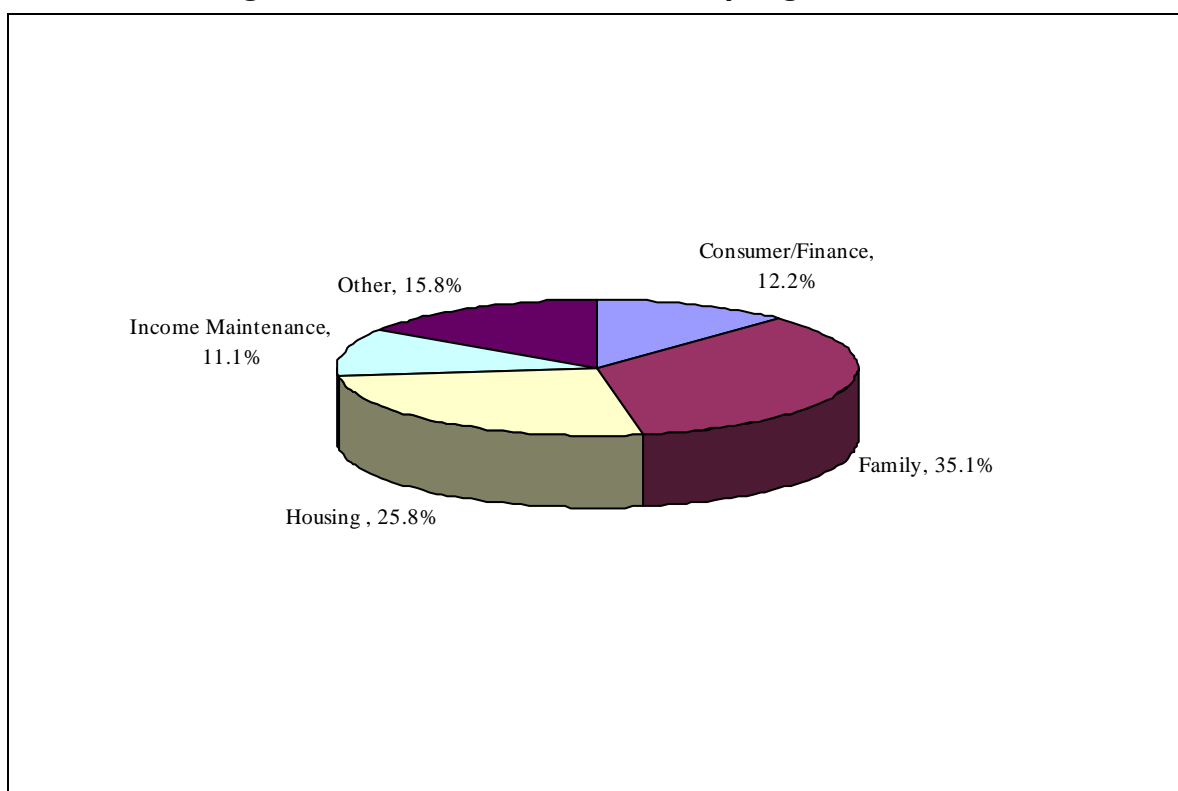
FY2008: 889,155

⁶ For additional information, see CRS Report R40679, *Legal Services Corporation: Restrictions on Activities*. **Note:** The prohibition against claiming or collecting attorneys' fees was eliminated by P.L. 111-117 (the Consolidated Appropriations Act, 2010).

issues (consumer fraud, debt collection); and individual rights (employment, health, juvenile, and education).

During 2008, legal services attorneys closed 889,155 cases. Family issues such as divorce and separation, custody and visitation, domestic abuse, and child support were the substance of about 35% of cases handled by field offices; housing issues, including eviction cases, comprised about 26% of cases; income maintenance issues represented another 11% of cases; and consumer finance (12.2%), health (3.5%), employment (3%), education (0.8%), and individual rights (1.5%) issues comprised 21% of cases. Most of the cases handled by LSC are resolved through advice and referral. In 2008, only about 13% of cases were resolved in court, primarily because they involved family law issues (e.g., protective orders, child support, etc.) in which court action was required by state law.⁷

Figure I. LSC Cases Closed in 2008, by Legal Problem



Source: Figure prepared by the Congressional Research Service.

LSC grantees have closed about 1 million cases annually for the last several years. In addition, they have handled another 4 million legal service “matters” such as helping self-represented (i.e., pro se) litigants obtain the information they need to pursue their lawsuits, disseminating legal services materials in communities, referring clients to appropriate services, and providing mediation assistance.⁸

⁷ Legal Services Corporation, *Legal Services Corporation Fact Book 2008*, August 2009, https://grants.lsc.gov/Easygrants_Web_LSC/Implementation/Modules/Login/Controls/PDFs/factbook2008forRIN.pdf.

⁸ Testimony before the House Judiciary Committee Subcommittee on Commercial and Administrative Law Submitted (continued...)

According to the LSC Fact Book for 2008, LSC clients were of all races and ethnic groups. LSC clients include the working poor, veterans, family farmers, people with disabilities, battered women, women seeking divorces or child support, and victims of natural disasters. In 2008, 73% of LSC clients were females and 27% were males. Approximately 85% of LSC clients were between the ages of 18 and 59, 13% were age 60 or older, and about 2% were under age 18.

**Race and Ethnicity
of LSC Clients, 2008**

White, not Hispanic	46.5%
Black, not Hispanic	24.9%
Hispanic	20.4%
Native American	2.3%
Asian or Pacific Islander	1.6%
Other	4.3%

In 2005, LSC staff were directed by the LSC to document the extent to which the civil legal needs of low-income persons were not being met. In September 2009, the report was updated. The new report confirms the findings of the earlier report. The LSC found that (1) 50% of potential clients requesting legal assistance were denied assistance because the LSC did not have the resources to help them; (2) at least 80% of persons who were eligible for LSC services do not get access to either a legal services attorney or a private attorney (pro bono or paid) when they need such assistance; and (3) there is one legal services attorney for every 6,415 low-income persons—the comparable number for the general population is one attorney for every 429 persons, a difference of 15 to 1.⁹

Funding History

When the LSC was first established, its initial goal was to provide all low-income people with at least “minimum access” to legal services, defined as the equivalent of one legal services attorney for every 5,000 poor persons. This goal was briefly achieved in FY1980, but not maintained due to inflation and subsequent budget cuts. For example, in FY2004, the LSC estimated an appropriation of \$683 million would have been needed for minimum access; however, the LSC received \$335 million in appropriations that year. According to a 2009 LSC study (cited above), there is one legal services attorney for every 6,415 poor persons.

Funds for the LSC are included in the annual appropriation for Science, the Departments of State, Justice, and Commerce, and Related Agencies (House) and Commerce, Justice, Science, and Related Agencies (Senate). **Table 1** shows LSC appropriations for selected years from FY1976 (the first full year of LSC operations) to FY2009. Current funding remains below the LSC’s highest funding level of \$400 million in FY1994 and FY1995. LSC funding accounts for less than half (40%) of all funding for civil legal services for the poor in the United States (discussed in more detail later in this report).

(...continued)

by LSC President Helaine M. Barnett, March 31, 2004, http://www.lsc.gov/government/testimony_detail_T116_R2.php.

⁹ Legal Services Corporation, “Documenting the Justice Gap in America—The Current Unmet Civil Legal Needs of Low-Income Americans,” September 2005, available at http://www.lsc.gov/press/documents/LSCJusticeGap_FINAL_1001.pdf. See also Legal Services Corporation, “Documenting the Justice Gap in America—The Current Unmet Civil Legal Needs of Low-Income Americans,” September 2009, available at http://www.lsc.gov/pdfs/documenting_the_justice_gap_in_america_2009.pdf.

Table I. LSC Appropriations History

(\$ in millions)

FY	\$	FY	\$	FY	\$	FY	\$	FY	\$
1976	92	1991	328	1997	283	2003	337	2009	390
1980	300	1992	350	1998	283	2004	335	2010	420
1984	275	1993	357	1999	300	2005	331		
1988	306	1994	400	2000	304	2006	327		
1989	309	1995	400	2001	329	2007	349		
1990	317	1996	278	2002	329	2008	351		

Source: Table prepared by the Congressional Research Service.

FY1996

From its inception through FY1995, LSC appropriations gradually increased. However, for FY1996, Congress funded the LSC at \$278 million, for a reduction of almost 31% from the previous year. In its FY1996 budget resolution, the House assumed a three-year phase-out of the LSC, recommending appropriations of \$278 million in FY1996, \$141 million in FY1997, and elimination by FY1998. The House Budget Committee stated in its report (H.Rept. 104-120):

Too often, ... lawyers funded through federal LSC grants have focused on political causes and class action lawsuits rather than helping poor Americans solve their legal problems.... A phase out of federal funding for the LSC will not eliminate free legal aid to the poor. State and local governments, bar associations, and other organizations already provide substantial legal aid to the poor.

The FY1996 appropriation for the LSC entirely eliminated funding for supplemental legal assistance programs, including Native American and migrant farm worker support, national and state support centers, regional training centers, and other national activities.

FY1997-FY2001

The phase-out of the LSC envisioned by the House budget resolution did not occur. Instead, between FY1996 and FY2001, LSC funding was gradually increased. For FY1997, Congress funded the LSC at \$283 million (P.L. 104-208). For FY1998, Congress again funded the LSC at \$283 million (P.L. 105-119). For FY1999, Congress funded the LSC at \$300 million (P.L. 105-277). For FY2000, Congress funded the LSC at \$305 million, but also included a provision in the legislation that mandated a 0.38% government-wide rescission of discretionary budget authority for FY2000. The funding for the LSC for FY2000 was thereby decreased to \$304 million (P.L. 106-113).

For FY2001, the Clinton Administration requested \$340 million for the LSC. The Clinton Administration had requested \$340 million every year since FY1997, in an effort to partially restore the 1996 cutback in funding. P.L. 106-553 included \$330 million for LSC for FY2001, and was signed by President Clinton on December 21, 2000. P.L. 106-554 mandated a 0.22% government-wide rescission of discretionary budget authority for FY2001 for almost all

government agencies. Thus, the \$330 million appropriation for LSC for FY2001 was reduced to \$329.3 million.

FY2002-FY2005

For FY2002 through FY2005, the Bush Administration requested \$329.3 million in annual appropriations for the LSC. In carrying out the LSC's vision of an effective and efficient statewide system of delivering legal services to the poor, grantees had been merging and reconfiguring their legal services programs to better use every federal dollar allocated to them.¹⁰ The House report (H.Rept. 107-139) indicated concern about the LSC overruling, without appeal, certain configurations implemented by grantees via the state planning process. The House report directed the LSC to review the state planning process and report back to the committee with a proposal that outlined the reconfiguration standards and the process for states to appeal LSC's decisions. P.L. 107-77 included \$329.3 million for LSC for FY2002.

For FY2003, Congress funded the LSC at \$336.6 million (P.L. 108-7); this funding level included a \$9.5 million allotment to offset decennial Census funding reallocations (i.e., to partially compensate some service areas for smaller LSC funding levels for FY2003 than the area received for FY2002 as a result of the change in state poverty populations based on census data for 2000), and a mandated 0.65% government-wide rescission.

For FY2004, Congress funded the LSC at \$335.3 million (P.L. 108-199); this funding level included a 0.59% across-the-board government-wide rescission and an additional 0.465% uniform rescission applicable only to funding for the Commerce, Justice, State, and Related Agencies appropriation (which included the LSC).

For FY2005, Congress funded the LSC at \$330.8 million (P.L. 108-447); this funding level included a provision that allowed the LSC to spend up to \$1 million of prior-year funding balances for a school student loan repayment pilot program, a 0.8% across-the-board government-wide rescission, and an additional 0.54% uniform rescission applicable only to funding for the Commerce, Justice, State, and Related Agencies appropriation (which included the LSC).

FY2006-FY2008

For FY2006, the Bush Administration requested \$318.3 million for the LSC. P.L. 109-108 included \$330.8 million for the LSC for FY2006—the same amount originally passed by the House, instead of \$358.5 million, as passed by the Senate. P.L. 109-108 also included a general rescission equal to 0.28% of funding for the Science, State, Justice, Commerce, and Related Agencies appropriation (which includes the LSC). P.L. 109-148 included a 1% government-wide rescission on discretionary programs. Thus, the LSC appropriation for FY2006 was lowered to \$326.6 million.

For FY2007, the Bush Administration requested \$310.9 million for the LSC. P.L. 110-5 included language that specified that the LSC would be funded at \$348.6 million for FY2007. P.L. 110-5

¹⁰ Legal Services Corporation, A Special Report to Congress, *State Planning & Reconfiguration*, September 2001, pp. 2-3, 10.

incorporated the fourth continuing resolution for FY2007 (H.J.Res. 20), which included provisions to fund most of the government agencies, including the LSC, through FY2007.

For FY2008, the Bush Administration requested \$311 million for the LSC. The Administration's budget request included \$289 million for basic field programs and requires independent audits; almost \$13 million for management and administration; \$5 million for client self-help and information technology; and \$3 million of the Office of the Inspector General.

For FY2008, the Senate Appropriations Committee recommended \$390 million for the LSC (S. 1745), a \$41.4 million increase above the FY2007 LSC appropriation, and \$79.1 million above the Administration's FY2008 budget request for the LSC. During the Senate debate on the bill (H.R. 3093), an amendment by Senator Bingaman was passed to permit LSC-funded legal services programs to provide legal assistance to "H2B" workers—temporary foreign workers employed in the forestry industry—in matters directly related to their employment. LSC-funded programs are currently prohibited from serving H2B workers. The Senate-passed bill provided \$390 million for the LSC for FY2008.

For FY2008, the House Appropriations Committee recommended \$377 million for the LSC, a \$28.4 million increase above the FY2007 LSC appropriation, \$66.1 million above the Administration's FY2008 budget request for the LSC, and \$13 million below the Senate-passed bill. The House-passed bill (H.R. 3093) included \$377 million for the LSC for FY2008.

Pursuant to a continuing appropriations resolution (H.J.Res. 52), enacted September 29, 2007, the LSC operated at FY2007 funding levels through November 16, 2007 (P.L. 110-92). Pursuant to a second continuing appropriations resolution in the FY2008 Department of Defense appropriation (H.R. 3222), enacted November 13, 2007, the LSC operated at FY2007 funding levels through December 14, 2007 (P.L. 110-116). Pursuant to a third continuing appropriations resolution (H.J.Res. 69), enacted December 14, 2007, the LSC operated at FY2007 funding levels through December 21, 2007 (P.L. 110-137). Pursuant to a fourth continuing appropriations resolution (H.J.Res. 72), the LSC operated at FY2007 funding levels through December 31, 2007 (P.L. 110-137).

P.L. 110-161, the Consolidated Appropriations Act, 2008 (H.R. 2764—enacted December 26, 2007), included \$350.5 million for the LSC for FY2008. This amount is \$1.9 million above the FY2007 appropriation for the LSC and \$39.6 million above the Administration's FY2008 budget request for the LSC. However, it is below the amounts that were passed by the House and the Senate. The FY2008 appropriation for the LSC includes \$332.4 million for basic field programs and required independent audits, \$12.5 million for management and administration, \$2.1 million for client self-help and information technology, \$3.0 million for the Office of the Inspector General, and \$0.5 million for loan repayment assistance. According to the LSC, pursuant to P.L. 110-161, LSC-funded legal services programs can now provide limited representation to temporary forestry workers.

FY2009

For FY2009, the Bush Administration requested \$311.0 million for the LSC.¹¹ The Administration's budget request included \$290.1 million for basic field programs and required

¹¹ Each year the LSC submits its own budget request to Congress. In most years, the LSC budget request is (continued...)

independent audits; \$12.8 million for management and administration; \$5.0 million for client self-help and information technology; and \$3.0 million for the Office of the Inspector General.

For FY2009, the House Appropriations Committee approved \$390 million for the LSC. The House committee-approved draft bill provided 11% more than the FY2008 LSC appropriation and 25% more than the FY2009 request for the LSC. It included \$367 million for basic field programs and required independent audits, \$16 million for management and administration, \$3 million for client self-help and information technology, \$3 million for the Office of the Inspector General, and \$1 million for loan repayment assistance.

For FY2009, the Senate Appropriations Committee, like the House committee, also approved \$390 million for the LSC. However, the Senate committee bill (S. 3182) included \$369 million for basic field programs and required independent audits, \$13 million for management and administration, \$3.8 million for client self-help and information technology, \$3.2 million for the Office of the Inspector General, and \$1 million for loan repayment assistance.

P.L. 110-289, the Housing and Economic Recovery Act of 2008 (enacted July 30, 2008), included a provision that provides \$30 million for pre-foreclosure and legal counseling through a new grant program. Under the new program, the Neighborhood Reinvestment Corporation, a congressional chartered nonprofit organization, is required to make grants to housing counselors to hire LSC attorneys to assist homeowners who have legal issues directly related to the homeowner's foreclosure, delinquency, or short sale.¹²

P.L. 110-315, the College Opportunity and Affordability Act of 2008 (enacted August 14, 2008), included a provision that authorizes \$10 million for the U.S. Department of Education to distribute as loan repayment assistance grants (up to \$6,000 per year, \$40,000 for a lifetime) to full-time civil legal aid lawyers who agree to remain employed as such for at least three years.¹³ Although the loan repayment program was authorized, funding for the program has not yet been appropriated.

P.L. 110-329, the Consolidated Security, Disaster Assistance, and Continuing Appropriations Act, 2009 (enacted September 30, 2008), among other things, required that the LSC continue to operate at FY2008 funding levels (i.e., \$350.5 million) until March 6, 2009, or until LSC's regular FY2009 appropriation is enacted.

P.L. 111-8, the Omnibus Appropriations Act, 2009 (enacted March 11, 2009), includes \$390.0 million for the LSC for FY2009. This amount is \$39.5 million above the FY2008 appropriation for the LSC and \$79.0 million above the Bush Administration's FY2009 budget request for the LSC. The FY2009 appropriation for the LSC includes \$365.8 million for basic field programs and required independent audits, \$16.0 million for management and administration, \$3.0 million for

(...continued)

significantly higher than the amount that appears in the President's annual budget. For FY2009, the LSC requested an appropriation of \$471.4 million, a 52% increase over the President's budget request of \$311 million for the LSC. The reasons cited for the significant increase included legal problems of existing and new clients stemming from the recent crises in the mortgage and housing industries, the ongoing impact of natural disasters, and widespread domestic violence, along with recent LSC findings that there is significant unmet need among America's poorest populations with regard to civil legal assistance.

¹² See sections 2305 and 2401 of P.L. 110-289.

¹³ See section 431 of P.L. 110-315.

client self-help and information technology, \$4.2 million for the Office of the Inspector General, and \$1.0 million for loan repayment assistance.

FY2010

For FY2010, the Obama Administration requested \$435 million for the LSC.¹⁴ This amount is \$45 million (11.5%) above the FY2009 appropriation of \$390 million for the LSC. The Administration's budget request included \$410.4 million for basic field programs and required independent audits; \$17 million for management and grants oversight; \$3.4 million for client self-help and information technology; \$3.2 million for the Office of the Inspector General; and \$1 million for loan repayment assistance. The Obama Administration also proposed that LSC restrictions on class action suits and attorneys' fees be eliminated.

For FY2010, the House Appropriations Committee approved \$440 million for the LSC (H.Rept. 111-149). The House bill (H.R. 2847) provides almost 13% more than the FY2009 LSC appropriation and 1% more than the Administration's FY2010 budget request for the LSC. The House approved \$440 million for the LSC on June 18, 2009. The House voted to continue existing limitations on the use of LSC funds (and non-LSC funds) except for the restriction on the ability of LSC-funded programs to collect attorneys' fees. The House bill also included funds for a loan repayment assistance program to help legal services programs recruit and retain talented attorneys.

For FY2010, the Senate Appropriations Committee approved \$400 million for the LSC (S.Rept. 111-34). The Senate version of the bill (H.R. 2847) provides about 3% more than the FY2009 LSC appropriation and 8% less than the Administration's FY2010 request for the LSC. The Senate passed H.R. 2847 on November 5, 2009. The Senate-passed version of the bill included \$400 million in funding for the LSC and would continue existing limitations on the use of federal funds but would eliminate the restrictions on the use of non-federal funds except in litigation involving abortion and cases involving prisoners.¹⁵ The conference agreement on H.R. 3288 (consolidated appropriations for 2010—H.Rept. 111-366), which includes \$420 million for the LSC for FY2010, was passed by the House on December 10, 2009, and by the Senate on December 13, 2009.

P.L. 111-117, the Consolidated Appropriations Act, 2010 (enacted December 16, 2009), includes \$420.0 million for the LSC for FY2010. The FY2010 appropriation for the LSC includes \$394.4 million for basic field programs and required independent audits, \$17.0 million for management and administration, \$3.4 million for client self-help and information technology, \$4.2 million for the Office of the Inspector General, and \$1.0 million for loan repayment assistance. P.L. 111-117

¹⁴ Each year the LSC submits its own budget request to Congress. In most years, the LSC budget request is significantly higher than the amount that appears in the President's annual budget. For FY2010, the LSC requested an appropriation of \$485.1 million, an 11.5% increase over the President's budget request of \$435 million for the LSC. The reasons cited for the significant increase included legal problems of existing and new clients stemming from the recent crises in the mortgage and housing industries, the ongoing impact of natural disasters, and widespread domestic violence, along with recent LSC findings that there is significant unmet need among America's poorest populations with regard to civil legal assistance.

¹⁵ S.Rept. 111-34 (page 143) deletes section 504(d) of P.L. 104-134 (pertaining to the use of non-federal funds for activities prohibited by the LSC), but also stipulates that no funds (federal or non-federal) can be used for activities specified in section 504(a)(14) or section 504(a)(15) of P.L. 104-134 (respectively, these two sections pertain to abortion litigation and litigation involving persons incarcerated in a federal, state, or local prison).

continues existing limitations on the use of LSC funds (and non-LSC funds) except for the restriction on the ability of LSC-funded programs to collect attorneys' fees.

FY2011

For FY2011, the Obama Administration requested \$435 million for the LSC.¹⁶ This amount is \$15 million (3.6%) above the FY2010 appropriation of \$420 million for the LSC. The Administration's budget request included \$407 million for basic field programs and required independent audits, \$20 million for management and grants oversight, \$3 million for client self-help and information technology, \$4 million for the Office of the Inspector General, and \$1 million for loan repayment assistance. The Obama Administration also proposed that LSC restrictions on class action suits and attorneys' fees be eliminated. (The restriction on attorneys' fees was eliminated pursuant to P.L. 111-117. For further information, see CRS Report R40679, *Legal Services Corporation: Restrictions on Activities*.)

*It is important to note that since FY1996, all of the LSC appropriations laws have included language stipulating the provisions restricting the activities of LSC grantees enacted in previous LSC appropriations laws.*¹⁷ (See the earlier section titled "Restrictions on Activities.") **Table 2** shows LSC appropriations for FY2001-FY2010, by component of funding.

Table 2. LSC: Funding for Program Components, FY2002-FY2010

(\$ in millions)

LSC Program Components	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010
Basic field programs	310.0	308.0	316.4	312.4	308.4	330.8	332.5	365.8	394.4
Management and administration	12.4	13.2	13.0	12.8	12.7	12.7	12.5	16.0	17.0
Client self-help and information technology	4.4	3.4	1.3	1.3	1.2	2.1	2.1	3.0	3.4
Office of the Inspector General	2.5	2.6	2.6	2.5	2.5	3	3	4.2	4.2
Offset for census-based reallocations	0	9.4	1.8	1.8	1.8	0	0	0	0

¹⁶ Each year, the LSC submits its own budget request to Congress. In most years, the LSC budget request is significantly higher than the amount that appears in the President's annual budget. For FY2011, the LSC requested an appropriation of \$484.9 million, an 11.5% increase over the President's FY2011 budget request of \$435 million for the LSC. The reasons cited for the significant increase included legal problems of existing and new clients stemming from the recent crises in the mortgage and housing industries, the ongoing impact of natural disasters, and the economic downturn, along with recent LSC findings that there is significant unmet need among America's poorest populations with regard to civil legal assistance.

¹⁷ Although the authorizing statute contains some restrictions on LSC activities, many more restrictions were added by P.L. 104-134 in 1996. Other restrictions and modifications or clarifications were added in 1997 (P.L. 105-119) and 1998 (P.L. 105-277). All LSC appropriation laws enacted after 1996 have included language referencing the restrictions in prior appropriation laws.

LSC Program Components	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010
Student loan repayment program	0	0	0	0	0	0	0.5	1.0	1.0
Total	329.3	336.6	335.3	330.8	326.6	348.6	350.5	390.0	420.0

Source: Table prepared by the Congressional Research Service.

Note: These data reflect appropriations after all rescissions; numbers may not add to total due to rounding.

Distribution of LSC Funds and Non-LSC Resources

LSC funds appropriated for basic field programs are distributed to the states and jurisdictions on a per capita basis, according to U.S. Bureau of the Census data¹⁸ on the number of “poor” persons in each service area.¹⁹ Grantees within each state or jurisdiction then compete among themselves for funding.

Although the LSC is the largest single source of funding for the civil legal services system in the United States, it is not the only source of funding. Local legal services programs supplement their LSC grants with funds from a variety of governmental and private sources. Non-LSC funding sources include state and local grants; state Interest on Lawyers’ Trust Accounts (IOLTAs) programs;²⁰ federal programs such as the Title XX Social Services Block Grant, the Older Americans Act, the Violence Against Women Act, and Community Development Block Grants; and private grants from entities such as the United Way, foundations, and national, state, and local bar associations. In addition, private attorneys accept referrals to provide legal services to the poor, primarily through LSC-funded pro bono programs.²¹

As shown in **Table 3**, in 2008, LSC funding accounted for about 40% of the \$881.0 million spent in the United States for civil legal services for the poor.²²

Table 3. Funding for LSC and Non-LSC Programs, by Jurisdiction, FY2008

State	LSC Funding	Number of LSC Programs	Non-LSC Funding	Total Funding	LSC Funding as % of Total
Alabama	6,391,069	1	1,004,547	7,395,616	86.4
Alaska	1,309,799	1	1,562,390	2,872,189	45.6
Arizona	10,002,746	3	5,046,865	15,049,611	66.5
Arkansas	3,965,429	2	1,957,345	5,922,774	67.0
California	45,972,139	11	44,104,270	90,076,409	51.0

¹⁸ The census data is based on the most recent decennial census—currently, the year 2000.

¹⁹ In other words, if a specific state has 12% of the U.S. poverty population, that state generally would receive about 12% of the LSC funding amount allocated for local legal services programs.

²⁰ These funds represent interest earned on sums deposited by clients with attorneys for short periods of time.

²¹ In 2008, approximately 36,000 private attorneys accepted referrals to help LSC clients.

²² Legal Services Corporation, *Legal Services Corporation Fact Book 2008*, August 2009, https://grants.lsc.gov/Easygrants_Web_LSC/Implementation/Modules/Login/Controls/PDFs/factbook2008forRIN.pdf.

State	LSC Funding	Number of LSC Programs	Non-LSC Funding	Total Funding	LSC Funding as % of Total
Colorado	3,652,360	1	9,612,933	13,265,293	27.5
Connecticut	2,510,388	1	738,948	3,249,336	77.3
Delaware	645,563	1	582,564	1,228,127	52.6
District of Columbia	999,250	1	1,450,252	2,449,502	40.8
Florida	19,138,324	7	19,644,504	38,782,828	49.3
Georgia	9,346,744	2	14,162,194	23,508,938	39.8
Hawaii	1,615,005	2	5,517,378	7,132,383	22.6
Idaho	1,406,165	1	954,685	2,360,850	59.6
Illinois	12,194,108	3	19,029,266	31,223,374	39.1
Indiana	5,468,579	1	3,093,466	8,562,045	63.9
Iowa	2,390,194	1	5,822,688	8,212,882	29.1
Kansas	2,319,730	1	6,027,645	8,347,375	27.8
Kentucky	6,267,511	4	11,600,142	17,867,653	35.1
Louisiana	8,174,746	4	5,506,883	13,681,629	59.7
Maine	1,375,222	1	4,831,543	6,206,765	22.2
Maryland	3,973,707	1	18,442,066	22,415,773	17.7
Massachusetts	5,466,702	4	1,766,614	7,233,316	75.6
Michigan	9,771,150	6	13,936,372	23,707,522	41.2
Minnesota	3,705,231	5	14,364,126	18,069,357	20.5
Mississippi	5,326,377	2	3,059,155	8,385,532	63.5
Missouri	5,793,058	4	12,182,075	17,975,133	32.2
Montana	1,404,379	1	1,962,672	3,367,051	41.7
Nebraska	1,477,438	1	806,918	2,284,356	64.7
Nevada	2,054,121	1	692,426	2,746,547	74.8
New Hampshire	706,841	1	172,530	879,371	80.4
New Jersey	7,005,564	6	42,010,077	49,015,641	14.3
New Mexico	4,142,386	1	2,381,466	6,523,852	63.5
New York	25,828,654	7	64,991,724	90,820,378	28.4
North Carolina	9,956,235	1	12,536,437	22,492,672	44.3
North Dakota	1,010,696	1	978,085	1,988,781	50.8
Ohio	10,770,476	6	47,784,601	58,555,077	18.4
Oklahoma	5,670,197	2	5,858,296	11,528,493	49.2
Oregon	3,685,556	1	4,764,828	8,450,384	43.6
Pennsylvania	12,712,462	8	26,258,559	38,971,021	32.6
Rhode Island	1,078,675	1	2,770,103	3,848,778	28.0
South Carolina	5,659,072	1	4,956,674	10,615,746	53.3
South Dakota	1,900,907	2	813,738	2,714,645	70.0
Tennessee	7,350,782	4	12,343,509	19,694,291	37.3
Texas	30,161,864	3	22,362,294	52,524,158	57.4
Utah	1,995,174	1	1,937,900	3,933,074	50.7
Vermont	607,175	1	64,567	671,742	90.4
Virginia	6,093,972	6	11,008,894	17,102,866	35.6
Washington	6,648,388	1	15,433,796	22,082,184	30.1
West Virginia	2,890,210	1	4,659,954	7,550,164	38.3

State	LSC Funding	Number of LSC Programs	Non-LSC Funding	Total Funding	LSC Funding as % of Total
Wisconsin	4,991,219	2	6,021,488	11,012,707	45.3
Wyoming	658,722	1	0	658,722	100.0
Guam	312,133	1	614,178	926,311	33.7
Micronesia	1,624,748	1	695,250	2,319,998	70.0
Puerto Rico	16,754,963	2	4,093,509	20,848,472	80.4
Virgin Islands	313,062	1	1,347,133	1,660,195	18.9
Total (States and DC)	335,642,461	132	519,572,452	855,214,913	39.2
Total (States, DC, and Territories)	354,647,367	137	526,322,522	880,969,889	40.3

Source: Table prepared by the Congressional Research Service, using data from the Legal Services Corporation, *Legal Services Corporation Fact Book 2008*, August 2009. This report can be found at https://grants.lsc.gov/Easygrants_Web_LSC/Implementation/Modules/Login/Controls/PDFs/factbook2008forRIN.pdf. Compilation of state and territory program data is based on information from the LSC website, <http://www.lsc.gov/map/index.php>.

Author Contact Information

Carmen Solomon-Fears
 Specialist in Social Policy
 csolomonfears@crs.loc.gov, 7-7306