

# LSC

America's Partner For Equal Justice

Legal Services Corporation  
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Washington, DC 20007  
[www.lsc.gov](http://www.lsc.gov)

# Legal Services Corporation

## Budget Request For Fiscal Year 2006

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## **Prepared by**

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Budget  
Request For  
Fiscal Year 2006



## BUDGET REQUEST FOR FISCAL YEAR 2006

### Legal Services Corporation: Overview

The Legal Services Corporation (LSC) is a private, nonprofit corporation established by Congress in 1974 to provide low-income Americans with access to high quality legal assistance in civil matters. LSC awards competitive grants to civil legal services programs nationwide so they may offer legal advice and representation to the neediest eligible Americans.

By focusing on the most basic legal needs of the poor, LSC enjoys broad bipartisan support in Congress and the support of President Bush. LSC continues to work to find innovative and effective methods to improve the delivery of civil legal services to the poor, closing nearly one million cases each year and over 4 million matters each year. The restructured legal services delivery system continues to be a model of efficient dispute resolution. Only 10% of LSC-funded cases are resolved by court decision, the majority of which are family law cases that require a court determination. On the other hand, nearly 75% of cases in 2003 were resolved through advice, referral or brief services, maximizing the limited resources available to serve the most clients.

In addition, LSC has faithfully implemented and vigorously defended the statutory restrictions on grantee activities, enacted in 1996, through expanded audits, on-site inspections, regulatory reviews, and other increased enforcement actions.

LSC is headed by a bipartisan Board of Directors whose eleven members are appointed by the President and confirmed by the Senate. Eight of the current Directors were appointed by President Bush and two by President Clinton. Two nominations, including one for the vacant position, were submitted to the Senate by President Bush on January 24, 2005. LSC has a new President, Helaine M. Barnett, who began her service on January 20, 2004 and a new Inspector General, Richard K. West, who started on September 1, 2004. Both the President and the Inspector General report independently to the Board of Directors.

### Funding Request Highlights

For FY 2006, LSC requests an appropriation of \$363,809,000, an increase of \$11,009,000 over the FY 2005 request and \$33,005,295 over the final FY 2005 appropriation. This request, while taking into account the budgetary pressures facing the federal government, represents the minimum necessary for LSC to effectively undertake its mission of delivering high quality civil legal assistance to eligible low-income Americans. Total inflation from the beginning of 2002 to the end of 2004 was 7.4 percent. Meanwhile, LSC's FY 2005 appropriation of \$330,803,705 is essentially the same as the FY 2002 appropriation of \$329,300,000.

Most of the increase is in the Basic Field line item and is intended to restore the front line programs, whose dedicated staff actually deliver legal services to the needy, to the level of funding they received three years ago after adjusting for inflation. This request simply ensures that the 2006 budgets of LSC's already under-funded grantees do not fall even further behind.

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Line Item Budget	FY 2005 Request	FY 2005 Budget	FY 2006 Request
Grants to Programs: Basic Field	\$336,000,000	\$312,375,183	\$340,100,000
Grants to Programs: Census Adjustment	\$0	\$1,808,517	\$0
Grants to Programs: Technology Initiatives	\$4,000,000	\$1,255,010	\$5,000,000
<b>TOTAL GRANTS TO PROGRAMS</b>	<b>\$340,000,000</b>	<b>\$315,438,710</b>	<b>\$345,100,000</b>
Loan Repayment Assistance Program		(\$1,000,000) <sup>1</sup>	\$1,000,000
Management & Administration	\$13,800,000	\$12,826,362	\$14,309,000
Inspector General	\$2,600,000	\$2,538,633	\$3,400,000
<b>TOTAL</b>	<b>\$352,800,000</b>	<b>\$330,803,705</b>	<b>\$363,809,000</b>

LSC's budget request continues to emphasize the core work of the organization: maximizing resources for the direct delivery of legal assistance to needy Americans.

This budget request will allow LSC to continue to meet three strategic goals:

- To maintain the availability of legal services to eligible persons;
- To help legal services grantees maintain and improve the delivery of high-quality legal assistance; and
- To ensure that these local legal services programs fully comply with all legal requirements.

LSC's budget request continues to emphasize the core work of the organization: maximizing resources for the direct delivery of legal assistance to needy Americans. For FY 2006, LSC is requesting an increase of \$27,624,817 over the FY 2005 appropriation for grants to basic field programs. This increase will allow legal services programs nationwide to better address the large unmet need of legal aid for eligible low income people.

Basic Field grants to programs are distributed based on the number of eligible Americans in a program's service area. The budget request first provides an 8.55 percent increase over the FY 2005 appropriation to offset inflation and funding cuts since the beginning of 2002, and then adds \$1 million to enhance certain under-funded programs serving Native Americans.

Mindful of the budgetary pressures facing the federal government, the request provides no new funding for the Census Adjustment account. LSC believes that programs have had sufficient opportunity to adjust to changes in the distribution of funds driven by LSC's congressionally required adoption of 2000 census data three years ago.

LSC is requesting \$5,000,000—\$3,744,990 over the FY 2005 appropriation—for the Technology Initiative Grant (TIG) program. The TIG program funds innovative technology projects that increase the availability and quality of legal services provided to the poor. LSC-funded programs have used this money to partner with private companies, state courts and other stakeholders in the civil equal justice community to create projects that produce results for clients that far exceed the amount of money invested in them. Regrettably, funding for the TIG program has steadily declined since 2001 when it received its highest appropriation of \$7,000,000. This has forced the Corporation to deny funds to many worthy projects that would make a real difference in the lives of clients throughout the nation. The Corporation



requests an increase in funding for the TIG program so it can continue to increase access and the availability of information to the poor and enhance program efficiency through the innovative uses of new technologies.

## Need For An Increase

Federal funding makes up roughly half of all funding for civil legal services for the poor in the United States, making it the single most critical component to ensure that eligible low income Americans have access to civil legal services. Many other funding sources have been decreasing in recent years. For example, funding from Interest on Lawyers' Trust Accounts (IOLTA) has declined due to lower interest rates. It is therefore crucial that the federal government maintain its commitment to providing civil legal services to the poor by ensuring that LSC-funded programs are able to serve as many eligible needy Americans as possible.

There are unfortunately more than 43 million Americans who are eligible for LSC-funded services, generally limited to those with incomes below 125% of the poverty line. According to a benchmark study conducted by the American Bar Association in 1994, 80% of the legal needs of the poor went unmet. Recent studies documenting the civil legal needs of people in various states have consistently produced similar findings.

The failure of LSC's appropriation to increase in accordance with inflation has meant reduced funding in real dollars year after year. In fact, LSC is currently funded with less than half the real dollars the Corporation was appropriated in FY 1980, the year the legal services community briefly achieved its "minimum access" goal of two lawyers per 10,000 poor people. It would take an FY 2006 appropriation of \$683 million—more than double LSC's current budget—to equal LSC's FY 1980 appropriation of \$300 million, adjusted for inflation.

At the same time that LSC's appropriation is shrinking in terms of real dollars, LSC-funded programs must provide services to an increasing number of poor people. A recent Census report stated that 35.9 million people had incomes below the official poverty line in 2003, about one of every eight Americans and 1.3 million more people living in poverty than there were in 2002. This is in addition to the 5.74% increase in poor people reported by the Census from 1990 to 2000. The number of people living in extreme poverty—making less than half the income defined as the poverty level—is 15.3 million, the highest it has been in the 28 years the Census has been collecting this information. The situation for America's children is particularly distressing with 17.6%—almost 13 million—of all American children living in poverty. However, in recognition of the budgetary constraints the Congress is under, LSC is only asking for an appropriation amount to account for the increase in inflation for the last three years. This will help LSC-funded programs meet the increasing need for their services and make a positive difference in as many lives as possible.

## Use of Funds: Core Legal Needs and Compliance

In order to satisfy LSC's core mission, LSC distributes congressionally appropriated funds to grantees on a competitive basis. LSC then has the responsibility to ensure that the grantees use those funds to provide high quality legal services to the eligible poor in full compliance with the law.

Federal funding is the single most critical component to ensure that eligible low income Americans have access to civil legal services.



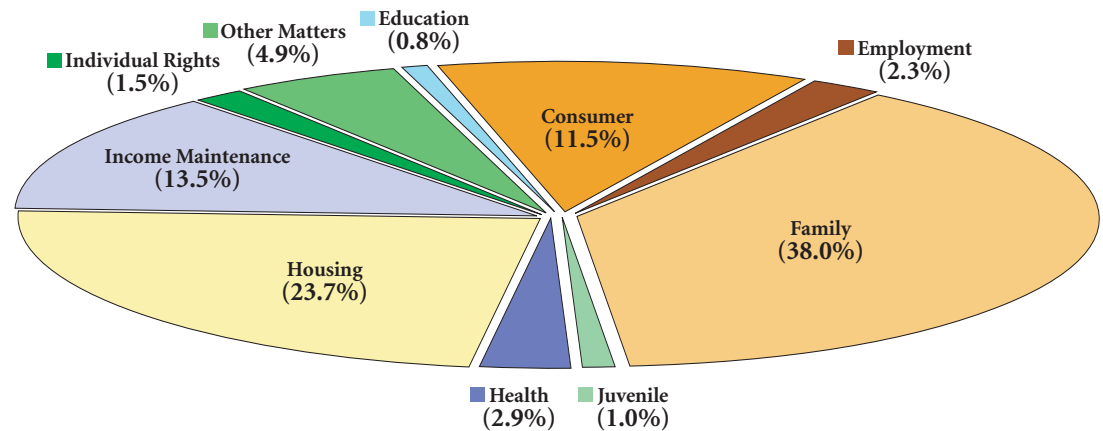
## Program Services to Clients

Congress created LSC 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.”

In FY 2006, LSC will allocate \$340,100,000 in grants to state and local legal services programs. The grants will go to 140 legal services programs which serve every county in the nation and the U.S. territories. These programs are committed to addressing the basic legal needs of their clients and will close roughly one million cases this year. The types of cases frequently encountered, and resolved, by legal services programs include:

- Assisting women who are victims of domestic violence by securing restraining orders to keep them safe, and resolving other family law matters;
- Ensuring children and disabled individuals obtain needed medical treatment and disability benefits so they can live independently;
- Helping families obtain and retain safe and habitable housing, thereby avoiding homelessness;
- Protecting the elderly and persons of limited education from being victimized by creditors who engage in illegal and abusive loan and collection practices.

## LEGAL ISSUES ADDRESSED



## Compliance and Enforcement

In 1996, Congress made clear its intention for LSC grantees to focus on certain core legal services by enacting a new series of appropriations restrictions which have been continued largely unchanged each year since then. These restrictions, which apply to all activities of LSC grantees whether or not federally funded, prohibit class action lawsuits, lobbying, representation of incarcerated persons, and other activities.

LSC has responded by strengthening its compliance and enforcement function to ensure that the letter of the law and congressional intent are fully complied with. In the last few years, LSC's Office of Compliance and Enforcement (OCE) has been increased in size by 50 percent. In FY 2004, OCE conducted 31 major onsite reviews and plans to conduct 32-36 such reviews in both the current fiscal year and FY 2006. OCE also reviews issues raised by the annual audits (see below), investigates public and congressional complaints, and reviews and approves major expenditures by LSC grantees. LSC grantees are also reviewed by the Office



of Program Performance (OPP). While OPP's reviews are focused on improving the quality and efficiency of grantee operations, evidence of potential violations uncovered in these reviews are referred to OCE for investigation and resolution.

Pursuant to the appropriations Act, LSC grantees undergo annual audits by independent auditors under standards promulgated by the Office of the Inspector General, and subject to review by that Office. For a full discussion of these activities, see the discussion of the Inspector General's budget later in this submission.

LSC believes that the current compliance and enforcement effort is working well. This will continue to be a Corporation priority in FY 2006.

To ensure quality, expand and improve services to clients and maximize limited resources, LSC has undertaken numerous initiatives. . . .

## **Use of Funds: Expanding and Improving Quality Legal Assistance**

LSC's primary functions are to provide financial assistance to qualified programs that furnish legal assistance to eligible clients, and to ensure that those programs receiving funds from LSC provide services that are of the highest quality, comport with professional standards, and comply with the requirements established by Congress.

To ensure quality, expand and improve services to clients and maximize limited resources, LSC has undertaken numerous initiatives including the Quality Initiative, the State Planning Initiative and the Technology Initiative Grant Program. LSC will continue its work on each of these initiatives in FY 2006.

### **The Quality Initiative**

The LSC Act requires the Corporation to not only provide for the delivery of legal services to low-income people, but to ensure that those services are of the highest quality. While there have always been mechanisms in place to ensure that LSC-funded programs are delivering quality service, and program quality has generally been quite high, the Corporation has recently embarked on an initiative to make program quality an even higher priority than it already is. This effort, referred to as the Quality Initiative, challenges LSC to define quality in a way that reflects the emerging realities in the low-income client population, then determine how to measure quality, and finally to determine how the Corporation can promote and inspire grantees to deliver high-quality services. For example, the tremendous increase in recent years of clients with limited English proficiency means that a high quality program must be able to recruit and retain a multilingual and diverse staff.

Once a current definition of quality has been developed, LSC will work closely with programs to measure and further improve the quality of service provided to clients. By making quality a primary focus, LSC hopes to provide poor Americans with the best possible outcomes in their civil legal matters, and enhance their access to justice.

### **State Planning Initiative**

At the urging of Congress in the mid-1990s, LSC and its national partners started the State Planning Initiative to encourage the formation of state justice communities. To create these communities, LSC required all grantees within a state to cooperate with each other and other stakeholders such as bar associations, law schools, the judiciary, and other legal services providers. The goals of the initiative were to expand client access and enhance services;





promote client self-help and preventative legal education and advice; coordinate legal work and training; collaborate with the private bar; expand resources to provide additional needed legal services; and to design a system configuration that enhances client services, reduces barriers, and operates efficiently and effectively.

Over the last several years LSC has successfully implemented the State Planning Initiative. The number of LSC grantees has been reduced to 140 carefully selected legal services providers capable of delivering high quality services in partnership with other legal services providers and stakeholders throughout their state.

### **Technology Initiative Grant Program**

With 43 million Americans eligible for LSC-funded assistance and only about 3,700 full time attorneys to meet that need, too many potential clients must be turned away and denied services due to lack of resources. The Technology Initiative Grant (TIG) program was begun in FY 2000 to improve and expand access to justice through the use of technology.

TIG grants are awarded on a competitive basis. In FY 2004, when \$2.9 million was appropriated for TIG, LSC received applications totaling \$7 million. TIG funding has been reduced from \$7 million in FY 2001 to \$1,255,010 million in the current fiscal year. LSC is requesting an appropriation of \$5,000,000 in FY 2006 to support this important initiative which has been so successful in expanding the availability of services to needy Americans.

The TIG program has been a major success. There are now statewide web sites for legal assistance in 48 states, the District of Columbia, Puerto Rico, Guam and the Virgin Islands. These sites offer community legal education information aimed at avoiding legal conflicts, pro se legal assistance, community legal education in multiple languages, information on where legal assistance can be obtained, and links to information regarding the courts and available and necessary social services. They continue to add important content that is of great benefit to the client community. LSC's goal is to transition these sites off of LSC support as the programs leverage support from other sources.

There are I-CAN projects in several states, where eligible clients can get legal assistance including pleadings by using a touch screen computer in a kiosk which provides important information to clients at minimal cost to the local programs. I-CAN currently has modules for many basic legal issues and is designed to provide services to persons of low reading levels and those who speak languages other than English. I-CAN EIC, which began with a TIG grant, now is available nationwide and helps low-wage workers recover their earned income tax credit. This program last year returned \$3.2 million to people in 44 states, and its use will only grow in the years ahead.

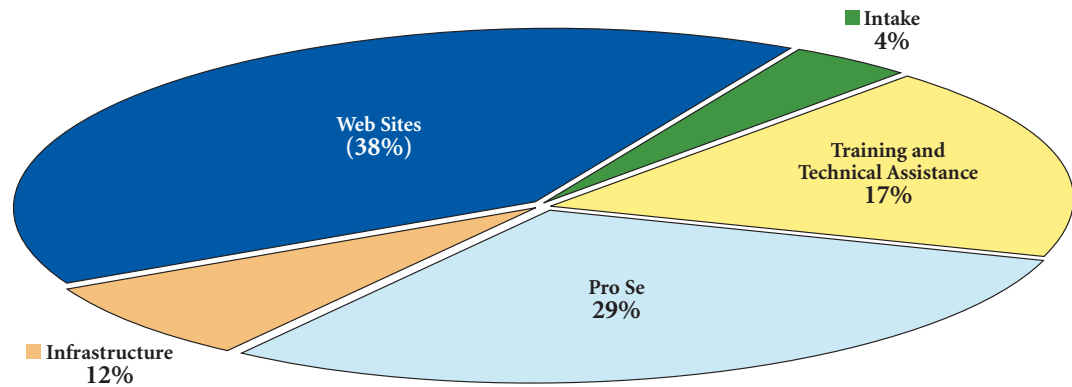
TIG helped develop the first-of-its kind video conferencing system in Montana to connect clients in remote locations with local courthouses and legal services attorneys. This project was developed in conjunction with Montana's court system. TIG has also provided critical support to programs for networking and information infrastructure in ways that enable programs to improve client intake and case management, as well as undertake initiatives which enable potential clients to help themselves. This program has been successful in leveraging support and donations from both public and private sources, including substantial donations of software, as well as creating partnerships with the judicial systems in, at the present time, a half dozen states.

The Technology Initiative Grant (TIG) program was begun in FY 2000 to improve and expand access to justice through the use of technology. The TIG program has been a major success.





### 2004 TIG Funding Requests by Category



**Infrastructure**—Grants which improve the overall technology infrastructure a particular program uses. This can include case management, telecommunications and telephone systems.

**Pro Se**—This category funds projects that use technology to deliver services, such as kiosks, self help products, and self help workstations.

**Training and Technical Assistance**—Grants that provide technology training for our grantees. This includes a mentoring program that encourages experienced technical staff in one program to assist less experienced staff in another.

**Websites**—This category funds the creation of individual statewide websites. This category also funds enhancements to the two website templates our grantees can use.

**Intake**—Grants that improve the process of verifying that a potential client will not only meet LSC eligibility requirements but also the priority areas established by each program.

To assure the effectiveness and efficiency of these grants, TIG staff carefully monitors grantee progress. LSC is also putting considerable emphasis on formal evaluation of grants.

### Loan Repayment Assistance Program (LRAP)

For FY 2005, Congress authorized the transfer of \$1,000,000 in previously appropriated LSC funds to implement a Loan Repayment Assistance Program to help LSC-funded programs recruit and retain highly qualified and motivated lawyers and law school graduates who are burdened with staggering educational debt. A recent survey of LSC-funded programs found that the majority of responding LSC grantees and other legal services providers believe this issue has had a serious negative impact on their ability to attract recent law school graduates who can have a debt load upwards of \$80,000. With LSC grantees offering attorneys an average starting salary of \$37,500—substantially below what private law firms offer new graduates—this program will assist in recruiting and retaining qualified staff in LSC-funded programs. LSC has established a Task Force on Loan Repayment to help design the project, addressing such issues as which programs will participate, how much money will be granted and for how long, whether there should be a matching requirement, whether the program should just be for recruitment or for retention as well, and the length of commitment that should be required by the individual recipients of the loan repayment. Representatives from the American Bar Association, LSC-funded grantees, law schools, IOLTA programs and other stakeholders with experience in LRAPs are participating in this effort. LSC is in the process of completing the guidelines for requests for assistance and plans



to begin taking applications this summer. LSC has requested \$1,000,000 in new funds to continue this initiative in FY 2006.

## Management and Administration

Only \$14,309,000 of LSC's total FY 2006 request will be allocated for Management and Administration, less than 4 percent of LSC's total budget request.

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

The slight increase over last year's appropriation is necessary to continue to ensure compliance with statutory and regulatory restrictions, to cover increased insurance costs, annual compensation increases, and to continue to provide technical assistance to LSC programs on a wide range of issues. The increase also includes the absorption of \$209,000 in rent costs from the Office of the Inspector General. The proposed budget assumes full-time equivalent employment of 90 individuals, a reduction of 4 from the actual level in FY 2004.

Prior to FY 2004, the full cost of rent was paid from the Management and Administration line. In FY 2004 and 2005, pursuant to an agreement between the former President of LSC and the former acting Inspector General, \$209,000 of the total \$1.7 million rent was charged to the Office of the Inspector General. LSC decided in conjunction with the FY 2006 budget to return to the former method, under which the full rent is paid from the Management and Administration line. It has also made this change for FY 2005; however, LSC has determined that neither a statutory transfer of funds nor a reprogramming will be necessary.

## Office of Inspector General

The Office of Inspector General (OIG) requests \$3,400,000 for FY 2006, an increase of \$827,000 from its FY 2005 appropriation. Although mindful of the considerable restraints on the Federal budget, the OIG believes this increase is necessary to perform its core mission as defined by the Inspector General Act, as well as the important compliance duties assigned by Congress in LSC's appropriation acts. The amount requested is needed to increase staffing levels and to provide for additional travel costs.

### FY 2006 Plan

On September 1, 2004, the LSC Board of Directors hired a new Inspector General. Prior to his appointment, there was an acting IG for nearly four years working under two different Boards of Directors. The former acting IG acted as a caretaker and never developed a comprehensive work plan. In the fall of 2004, the newly appointed IG conducted an analysis of the activities of the OIG to determine whether the office was adequately performing its mission. In discussions with OIG staff as well as some LSC management staff, the new IG was told that the OIG was underperforming. For several years, the OIG had not conducted reviews of LSC's internal operations. The OIG did not have any investigators on staff but used a contract investigator on the rare occasions when the former acting IG determined that a criminal investigation was warranted. The OIG had used contractors instead of OIG audit



staff to oversee the review of the Independent Public Accountants, which LSC grantees are required to employ to conduct audits of the grantee financial statements as well as grantee internal controls and compliance with LSC prohibitions and restrictions. The OIG did not appear to be targeting high risk programs and was not very responsive to Hotline complaints received from concerned members of the public, and did not appear to pursue a consultative relationship with the Congress.

In making courtesy visits to the Oversight and Appropriations Committees of the Congress, the new IG heard similar concerns that the OIG was underperforming. There were also Congressional concerns about the perceived lack of IG independence. The OIG had failed to spend \$1 million of previously appropriated funds. In FY 2005 Congress made available these funds to LSC management to establish a Loan Repayment Assistance Payment Program. The new IG's conclusion is the OIG was clearly underperforming. After reviewing existing OIG work and developing a work plan to address risk areas, the new IG has concluded that the OIG does not presently have adequate staff to fulfill the IG's statutory responsibilities.

The OIG's new work plan includes mandatory and discretionary projects. Mandatory projects are those required by statute. Mandatory projects include the annual audit of LSC's financial statements, investigations of crimes and referral of evidence for prosecution, and review of existing and proposed legislation and regulations. The OIG is required to review approximately 140 grantee audit reports produced by independent public accountants (IPAs) that report on the financial condition of the grantees, the grantees' internal controls and the grantees' compliance with mandated restrictions and prohibitions. The OIG must refer significant audit findings to LSC management, and must track the progress of corrective actions. The new IG has determined that the Audit Guide and Compliance Supplement, which provide audit guidance to the IPAs, need to be revised and updated on an annual basis. He has also determined that there needs to be more oversight of the IPAs and targeted, risk-based oversight of the grantees.

Discretionary projects are OIG-initiated projects undertaken in fulfillment of the OIG's mission. Although circumstances may require a reordering of OIG priorities based on unforeseen events, requests from the LSC Board or Congress, the OIG is currently planning to pursue the following areas of work. The OIG has scheduled a review of LSC headquarters operations to look for economies and efficiencies as well as to provide an understanding of the roles and responsibilities of various LSC programs, starting with a review of the LSC compliance model. In addition, the OIG will be reviewing current LSC practices to see if they conform to mandated restrictions and prohibitions put in place by the Congress with LSC's 1996 appropriation. The OIG will also begin to look at whether LSC funds provided to grantees are being effectively used to maximize the delivery of legal services to low income citizens.

### **FY 2006 Staffing Needs**

The OIG intends to hire six additional staff—one investigator, two attorneys and three auditors. Presently there is one investigator on staff who, in his first three months, has opened five investigations matching the total number opened up over the previous three year period. A second investigator is needed to conduct these investigations and other investigative responsibilities assigned by the Inspector General Act.

The OIG is required to review existing and proposed legislation and regulations. Because many LSC regulations involve the provision of legal services to low-income individuals, the



new IG believes that such reviews are best performed by attorneys. Further, the OIG project looking at the 1996 prohibitions and restrictions will require several attorneys to work with audit teams.

The OIG has significantly altered the manner of conducting its audit work. The OIG is in the process of establishing a more vigorous review program of IPAs that will also include a minimum of 10 OIG reviews of grantee operations each year based on a risk assessment. The OIG will continue to conduct at least 20 Audit Service Reviews of the IPAs working papers to check for compliance with the 1996 Appropriations Act restrictions and prohibitions. The OIG will also be assessing whether the OIG reviews can be coordinated with the Office of Compliance and Enforcement to avoid duplication. The OIG also expects that significant audit resources may be required to provide assistance on investigations. Audit staff is also needed to conduct the review of LSC headquarters' programs and operations.

### *Organizational Changes*

The new IG arranged for the reimbursable detail of a senior audit executive from another OIG to be the acting Assistant Inspector General for Audit to revitalize the LSC OIG audit program. In addition, the IG has hired a Chief Investigator with twenty-five years of federal criminal investigative experience and created the position of Special Counsel, filling it with another senior executive from the IG community. The OIG believes that the addition of seasoned senior executives with significant OIG experience will result in higher productivity and improved quality in a relatively short period of time. The OIG will always look for efficiencies in its own operations to keep the OIG costs and staff requirements to a minimum, while providing the coverage necessary to ensure an effective and efficient LSC program, operated in compliance with the law and free from fraud, waste and abuse.



## Appendix: Proposed Statutory Language

### LEGAL SERVICES CORPORATION PAYMENT TO THE LEGAL SERVICES CORPORATION

For payment to the Legal Services Corporation to carry out the purposes of the Legal Services Corporation Act of 1974, [\$335,282,000] \$363,809,000, of which [\$316,604,000] \$340,100,000 is for basic field programs and required independent audits; [\$2,573,000] \$3,400,000 is for the Office of Inspector General, of which such amounts as may be necessary may be used to conduct additional audits of recipients; [\$13,160,000] \$14,309,000 is for management and administration; and [\$1,272,000] \$5,000,000 is for client self-help and information technology; and [\$1,833,000] \$1,833,000 is for grants to offset losses due to census adjustments: Provided, That not to exceed \$1,000,000 [from amounts previously appropriated under this heading may be used] is for a student loan repayment pilot program. (*Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Act, 2005.*)

### ADMINISTRATIVE PROVISION—LEGAL SERVICES CORPORATION

None of the funds appropriated in this Act to the Legal Services Corporation shall be expended for any purpose prohibited or limited by, or contrary to any of the provisions of, sections 501, 502, 503, 504, 505, and 506 of Public Law 105–119, and all funds appropriated in this Act to the Legal Services Corporation shall be subject to the same terms and conditions set forth in such sections, except that all references in sections 502 and 503 to 1997 and 1998 shall be deemed to refer instead to [2004 and 2005] 2005 and 2006, respectively[, and except that section 501(a)(1) of Public Law 104-134 (110 Stat. 1321-51 et seq.) shall not apply to the use of the \$1,833,000 to address loss of funding due to the Census-based reallocations]. (*Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Act, 2005.*)

**LEGAL SERVICES CORPORATION  
BUDGET REQUEST - FISCAL YEAR 2006**

(dollars in thousands)

	(1)	(2)	(3)
	FY 2005 REQUEST	FY 2005 * APPROPRIATION LEVELS	FY 2006 REQUEST
<b>I. DELIVERY OF LEGAL ASSISTANCE</b>	336,000	315,439	345,100
<b>A. PROGRAM SERVICES TO CLIENTS</b>	332,000	314,184	340,100
<b>1. Basic Field Programs</b>	332,000	312,375	340,100
<b>A. Census Adjustment</b>	-	1,809	-
<b>B. INFORMATION TECHNOLOGY</b>	4,000	1,255	5,000
<b>II. MANAGEMENT &amp; ADMINISTRATION</b>	13,800	12,826	14,309
<b>III. LOAN REPAYMENT ASSISTANCE PROGRAM</b>	-	-	1,000
<b>IV. OFFICE OF INSPECTOR GENERAL</b>	2,600	2,539	3,400
<b>TOTAL</b>	<b>352,400</b>	<b>330,804</b>	<b>363,809</b>

\* Appropriation is shown net of a rescission



LEGAL SERVICES CORPORATION  
BUDGET IN BRIEF – FISCAL YEAR 2006

(dollars in thousands)

	2004 Budget		2005 Estimate		2006 Estimate		Change from 2005 to 2006	
	Amount	Perm Posn's	Amount	Perm Posn's	Amount	Perm Posn's	Amount	Perm Posn's
<b>I. CLIENT SERVICES</b>	325,217		320,218		345,100		24,882	
Appropriation	319,549		315,439		345,100		29,661	
Funds Carried Forward from Previous Year	4,361		3,560		-		(3,560)	
Other Funds Available	82		-		-		-	
US Court of Veterans Appeals Funds	1,175		1,175		-		(1,175)	
Funds Carried Forward from Previous Year	50		44		-		(44)	
<b>A. PROGRAM SERVICES TO CLIENTS</b>	319,205		316,795		340,100		23,305	
Appropriation	316,604		314,184		340,100		25,916	
Funds Carried Forward from Previous Year	1,294		1,392		-		(1,392)	
Other Funds Available	82		-		-		-	
US Court of Veterans Appeals Funds	1,175		1,175		-		(1,175)	
Funds Carried Forward from Previous Year	50		44		-		(44)	
<b>B. TECHNOLOGY INITIATIVES</b>	6,012		3,423		5,000		1,577	
Appropriation	2,945		1,255		5,000		3,745	
Funds Carried Forward from Previous Year	3,067		2,168		-		(2,168)	
<b>II. MANAGEMENT &amp; ADMINISTRATION</b>	14,360	94	14,456	86	14,709	90	253	(4)
Appropriation	13,160	94	12,826	86	14,309	90	1,483	(4)
Funds Carried Forward from Previous Year	1,100		1,540		300		(1,240)	
Other Funds Available	100		90		100		10	
<b>III. LOAN REPAYMENT ASSISTANCE PROGRAM</b>	-		1,000		1,000		-	-
Appropriation	-		-		1,000		1,000	-
Funds Carried Forward from Previous Year	-		1,000		-		(1,000)	
<b>IV. OFFICE OF INSPECTOR GENERAL</b>	3,932	17	2,740	17	3,400	19	660	(2)
Appropriation	2,573	17	2,539	17	3,400	19	861	(2)
Funds Carried Forward from Previous Year	1,359		201		-		(201)	
<b>TOTAL – REQUIREMENTS</b>	343,509	111	338,414	103	364,209	109	25,795	(6)
Appropriation	335,282	111	330,804	103	363,809	109	33,005	(6)
Funds Carried Forward from Previous Year	6,820		6,301		300		(6,001)	
Other Funds Available	182		90		100		10	
US Court of Veterans Appeals Funds	1,175		1,175		-		(1,175)	
Funds Carried Forward from Previous Year	50		44		-		(44)	

LEGAL SERVICES CORPORATION  
BUDGET SUMMARY -- FISCAL YEARS 2004, 2005 AND 2006

(dollars in thousands)

	2004 Budget		2005 Estimate		2006 Estimate		Change from 2005 to 2006	
	Amount	Perm Posn's	Amount	Perm Posn's	Amount	Perm Posn's	Amount	Perm Posn's
<b>I. CLIENT SERVICES</b>	<b>325,217</b>		<b>320,218</b>		<b>345,100</b>		<b>24,882</b>	
Appropriation	319,549		315,439		345,100		29,661	
Funds Carried Forward from Previous Year	4,361		3,560		-		(3,560)	
Other Funds Available	82		-		-		-	
US Court of Veterans Appeals Funds	1,175		1,175		-		(1,175)	
Funds Carried Forward from Previous Year	50		44		-		(44)	
<b>II. MANAGEMENT &amp; ADMINISTRATION</b>	<b>14,360</b>	<b>94</b>	<b>14,456</b>	<b>86</b>	<b>14,709</b>	<b>90</b>	<b>253</b>	<b>4</b>
Appropriation	13,160	94	12,826	86	14,309	90	1,483	4
Funds Carried Forward from Previous Year	1,100		1,540		300		(1,240)	
Other Funds Available	100		90		100		10	
<b>III. LOAN REPAYMENT ASSISTANCE PROGRAM</b>	<b>-</b>		<b>1,000</b>		<b>1,000</b>		<b>-</b>	
Appropriation	-		-		1,000		1,000	
Funds Carried Forward from Previous Year	-		1,000		-		(1,000)	
<b>IV. OFFICE OF INSPECTOR GENERAL</b>	<b>3,932</b>	<b>17</b>	<b>2,740</b>	<b>17</b>	<b>3,400</b>	<b>19</b>	<b>660</b>	<b>(2)</b>
Appropriation	2,573	17	2,539	17	3,400	19	861	(2)
Funds Carried Forward from Previous Year	1,359		201		-		(201)	
<b>TOTAL -- REQUIREMENTS</b>	<b>343,509</b>	<b>111</b>	<b>338,414</b>	<b>103</b>	<b>364,209</b>	<b>109</b>	<b>25,795</b>	<b>6</b>
Appropriation	335,282	111	330,804	103	363,809	109	33,005	6
Funds Carried Forward from Previous Year	6,820		6,301		300		(6,001)	
Other Funds Available	182		90		100		10	
US Court of Veterans Appeals Funds	1,175		1,175		-		(1,175)	
Funds Carried Forward from Previous Year	50		44		-		(44)	

LEGAL SERVICES CORPORATION  
 APPROPRIATION REQUEST IN RELATION TO FUNDS AVAILABLE  
 (dollars in thousands)

	POSN'S	AMOUNT
	-----	-----
<b>1. Total Funds Available in Fiscal Year 2005</b>		
-----		
Appropriation, FY 2005	103	330,804
Funds Carried Forward from Previous Year		6,301
US Court of Veterans Appeals Funds		1,175
Funds Carried Forward from Previous Year		44
Other Funds Available, Interest Income FY 2005		90
	-----	-----
Total available in FY 2005	103	338,414
	=====	=====
<b>2. Request for Fiscal Year 2006 -- Summary of Changes</b>		
-----		
Appropriation, FY 2005	103	330,804
Adjustments	6	33,005
	-----	-----
FY 2006 Base	109	363,809
	=====	=====
<b>3. Appropriation for Fiscal Year 2006 -- Summary of Changes</b>		
-----		
	-----	-----
Total appropriation requested for FY 2006	109	363,809
	=====	=====
<b>4. Total Funds Available in Fiscal Year 2006</b>		
-----		
Requested Appropriation	109	363,809
Funds Carried Forward from Previous Year		300
Other Funds Available, Interest Income FY 2006		100
	-----	-----
Total available in FY 2006	109	364,209
	=====	=====

LEGAL SERVICES CORPORATION  
PROGRAM AND FINANCING FOR FEDERAL APPROPRIATIONS  
FISCAL YEARS 2004, 2005 and 2006

-----  
(dollars in thousands)

	2004 Actual -----	2005 Estimate -----	2006 Estimate -----
I. CLIENT SERVICES			
A. Program Services to Clients	319,205	316,795	340,100
B. Technology Initiatives	6,012	3,423	5,000
II. MANAGEMENT & ADMINISTRATION	14,360	14,456	14,709
III. LOAN REPAYMENT ASSISTANCE PROGRAM	-	1,000	1,000
IV. OFFICE OF INSPECTOR GENERAL	3,932 -----	2,740 -----	3,400 -----
Total program costs, funded	343,509	338,414	364,209
Change in Selected Resources			
Funds Carried Forward from Previous Year	(6,820)	(6,301)	(300)
US Court of Veterans Appeals Funds	(1,175)	(1,175)	-
Funds Carried Forward from Previous Year	(50)	(44)	-
Other Funds Available (Interest Income)	(182)	(90)	(100)
Total obligations (object class 41)	335,282	330,804	363,809
Financing:			
Budget Authority (appropriation)	335,282	330,804	363,809
<hr/>			
Relation of obligations to outlays:			
Obligations incurred, net	335,282	330,804	363,809
Obligated balance, start of year	66,156	65,015	56,916
Obligated balance, end of year	(65,015)	(56,916)	(63,683)
Outlays	336,423 -----	338,903 -----	357,042 -----

LEGAL SERVICES CORPORATION  
ACTIVITIES IN BRIEF  
(dollars in thousands)

	2005 Estimate		2006 Base		2006 Estimate		Inc. (+) or Dec. (-) 2006 Base. to 2006 Est.	
	Amount	Perm Posn's	Amount	Perm Posn's	Amount	Perm Posn's	Amount	Perm Posn's
<b>1. CLIENT SERVICES</b>								
<b>Total</b>	<b>320,218</b>		<b>315,439</b>		<b>345,100</b>		<b>29,661</b>	
Appropriation	315,439		315,439		345,100		29,661	
Funds Carried Forward from Previous Year	3,560		-		-		-	
Other Funds Available	-		-		-		-	
US Court of Veterans Appeals Funds	1,175		-		-		-	
Funds Carried Forward from Previous Year	44		-		-		-	
<b>A. PROGRAM SERVICES TO CLIENTS</b>								
<b>Total</b>	<b>316,795</b>		<b>314,184</b>		<b>340,100</b>		<b>25,916</b>	
Appropriation	314,184		314,184		340,100		25,916	
Funds Carried Forward from Previous Year	1,392		-		-		-	
Other Funds Available	-		-		-		-	
US Court of Veterans Appeals Funds	1,175		-		-		-	
Funds Carried Forward from Previous Year	44		-		-		-	
<b>1. Basic Field Programs</b>								
<b>Total</b>	<b>315,576</b>		<b>314,184</b>		<b>340,100</b>		<b>25,916</b>	
Appropriation	314,184		314,184		340,100		25,916	
Funds Carried Forward from Previous Year	1,392		-		-		-	
<b>2. Grants from Other Funds Available</b>								
<b>Total</b>	<b>-</b>		<b>-</b>		<b>-</b>		<b>-</b>	
Appropriation	-		-		-		-	
Funds Carried Forward from Previous Year	-		-		-		-	
Other Funds Available	-		-		-		-	
<b>3. US Court of Veterans Appeals Funds</b>								
<b>Total</b>	<b>1,219</b>		<b>-</b>		<b>-</b>		<b>-</b>	
Appropriation	-		-		-		-	
Funds Carried Forward from Previous Year	-		-		-		-	
US Court of Veterans Appeals Grt Funds	1,175		-		-		-	
Funds Carried Forward from Previous Year	44		-		-		-	

LEGAL SERVICES CORPORATION  
ACTIVITIES IN BRIEF  
(dollars in thousands)

	2005 Estimate		2006 Base		2006 Estimate		Inc. (+) or Dec. (-) 2006 Base. to 2006 Est.	
	Amount	Perm Posn's	Amount	Perm Posn's	Amount	Perm Posn's	Amount	Perm Posn's
<b>B. TECHNOLOGY INITIATIVES</b>								
<b>Total</b>	<b>3,423</b>		<b>1,255</b>		<b>5,000</b>		<b>3,745</b>	
Appropriation	1,255		1,255		5,000		3,745	
Funds Carried Forward from Previous Year	2,168		-		-		-	
<b>II. MANAGEMENT &amp; ADMINISTRATION</b>								
<b>Total</b>	<b>14,456</b>	<b>86</b>	<b>13,226</b>	<b>90</b>	<b>14,709</b>	<b>90</b>	<b>1,483</b>	<b>-</b>
Appropriation	12,826	86	12,826	90	14,309	90	1,483	-
Funds Carried Forward from Previous Year	1,540		300		300		-	
Other Funds Available	90		100		100		-	
<b>III. LOAN REPAYMENT ASSISTANCE PROGRAM</b>								
<b>Total</b>	<b>1,000</b>		<b>-</b>		<b>1,000</b>		<b>1,000</b>	<b>-</b>
Appropriation	-		-		1,000		1,000	-
Funds Carried Forward from Previous Year	1,000		-		-		-	
<b>IV. OFFICE OF INSPECTOR GENERAL</b>								
<b>Total</b>	<b>2,740</b>	<b>17</b>	<b>2,539</b>	<b>19</b>	<b>3,400</b>	<b>19</b>	<b>861</b>	<b>-</b>
Appropriation	2,539	17	2,539	19	3,400	19	861	-
Funds Carried Forward from Previous Year	201		-		-		-	
<b>Total</b>	<b>338,414</b>	<b>103</b>	<b>331,204</b>	<b>109</b>	<b>364,209</b>	<b>109</b>	<b>33,005</b>	<b>-</b>
Appropriation	330,804	103	330,804	109	363,809	109	33,005	-
Funds Carried Forward from Previous Year	6,301		300		300		-	
US Court of Veterans Appeals Funds Carried Forward from Previous Year	1,175		-		-		-	
Other Funds Available	44		-		-		-	
Other Funds Available	90		100		100		-	



LEGAL SERVICES CORPORATION  
 APPROPRIATION EXPENSES BY ACTIVITY -- FISCAL YEARS 2005 AND 2006

(dollars in thousands)

	2004 Funds Carried Forward to 2005		2005 Estimate		2006 Base		2006 Request	
	Amount	Perm Posn's	Amount	Perm Posn's	Amount	Perm Posn's	Amount	Perm Posn's
Corporation Management & Administration	1,540		12,826	86	12,826	90	14,309	90
Other Funds Available	-		90		100		100	
Funds Carried Forward from FY 2005 to FY 2006	-		-		300		300	
Loan Repayment Asst Program	1,000		-		-		1,000	
Office of Inspector General	201		2,539	17	2,578	19	3,400	19
<b>SUBTOTAL</b>	<b>2,741</b>		<b>15,455</b>	<b>103</b>	<b>15,804</b>	<b>109</b>	<b>19,109</b>	<b>109</b>
Program Activities	3,560		315,439		315,439		345,100	
Other Funds Available	44		-		-		-	
<b>TOTAL</b>	<b>6,345</b>		<b>330,894</b>	<b>103</b>	<b>331,243</b>	<b>109</b>	<b>364,209</b>	<b>109</b>

**LEGAL SERVICES CORPORATION  
MANAGEMENT & ADMINISTRATION, & INSPECTOR GENERAL TOTAL SUMMARY  
FISCAL YEARS 2005 AND 2006**

(dollars in thousands)

	MANAGEMENT & ADMIN, & INSPECTOR GENERAL		PROGRAM ACTIVITIES		TOTALS		CHANGE
	2005	2006	2005	2006	2005	2006	
<b>SUMMARY TOTALS</b>							
Management & Administration	14,456	14,709	-	-	14,456	14,709	253
Office of Inspector General	2,740	3,400	-	-	2,740	3,400	660
Grants and Contracts	-	-	320,218	345,100	320,218	345,100	24,882
Loan Repayment Assist. Prgm.	-	-	1,000	1,000	1,000	1,000	-
<b>Total Expenses</b>	<b>17,196</b>	<b>18,109</b>	<b>321,218</b>	<b>346,100</b>	<b>338,414</b>	<b>364,209</b>	<b>25,795</b>

**Source of Funds for the Delivery of Legal Assistance**

Appropriation	315,439	345,100
Funds Carried Forward from Previous Year	3,560	-
US Court of Veterans Appeals Funds	1,175	-
Funds Carried Forward from Previous Year	44	-
Other Funds Available	-	-
<b>Total</b>	<b>320,218</b>	<b>345,100</b>

**Total Sources of Funds**

Appropriation	330,804	363,809
Funds Carried Forward from Previous Year	6,301	300
US Court of Veterans Appeals Funds	1,175	-
Funds Carried Forward from Previous Year	44	-
Other Funds Available	90	100
<b>Total</b>	<b>338,414</b>	<b>364,209</b>

**LEGAL SERVICES CORPORATION**  
**MANAGEMENT AND ADMINISTRATION EXPENSES BY OBJECT CLASS**  
**FISCAL YEARS 2005 AND 2006**

(dollars in thousands)

OBJECT CLASS	MANAGEMENT AND ADMINISTRATION		PROGRAM ACTIVITIES		TOTALS		CHANGE
	2005	2006	2005	2006	2005	2006	
Personnel Compensation	7,367	7,621			7,367	7,621	254
Employee Benefits	2,137	2,303			2,137	2,303	166
Other Personnel Services	184	47			184	47	(137)
Consulting	790	847			790	847	57
Travel and Transportation	978	890			978	890	(88)
Communications	184	164			184	164	(20)
Occupancy Costs	1,741	1,743			1,741	1,743	2
Printing and Reproduction	145	161			145	161	16
Other Operating Expenses	655	657			655	657	2
Capital Expenditures	275	276			275	276	1
<b>Total for Management Administration</b>	<b>14,456</b>	<b>14,709</b>	<b>---</b>	<b>---</b>	<b>14,456</b>	<b>14,709</b>	<b>253</b>

**Source of Funds for Management and Administration**

Appropriation	12,826	14,309
Funds Carried Forward from Previous Year	1,540	300
US Court of Veterans Appeals Funds	-	-
Funds Carried Forward from Previous Year	-	-
Other Funds Available	90	100
<b>Total</b>	<b>14,456</b>	<b>14,709</b>

**LEGAL SERVICES CORPORATION  
INSPECTOR GENERAL EXPENSES BY OBJECT CLASS  
FISCAL YEARS 2005 AND 2006**

(dollars in thousands)

OBJECT CLASS	OFFICE OF INSPECTOR GENERAL		PROGRAM ACTIVITIES		TOTALS		CHANGE
	2005	2006	2005	2006	2005	2006	
Personnel Compensation	1,549	1,925			1,549	1,925	376
Employee Benefits	406	312			406	312	(94)
Other Personnel Services	123	553			123	553	430
Consulting	506	290			506	290	(216)
Travel and Transportation	93	162			93	162	69
Communications	20	20			20	20	-
Occupancy Costs	1	1			1	1	-
Printing and Reproduction	3	3			3	3	-
Other Operating Expenses	19	24			19	24	5
Capital Expenditures	20	110			20	110	90
<b>Total for Inspector General</b>	<b>2,740</b>	<b>3,400</b>	<b>-</b>	<b>-</b>	<b>2,740</b>	<b>3,400</b>	<b>660</b>

**Source of Funds for Inspector General**

Appropriation	2,539	3,400
Funds Carried Forward from Previous Year	201	-
US Court of Veterans Appeals Funds	-	-
Funds Carried Forward from Previous Year	-	-
Other Funds Available	-	-
<b>Total</b>	<b>2,740</b>	<b>3,400</b>

LEGAL SERVICES CORPORATION  
STAFF POSITIONS - FISCAL YEARS 2004, 2005, and 2006

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	2004 Budget	2005 Budget		2006 Budget	
	Number of Positions *	Change From 2004	Number of Positions *	Change From 2005	Number of Positions *
<b>OFFICE</b>					
<hr style="border-top: 1px dashed black;"/>					
Executive Office	4	0	4	1	5
Legal Affairs	7	(1)	6	1	7
Governmental Relations/Public Affs	8	(1)	7	1	8
Human Resources	6	0	6	0	6
Financial & Administrative Services	10	0	10	0	10
Information Technology	10	(4)	6	0	6
Program Performance	23	(1)	22	0	22
Information Management	8	1	9	0	9
Compliance & Enforcement	18	(2)	16	1	17
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
	94	(8)	86	4	90
Inspector General	17	0	17	0	19
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
TOTAL	111	(8)	103	4	109
	===	===	===	===	===

\* Full-time equivalents

LEGAL SERVICES CORPORATION  
STAFF SALARIES -- FISCAL YEARS 2004, 2005 and 2006

-----  
MANAGEMENT AND ADMINISTRATION

SALARY RANGES -----	2004 Budget	2005 Budget		2006 Budget	
	Number of Positions*	Change From 2004	Number of Positions*	Change From 2005	Number of Positions*
-----	-----	-----	-----	-----	-----
LSC BAND I \$25,400 - \$48,500	13	(1)	12	0	12
LSC BAND II \$42,300 - \$77,800	27	(3)	24	1	25
LSC BAND III \$67,650 - \$108,600	41	(1)	40	0	40
LSC BAND IV \$98,675 - \$120,900	7	(1)	6	1	7
LSC BAND V \$112,750 - \$127,450	5	(2)	3	2	5
Unclass. Posn's.	1	0	1	0	1
	----	----	----	----	----
TOTAL	94	(8)	86	4	90
	=====	=====	=====	=====	=====

\* Full-time equivalents



LEGAL SERVICES CORPORATION  
STAFF SALARIES -- FISCAL YEARS 2004, 2005 and 2006

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OFFICE OF INSPECTOR GENERAL

SALARY RANGES	2004 Budget	2005 Budget		2006 Budget	
	Number of Positions*	Change From 2004	Number of Positions*	Change From 2005	Number of Positions*
LSC BAND I \$25,400 - \$48,500	0	0	0	0	0
LSC BAND II \$42,300 - \$77,800	2	0	2	(1)	1
LSC BAND III \$67,650 - \$108,600	12	(1)	11	3	14
LSC BAND IV \$98,675 - \$120,900	2	1	3	0	3
LSC BAND V \$112,750 - \$127,450	1	0	1	0	1
Unclass. Posn's.	0	0	0	0	0
<b>TOTAL</b>	<b>17</b>	<b>0</b>	<b>17</b>	<b>2</b>	<b>19</b>

\* Full-time equivalents