



BOARD OF DIRECTORS

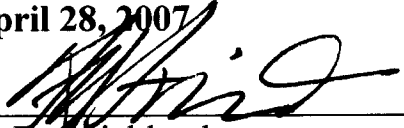
RESOLUTION
Consolidated Operating Budget
For Fiscal Year 2007

WHEREAS, the Legal Services Corporation (LSC) Board of Directors (Board) has reviewed the available funds, which includes a fiscal year (FY) 2007 appropriation of \$348,578,000; US Court of Veterans Appeals Funds totaling \$1,260,000; Projected FY 2007 Interest Income \$400,000; and the FY 2006 Carryover that includes funds from Basic Field Programs of \$152,646; US Court of Veterans Appeals of \$28,005; Grants from Other Funds of \$228,799; Technology Initiatives of \$14,738; Management and Administration of \$2,151,531; Pilot Loan Repayment Assistance Program of \$997,327; and the Inspector General totaling \$384,480;

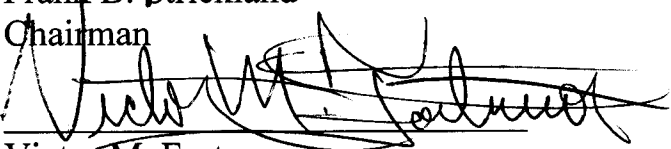
WHEREAS, LSC's Management and Inspector General have presented operating budgets for FY 2007 within the available funds: and

NOW, THEREFORE, BE IT RESOLVED that the Board hereby adopts a Consolidated Operating Budget, reflected in the attached documents, totaling \$353,282,796 of which: \$334,549,188 is for the *Delivery of Legal Assistance*; \$14,381,801 is for *Management and Administration*; \$997,327 is for the *Loan Repayment Assistance Program*; \$3,354,480 is for the *Office of Inspector General*; and \$912,730 of the *Management and Administration* FY 2006 Carryover remains available for FY 2008.

Adopted by the Board of Directors
on April 28, 2007



Frank B. Strickland
Chairman



Victor M. Fortuno
Corporate Secretary

[Resolution No. 2007-004]



FINANCIAL & ADMINISTRATIVE SERVICES

MEMORANDUM

TO: Michael McKay, Finance Committee Chairman

FROM: David L. Richardson, Treasurer/ Comptroller *dlr*

DATE: April 11, 2007

SUBJECT: Fiscal Year 2007 Consolidated Operating Budget

In the memo with the January Financial Reports, we reported that the Continuing Resolution (CR) that was signed into law by President Bush on February 15, 2007, provided LSC with an increase of \$22,000,016 for Fiscal Year (FY) 2007. The breakdown of the increase is shown in the table that follows:

	(1)	(2)	(3)
	FINAL FY 2007 CONTINUING RESOLUTION FUNDING	FIRST FY 2007 CONTINUING RESOLUTION FUNDING	INCREASE (DECREASE)
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BASIC FIELD PROGRAMS	\$330,760,500	\$310,171,242	\$20,589,258
TECHNOLOGY INITIATIVES	2,104,500	1,238,971	865,529
MANAGEMENT & ADMINISTRATION	12,743,000	12,661,199	81,801
LOAN REPAYMENT ASSISTANCE PROGRAM	0	0	0
INSPECTOR GENERAL	2,970,000	2,506,572	463,428
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TOTAL BUDGET	\$348,578,000	\$326,577,984	\$22,000,016
	*****	*****	*****

In addition to our appropriation increase, we are receiving an additional \$12,600 from the US Court of Veterans Appeals to support this year's grants.

The Temporary Operating Budget that was approved by the Board provided a budget that totaled \$331,270,180. With the increases, the new budget total is \$353,282,796 and is summarized in the two attachments.

In reviewing expenditures through February and preparing the Management and Administration (M&A) annual budget, it was determined that the Office of Human Resources needed an additional \$20,000 to fund advertising and other employee hiring costs. The remaining \$61,801 of the increase was used to increase the Contingency Fund. Also, included in the budget presentation are the internal budgetary adjustments (adjustments) that were needed for the Offices of Legal Affairs and Program Performance.

Within the Office of Legal Affairs (OLA), funds totaling \$25,000 were needed for the increased costs associated with the Temporary Employee Pay Budget Category because of using temporary employees due to the delay in completing the hiring process for the positions of Executive Assistant to the Vice President of Legal Affairs and the Assistant General Counsel. These funds are available from the Personnel Compensation and Benefits Budget Category and will also provide for the hiring of summer interns.

The Office of Program Performance (OPP) has reviewed their plans for the remainder of the year and has determined that overall, spending will be within budget. However, through February, spending was more than anticipated in their Temporary Employee Pay, Consulting, Travel, and Other Operating Expenditures Budget Categories. To support these budget areas, an adjustment to decrease Personnel Compensation and Benefits of \$115,000 because of open positions. The funds were used to support the projected spending in Temporary Employee Pay in the amount of \$17,150; Consulting of \$58,775; Travel of \$31,825; Occupancy Costs \$500; and Other Operating \$6,750.

You received a memorandum dated April 3, 2007, from Mr. West regarding the OIG plans for the \$463,428 appropriation increase. This memo explained that a two-year plan has been developed regarding their spending. During this year and next year, staffing is projected to increase to 24. To accommodate the need, an adjustment to increase Personnel Compensation and Benefits for \$515,000 was made. With increased staffing, Travel and Communications are expected to increase by \$20,000 and \$2,000, respectively. The Consulting budget line was increased by \$5,378, also. Additionally, Equipment for new hires and building of working areas will be needed; therefore, an adjustment to increase Capital Expenditures in the amount of \$37,000 is shown. These adjustments can be accommodated by decreasing Temporary Employee Pay by \$115,950 along with the increased appropriation.

Please let me know if you have any questions or comments.

LEGAL SERVICES CORPORATION
PROPOSED CONSOLIDATING OPERATING BUDGET
FOR THE FISCAL YEAR 2007

	(1) FY 2007 TEMPORARY OPERATING BUDGET	(2) FY 2007 ADJUSTMENTS	(3) COURT OF VETS APPEALS & ADJUSTMENTS	(4) TOTAL PROPOSED CONSOLIDATED OPERATING BUDGET
I. DELIVERY OF LEGAL ASSISTANCE				
1. Basic Field Programs	310,323,888	20,589,258	---	330,913,146
2. US Court of Veterans Appeals Funds	1,275,405	---	12,600	1,288,005
3. Grants From Other Funds	228,799	---	---	228,799
4. Technology Initiatives	1,253,709	865,529	---	2,119,238
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DELIVERY OF LEGAL ASSISTANCE TOTALS	313,081,801	21,454,787	12,600	334,549,188
II. MANAGEMENT & ADMINISTRATION				
1. Board of Directors	259,150	---	---	259,150
2. Executive Office	939,400	---	---	939,400
3. Legal Affairs	1,212,900	---	---	1,212,900
4. Government Relations/Public Affs	744,350	---	---	744,350
5. Human Resources	518,600	20,000	---	538,600
6. Financial & Administrative Services	2,969,950	---	---	2,969,950
7. Information Technology	1,124,700	---	---	1,124,700
8. Program Performance	3,237,400	---	---	3,237,400
9. Information Management	709,550	---	---	709,550
10. Compliance & Enforcement	2,534,000	---	---	2,534,000
11. Contingency Fund	50,000	61,801	---	111,801
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MANAGEMENT & ADMINISTRATION	14,300,000	81,801	---	14,381,801
III. LOAN REPAYMENT ASSISTANCE PROGRAM				
	997,327	---	---	997,327
IV. INSPECTOR GENERAL				
	2,891,052	463,428	---	3,354,480
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TOTAL BUDGET	\$331,270,180	\$22,000,016	\$12,600	\$353,282,796

LEGAL SERVICES CORPORATION
PROPOSED CONSOLIDATING OPERATING BUDGET
FOR FISCAL YEAR 2007

BUDGET CATEGORY	BOARD OF DIRECTORS	EXECUTIVE OFFICE	LEGAL AFFAIRS	GOVT REL PUBLIC AFTS	HUMAN RESOURCES	OFFICE FINANCIAL & ADMIN SVCS
PERSONNEL COMPENSATION	-	615,200	652,400	532,600	352,850	620,450
PERSONNEL BENEFITS	-	283,200	287,800	150,500	107,150	213,550
COMPENSATION & BENEFITS	-	818,400	860,200	683,100	460,000	834,000
TEMP. EMPLOYEE PAY	-	40,000	100,000	-	3,300	10,250
CONSULTING	112,300	15,000	200,000	8,000	30,900	5,000
TRAVEL/TRANSPORTATION EXPS	100,300	55,400	30,900	6,150	3,500	10,250
COMMUNICATIONS	7,700	5,000	2,000	1,500	1,000	29,650
OCCUPANCY COST	3,000	800	300	-	0	1,667,500
PRINTING & REPRODUCTION	500	-	400	35,000	300	75,600
OTHER OPERATING EXPENSES	35,350	4,800	20,000	10,600	40,500	287,700
CAPITAL EXPENDITURES	-	-	-	-	0	50,000
TOTAL	\$259,150	\$939,400	\$1,212,900	\$744,350	539,800	\$2,969,950

BUDGET CATEGORY	INFORMATION TECHNOLOGY	PROGRAM PERFORMANCE	INFORMATION MANAGEMENT	COMPLIANCE & ENFORCEMENT	CONTINGENCY	MANAGEMENT & ADMINISTRATION	INSPECTOR GENERAL
PERSONNEL COMPENSATION	619,150	2,125,450	487,600	1,700,500	111,801	7,820,901	2,281,100
PERSONNEL BENEFITS	175,550	656,200	166,700	477,800	-	2,359,450	613,375
COMPENSATION & BENEFITS	794,700	2,784,650	654,200	2,178,300	111,801	10,179,351	2,894,475
TEMP. EMPLOYEE PAY	-	42,150	-	-	-	195,700	25,000
CONSULTING	50,000	131,025	16,500	140,000	-	707,825	189,305
TRAVEL/TRANSPORTATION EXPS	15,000	231,825	8,300	210,000	-	670,725	139,000
COMMUNICATIONS	75,000	20,000	250	4,200	-	146,300	16,000
OCCUPANCY COST	-	1,000	-	200	-	1,672,800	1,000
PRINTING & REPRODUCTION	-	-	300	-	-	112,100	4,200
OTHER OPERATING EXPENSES	90,000	26,750	30,000	1,300	-	547,000	26,500
CAPITAL EXPENDITURES	100,000	-	-	-	-	150,000	60,000
TOTAL	\$1,124,700	\$3,237,400	\$709,850	\$2,554,000	\$111,801	14,381,801	3,354,450



Inspector General
Kirt West

MEMORANDUM

TO: Michael D. McKay
Chairman of the Finance Committee
LSC Board of Directors

FROM: Kirt West *Kirt West*
Inspector General

SUBJ: Fiscal Year 2007 & 2008 OIG Budget Projections

DATE: April 3, 2007

In February 2007, the OIG received a significant increase in its fiscal year (FY) 2007 appropriation line, an increase from \$2.537 Million to \$2.97 Million or \$433,000. This increase was late coming in the fifth month of the fiscal year and unanticipated since it appeared that Congress was going to fund LSC at the FY 2006 level. Because of the lateness of the final appropriation and this expectation, the OIG operations were designed to spend at the FY 2006 budget level. Now that the OIG has these additional funds available, I am developing a responsible spending and hiring plan. In discussions with LSC Treasurer & Comptroller David Richardson, we have agreed that it is not possible for the OIG to spend its entire FY 2007 appropriation without running into financial difficulties in FY 2008. If we hired enough staff to spend our FY 2007 appropriation by the end of the FY, Mr. Richardson determined that we would have to lay off a number of staff in FY 2008. Mr. Richardson and I agreed that it would make more sense to project OIG spending through FY 2008 or over an 18 month period.

Mr. Richardson ran the attached budget projection that covers FY 2007 and FY 2008 that assumes that the OIG will receive its FY 2008 request of \$3.041 Million. The projection makes certain staffing assumptions, including salaries, and it appears that the OIG can comfortably hire seven additional staff members for a total staff of 24. Under this staffing scenario, the OIG will have a large carryover of at least \$406,000 at the end of FY 2007, but that carryover is expected to be expended to approximately \$61,000 by the end of FY 2008. While our FY 2008 Budget Request projected a staffing level of 23, we will be able to add an additional position by spending less on consultants, making many of these new positions entry level and using our FY 2006 carryover.

Memorandum to Michael D. McKay
April 3, 2007
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Mr. Richardson will from time to time run revised financial projections for the OIG through FY 2008 based on actual spending. I will make adjustments as needed based on these revised projections.

Please do not hesitate to call me with any questions.

Attachment

cc: Lillian BeVier
Thomas Fuentes
Herbert Garten
Thomas Meites
Sarah Singleton
David Richardson

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ADDITIONAL STAFFING FOR FY 2007 & 2008
INSPECTOR GENERAL

BUDGET CATEGORY	JANUARY TEMPORARY OPERATING BUDGET	QUARTER REVISIONS	REVISED COB BUDGET	EXPENDED THRU FEBRUARY	BUDGET PLAN	REVISED REQUIREMENT	REMAINING BUDGET	PERCENTAGE OF BUDGET EXPENDED	FY 2008 BUDGET PLAN
PERSONNEL COMPENSATION	1,906,100	375,000	2,281,100	780,146	1,349,900	2,130,046	151,054		2,494,100
PERSONNEL BENEFITS	473,375	140,000	613,375	176,410	389,600	566,010	47,365		660,000
COMPENSATION & BENEFITS	2,378,475	515,000	2,894,475	956,556	1,739,500	2,696,056	198,419		3,154,100
TEMP. EMPLOYEE PAY	140,950	(115,950)	25,000	0	0	0	25,000	0	0
CONSULTING	182,927	5,378	188,305	400	53,000	53,400	134,905		46,000
TRAVEL & TRANSPORTATION	119,000	20,000	139,000	22,147	100,000	122,147	16,853		140,000
COMMUNICATIONS	14,000	2,000	16,000	2,738	13,000	15,738	262		13,000
OCCUPANCY COSTS	1,000	0	1,000	0	1,000	1,000	0		1,000
PRINTING & REPRODUCTION	4,200	0	4,200	43	3,000	3,043	1,157		3,000
OTHER OPERATING EXPENSES	26,500	0	26,500	7,187	12,500	19,687	6,813		20,000
CAPITAL EXPENDITURES	23,000	37,000	60,000	3,152	34,000	37,152	22,848		9,000
TOTAL	(2,891,052)	(463,428)	(3,354,480)	(992,229)	(1,956,000)	(2,948,223)	(406,257)	87.89%	(3,386,100)