



# **Semiannual Report to the Congress of the United States**

*From the*  
Legal Services Corporation  
Board of Directors

*For the Period*  
October 1, 2006-March 31, 2007

## Preface

Congress entrusts LSC with a dual mission: to promote equal access to justice and to provide high-quality civil legal assistance to low-income Americans. In fulfillment of that mission, LSC funds 138 programs with more than 900 offices serving every congressional district in the nation.

More than 50 million Americans live in poverty and are eligible for LSC-funded programs, including 13 million children—one in five. In 2007, Congress increased LSC's budget for the first time in four years. Even with this increase, LSC is receiving \$50 million less than it did in 1995—and that does not include any adjustment for inflation.

In October 2005, with the unanimous approval of the Board, LSC released the first comprehensive analysis of its kind, *Documenting the Justice Gap: The Current Unmet Civil Legal Needs of Low-Income Americans*. It demonstrates that LSC-funded programs are meeting less than half the need for civil legal aid among the poor for one primary reason: lack of resources.

Our nation promises equal access to justice for all, not just for those who can afford to pay for it. That ideal may never be fully realized, but America can do better—we must if we are to fulfill our nation's promise of equal justice for all.

I am pleased to transmit to Congress the Semiannual Reports of the LSC Board of Directors and Office of Inspector General for the period October 1, 2006, through March 31, 2007, as the Inspector General Act of 1988 requires. We continue to appreciate the role of the Office of Inspector General.



Frank B. Strickland  
Chairman of the Board  
Legal Services Corporation

Washington, DC  
May 31, 2007

# Semiannual Report Of the Legal Services Corporation Board of Directors

The Board of Directors of the Legal Services Corporation welcomes this opportunity to respond to the Office of Inspector General's report. The Board's report is divided into three parts: background on LSC and the unmet need for civil legal aid among low-income individuals and families; program oversight activities; and LSC's Quality Agenda—initiatives to ensure the delivery of high-quality service consistent with congressional restrictions and LSC's blueprint for the future, *Strategic Directions 2006-2010*.

## Highlights

During the six-month period covered by this report, October 1, 2006, through March 31, 2007, the Legal Services Corporation:

- Began distributing 2007 field grants totaling \$330.8 million and 2007 technology grants totaling \$2.1 million.
- Conducted on-site visits to 20 programs—to ensure they are delivering high-quality service—in Alabama, Arizona, California, Colorado, Florida, Michigan, Mississippi, Montana, New Jersey, New Mexico, North Dakota, Ohio, Pennsylvania, South Carolina, Texas, and the Virgin Islands.
- Conducted on-site compliance reviews of 13 programs—to ensure they are complying with the Legal Services Act, LSC regulations, and congressional restrictions—in Alabama, American Samoa, California, Florida, Georgia, Michigan, Nevada, North Dakota, Ohio, Pennsylvania, the U.S. Virgin Islands, Virginia, and Wyoming.
- Issued LSC's revised Performance Criteria with references to the American Bar Association's Standards for the Provision of Civil Legal Aid. (Shortly after the reporting period ended, copies were mailed to each program office, with instructions to distribute them to each attorney and each member of the board of an LSC-funded program.)

- Delivered services in innovative, cost-effective ways using the latest technology: secured a Google grant to attract visitors to the Web sites of LSC and LSC-funded programs; provided new means of narrowing the justice gap by helping people help themselves with Web-based tools to access legal information and generate court forms; and launched a redesigned Web site for the LSC Resource Library, which showcases “best practices” in the legal services community.
- Entered the second year of LSC’s three-year pilot Loan Repayment Assistance Program, which is providing up to \$5,000 per attorney per year—a maximum of \$15,000. Participants in the program earn \$32,000 a year, on average, and have outstanding law school loans ranging from \$26,000 to \$138,000 (the median is \$70,000).
- Concluded the 18-month Leadership Mentoring Pilot Program, designed to research and evaluate the impact of mentoring relationships; to determine whether they are an effective means of identifying and nurturing a well-trained and diverse group of future leaders for the legal services community; and to create mentoring models LSC-funded programs can replicate.
- Adopted an action plan, entitled “Help Close the Justice Gap, Unleash the Power of Pro Bono,” to enhance the effectiveness of *pro bono* partnerships between LSC-funded programs and the private bar.
- Continued to update the Case Service Reporting System and its accompanying handbook to ensure that LSC-funded programs provide consistent data that accurately reflects the nature and scope of their work.
- Addressed the first cluster of regional concerns identified by the Deep South working group (legal services leaders from Alabama, Arkansas, Louisiana, and Mississippi): telephone intake systems, hotlines, and centralized call centers.
- Worked with the Federal Emergency Management Agency, the American Bar Association’s Young Lawyers Division, and the Red Cross to ensure that the lessons learned from Hurricane Katrina inform planning for—and responding to—future disasters.

## Background

The Legal Services Corporation Act of 1974 created LSC to promote equal access to justice and to provide high-quality civil legal aid to low-income Americans. As Supreme Court Justice Lewis Powell said, “Equal justice under law is not merely a caption on the façade of the Supreme Court building. It is perhaps the most inspiring ideal of our society . . . it is fundamental that justice should be the same, in substance and availability, without regard to economic status.”

LSC is governed by a bipartisan, 11-member Board of Directors appointed by the President of the United States with the advice and consent of the Senate. The Board appoints LSC’s President, who serves as the chief executive officer. The Inspector General Act of 1988 established the Office of Inspector General (OIG) within LSC. The Inspector General is appointed by the Board and operates under its general supervision.

### **Three-fourths of clients are women living in poverty**

LSC gives grants to independent, local programs serving every congressional district—currently, 138 programs with more than 900 offices serving all 50 states, the District of Columbia, and current and former U.S. territories. Three out of four clients of LSC-funded programs are women—for the most part, mothers with children. Many are elderly or have disabilities. Some are veterans. Nearly all are below 125 percent of the federal poverty threshold, an income of approximately \$25,000 a year for a family of four.

### **Justice Gap Report documents unmet need for civil legal aid**

LSC-funded programs completed almost 900,000 cases last year—a fraction of the need for civil legal aid among low-income Americans. The unmet need, an issue throughout LSC’s history, became a primary focus 18 months ago. In October 2005, LSC released a groundbreaking report, unanimously approved by the Board, entitled *Documenting the Justice Gap in America: The Current Unmet Civil Legal Needs of Low-Income Americans*.

The Justice Gap Report documents that nationwide, for every person helped by LSC-funded programs, another is turned away. Fifty percent of those actually seeking help are turned away for one primary reason: lack of resources. If anything, this finding is an understatement. Many who are eligible for help

never seek it—they do not know they have a legal problem, do not know help is available, or do not know where to go for help. Moreover, the analysis for the Justice Gap Report was completed before Hurricane Katrina simultaneously swelled the need for civil legal aid and the number of people without access to it.

LSC is the main source of funding for civil legal aid. On average, LSC provides 42 percent of the budgets of the programs it funds. In some parts of the country, LSC provides 75 percent or more of the programs' budgets—among them, the Deep South region that includes the states hit hardest by Hurricane Katrina (Alabama, Mississippi, and Louisiana).

State legal needs studies conducted in the last year have found that the unmet need for civil legal assistance for poor people ranges from 68 percent in parts of Tennessee to 92 percent in West Virginia, and that 99 percent of defendants in eviction cases in New Jersey and Washington, DC, go to court without a lawyer. The most recent state legal needs studies, conducted in Utah and Wisconsin, document an unmet need of at least 80 percent; this is consistent with the state legal needs studies cited in the Justice Gap Report.

### **More resources needed**

Based on the Justice Gap Report—which documents that for every person an LSC-funded program serves, another eligible person is turned away—the Board determined that LSC needs significantly more resources to carry out its mission and fulfill our nation's promise of equal justice under law. Just to meet the documented need, LSC's budget would have to double; funding from local, state, and private sources would have to double as well. In light of the fiscal constraints under which Congress operates, the Board has opted to seek increased funding in measured steps.

In fiscal year 2007, Congress appropriated \$348.5 million for LSC, \$22 million more than the year before. This is LSC's first budget increase in four years and largest appropriation since 1995, when it received \$400 million. More than 95 percent of the money Congress appropriates for LSC goes to local programs that provide civil legal aid for people living in poverty. Management and administration is 4 percent of LSC's budget—low by any standard.

For fiscal year 2008, the Board has requested \$430.7 million. This budget increase would be used to increase field grants for LSC-funded programs, enabling them to serve tens of thousands of additional low-income Americans.

The clients of LSC-funded programs are the most vulnerable among us: women seeking protection from abuse, mothers trying to obtain child support, families facing unlawful evictions or foreclosures that could leave them homeless, veterans who have been denied health and disability benefits, elderly people who have been exploited by predatory lenders. LSC-funded programs help them secure basic necessities—the keys to stability and self-sufficiency. In doing so, they make meaningful differences in individual lives and strengthen the fabric of society as a whole.

## Program Oversight

This year, the Legal Services Corporation is distributing \$330.8 million in field grants and \$2.1 million in technology grants. LSC regularly visits grant recipients to assess performance and ensure compliance with the Legal Services Corporation Act, LSC regulations, and congressional restrictions included in the 1996 appropriations act and subsequent legislation.

### **Assessing performance, ensuring compliance**

Two LSC departments conduct program oversight activities: the Office of Program Performance (OPP) and the Office of Compliance and Enforcement (OCE). This reporting period:

- OPP conducted on-site visits to 20 programs in Alabama, Arizona, California, Colorado, Florida, Michigan, Mississippi, Montana, New Jersey, New Mexico, North Dakota, Ohio, Pennsylvania, South Carolina, Texas, and the Virgin Islands.
- OCE conducted on-site compliance reviews of 13 programs in Alabama, American Samoa, California, Florida, Georgia, Michigan, Nevada, North Dakota, Ohio, Pennsylvania, the U.S. Virgin Islands, Virginia, and Wyoming. OCE also provided training to the executive director of one of the Puerto Rico programs and staff of one of the South Carolina programs.

With a focus on quality, OPP examines all aspects of program operations: priorities, intake systems, managing and supervising legal work, governance, private attorney involvement, resource development, and strategic planning. After program visits, OPP provides feedback that includes findings and recommendations, and follows up periodically.

To ensure compliance with the laws and regulations that govern the operations of LSC-funded programs, OCE conducts on-site compliance reviews, requires prior approval for certain expenditures and activities, and performs training. After reviewing a program, OCE provides a written report that details findings, required corrective actions, and recommendations. OCE also addresses complaints, and investigates and responds to audit findings referred by the Office of Inspector General.



### **\$330.8 million in field grants, \$2.1 million in technology grants**

This year, LSC awarded \$330.8 million in field grants. Special conditions were attached to 12 field grants. Due to quality or compliance issues, two programs received limited field grants: U'unai Legal Services Clinic in American Samoa was funded for two months and California Rural Legal Assistance is being funded month-to-month under conditions tied to violations of federal law identified by the Office of Inspector General in a September 2006 report. Following established procedures, LSC is investigating and closely monitoring the performance of these programs.

This reporting period, LSC formed a staff committee to review and develop criteria for future "grant assurances," the documents that specify the conditions recipients of field grants must agree to meet. Representatives of the Office of Inspector General and the Center for Law and Social Policy are participating in the process. Findings and recommendations for the 2008 grant cycle will be presented to the Board in July.

In addition, LSC is distributing \$2.1 million in technology grants this year. In January, LSC hosted the seventh annual Technology Initiative Grants (TIG) conference in Austin, Texas. This reporting period, LSC also solicited letters of intent for the next TIG grant cycle.

### **Final regulations issued on discrimination, client grievance procedures**

Two final, updated rules were published in the *Federal Register* this reporting period: on prohibiting discrimination on the basis of disability on November 7, 2006, and on client grievance procedures on January 29, 2007.

### **Striving to increase efficiency**

Recognizing that it is always possible to improve, LSC continually strives for greater efficiency. For example, the Board's January 2007 meeting was held at LSC headquarters in Washington, DC, as the Office of Inspector General recommended, instead of a hotel. The Board concurs with the presentation of statistics in Tables I, II and III of the Office of Inspector General's report.

## Quality Agenda

The overall goal of the LSC Quality Agenda is to improve the delivery of legal services nationwide. To help programs increase efficiency and enhance effectiveness, LSC provides technical assistance and training, identifies and shares innovative practices that can be used more widely, and serves as a clearinghouse for “best practices.” LSC also develops strategies for improving the legal services delivery system as a whole.

### **Performance Criteria issued with references to ABA Standards**

LSC’s revised Performance Criteria were issued with references to the American Bar Association’s Standards for the Provision of Civil Legal Aid. (Shortly after the reporting period ended, copies were mailed to each program office, with instructions to distribute them to each attorney and each member of the board of an LSC-funded program.) While the ABA Standards are designed for broader use than the LSC Performance Criteria, both are based on values and perspectives shared throughout the civil legal aid community.

First developed in 1993, LSC’s Performance Criteria are the basis for evaluating programs and grant applications, and the centerpiece of LSC’s Quality Agenda. Much has changed in the last 14 years—in how LSC operates as well as the wider world. The major themes of the revised Performance Criteria reflect these changes:

- LSC-funded programs work with limited resources, so they must make strategic choices about allocating resources—and continually evaluate their consequences.
- LSC-funded programs have grown in size and complexity, necessitating an expanded focus on governance and management.
- LSC-funded programs operate as part of integrated, statewide systems for delivering civil legal aid to low-income Americans.

## **Leadership Mentoring Pilot Program ends**

Mentors and protégés from LSC’s Leadership Mentoring Pilot Program gathered for a final training activity this reporting period. During the course of the 18-month program, they explored private attorney involvement with LSC-funded programs and participated in workshops on diversity, board relations, financial management, and resource development.

The program was designed to research and evaluate the impact of mentoring relationships; to determine whether they are an effective means of identifying and nurturing a well-trained and diverse group of future leaders for the legal services community; and to create mentoring models LSC-funded programs can replicate. Several participants in the program discussed their experiences at the Board’s January meeting.

## ***Pro bono* action plan adopted**

This reporting period, the Board adopted an action plan, entitled “Help Close the Justice Gap, Unleash the Power of Pro Bono,” to enhance the effectiveness of *pro bono* partnerships between LSC-funded programs and the private bar. The plan is grounded in three, over-arching values: increasing access, increasing human and capital resources, and increasing *pro bono* commitment. These values emerged from a series of presentations to the LSC Board by groups with differing perspectives: large law firms and corporate counsels, small law firms and solo practitioners, and law schools.

Shortly after the reporting period ended, as a first step, the Board adopted a resolution supporting private attorney involvement; it is encouraging LSC-funded programs to adopt similar resolutions of their own.

## **Pilot loan repayment program enters second year**

Seventy attorneys in 24 LSC-funded programs are participating in LSC’s pilot Loan Repayment Assistance Program, now in its second year. They earn \$32,000 a year, on average, and have outstanding law school loans ranging from \$26,000 to \$138,000 (the median is \$70,000).

Each attorney can receive up to \$5,000 a year for three years—a maximum of \$15,000. Participants range from new recruits to attorneys with up to three years

of service when the program began; they must remain with an LSC-funded program for three years or repay LSC.

### **Technology enhances delivery of civil legal aid**

Since its inception in 2000, LSC's Technology Initiative Grants (TIG) program has enhanced the delivery of civil legal aid: increased efficiency, improved service, expanded access to information, and provided new means of narrowing the justice gap by helping people help themselves. For example:

- *Pro bono* lawyers and *pro se* litigants in 26 states and U.S. territories have used Web-based tools developed with TIG support to create more than 70,000 legal documents for use in court—for everything from child support to housing eviction defense claims.
- Low-income taxpayers in 45 states have used I-CAN!, a tax-filing program developed by the Legal Aid Society of Orange County with TIG support, to secure \$7 million in federal earned-income tax credits last year alone—a total of more than \$17 million since 2003.

This reporting period, LSC received a grant from Google, which is being used to draw traffic to the Web sites of LSC and LSC-funded programs. In addition, LSC launched a redesigned Web site for the LSC Resource Initiative, [www.lri.lsc.gov](http://www.lri.lsc.gov), which showcases “best practices” and innovation in the legal services community.

Two widely used products developed with TIG support were recognized for excellence this reporting period: the National Legal Aid and Defenders Association gave its Innovations in Equal Justice Award to the National Technology Assistance Project and the State Justice Institute gave its Howell Heflin Award to the A2J (Access to Justice) Authoring Project.

### **Work on updating Case Service Reporting System continues**

The quality agenda also encompasses revising LSC's Case Service Reporting System and an accompanying Handbook, which is LSC's main data collection system. The Handbook informs programs how to count, classify, and document cases. The Handbook currently is being updated to permit programs to better capture the work they do for clients. The goal is to ensure that LSC-funded

programs provide consistent data that accurately reflects the nature and scope of their work.

### **Deep South working group addresses regional concerns**

LSC staff and legal services leaders from the Deep South region (Alabama, Arkansas, Louisiana, and Mississippi) continued a “conversation on quality” begun during the last reporting period, focusing on telephone intake systems, centralized call centers, and hotlines for the delivery of legal services. The working group confers regularly and plans to address other regional concerns such as resource development, disaster planning, *pro se* assistance, training for staff and *pro bono* attorneys, and working with Access to Justice Commissions to narrow the justice gap.

### **Lessons learned from Hurricane Katrina inform disaster planning**

Last spring, LSC convened a “disaster response conversation” for legal services leaders from seven states—Alabama, Arkansas, Florida, Louisiana, Mississippi, Tennessee, and Texas—to share lessons learned from Hurricane Katrina. Major themes included planning, coordinating, and partnering at the program, state, and regional level; improving relationships with the Federal Emergency Management Agency (FEMA) and the American Red Cross; and involving the legal services community in evacuation and post-disaster planning for low-income areas.

This reporting period, LSC met with FEMA, the American Bar Association’s Young Lawyers Division (YLD), and the Red Cross to discuss disseminating information about civil legal aid as part of planning for—and responding to—future disasters. Possibilities include linking Web sites, incorporating legal aid information in printed materials; enhancing coordination between YLD and LSC attorneys before and during disasters; and having LSC join FEMA’s training session for the Young Lawyers Division, which will be held in August. In addition, FEMA participated in a conference call with LSC-funded programs about Katrina-related issues and will participate in future conference calls.

## The Road Ahead

Fifty million Americans are eligible for civil legal assistance, including 13 million children. The civil legal aid provided by LSC grantees helps the most vulnerable members of society: women seeking protection from abuse, mothers trying to obtain child support, families facing foreclosure and homelessness, veterans who have been denied health and disability benefits, elderly people who have been exploited by predatory lenders. The issues involved threaten not just the economic and personal survival of an individual, but the fabric of society as a whole.

In January 2006, the Board of Directors of the Legal Services Corporation adopted a blueprint for the future, *Strategic Directions 2006-2010*. This five-year plan has three strategic goals: (1) to increase public awareness of—and support for—programs providing civil legal aid to low-income Americans in order that more of their needs can be appropriately addressed; (2) to enhance the quality and compliance of legal services programs; and (3) to ensure that LSC operates efficiently and effectively.

Using these strategic goals, LSC continues to work to address the justice gap.