



WHAT H.R. 1 MEANS TO THE AMERICAN CIVIL JUSTICE SYSTEM

The impact of the \$70 million cut to the Legal Services Corporation contained in H.R. 1 would be devastating to the quest for equal justice for the millions of people living in poverty in this country. Many of those people have nowhere else to turn for help with vital legal issues affecting their health, safety and subsistence.

Nearly 57 million Americans—including 19.6 million children—qualify for civil legal assistance from the 136 local nonprofit legal aid programs funded by the Legal Services Corporation (LSC).

Clients of LSC-funded programs live at or below 125 percent of the federal poverty guideline—an income of \$27,938 for a family of four in 2011.

LSC-funded legal aid programs touch the lives of about 8 million Americans annually. LSC programs closed cases involving households with about 2.3 million people last year. More than 5 million received legal information at self-help centers and community presentations that explain the forms and procedures to follow in the civil legal system or were provided a referral for pro bono assistance, other legal services and social services.

Impact of the Weak Economy on Legal Aid Clients

The ongoing recession has devastated millions of moderate and low-income households, exacerbating the need for civil legal assistance. A cut of \$70 million to legal services would leave thousands of these households with no legal assistance in cases of critical human need.

In 2009, the most recent nationwide data available, LSC-funded programs closed 920,447 cases, an increase of 3.5 percent from the previous year.

In 2009, cases involving unemployment compensation jumped 63 percent, food stamp cases increased 37 percent and veterans benefits cases grew by 8 percent, compared to the previous year.

Civil legal aid programs closed 19,936 foreclosure cases, twice as many as in 2008, keeping many of the families involved from joining the ranks of the homeless.

About 19 percent more cases than in 2008 involved clients seeking assistance in managing debts and, when necessary, in filing for bankruptcy.

About 11 percent—103,753—of the cases closed were through pro bono attorneys.

The 2009 trends continued through 2010. For example:

- The Legal Aid Society of Cleveland saw its foreclosure workload more than double between 2008 and 2010 and projects a significant workload in 2011.
- Legal Services of North Florida expects an increasing number of clients to turn to bankruptcy filings in an attempt to save their homes.
- Colorado Legal Services has doubled the number of foreclosure cases it has opened since 2008 and has established a Home Preservation Project to provide assistance to senior citizens facing foreclosure and predatory lending.
- Legal Services NYC has seen multiple cases of senior citizens on fixed incomes who were induced into unaffordable, adjustable rate mortgages.
- Maryland Legal Aid saw consumer issues jump by about a third from 2008 to 2010. The program has tripled the number of unemployment cases opened since 2007.
- Legal Services of Northern Virginia saw a 61 percent increase in bankruptcy cases from 2007 to 2010 and a 54 percent rise in consumer cases.

Impact of Weak Economy on Legal Aid Programs

The proposed federal cuts come at the worst possible time for the providers of civil legal aid in America. Over the last two years, legal aid programs have faced plummeting revenue from Interest on Lawyers' Trust Accounts (IOLTA) and state funding.

IOLTA income dropped 57 percent nationwide in 2009, and IOLTA grants to LSC programs fell 24 percent, compared to 2008. Numerous LSC programs project they will receive less IOLTA funding over the next two years. The drop in available resources has already resulted in crushing budget deficits.

Confronted by uncertain funding for 2011 and 2012, some LSC programs have laid off attorneys and staff members, imposed hiring and salary freezes, increased health insurance premiums and reduced or eliminated matching contributions to retirement plans. At the start of 2009, the most recent data available on LSC's website, the local legal aid programs employed 4,174 attorneys.

For example:

- New Mexico Legal Aid furloughed all program staff for six days without pay from August 2010 through January 2011. Cutbacks will be necessary in 2011 and layoffs are likely.
- South Jersey Legal Services plans to lay off 27 staff members. The program closed two branch offices in 2009 and has frozen staff salaries.
- The Legal Aid Society of Cleveland lost 75 percent of its IOLTA funding over the last four years, and the program's total projected revenue will be 23 percent less than four years ago. The program is spending down a reserve fund to cover operating costs.

Impact of H.R. 1, the Continuing Resolution for Fiscal Year 2011

LSC is currently funded at \$420 million, and the proposed cut in H.R. 1 of \$70 million would be a reduction of nearly 18 percent to basic field programs. The entire cut comes from frontline, basic field services. Total LSC funding would be rolled back to \$350 million.

Because H.R. 1 places the entire reduction in funding for grants to local nonprofit legal aid programs, projections of the impact would result:

- in layoffs of about 370 LSC-funded attorneys in local programs;
- closings of offices in rural areas;
- less access to attorneys for citizens outside major cities;
- about 85,000 fewer cases closed nationwide; and
- about 161,000 more low-income Americans going without legal services.

The founders of our country clearly understood the importance of justice in developing our social contract. The Preamble of our Constitution states the cause of “establish[ing] justice” even before the need to “provide for the common defense” or “to insure domestic tranquility”. The middle of a deep and cruel economic crisis is not the time to undercut that promise by decimating federal support for legal services for the most needy among us.

Members of Congress should vote to restore funding to at least its 2010 level and reject the \$70 million in cuts to the Legal Services Corporation contained in H.R. 1.

For more information, contact:

Don Saunders

Vice President for Civil Legal Services

National Legal Aid & Defender Association

1140 Connecticut Ave, Ste. 900

Washington, DC 20036

T: 202-452-0620 x 224

F: 202-872-1031

d.saunders@nlada.org

www.nlada.org