

The logo for the New York City Bar Association, featuring the text "NEW YORK CITY BAR" in a bold, serif font, centered between two horizontal blue bars.

**NEW YORK  
CITY BAR**

**NEW YORK CITY BAR ASSOCIATION  
STATEMENT ON FUNDING FOR THE LEGAL SERVICES CORPORATION**

**April 14, 2011**

The New York City Bar Association urges Congress to provide \$450 million in funding for the Legal Services Corporation (LSC) in the 2011-12 Budget, as requested in the Executive Budget. With rising poverty rates, a shrinking social safety net and sharply reduced resources for civil legal services at other levels, funding legal services at the above levels is fundamentally sound economic as well as social policy.

More and more American families suffer from the economic downturn, including those who previously had been well beyond the need for free legal services prior to facing extended unemployment, foreclosure or other calamity. An astounding 63 million Americans, including 22 million children, are poor enough to qualify to be served by LSC-funded organizations, a 14% increase in just three years. These individuals have desperate legal needs in the areas of housing, family, consumer, bankruptcy and consumer debt that, if unresolved, could send them into a further downward spiral, with resulting homelessness, domestic problems and unpaid debt further dragging the economy. The involvement of a legal services lawyer can help someone work out a debt payment schedule, negotiate with a landlord or bank, and resolve family disputes. Resolution of these problems avoids imposing further costs on government and allows families to focus on returning to the economic mainstream. Nearly eight million clients and their families received assistance from LSC-funded programs last year alone.

The \$450 million LSC funding request for FY 2012, though an increase from the current level, would still leave funding far below funding levels of the 1990's when adjusted for inflation. And this adjustment does not even account for the greater number of people who qualify for and need these services. Furthermore, monies generated by Interest of Lawyer Trust Account (IOLTA) funds – a major source of state legal services funding – dropped 57% from 2008 to 2009, due to the sharp reduction in interest rates and the drop in economic activity. In New York, revenues generated by this source dropped 75% since 2008.

In New York, the Chief Judge's Task Force to Expand Access to Civil Legal services in New York reported that over two million people had to navigate the court system last year without a lawyer. That includes over 98% of all people facing eviction and over 95% of parents in child support actions. The huge number of self-represented litigants poses enormous and expensive problems for an overburdened court system. And this figure does not include all those who do not address a legal problem because they have no representation and do not know how to go about helping themselves. Both in New York and nationally, less than one in five people with a legal problem can retain the assistance of a lawyer to address that problem.

In the face of this overwhelming need, lawyers have stepped up to perform and support pro bono legal services. At the New York City Bar, our City Bar Justice Center assists approximately 20,000 people each year through over 2,500 lawyer volunteers. In recent years, the Justice Center has expanded its activities by starting programs to help veterans assert benefits claims and to aid homeowners facing foreclosure. Bar associations and legal services providers around the country have also increased their pro bono efforts. In addition, lawyers' contributions comprise a significant portion of the funding received by legal services organizations. However, while we will continue to promote pro bono, volunteers cannot begin to close the gap in providing civil legal services. Numerous studies have shown that, with all the legal services and pro bono efforts, no more than one in five legal needs of poor individuals are being addressed. And the most efficient and effective model for providing basic legal services – and supporting pro bono efforts – has been the local legal services office.

### **Ease Funding Restrictions**

In addition to providing additional funding, Congress can provide for more effective use of the funding LSC-funded organizations receive from all sources by eliminating the restrictions on their use of funds. These restrictions, which were first imposed in 1996, work to deprive low-income Americans of representation primarily by:

- preventing LSC-funded organizations from using any money raised through non-federal sources for any of the purposes restricted by Congress, and
- prohibiting the use of class actions even when that approach would be by far the most efficient, for example in consumer debt cases involving extensive wrongdoing by a single entity.

Most LSC clients have no recourse but to rely on LSC-funded providers to preserve their homes, escape domestic violence, cope with burdensome debt and resolve family problems. But these restrictions constrain the assistance they receive, putting them at a disadvantage in pursuing their cases through the justice system. We were pleased that Congress, in 2009, lifted the restriction on LSC-funded organizations' claiming attorney fee awards. Lifting the restrictions against use on non-LSC funds and against bringing class actions would permit these organizations to better use their limited funds and give their clients a better chance to preserve their families, their homes and their rights.

For further information, please contact Alan Rothstein at (212) 382-6623 or [arothstein@nycbar.org](mailto:arothstein@nycbar.org).