

CIVIL LEGAL SERVICES

Low-Income Clients Have Nowhere to Turn Amid the Economic Crisis

The Legal Services Corporation is in desperate need of increased funding. Funding was raised from \$390 million to \$420 million last fiscal year – a sorely needed, and hugely appreciated, increase – but legal services’ capacity is far from meeting the growing legal need among the nation’s low-income communities. For FY11, LSC has requested a total of **\$516.5 million**, still over \$200 million short of what LSC received in 1981 (in real dollars), when LSC funding was at its peak. President Obama has recommended **\$435 million** for LSC in FY11.

- **Other funding for civil legal services is dropping precipitously.** Lost revenue from Interest on Lawyers Trust Account (IOLTA) funds – the second largest source of funding for civil legal services programs – has left programs with huge budget holes. Nationally, from the all-time high of \$371 million in IOLTA income in 2007, IOLTA income fell to \$284 million in 2008 (a loss of about 25%). In 2009, IOLTA income fell another 32%, to around \$92 million, meaning smaller grants to legal aid programs for years to come.
- **Programs have had to cut back services due to budget cuts.** Given the dramatic loss of funding so many local programs have seen, legal aid offices in Arizona, Delaware, D.C., Florida, Massachusetts, New Jersey, North Carolina, and Pennsylvania have been forced to layoff staff or leave attorney positions unfilled. Others programs have been forced to close offices, scale-back services, and implement furloughs. All of these actions mean that fewer clients are able to be served.
- **Low-income people are facing more civil legal needs than ever before.** Across the country, intake lines are flooded and legal aid offices are seeing a huge increase in the number of eligible clients seeking assistance. Before the recession even began, LSC reported that half of all eligible clients who sought help from LSC-funded programs had to be turned away due to insufficient resources.

The economic downturn has vastly increased the number and intensity of low-income families’ legal needs:

- More need help to stave off foreclosure and eviction and fight unscrupulous lenders
 - More need help claiming unemployment insurance benefits, Food Stamps, and other income supplements that can help them stay afloat
 - More need help getting covered by Medicaid as they get laid off and lose employer-based health care
 - More need help protecting themselves and their children from abusive spouses as the incidence of domestic violence in harsh financial times rises
 - More need help fighting for unpaid wages when the working poor are shortchanged
- **Rising number of Americans qualify for federally funded legal aid.** As breadwinners lose their jobs, families are being thrown into poverty at an alarming rate. In 2008, 53.8 million Americans qualified for LSC-funded legal assistance, up from 49.7 million just two years before. The number of people falling below 125% of the federal poverty line can only be expected to increase further, as unemployment has risen since 2008.
 - **Outdated restrictions impede programs’ ability to respond.** The LSC rider restrictions first imposed in 1996 prevent lawyers at LSC-funded programs from assisting clients in the most efficient and effective ways. The restriction on class actions prevents clients and programs from benefiting from being able to consolidate similar cases and help multiple clients at once. The restriction on non-LSC funds causes programs to waste money on duplicate spending to “unrestrict” their non-LSC funds, money that could go toward helping more clients. President Obama has called for the repeal of both of these restrictions in his FY11 budget.

Congress should fully fund LSC during this time of extreme need and repeal the onerous funding restrictions that prevent legal aid lawyers from best representing their low-income communities.

The Impact of the Recession on the Ability of the Poor and Working Poor to Obtain Help with Pressing Civil Legal Needs*

This memo provides nationwide evidence of the economic downturn's impact on the ability of vulnerable individuals to obtain legal assistance through the nation's civil legal aid programs. A tremendous increase in the number of people in need of civil legal aid has occurred simultaneously with a crash in the amount of funding available to finance this assistance. Though the recession began with a crisis in housing, it is no longer only foreclosure matters that are causing legal aid caseloads to skyrocket; as more and more people get laid off, see their debt come up for collection, and are forced to fall back on government benefits, they increasingly need legal assistance to navigate their way through these sometimes survival-threatening issues.

This memo includes information on (I) the recession's impact on program funding, (II) the upswing in intake that legal services organizations are experiencing, and (III) areas where legal needs have risen most and are likely to rise further. The information cited comes primarily from local news coverage.

I. Funding Cuts from Non-Federal Sources Leave Programs with Gaping Budget Holes

After federal Legal Services Corporation (LSC) grants, state-administered Interest on Lawyer Trust Account (IOLTA) programs are the largest source of revenue for civil legal aid programs across the country. In 2007, IOLTA income reached an all-time high of \$371.2 million nationally.¹ And in 2008, IOLTA revenue accounted for almost 13 percent of the income of the nonprofit civil legal aid programs that also receive funding from the federal Legal Services Corporation (LSC).² For non-LSC funded organizations, IOLTA revenue is typically even more critical.

The tremendous decline in interest rates has meant that IOLTA revenue has plummeted. Nationally, IOLTA income fell to \$284 million in 2008, a 25 percent drop in income from 2007.³ IOLTA income fell another 32 percent in 2009, to around \$92 million, spelling grant declines for legal services programs for years to come.⁴ Funding shortfalls resulting in layoffs, salary reductions, and office closures are being reported by legal services programs across the country.

* This information was compiled by Emily Savner, Research Associate in the Brennan Center's Justice Program.

¹ Data supplied by the ABA Commission on IOLTA (on file with the Brennan Center).

² Legal Services Corporation, *Fact Book 2008* (Aug. 2009), available at https://grants.lsc.gov/Easygrants_Web_LSC/Implementation/Modules/Login/Controls/PDFs/factbook2008f orRIN.pdf.

³ Data supplied by the ABA Commission on IOLTA (on file with the Brennan Center).

⁴ Data supplied by the National Association of IOLTA Programs (on file with the Brennan Center).

- *Arizona.* From 2007 to 2008, the sum of IOLTA grants awarded to legal aid programs dropped from \$2.4 million to \$896,000, meaning that IOLTA funding was only able to support 10 organizations in 2008, as compared to 24 in 2007.⁵

Phoenix-based, LSC-funded Community Legal Services has had to lay off 11 percent of its work force and the number of applicants it must turn away has doubled.⁶

Anticipating a \$100,000 drop in IOLTA income in 2009, and further losses in 2010, LSC-funded Southern Arizona Legal Aid imposed a hiring freeze and has left nine staff positions – including six attorney positions – unfilled. The organization has also scaled back its services, offering direct representation in fewer cases.⁷

- *Arkansas.* In some states, access to civil legal aid, even before the recession, was in woefully short supply. Arkansas currently has 14,000 low-income residents for each legal aid attorney. To achieve a minimum standard of access (one legal aid attorney for every 5,000 low-income people), 71 more legal aid attorneys need to be hired, plus more support staff and infrastructure, requiring another \$6.8 million annually.⁸
- *California.* Statewide, IOLTA revenue shrunk from \$22 million in 2008 to an estimated \$7 million in 2009.⁹ At LSC-funded Bay Area Legal Aid, an expected 50 percent cut in IOLTA funding would mean three layoffs.¹⁰
- *Connecticut.* IOLTA revenue, the largest sources of revenue for legal aid in Connecticut, dropped from \$21 million in 2007 to approximately \$4 million in 2009. In 2009, the three biggest providers of legal services for the poor were considering letting go of up to one-third of their 150 staff members if they could not find other funding. Staff at Connecticut Legal Services took a 20 percent pay cut to try to save jobs; managers took pay cuts of up to 35 percent.¹¹
- *Delaware.* The Delaware Bar Foundation predicted that, in 2009, it would collect less than half of the \$1.5 million in IOLTA funds that it collected in 2007. LSC-funded Legal Services Corporation of Delaware has already had to lay off staff (including attorneys), cut salaries and implement furloughs, “just to stay above

⁵ “5 Questions about Funding Community Legal Services,” Phoenix Business Journal (Jan. 30, 2009), available at <http://www.bizjournals.com/phoenix/stories/2009/02/02/focus6.html?b=1233550800^1769020>.

⁶ *Id.*

⁷ Adam Curtis, “Ax Hits Legal Aid, Often Last Hope,” Arizona Daily Star (May 4, 2009), available at <http://www.azstarnet.com/metro/291382/>.

⁸ “Group Seeks More Attorneys for Poor,” The Morning News (Jan. 10, 2009).

⁹ Richard K. De Atley, “The Recession Comes to Court: More Seek Out Legal Aid Funds (Dec. 7, 2009).

¹⁰ Legal Services Corporation, LSC Updates, “IOLTA Roller Coaster Crashes in California,” (Mar. 6, 2009).

¹¹ “Aid for Legal Aid,” The Hartford Courant (Dec. 29, 2008), available at <http://www.courant.com/news/opinion/editorials/hc-legalaid.art.artdec29.0,5476697.story>.

water.”¹² State funding levels for legal services puts Delaware in the bottom 20 percent, per capita, for such funding.¹³

- *District of Columbia.* According to the executive director of the D.C. Bar Foundation, “When interest rates were higher we were receiving about \$2 million [in IOLTA revenue] annually. Now we’re averaging about \$500,000.”¹⁴ The local government also decreased its support for civil legal services by 20 percent and there has been a more than \$1 million drop in charitable donations and volunteer services.¹⁵

As a result of falling funds, 21 of DC’s 170 legal aid lawyers have been laid off, as well as 37 percent of the programs’ staff. One education reform project has seen its entire staff eliminated and a domestic violence program has had to reduce its counseling services “dramatically.”¹⁶

The Mayor’s proposed fiscal 2011 budget would slash funding for the District’s Access to Justice Program (which funds civil legal services, interpreter services, and a loan repayment program) to just \$1.8 million, that’s on top of the \$700,000 million cut from the program in fiscal 2010. Enactment of this proposed cut would mean that funding for the Program would stand at just 50% of its fiscal 2009 level.¹⁷ Chair of the DC Access to Justice Commission says that the loss of these funds is enormous, as “Legal Services providers are experts at leveraging what funds they do receive. For example, a single pro bono coordinator can train and supervise dozens of volunteer attorneys. Losing this money would also mean losing the opportunity to multiply it to better serve District residents.”¹⁸

- *Florida.* Despite having one of the highest foreclosure rates in the country, in January 2010, Jacksonville Area Legal Aid was forced to close its two-year-old foreclosure defense program due to lack of funding. “Since opening in October 2008, the two attorneys who have staffed the office have fielded more than a thousand phone calls, have helped hundreds of homeowners and have litigated dozens of cases.”¹⁹ As the services provided by the foreclosure prevention office

¹² Legal Services Corporation, “Delaware IOLTA Funding Drying Up,” LSC Updates (Jun. 5, 2009).

¹³ Douglas B. Canfield, “Legal Services for the Poor Sorely Need Funding,” Delaware Voice (Sept. 3, 2009).

¹⁴ Jeff Jeffrey, “D.C.’s IOLTA Program to Become Mandatory,” The Blog of Legal Times (Mar. 25, 2010).

¹⁵ DC Access to Justice Commission & DC Consortium of Legal Services Providers, Press Release “Report: DC Legal Aid Resources Slashed as Need Rises” (Dec. 9, 2009).

¹⁶ *Id.*

¹⁷ Press Release, DC Access to Justice Commission, “Proposed Budget Slashes Support for Legal Services in the District” (Apr. 5, 2010), available at

http://www.dcaccessstojustice.org/files/Proposed_FY_2011_Budget_Slashes_Support_for_District_Legal_Services.doc.

¹⁸ *Id.*

¹⁹ Kimberly Morrison, “Lack of Funds Closes Foreclosure Defense Office,” Jacksonville Business Journal (Jan. 26, 2010).

were deemed so critical by lawmakers, the City Council plans to use \$112,500 of its contingency funds to keep the office open another year.²⁰

- *Georgia.* LSC-funded Georgia Legal Services Program relies on IOLTA funds, but from 2009 to 2010, IOLTA's contribution to the program's total budget fell by half, from \$2.8 million to \$1.4 million. Program officials expect another IOLTA drop of 50 percent in 2010-2011.²¹
- *Illinois.* In 2009, the state budget reduced funding for civil legal services by half, or \$1.5 million and, as the Legal Aid Bureau of Metropolitan Family Services says, "whether it is politics or fiscal issues, the citizens in the state are hurting."²² And revenue from the state's Lawyers Trust Fund has dropped by 35.5 in the 2001 fiscal year.²³ To help balance the budget cuts, Cabrini Green Legal Aid's nine full-time attorneys agreed to a salary freeze and the elimination of a match for employee retirement funds.²⁴
- *Iowa.* In June 2010, Polk County leaders voted 5-0 to cut funding to LSC-funded Iowa Legal Aid by 50%, dropping the county's funding of the program from \$250,000 in 2009 to 125,000.²⁵
- *Kentucky.* The state typically provides \$1.5 million in funding for the four legal aid organizations in Kentucky, but in the 2008 fiscal year, that amount was cut to \$500,000 to divide between the groups, and the Governor further proposed cutting legal aid funding to \$250,000.²⁶ IOLTA revenue in the state has fallen from \$1.1 million several years ago to \$400,000 in 2008.²⁷ LSC-funded Legal Aid of the Bluegrass has cut payroll by \$400,000 and eliminated around five positions in 2008.²⁸

²⁰ Tia Mitchell, "Jacksonville Prepares to Spend \$112,500 to Reopen Foreclosure Prevention Office," The Florida Times-Union (Apr. 7, 2010), available at <http://jacksonville.com/news/metro/2010-04-07/story/jacksonville-council-ready-spend-112500-reopen-foreclosure-prevention>.

²¹ Peralte C. Paul, "Lawyers a Luxury in Rural Georgia," The Atlanta Journal-Constitution (Apr. 1, 2010).

²² Kelsey Snell, "The Newly Poor in Illinois Lack Legal Access, Report Says," Medill Reports (Oct. 7, 2009).

²³ Ameet Sachdev, "Law School Grads Use Deferred Time to Work at Legal Aid Groups," Chicago Tribune (Apr. 4, 2010).

²⁴ *Id.*

²⁵ Pulliam, Jason, "Legal Aid Supporters Urge County to Preserve Funding," Des Moines Register Staff Blogs (Jun. 1, 2010).

²⁶ Beth Musgrave, "Legal Aid Faces Major Budget Cuts," The Lexington Herald-Leader (Dec. 22, 2008), available at <http://www.kentucky.com/783/story/634803.html>

²⁷ Andrew Wolfson, "Trust Accounts for Lawyers Mandatory," Courier-Journal (Dec. 28, 2009).

²⁸ "State Budget Crisis Results in Steep Cuts to Legal Aid Programs," Law Reader (Dec. 25, 2008), available at <http://news.lawreader.com/?p=2171>

- *Louisiana.* Cuts to state funding for legal services in 2009 have meant that LSC-funded Legal Services of Northern Louisiana has had to lose two attorney positions and serve at least 1,000 fewer people.²⁹
- *Maryland.* In 2008, the Maryland Legal Services Corporation (MLSC) granted \$6.7 million in IOLTA funds to approximately 35 legal services programs, but in 2010, MLSC expects to be able to distribute only \$2 million, a 70 percent decline over 18 months.³⁰

Due to a 76% cut in Anne Arundel County’s grant program for fiscal year 2011 (the fourth straight year that aid to programs in the county was reduced), LSC-funded Legal Aid Bureau expects only \$22,000 from the county in fiscal year 2011, down from \$75,000 in 2007.³¹

- *Massachusetts.* The Massachusetts Legal Assistance Corporation (MLAC), the largest funding source for civil legal aid in the state, cut its funding of legal services programs by 54 percent from 2008 to 2009. This was prompted by a cut of \$1.5 million in state funding for MLAC and a \$10 million drop in IOLTA revenue.³² Subsequently, it was expected that client services statewide would fall by at least 18 percent, leaving approximately 20,000 low-income individuals and families without the legal help they need.³³

Greater Boston Legal Services expected a 13.5 percent reduction in funding in 2009, meaning they will likely be able to serve 2,000 fewer people than they did in 2008.³⁴ The program has cut its paralegal and attorney staff by 15 percent since January of 2009.³⁵ For 2009, Neighborhood Legal Services expected a 29 percent drop in funding³⁶ and South Middlesex Legal Services projected a loss of \$260,000 of its \$1.7 million total budget.³⁷

²⁹ Abbey Brown Doyle, “State Budget Cuts Reduce Needy’s Access to Legal Help,” *The Town Talk* (Apr. 8, 2010).

³⁰ Editorial, “Small Fee, Huge Help,” *The Washington Post* (Mar. 15, 2010).

³¹ “County’s Funding for Grants Reduced Again,” *Maryland Gazette: HometownGlenburnie.com* (May 19, 2010).

³² Editorial, “Amid Epidemic of Foreclosures, A Crying Need for Legal Aid,” *Boston Globe* (Nov. 3, 2009).

³³ “MLAC Reducing Grants to Massachusetts Legal Aid Programs by 40 Percent,” Press Release, Market Watch (Oct. 31, 2008), available at <http://www.marketwatch.com/news/story/MLAC-Reducing-Grants-Massachusetts-Legal/story.aspx?guid={D7078B10-B606-44D8-9721-64664818562F}>.

³⁴ “Free Legal Help for Low-Income Residents Drying Up,” NBC News, Boston (Nov. 30, 2008), available at <http://www3.whdh.com/news/articles/local/BO96930/>.

³⁵ *Boston Globe*, “Amid Epidemic of Foreclosures, A Crying Need for Legal Aid,” November 3, 2009.

³⁶ “Free Legal Help for Low-Income Residents Drying Up,” NBC News, Boston (Nov. 30, 2008), available at <http://www3.whdh.com/news/articles/local/BO96930/>.

³⁷ Kelsey Abbruzzese, “Legal Services Budget Slashed,” *The MetroWest Daily News* (Nov. 13, 2008), available at <http://www.metrowestdailynews.com/news/x1275807756/Legal-services-budget-slashed>.

- *Minnesota.* In a 2009 plan to cover the state’s budget crunch, a cut of \$1.6 million in legal aid funding – the equivalent of 25 full-time lawyers – was proposed.³⁸

Centro Legal, a nonprofit legal services provider for Minnesota’s Hispanic community, was forced to close its doors in 2009 due to funding trouble, leaving a hole in service for the state’s Latino community.³⁹

- *Mississippi.* The state’s IOLTA fund declined by 75 percent from 2008 to 2009.

The Mississippi Volunteer Lawyers Project – a partnership between the Mississippi Bar and the LSC-funded Mississippi Legal Services – had a funding level of \$3 million in 2008, but that total dropped below \$1 million in 2009.⁴⁰ In 2008, more than 10,000 people contacted the Project for help, but unless the Project secures new funding, most of the 10-person staff will need to be laid off.⁴¹

LSC-funded North Mississippi Rural Legal Services received \$700,000 in IOLTA funds in 2008-2009, as compared to just \$80,000 in 2009-2010. In response to the funding shortfall, the program proposed personnel changes that would involve the lay off of all paralegals and a shift of several attorneys to phone-only legal assistance.⁴²

- *Missouri.* In 2008, Missouri’s IOLTA program collected \$2.3 million; however, in 2009, revenue was down almost 50 percent, to \$1.2 million.⁴³
- *Nebraska.* A bill to squeeze the state’s 2010 budget proposed a \$1.5 million reduction to LSC-funded Legal Aid of Nebraska’s \$5.3 million budget, a funding drop that would affect about 3,500 low-income clients. This comes in a state where “barely 15 percent of low-income residents needs are being met as is,” according to Legal Aid of Nebraska’s Executive Director, and “every dollar that goes to legal aid can prevent \$5 from being added to state costs.”⁴⁴
- *New Jersey.* IOLTA funds typically account for a large portion of the revenue for the state’s legal aid programs. However, for FY 2010, Legal Services of New Jersey (LSNJ) – the statewide umbrella organization for legal services – expected

³⁸ Mark A. Cohen, “Will Justice Crumble?” *Minnesota Lawyer* (Feb. 2, 2009).

³⁹ Jon Tevlin, “Centro Legal’s Demise Leaves Gaping Hole in Safety Net,” *Star Tribune* (Apr. 25, 2009).

⁴⁰ Jimmie E. Gates, “Legal Program for Poor May See Layoffs, Cutbacks,” *Clarion Ledger* (Jun. 29, 2009).

⁴¹ *Id.*

⁴² Dustin Barnes, “Lower Funds Reason for Legal Services Cutbacks,” *Daily Times Leader* (Aug. 20, 2009).

⁴³ Adam Jadhav, “Fed Rate Cuts Hamstring Legal Aid Groups,” *St. Louis Post-Dispatch* (May 1, 2009).

⁴⁴ JoAnne Young, “Budget-Cutting Bill Could Further Squeeze Nebraska Court System,” *Lincoln Journal Star* (Nov. 5, 2009).

only \$8 million in IOLTA funds, compared to \$12.4 million in FY 2009 and \$40 million in FY 2008.⁴⁵

Although additional state funding was awarded to LSNJ in 2009, the Governor has proposed, in the most recent budget plan, a \$9.7 million reduction in state funding, a 33% cut for LSNJ that would risk the loss of 100 more staff and 11,000 more clients from its caseload.⁴⁶ Statewide staffing levels have already declined from 710 in 2007 to 610 in 2010, with at least 60 more staff slated for termination during the remainder of 2010.⁴⁷ For every million dollars of funding lost, Legal Services of New Jersey must cut 10 staff positions and serve 1,100 fewer clients.⁴⁸

While the program handled 542 custody and visitation cases alone in 2009, the budget cuts mean that the program will likely only be able to take on a third of that number in 2010.⁴⁹

- *New Mexico.* Following a 2.5 percent cut to the state's funding for civil legal services in 2008, made to help balance the budget, the state cut a whopping 22 percent of the budget for civil legal services in 2009.⁵⁰
- *New York.* IOLA funding for the state's civil legal services programs has dropped precipitously, from \$32 million in 2008 to less than \$8 million in 2009 (a 75 percent decline), to an estimated \$6.5 million for 2010.⁵¹

Additionally, state appropriations for civil legal services for the poor fell from \$15.3 million in FY 2007-2008 to an estimated \$7.3 million in FY 2008-2009.⁵² For FY 2010-2011, the governor's proposed budget zeroed out direct funding for civil legal aid.⁵³ The state's chief judge set aside \$15 million from the judiciary's budget to fund civil legal services, over the Governor's objection,⁵⁴ but even that

⁴⁵ Legal Services of New Jersey, News Release, "Legal Services Faces Catastrophic Situation as IOLTA Funding Plunges Toward Zero and Client Needs Increase Sharply" (Feb. 3, 2009); Legal Services of New Jersey, News Release, "Legal Services Announces Open Report on Human Consequences of Funding Crisis for Civil Legal Services, Further Staff Reductions" (May 19, 2010).

⁴⁶ Legal Services of New Jersey, News Release, "Legal Services Announces Open Report on Human Consequences of Funding Crisis for Civil Legal Services, Further Staff Reductions" (May 19, 2010).

⁴⁷ *Id.*

⁴⁸ *Id.*

⁴⁹ Legal Services of New Jersey, News Release, "Legal Services Faces Catastrophic Situation as IOLTA Funding Plunges Toward Zero and Client Needs Increase Sharply" (Feb. 3, 2009).

⁵⁰ Mike Sievers, "Legal Aid Office to Stay Open Despite Funding Cuts," *The Mountain Mail* (Apr. 2, 2009).

⁵¹ Stephanie I. Witkin, "Fate of \$15 Mil. For Civil Legal Services in Lawmakers' Hands," *Legislative Gazette* (Feb. 1, 2010).

⁵² Joel Stashenko, "Paterson Praises Courts' Budget, Passes on Judges' Raise," *New York Law Journal* (Dec. 17, 2008), available at <http://www.law.com/jsp/article.jsp?id=1202426817064>.

⁵³ The Post-Standard Editorial Board, "Legal Aid Pinched: Civil Law Advocates Are Vulnerable to Boom and Bust Cycles," *Syracuse.com* (May 14, 2010).

⁵⁴ Stephanie I. Witkin, "Fate of \$15 Mil. For Civil Legal Services in Lawmakers' Hands," *Legislative Gazette* (Feb. 1, 2010).

additional funding would not cover recent funding losses and increased need. The Governor has proposed increasing court filing fees to supplement IOLA funding.

- *North Carolina.* To stay afloat, LSC-funded Legal Aid of North Carolina has been forced to cut 20 part-time attorney positions and freeze contributions to staffs' retirement plans.⁵⁵
- *Ohio.* Estimates for 2009 put Ohio's IOLTA income at only \$4 million, as compared to \$22 million in 2007.⁵⁶ The Legal Aid Society of Columbus lost \$1 million in funding in 2008 (out of a total annual budget of \$4.5 million) and seven attorneys lost their jobs.⁵⁷
- *Oklahoma.* The Oklahoma Campaign for Legal Aid is now seeking to raise funds to fill gaps created by a 13.9% cutback in state funding and decreased contributions from other nonprofit funders and private donors.⁵⁸
- *Oregon.* In 2007, IOLTA revenue amounted to \$3.6 million, only \$2.3 million in 2008,⁵⁹ and was projected to fall below \$1 million in 2009.⁶⁰
- *Pennsylvania.* Falling interest rates have forced the state's IOLTA fund to cut its grants to legal aid organizations from \$13.5 million in 2008 to an estimated \$6.5 million in 2009.⁶¹ Though a surcharge on attorneys' annual registration fees was assessed to fund legal aid, this increased revenue will only make up a fraction, or around \$1.5 million, of the lost revenue.⁶²

Philadelphia's Community Legal Services lost \$1.2 million in IOLTA funds, or 10 percent of its budget, for the 2009 fiscal year. Even with additional funding from other sources, the organization had to freeze wages and leave several positions unfilled, including an attorney position to handle housing issues.⁶³

⁵⁵ "Legal Aid Gets Rising Number of Clients," Winston Salem-Journal (Feb. 14, 2009).

⁵⁶ Manuel Valdes, "Legal-Aid Groups for the Poor Endure Severe Budget Reductions," The Associated Press/ Seattle Post-Intelligencer (Nov. 27, 2008), available at http://seattlepi.nwsource.com/local/389819_legalaid28.html

⁵⁷ Bruce Cadwallader, "Ohio's Legal Services for the Poor Growing Destitute," The Columbus Dispatch (Jan. 4, 2009), available at http://article.wn.com/view/2009/01/05/Ohios_legal_services_for_poor_left_destitute_themselves_by_d/

⁵⁸ Walker, Danna Sue, "Support for Legal Aid," Tulsa World (Jun. 23, 2010).

⁵⁹ John Darling, "Interest Rate Decline Will Hurt Legal-Aid Groups," The Mail Tribune (Jan. 4, 2009), available at <http://www.mailtribune.com/apps/pbcs.dll/article?AID=/20090104/NEWS/901040328>

⁶⁰ "Floundering Economy Squeezes Funding for Legal Aid," Portland Business Journal (Mar. 27, 2009).

⁶¹ Philadelphia Bar Association, Press Release, "Philadelphia Bar Association Calls Increased Fees for Lawyers a Shared Sacrifice" (Apr. 3, 2009).

⁶² Pennsylvania Bar Association, Press Release, "PBA President Hails Supreme Court Action to Raise More Funds for Civil Legal Services" (Apr. 2, 2009).

⁶³ Christopher K. Hepp, "Even Harder Times for Legal Aid to Poor," The Philadelphia Enquirer, (Jan. 24, 2009).

LSC-funded Legal Aid of Southeastern Pennsylvania lost around \$500,000, or 14 percent of its budget, for the 2009 fiscal year, resulting in the cancellation of scheduled raises, a halt to employer contributions to the employee pension fund, a reduction in the quality of employees' health benefits, and the attrition of staff positions.⁶⁴

- *Texas.* The Texas Access to Justice Foundation's IOLTA proceeds dropped dramatically, from \$20 million in 2007 to \$5.5 million in 2009.⁶⁵ While the state provided major relief, in the form of \$26 million over two years to make up for the lost revenue, many low-income Texans are still in need of legal help, as only one in four low-income Texans was able to get help from legal aid before the IOLTA funding decline.⁶⁶
- *Virginia.* The LSC-funded Legal Aid Society of Eastern Virginia faces \$460,000 in state budget cuts in 2011 and has already lost two attorneys since 2009.⁶⁷
- *Washington.* The state's IOLTA revenue available for grants to civil legal aid programs was projected to fall from \$9.1 million in 2007 to \$2 million in 2009. The state legislature also proposed a 20 percent cut to its funding in 2009.⁶⁸ The Northwest Immigrant Rights Project expected to lose 17 percent of its IOLTA funding in 2009, about 10 percent of the Project's total revenue.⁶⁹
- *West Virginia.* For 2010, the Governor's proposed budget would cut general revenue funding for civil legal services from \$400,000 to \$150,000.⁷⁰
- *Wisconsin.* LSC-funded Legal Action of Wisconsin, which serves 39 counties, saw its funding from the Wisconsin Trust Account Foundation drop by more than 92 percent in 2009, from \$897,000 to \$67,000, possibly meaning a staff reduction of 30 percent.⁷¹

In 2009, Wisconsin Judicare Inc., serving 33 counties, expected to see its IOLTA funding fall from \$100,000 to \$18,595.⁷²

⁶⁴ *Id.*

⁶⁵ Wallace B. Jefferson & Harry M. Reasoner, "Texas Civil Courts Should be Open to People Who Can't Afford Lawyers," *Star-Telegram* (Apr. 1, 2010).

⁶⁶ *Id.*; "The Legislature Did Well to Boost Funding for Legal Aid Services," *Star-Telegram* (Jun. 7, 2009)

⁶⁷ "A Lawyer's Duty to Virginia's Poor," *The Virginian-Pilot* (Apr. 30, 2010).

⁶⁸ Ron Culpepper, "Legal Aid for Low-Income People Needs Adequate Funding," *The News Tribune* (Apr. 22, 2009).

⁶⁹ Manuel Valdes, "Money Woes: Poor Face Loss of Legal-Aid Services," *The Seattle Times* (Dec. 1, 2009), available at

http://seattletimes.nwsourc.com/html/localnews/2008453944_meltdownlegalaid30.html.

⁷⁰ Alison Knezevich and Kathryn Gregory, "Possible Budget Cuts Threaten Legal Services for Domestic Violence Victims," *the Charleston Gazette* (May 21, 2009).

⁷¹ Georgia Pabst, "Legal Action of Wisconsin Struggles with Funding Loss," *The Journal Sentinel* (Dec. 11, 2008), available at <http://www.jsonline.com/business/35943624.html>.

⁷² *Id.*

II. Programs See Sharp Increase in Demand for Legal Services

Legal aid organizations have experienced a tremendous increase in intake in conjunction with the nation's economic downturn, especially in terms foreclosure cases.

- *California.* The courts are hearing more and more cases each day: The Moreno Valley courthouse heard 25 to 40 cases per day in 2009, as compared to 10 to 15 cases per day in 2007; eviction cases in Riverside County increased by 7,000 between 2007 and 2008.⁷³

The Public Law Center (Orange County) reported a 337 percent increase in the number of clients seeking help with foreclosures from 2006-2008 to 2009. The wait time for the Center's hotline has also increased from eight minutes to 45 minutes, forcing the Center to hire three more staff members.⁷⁴

The LSC-funded Legal Aid Foundation of Los Angeles reported that the number of calls from people needing help with foreclosure matters doubled in the early months of 2009, reaching 150 calls per week. The number of calls about evictions from renters has also risen.⁷⁵

- *District of Columbia.* As services were cut, the demand for legal assistance among low-income residents rose an estimated 20 percent in 2009.⁷⁶
- *Florida.* The Legal Aid Society of Broward has reported that calls related to foreclosure rescue abuses have spiked; in November of 2008, the agency fielded around 200 calls per week, up from around 50 per week in 2006.⁷⁷

LSC-funded Community Legal Services of Mid-Florida has seen a 700 percent increase in the number of people seeking advice in bankruptcy matters in the 12 counties it serves.⁷⁸

- *Georgia.* The delivery of legal services is already a problem in Georgia, as only a fraction of the state's attorneys practice in rural areas. Of the state's 159 counties, 35 have fewer than four practicing lawyers, and some have none at all.⁷⁹

⁷³ Richard K. De Atley, "The Recession Comes to Court: More Seek Out Legal Aid Funds (Dec. 7, 2009).

⁷⁴ Rachanee Srisavasdi, "Bankruptcies, Foreclosures Send Folks in Search of Free Legal Help," The Orange County Register (Apr. 20, 2009).

⁷⁵ Denise Nix, "Economic Woes in Region Multiply Caseloads as Budgets Shrink," Daily Breeze (Feb. 16, 2009).

⁷⁶ DC Access to Justice Commission & DC Consortium of Legal Services Providers, Press Release "Report: DC Legal Aid Resources Slashed as Need Rises" (Dec. 9, 2009).

⁷⁷ Vanessa Blum, "Homeowners Fighting Foreclosure are New Victims of Fraud," South Florida Sun-Sentinel (Nov. 23, 2008), available at <http://www.tcpalm.com/news/2008/nov/23/homeowners-fighting-foreclosure-are-new-victims-fr/>.

⁷⁸ Ludmilla Lelis, "Need is Great for Pro Bono Legal Help," Orlando Sentinel (May 11, 2009).

⁷⁹ Peralte C. Paul, "Lawyers a Luxury in Rural Georgia," The Atlanta Journal-Constitution (Apr. 1, 2010).

LSC-funded Georgia Legal Services Program has seen caseloads rise since the recession's start: in 2009, the program closed 11,000 cases, up from 9,506 in 2007.⁸⁰

- *Illinois.* The LSC-funded Legal Assistance Foundation of Metropolitan Chicago reports: "There are 1.5 million poor people in Chicago and suburban Cook County . . . We know we're not even getting the tip of the iceberg when we're getting between 27,000 and 30,000 calls each year . . . Sometimes the phone lines are completely full by 10:30 a.m."⁸¹
- *Iowa.* In 2007, LSC-funded Iowa Legal Aid closed nearly 19,000 cases, but had to turn away or "underserve" another 12,000 because of a lack of resources. In 2008, Iowa Legal Aid's caseload grew to nearly 22,000,⁸² and it is estimated that 17,000 who sought help from Iowa Legal Aid were turned away or underserved due to lack of resources.⁸³
- *Maine.* Pine Tree Legal Assistance, Inc. – Maine's only LSC-funded legal services provider – has seen "both a tremendous increase in court filings and a tremendous increase in demand" for its services, according to the program's director. The organization's foreclosure caseload has doubled each year since 2006, despite the fact that the organization is involved in only 10 percent of the state's total foreclosure filings.⁸⁴

In early 2009, the state's six nonprofit legal services providers received around 6,400 requests for legal help, but the organizations were only able to fully meet clients' needs in 1,500 of those cases.⁸⁵ In the first six months of 2009, legal services providers received around 13,700 requests for legal assistance, 30 percent more than during the same period in 2008.⁸⁶

Maine's Legal Services for the Elderly has experienced "a remarkable increase" in calls from individuals seeking help with consumer debt issues in recent years – from 866 cases in 2006 to over 1,200 cases in 2009.⁸⁷

In 2010, Maine's Immigrant Legal Advocacy Project reported a 400% increase in requests for immigrant legal assistance.⁸⁸

⁸⁰ *Id.*

⁸¹ Kelsey Snell, "The Newly Poor in Illinois Lack Legal Access, Report Says," Medill Reports (Oct. 7, 2009).

⁸² Grant Schulte, "Iowa's Legal Aid Offices Feel Pinch," Des Moines Register (Jul. 24, 2009).

⁸³ Iowa Supreme Court, News Release, "Iowa Supreme Court Promotes Pro Bono Legal Services" (Oct. 19, 2009).

⁸⁴ Ari Shapiro, "Foreclosures Overwhelm Legal Aid Programs," NPR (Dec. 2, 2008), available at <http://www.npr.org/templates/story/story.php?storyId=97538818>

⁸⁵ "Legal Aid Agencies Face Loss of Funding, Growing Demand," Kennebec Journal (Sep. 26, 2009).

⁸⁶ *Id.*

⁸⁷ "Growing Number of Maine's Elderly Mired in Consumer Debt, Group Says," MPBN (Jun. 10, 2010).

- *Maryland.* From 2008 to 2010, legal services programs reported a 60 percent increase in requests for assistance.⁸⁹
- *Massachusetts.* Neighborhood Legal Services saw a 35 percent increase in people seeking legal help during the last five months of 2008, and the program resolved 1,000 eviction cases in 2008.⁹⁰

Statewide, requests for help with housing, healthcare, child custody and employment matters have risen between 25 and 40 percent.⁹¹

- *Michigan.* Among the senior and low-income clients that LSC-funded Legal Services of South Central Michigan assists, the number of homeowners experiencing foreclosure rose 30 percent from 2007 to 2009.⁹² In April 2010, in a rare speech to lawmakers, Michigan Supreme Court Chief Justice spoke out about the “cruel but logical irony”: “the state’s current struggling economy has rendered more people in serious need of legal services and simultaneously made those services harder to afford.”⁹³
- *Minnesota.* Staff at the Anoka County law library expect more than 12,000 people – most of whom cannot afford legal representation – to visit the library seeking help with various legal issues in 2010, compared to just 2,000 people in 2001.⁹⁴
- *Mississippi.* Based on the 2000 census, the state has one lawyer for every 20,000 residents living below the poverty line, and the recession has only increased the number of low-income people qualifying for legal aid.⁹⁵
- *Missouri.* From 2008 to 2009, LSC-funded Legal Services of Eastern Missouri saw a 50 percent increase in calls for assistance with housing and foreclosure-related matters.⁹⁶

⁸⁸ Jon D. Levy, “Maine Voices: Maine Lawyers getting Creative About Ways to Help the Poor and Needy,” *Portland Press Herald* (May 1, 2010).

⁸⁹ *The Washington Post*, “Small Fee, Huge Help” (Mar. 15, 2010).

⁹⁰ “Eviction Help Agency Facing Budget Cuts,” *The Boston Channel* (Dec. 4, 2008), available at http://www.thebostonchannel.com/multimedia/m/21592171/eviction_help_agency_facing_budget_cuts.htm

⁹¹ *Boston Globe*, “Amid Epidemic of Foreclosures, A Crying Need for Legal Aid: (Nov. 3, 2009).

⁹² Justin Hinkley and Elizabeth Willis, “Homelessness Rises in Calhoun County,” *Battle Creek Enquirer* (Dec. 4, 2008), available at

<http://www.battlecreekenquirer.com/apps/pbcs.dll/article?AID=/20081204/NEWS01/812040316>

⁹³ “Michigan’s Top Jude: “People Need Help With Courts,” *The Associated Press/CNBC.com* (Apr. 14, 2010).

⁹⁴ David Chanen, “the New Legal Aid: Do It Yourself,” *Star Tribune* (Apr. 19, 2010).

⁹⁵ Jimmie E. Gates, “Miss. Legal Aid Grows Scarce As Economy Gets Worse,” *Clarion Ledger* (Feb. 2, 2009).

⁹⁶ Adam Jadhav, “Fed Rate Cuts Hamstring Legal Aid Groups,” *St. Louis Post-Dispatch* (May 1, 2009).

- *Nebraska.* In 2007, 9,800 people accessed the state’s civil legal services programs, but given the recession, that number was expected to hit 11,700 in 2009.⁹⁷

Nevada. Statewide, legal aid organizations employ only 57 attorneys, meaning that there likely is less than one legal aid attorney for every 5,000 impoverished Nevadans.⁹⁸ There are only nine legal aid attorneys in Las Vegas, working to serve the estimated 350,000 low-income people eligible for services. According to the Executive Director of LSC-funded Nevada Legal Services, “It is like triage, and we have to take cases that are truly an emergency for someone who would truly be homeless.”⁹⁹

Nevada Legal Services, the Legal Aid Center of Southern Nevada and Senior Citizens Law Project all report that requests for services are outstripping demand.¹⁰⁰ In 2008, the Legal Aid Center assisted 30 percent more people than in 2007, and expectations for 2009 were even higher.¹⁰¹ During the first six months of 2009, Nevada Legal Services closed 2,600 cases, about 1,000 more than were closed during the same period in 2008.¹⁰²

- *New Jersey.* In 2008, the state’s six regional legal services programs handled 22 percent more Food Stamps cases and 48 percent more employment cases than they did in 2007. The programs also handled over 18,000 housing cases, predominantly landlord-tenant matters.¹⁰³

In a 2009 study, Legal Services of New Jersey found that the average number of legal issues that the state’s low-income population faced had increased by 30 percent since 2002, even without taking into account the recession’s full impact.¹⁰⁴

- *New York.* The Legal Aid Society has seen a dramatic increase in the number of clients seeking help for a range of civil legal matters since the recession’s start; as of July 2009, the Legal Aid Society reported a 16 percent increase in domestic violence-related help, a 40 percent increase in health cases, a 30 percent increase in employment-related cases, and a 20 percent increase in housing cases.¹⁰⁵

⁹⁷ JoAnne Young, “Budget-Cutting Bill Could Further Squeeze Nebraska Court System,” *Lincoln Journal Star* (Nov. 5, 2009).

⁹⁸ Brian Wargo, “Grip of Recession Squeezes Attorneys’ Time for Volunteering,” *Las Vegas Sun* (Oct. 27, 2009).

⁹⁹ Brian Wargo, “Economy Boosts Demand for Free Legal Aid,” *Las Vegas Sun* (Sep. 18, 2009).

¹⁰⁰ *Id.*

¹⁰¹ Tedd Florendo, “Legal Aid Swamped in Bad Economy,” *Las Vegas Now* (Feb. 27, 2009).

¹⁰² Brian Wargo, “Economy Boosts Demand for Free Legal Aid,” *Las Vegas Sun* (Sep. 18, 2009).

¹⁰³ Legal Services of New Jersey, News Release, “Legal Services Faces Catastrophic Situation as IOLTA Funding Plunges Toward Zero and Client Needs Increase Sharply” (Feb. 3, 2009).

¹⁰⁴ Mary Fuchs, “The Needy Struggle in Civil Court Cases,” *The Star Ledger* (Sep. 28, 2009).

¹⁰⁵ Lily Jamali, “Legal Aid Funding Dwindles As Recession Factors Mount,” *NY1* (Jul. 21, 2009).

The LSC-funded Legal Aid Society of Northeastern New York expected to have to turn away 9,800 people in 2009¹⁰⁶ and LSC-funded Legal Services of the Hudson Valley was forced to turn away 15,000 cases in 2009, nearly as many as it took on.¹⁰⁷

Monroe County Legal Assistance Center estimates that its 14 lawyers meet around a fifth of the demand for services. According to the Center's managing lawyer, "Basically, you do a triage. . . You take the cases of the most needy, where your services will be most effective, and you act like an emergency room."¹⁰⁸

A report by the Brennan Center for Justice found that many New York homeowners facing foreclosure are going unrepresented in court. In Queens County, 84 percent of defendants in proceedings involving foreclosures on "subprime," "high cost" or "non-traditional" mortgages were without full legal representation. In Richmond County (Staten Island), 91 percent of such defendants were unrepresented, and in Nassau County, 92 percent were unrepresented.¹⁰⁹

- *North Carolina.* The number of low-income people eligible for legal aid services now tops 3.5 million, or approximately 34 percent of the state's population.¹¹⁰

One office of LSC-funded Legal Aid of North Carolina handled 140 foreclosure cases in 2008, more than double the 50 foreclosure cases they handled in 2007.¹¹¹

Pisgah Legal Services saw a 24 percent rise in requests for help in 2008. They opened 267 foreclosure cases – which are some of the most time-consuming types of cases – a 49 percent increase from 2007.¹¹²

- *Ohio.* Statewide, legal aid helped 213,000 people in 2008, up from 194,000 in 2007.¹¹³ In 2008, the LSC-funded Legal Aid Society of Cleveland saw a 35 percent increase in calls for assistance over 2007.¹¹⁴ The Legal Aid Society also reported a 56 percent increase in employment cases in 2009, including wage-and-hour disputes and challenges to laid-off employees' claims for unemployment

¹⁰⁶ Dave Canfield, "Demand for Legal Aid Outpacing Available Service," *The Troy Record* (Apr. 6, 2009).

¹⁰⁷ "Legal Services Director Fights for Those with Limited Means," *The Journal News* (Feb. 7, 2010).

¹⁰⁸ David Andreatta, "Legal Services for Poor at Risk," *Democrat and Chronicle.com* (Apr. 25, 2010).

¹⁰⁹ Melanca Clark with Maggie Barron, Brennan Center for Justice at NYU School of Law, *Foreclosures: A Crisis in Legal Representation* (Oct. 2009), available at <http://www.brennancenter.org/content/resource/foreclosures/>.

¹¹⁰ "United Way: Legal Aid of North Carolina," *News-Record* (Nov. 8, 2009).

¹¹¹ "Legal Aid Gets Rising Number of Clients," *Winston Salem-Journal* (Feb. 14, 2009).

¹¹² Leslie Boyd, "Need for Legal Aid on the Rise," *Citizen-Times* (Apr. 17, 2009).

¹¹³ Allison Grant, "Legal Aid Societies Need Help," *The Plain Dealer* (Jan. 9, 2009), available at http://blog.cleveland.com/business/2009/01/legal_aid_societies_need_help.html

¹¹⁴ Tony Pugh, "Growing Numbers of Poor People Swamp Legal Aid Offices," *McClatchy Washington Bureau* (Jul. 9, 2009), available at <http://www.mcclatchydc.com/2009/07/09/71580/growing-numbers-of-poor-people.html>.

¹¹⁵ In 2009, the program expected to receive 100,000 calls for assistance, only 10 percent of which they would be able to serve.¹¹⁶

- *Oklahoma.* LSC-funded Legal Aid Services of Oklahoma has to turn away around 20,000 people per year, and the recession is only causing that number to rise. The group's Tulsa office had to turn away 18 percent more people in the first quarter of 2009 than it did in the same period in 2008. And the office is seeing 32 percent more requests for help with bankruptcy cases alone.¹¹⁷
- *Oregon.* The Oregon State Bar reports that lawyer referrals for foreclosure cases increased 178 percent in 2008 and requests for help with landlord-tenant matters rose 253 percent.¹¹⁸

In one office of LSC-funded Legal Aid Services of Oregon covering six counties, or over 14,000 miles, there are only three full-time attorneys and two part-time attorneys.¹¹⁹

- *Tennessee.* In the entire state, there are only 75 legal aid attorneys and 81 federally funded, full-time attorneys available to assist about one million Tennesseans eligible for free legal aid in civil matters.¹²⁰ According to Janice Holder, Chief Justice of the Tennessee Supreme Court, 4 out of 5 eligible Tennesseans will not have access to legal services.¹²¹ “Thousands more,” she notes, “fall just outside the income guidelines and are unable to afford representation when faced with a life-altering legal event.”¹²²

Before the recession hit in 2007, LSC-funded Legal Aid of Society of Middle Tennessee was able to help only 6,010 of the over 26,000 people who applied for legal aid. By the end of 2009, the program reported that requests were up 83 percent.¹²³ A lack of resources has forced Tennessee's Legal Aid Society to turn down one in four requests for civil legal help, despite an increasing number of low-income residents in need of legal services.¹²⁴

- *Texas.* Statewide, legal aid helps more than 100,000 people per year; however, Texas Supreme Court Justice Harriet O'Neil estimates that another 300,000 who

¹¹⁵ *Id.*

¹¹⁶ *Id.*

¹¹⁷ Julie Delcour, “Justice for All? Not Really,” *Tulsa World* (Mar. 29, 2009).

¹¹⁸ Cliff Collins, “Hard Times for Access to Justice,” *Oregon State Bar Bulletin* (Dec. 2008), available at <http://www.osbar.org/publications/bulletin/08dec/atj.html>.

¹¹⁹ Helaine Barnett, “Legal Aid: Equal Access to Justice,” *The Oregonian* (Apr. 23, 2009).

¹²⁰ Jennifer Brooks, “More in Tenn. Need Lawyer But Can't Afford One,” *The Tennessean* (Jan. 13, 2009); “Growing Number of Tennesseans without Legal Aid,” *TimesNews.net* (Jun. 5, 2010).

¹²¹ “Growing Number of Tennesseans without Legal Aid,” *TimesNews.net* (Jun. 5, 2010).

¹²² *Id.*

¹²³ Janell Ross, “Legal Aid Helps Bring Stability For Those In Need,” *The Tennessean* (Dec. 8, 2009).

¹²⁴ Clay Carey, “Legal Aid Filling Void in State's Justice System,” *Tennessean.com* (Jun. 1, 2010).

qualify and seek legal assistance go without help.¹²⁵ In Texas, 5.1 million people qualify for legal aid.¹²⁶

LSC-funded Lone Star Legal Aid had 108 percent more tenant-landlord cases pending from October through December of 2008 than it did over the same months in 2007.¹²⁷ Due to insufficient resources, LSC-funded Texas RioGrande Legal Aid turned away one third of those who sought its services in 2008.¹²⁸

The increased number of self-represented litigants draining court resources as well. A senior partner with the Fulbright & Jaworski law firm says, “Every time a self-represented person comes in, they take up an hour and a half of court staff time, and all that does is slow down the process.”¹²⁹ In Bexar County, the civil district courts saw 1,639 pro se litigants in March 2010 alone, around 31 per day.¹³⁰

- *Virginia.* LSC-funded Blue Ridge Legal Services says “it cannot even come close to meeting the demand for its free courtroom help.”¹³¹ From October to December 2008, the organization’s office in Harrisonburg was forced to turn away three times more people than it did during the same period in 2007.¹³²

Legal Services of Northern Virginia closed 1,828, or 44 percent, more cases in its 2008-2009 fiscal year than the annual average for the past eight years.¹³³

- *Wisconsin.* According to Milwaukee Mayor Tom Barrett, “Currently in the City of Milwaukee, there are more than 1,600 bank-owned foreclosures, and foreclosure filings are up 35% this year compared to last year.” However, despite this dramatic increase in the number of families potentially facing the loss of their homes, only 3 percent of Milwaukee County borrowers in foreclosure have legal representation, according to the Legal Aid Society of Milwaukee.¹³⁴

From 2007 to 2008, LSC-funded Legal Action of Wisconsin Inc. reported that requests for its services rose by more than 75 percent.¹³⁵

¹²⁵ “The Legislature Did Well to Boost Funding for Legal Aid Services,” Star-Telegram (Jun. 7, 2009).

¹²⁶ Chief Justice Wallace B. Jefferson & Harry M. Reasoner, “Helping the Poor in Civil Court Cases,” Houston Chronicle (Apr. 4, 2010).

¹²⁷ Laura Whitley, “Homeless for the Holidays,” ABC Local News (Dec. 22, 2008).

¹²⁸ Texas RioGrande Legal Aid, Press Release, “Students Give Up Spring Break to Help the Poor” (Mar. 19, 2009).

¹²⁹ Reeve Hamilton, “Going It Alone,” The Texas Tribune (Apr. 13, 2010).

¹³⁰ *Id.*

¹³¹ “Increased Demand for Legal Services,” NBC29 (Dec. 24, 2009).

¹³² Heather Bowser, “We Can’t Do Miracles,” Daily News-Record (Mar. 31, 2009).

¹³³ Jim Ferguson, “Helping Legal Aid to Help Itself,” The Washington Post (Jul. 15, 2009).

¹³⁴ Georgia Pabst, “Barrett’s Foreclosure Moratorium Request Denied,” The Journal Sentinel (Oct. 31, 2008), available at <http://www.jsonline.com/news/milwaukee/33639284.html>

¹³⁵ “Nonprofit Legal Agency Sees Spike In Calls For Help,” Channel3000.com (Nov. 26, 2008), available at <http://www.channel3000.com/news/18156079/detail.html>

III. Legal Need Likely to Rise Further

Funding shortfalls for legal services programs come at a time when the number and intensity of low-income peoples' civil legal needs are rising. Aside from the legal needs created directly by the foreclosure crisis, more families are falling into poverty and requiring legal assistance in a range of civil legal matters.

- *More Americans Eligible for Federally Funded Legal Services.* Poverty statistics reveal that 54 million Americans qualified for federally funded civil legal services in 2008 – about three million more than qualified in 2007 – because they now live at or below 125% of the federal poverty level. This number represents nearly 18% of all Americans and includes 18.5 million children and 20.7 million adult women.¹³⁶ Given the dramatic increase in the unemployment rate from 2008, it is fair to assume that the number of eligible clients has continued to rise substantially.
- *Foreclosure and Eviction.* In the first quarter of 2010, foreclosure filings — default notices, scheduled auctions and bank repossessions — were reported on 932,234 properties, 7% higher than the previous quarter and 16% higher than the same period in 2009.¹³⁷ Experts expect the foreclosure rate won't level out until 2013,¹³⁸ and homeowners will continue to need help negotiating livable solutions.

According to some estimates, tenants, as distinct from homeowners, comprise 40% of the families facing eviction due to foreclosure.¹³⁹ Legal aid lawyers may be able to help renters whose landlords have fallen into foreclosure to extend their tenancy and ensure that evictions proceed lawfully.

- *Unemployment.* In June 2010, the Department of Labor put the overall unemployment rate at 9.7%, up from 5.4% in May 2008.¹⁴⁰ The number of “discouraged workers” and those “marginally attached to the labor force” continues to rise as well.¹⁴¹

¹³⁶ LSC Updates, Legal Services Corporation, U.S. Census: More Americans Eligible for Civil Legal Aid (Sep. 17, 2009), available at http://www.lsc.gov/press/updates_2009_detail_T246_R21.php.

¹³⁷ Press Release, RealtyTrac.com, “Foreclosure Activity Increases 7 Percent in First Quarter” (Apr. 15, 2010), available at <http://www.realtytrac.com/contentmanagement/pressrelease.aspx?channelid=9&itemid=8927>.

¹³⁸ James Politi & Suzanne Kapner, “US Foreclosures Take Their Toll on Homeowners,” *Financial Times*, (Mar. 11, 2010).

¹³⁹ Danilo Pelletiere, National Low Income Housing Coalition, *Recognizing Renters in the Foreclosure Crisis* (2009), available at <http://www.nlihc.org/doc/NLIHC-Renters-in-Foreclosure-UCLA-5-2009.pdf>.

¹⁴⁰ “Employment Situation Summary,” Economic News Release, Bureau of Labor Statistics, U.S.

Department of Labor (last updated Jun. 4, 2010), available at

<http://www.bls.gov/news.release/empsit.nr0.htm>; Labor Force Statistics from the Current Population Survey, Bureau of Labor Statistics, U.S. Department of Labor, available at

http://data.bls.gov/PDQ/servlet/SurveyOutputServlet?data_tool=latest_numbers&series_id=LNS14000000.

¹⁴¹ *Id.*

While the swell of initial claims for unemployment insurance has lessened since its peak in 2009, in January 2010 there were 182,261 initial claims filed and 1,761 “mass layoff events.”¹⁴² Employees need the help of a lawyer to receive their claims, as employers increasingly challenge employees’ benefit claims to avoid having to pay out. A record high, over 25% of employees applying for unemployment benefits today have their claims to the benefits challenged.¹⁴³

- *Food Stamps.* From 2007 to 2009, the number of people receiving Food Stamps jumped from 26.5 million to 33.7 million.¹⁴⁴ As applications rise, so too does the number of people needing help making their way through the bureaucracy of the application process.
- *Employer-Based Health Care.* Medicaid enrollment has expanded each month since the recession began. From June 2008 to June 2009, monthly Medicaid enrollment rose by almost 3.3 million recipients, or 7.5%.¹⁴⁵ As more people lose their jobs and their employer-provided healthcare, the demand for unemployment insurance and government-subsidized healthcare will continue to rise, as will the need for legal representation as the newly eligible need assistance claiming these benefits. Additionally, the legal needs of low-income patients are likely to increase as a result of changes in health plan rules and regulations nationwide given the newly enacted health care reform legislation.¹⁴⁶
- *Domestic Violence.* Economic deterioration is known to be coupled with a rise in domestic violence. Organizations providing support for victims of domestic violence have seen increases in requests to help in recent months. “The National Domestic Abuse Hotline, headquartered in Austin, Texas, could be the canary in the coal mine.”¹⁴⁷ The Hotline documented a 21 percent increase in calls from the third quarter of 2007 to the same period in 2008.¹⁴⁸

¹⁴² “Table 1. Mass layoff events and initial claimants for unemployment insurance, February 2006 to January 2010, seasonally adjusted,” Economic News Release, Bureau of Labor Statistics, Department of Labor (last modified Feb. 23, 2010), available at <http://www.bls.gov/news.release/mmls.t01.htm>

¹⁴³ Peter Whoriskey, “Out of Work and Challenged on Benefits, Too,” The Washington Post (Feb. 13, 2009), available at <http://www.washingtonpost.com/wp-dyn/content/story/2009/02/12/ST2009021200082.html>.

¹⁴⁴ “Supplemental Nutrition Assistance Program Participation and Costs,” Food and Nutrition Service Program Data, U.S. Dept. of Agriculture (data as of Mar. 3, 2010), available at <http://www.fns.usda.gov/pd/SNAPsummary.htm>.

¹⁴⁵ Kaiser Commission on Medicaid and the Uninsured, “Medicaid Enrollment: June 2009 Data Snapshot” (Feb. 2010), available at <http://www.kff.org/medicaid/upload/8050.pdf>.

¹⁴⁶ See generally, Peter Shin et al., George Washington University School of Public Health and Health Services, *Medical-Legal Partnerships: Addressing the Unmet Legal Needs of Health Center Patients* 10 (May 2010), available at http://www.gwumc.edu/sphhs/departments/healthpolicy/dhp_publications/pub_uploads/dhpPublication_60CE05B1-5056-9D20-3D0F917148C7E929.pdf

¹⁴⁷ Sally Kalson, “As Economy Falts, Rise Seen in Domestic Violence,” Pittsburgh Post-Gazette (Nov. 2, 2008), available at <http://www.post-gazette.com/pg/08307/924499-51.stm>.

¹⁴⁸ Malavika Jagannathan, “Domestic Abuse Shelters, Hot Lines See Increase in Calls,” Green Bay Press Gazette (Jul. 22, 2009).

The Legal Project, an organization that provides free legal services to low-income victims of domestic violence in Schenectady County, New York, reports that in 2007, the organization assisted about 700 victims; however, it expected to service more than 800 victims in 2008.¹⁴⁹ In Texas, a Houston-based legal aid group for domestic violence reported a 178-person spike in people seeking assistance in 2009, and the Fort Bend county Women's Center received 200 more calls for help in the first month of 2009 than during the same month of 2008.¹⁵⁰

- *Unpaid Wages.* More and more among the working poor are seeking legal help to fight for unpaid wages amid the recession, as they contend that employers fail to pay the promised amount or pay less than minimum wage. Construction, restaurant and janitorial workers are among the most vulnerable, especially if they are not proficient in English. In 2009, the District of Columbia's Office of Wage-Hour saw a 20 percent increase in the number of workers seeking help to recover stolen wages since 2008. In Virginia, the Legal Aid Justice Center had to hire a third lawyer to assist with its 300 annual wage-theft cases. The D.C. Employment Justice Center saw a spike in these cases from 2008 to 2009, the number of cases to recover unpaid wages reaching 317.¹⁵¹

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¹⁴⁹ Michael Goot, "Officials Fear Rise in Domestic Violence Cases," Daily Gazette (Nov. 16, 2008), available at http://www.dailygazette.com/news/2008/nov/16/1116_domviol/.

¹⁵⁰ Moises Mendoza, "Domestic Violence Epidemic Seems to Worsen," Houston Chronicle (May 22, 2009), available at <http://www.chron.com/dispatch/story.mpl/headline/metro/6436320.html>.

¹⁵¹ N.C. Aizenman, "Immigrants Vulnerable as Recession Spurs More Bosses to Shortchange Workers," The Washington Post (Mar. 17, 2010).