



**LEGAL SERVICES CORPORATION**

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Alexander D. Forger  
President

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July 10, 1995

Dear Program Director:

On June 28, our House Appropriations Subcommittee marked up an FY 1996 appropriation that included \$278 million for a dramatically altered Legal Services Corporation. While further Congressional action may affect the funding level and the proposed changes, the Subcommittee's action has given us the first firm indication of what we can expect for the future, after many months of uncertainty. The appropriation would require the Legal Services Corporation to institute a system of competitive bidding in making all grants for FY 1996 and would impose a number of new restrictions. No 1996 grants could be made to any legal services program currently engaged in any type of prohibited activity, even if that activity was paid for by state, private, or other non-LSC funds.

The proposed restrictions are significant. Grantees of Corporation funds would be barred from filing class actions against any governmental entity, from welfare reform litigation, from assisting low income individuals in legislative settings or in administrative rule-making, and from representing persons facing public housing eviction because of alleged involvement with drugs. These and all other current prohibitions (including broad restrictions on representation of undocumented aliens) would apply to all LSC, state, municipal or private funds. New administrative requirements would include case-by-case timekeeping, a ban on receipt of attorneys' fees, and a related ban on handling cases in which statutory fees are theoretically available. All financial and compliance audits would be carried out through an independent contract administered through the Corporation's Office of Inspector General.

If enacted into law, as we must assume for purposes of planning will be the case, these changes in the delivery system will require us to take action immediately to assure the best possible delivery of legal services for the poor in 1996. As leaders and managers in legal services, it is incumbent on us all to prepare now for the likely reality of a time of change.

The Legal Services Corporation has already begun to respond. Even prior to the House Subcommittee's action, LSC's Board of Directors took action that it and LSC management deemed advisable to take at this time. On June 25, the Board adopted four resolutions related to

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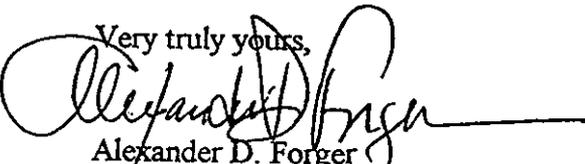
class actions, drug-related evictions from public housing, timekeeping and competition. Each resolution will be implemented through the prompt adoption of a regulation. The resolutions adopted by the Board are set forth in the attached *Program Letter No. 3*.

Two other *Program Letters* set forth additional Corporation steps to help us all manage during the next few months. First, the Corporation is calling on all programs to begin planning for the future on a statewide basis. Second, the Corporation is beginning its effort to provide information about preparing for downsizing in the face of reduced funding. The Corporation will be available as a technical resource to assist you in both of these areas in the months ahead.

Taking these actions does not mean that the Corporation is retreating from our shared mission of providing high quality legal representation to those of limited means. Even if our appropriation is cut and our advocacy is restricted, the Corporation and its recipients will remain committed to the fundamental statutory goal of equal access to the system of justice. To that end, we will continue to work with you and with Members of Congress to keep America's promise of equal justice.

Events will move rapidly during the coming months. We will make every effort to keep you informed about new developments and to assist you in your efforts to respond to change and prepare for the future. As events unfold, we propose to communicate with you through a series of *Program Letters* which will address the wide range of issues we confront.

Very truly yours,



Alexander D. Forger  
President

Encl.