

Legal Services Corporation (LSC) Response To Recent News Stories

Recent news stories have presented a very distorted picture of LSC's administrative expenditures. In March 2006, a congressional inquiry was initiated by Senator Enzi, Senator Grassley and Congressman Cannon into a number of LSC's policies and practices. Since then, LSC has been working closely with congressional staff to address issues raised in the inquiry. To date, LSC has provided more than 3,000 pages of documents requested by staff. LSC has also reassured Members of Congress, both orally and in writing, that it will review all of its policies to determine if LSC is acting in conformance with GSA practices and operating as frugally as possible. Where changes are warranted, LSC is committed to making them. LSC will continue to work closely with Congress to address any substantive issues.

In reality:

- LSC funds 138 independent, local programs that provide civil legal services for low-income Americans – they handle nearly 1 million cases per year and serve every county in the nation.
- 96 percent of LSC's budget goes directly to these programs – just 4 percent goes for administrative costs and one-tenth of one percent for board expenses.
- As a matter of principle, we are committed to being a careful and frugal steward of taxpayer funds – we have strict policies in place to ensure LSC funds are spent wisely and appropriately.

Listed below are statements of fact regarding issues reported in the recent news stories:

LSC Headquarters

- LSC moved to its current location to save money and is paying less rent today than it would be paying in its former location on Capitol Hill.
- LSC's rent is \$38 per square foot and is a guaranteed flat rate that will not increase over the 10-year life of the lease. There are no utility costs or pass-throughs for taxes and building operations, which are standard in Washington commercial leases. The average cost of rent in the District of Columbia for Class B office space is \$42 per square foot plus utilities, taxes and building operations. LSC is already saving money compared to average rents in DC, and the savings will grow each year.
- LSC will ultimately own the building it now occupies and will eventually have no rent expenses.
- LSC bench-marked the amount of office space it occupies with private law firms (the standard suggested by GSA) and government agencies which employ attorneys, and LSC is renting comparable or less space per employee than they are.

- LSC headquarters are located in the former warehouse district, not the upscale shopping and residential district of Georgetown. The building was run down with an overgrown lot next door when it was purchased. Since then, the neighborhood has improved dramatically, and the value of the building has increased by 50 percent. The building purchase was a good investment, especially as building ownership will revert to LSC when the mortgage is paid off.

Board and Management Travel

- LSC travel regulations do not permit the use of first class travel under normal circumstances. In only one case in the past three years has a first class ticket been purchased by LSC, and that was when the Chairman of the Board was asked with little notice to come to Washington to testify at a Congressional hearing and no coach reservations were available. However, the purchase of that first class ticket was less than the government rate would have been for a coach ticket from Atlanta to D.C.
- On another occasion, Continental Airlines upgraded the LSC President's ticket to business first class based on her frequent flyer status with Continental. The price of that ticket was less than the price for the full coach fare ticket LSC had purchased, but more than a government fare coach ticket.
- The only trip to a foreign country paid for by tax dollars in the past three years was a trip to the International Legal Aid Group (ILAG) conference in Ireland. The ILAG meets every other year to discuss new approaches to legal aid in the participating countries. Officials representing LSC have been participating in the biennial conference since 1994.
- With respect to two \$200 cab fares between Shannon Airport and Killarney, the person with whom the LSC President expected to ride to Killarney left without her. The conference provided no transportation and there was no direct public transportation service to Killarney. Renting a car on her own would have required her to drive on the left side of the road for the first time, a safety concern. After the conference, President Barnett was the only attendee leaving for Shannon Airport on Friday. A taxi was the only feasible option for her to travel to and from the airport.

LSC Board of Directors Meetings

- The LSC Board meets four times a year, once in Washington DC and three other times in locations around the country where they can visit local legal services programs. LSC obtains proposals from three hotels in the area recommended by the local program being visited. LSC seeks to obtain government rates for hotel services and is generally successful.
- The Board visits local programs across the country at its quarterly meetings to review program operations, speak to program clients, meet with bar leaders to encourage pro bono efforts, and meet with members of the judiciary in support of access to justice.

- The two-day meeting in Puerto Rico in April of 2005 was the first time the Board of Directors met in Puerto Rico. The Puerto Rico program is the largest recipient of LSC grants because 45% of the population lives at or below the poverty line. The Board decided to meet in Puerto Rico to visit the local program and meet with court officials and others regarding the provision of legal services to Puerto Rico's poor. Board meetings lasted from 8:00 am to 5:00 pm on Friday, and 8:00 am to 4:00 pm on Saturday.
- The Board's annual meetings at the Melrose Hotel in Washington, DC in February 2004, February 2005 and January 2006 used the government rate for hotel rooms and competitive rates for its banquet services.

Excessive Bonuses for LSC President

- President Barnett has received no bonuses since her employment with LSC. President Barnett and Inspector General Kirt West received recruitment bonuses of \$30,000 and \$25,000 respectively, at the time they were hired.

LSC Meals

- No dinner for any LSC executives, board members and staff have been catered by the Ritz Carlton. The LSC President hosted two dinners for Board members at the apartment she sublets, which is managed by the Ritz Carlton. The dinners were on February 4, 2005 and January 27, 2006. President Barnett used a catering service, not the Ritz Carlton, for both dinners. For the February 2005 dinner, LSC reimbursed President Barnett the amount permitted by LSC's per diem policy for dinner for 14, which included Board members and the Inspector General. President Barnett paid the remaining balance herself. For the January 2006 dinner, President Barnett paid the entire cost herself.
- As part of the December holiday party last year, three LSC employees (the receptionist, an administrative assistant and a program counsel) won a lunch with President Barnett. No other LSC executives attended and it was a one-time holiday event. The lunch was held at the Four Seasons Hotel and LSC paid \$118.09.
- Following an audit of Board member travel expenses during fiscal year 2004, the Inspector General recommended that LSC amend its travel policies to address issues related to Board member meal reimbursement for actual expenses during Board meetings. LSC management reviewed the federal government's policy regarding reimbursement, which allows federal employees to be reimbursed for actual expenses up to three times the per diem when meals are provided in conjunction with a conference. Believing that policy was too generous, LSC adopted a policy in February 2005 limiting LSC Board members to reimbursement for actual expenses up to twice the per diem when Board members dined together. The policy was only used in conjunction with the quarterly meetings of the Board. The policy was adopted by LSC management, and the Board played no role in its adoption. However, since this lower limit was still questioned, management revised LSC's travel policies in July 2006 to eliminate this provision.

Car Services

- Chairman Strickland has come to Washington 11 times in the past four years to meet with Members of Congress, attend LSC meetings, and conduct LSC business. Each time except once, he has used taxis. On April 25, 2006, LSC business required him to be at LSC headquarters (which are not Metro accessible) at 9:00 am, to be on Capitol Hill at 11:30 am, to be at Fort Meyer (which is not Metro accessible and does not allow taxis to cruise) in Arlington at 12:45 pm, to be at Arlington Cemetery at 1:45 pm, to be back on Capitol Hill at 3:30 pm, to attend another meeting at 4:30 pm, and to return to the airport in time to catch a 6:00 pm flight. Given the very tight schedule and the inaccessibility of two locations to the Metro and one location to taxis, LSC staff determined that having a car and driver (it was a regular sedan, not a limousine) would be the best way to assure the transportation necessary to keep the schedule. Chairman Strickland's regular use of taxis and this one-time use of a car when the schedule required it belies any suggestion that LSC executives are using limos as a five-star perk.
- President Barnett attended and spoke at the funeral service in Harrisburg, PA for the longest, continuous-serving LSC Board member and used a car service to travel. To fly to Harrisburg and take local taxis would have cost \$445. The cost of the car service was \$400. President Barnett chose the lower-priced form of transportation, which allowed her to work on LSC business during her five-hour trip. No train service was available for the one-day trip.