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September 6, 2011

Mr. Mark Freedman  
Senior Assistant General Counsel  
Legal Services Corporation  
3333 K St., N.W.  
Washington, DC 20007

**RE:** Request for Comments -- Poverty Data and LSC Funding Distribution

Dear Mr. Freedman and interested persons:

I write in response to your Requests for Comments, to offer support for two of the recommendations of LSC management concerning the new poverty data and LSC Funding Distribution, and to urge additional consideration and revision of the third recommendation.

**Determination of the number of persons in poverty** -- We support management's decision to defer to the Bureau of the Census for the determination of the number of persons in poverty.

**Frequency of reallocation decisions** -- We support management's decision to reallocate funding on a three-year cycle.

**Implementation of reallocation beginning in 2013, phased in over two years** -- We wish to make the following observations on this issue. First, and most importantly, we believe the analysis used to inform the magnitude of poverty population shifts significantly understates and overstates the impact of those shifts on affected states, and we submit that delaying the implementation to 2013 seriously and unnecessarily harms states with large increases in poverty populations. Second, we believe the rationale for a two-year phase-in is not supportable given the experiences of programs over the last decade or so.



With respect to the 2013 implementation date, the measure of change used to support the decision to delay implementation significantly understates the impact of that delay on poor persons in the most seriously affected states with increased poverty populations, and overstates the impact on those with declining poverty populations.

Charts used by LSC to analyze this issue reflect that some states have experienced significant changes in the proportion of the national poverty population living within their borders. Indiana experienced the largest increase at 25.11%, while Louisiana saw the largest decrease in poverty population, at 24.21%. We were interested in the actual numbers of poor persons represented by these percentages, and did some additional research and calculations to that end.

Using as references the poverty populations from the 2000 census and the 2008 ACS, it turns out that the *increase* in Indiana's proportion of the national poverty population comprises an additional **219,024** persons, almost three times greater than Louisiana's *decrease*, representing a loss of **72,319** persons.

Our state, Georgia, was among the states with a significant increase in proportionate poverty, at 15.78%. The *increase* in the actual number of persons represented by that percentage is **306,029** (as of 2008). By contrast, the District of Columbia experienced the next most significant *decrease*, at 23.40%, but the actual number of persons lost is only **9,236**. New York, a state with a very large share of the nation's poor, and an apparently significant decrease (15.13%), actually experienced a loss of **87,715** persons. See enclosed chart.

We submit that the actual population figures better convey the impact of the decision LSC is making concerning implementation of reallocation of funds. The modest figures experienced by declining states do not represent the large funding losses that are of stated concern for LSC management. By contrast, the challenges to the states that have gained tens or hundreds of thousands of potential new clients, without additional resources to meet the needs of those clients, will be very serious, as well as demoralizing to our hard-working and dedicated staff.

Moreover, not only does the analysis fail to reveal the true impact of the census changes, the delay in implementation exacerbates the harm to people in poverty in the states with rising poverty populations. In Georgia, for example, under LSC's deferred two-year phase in, we will not be funded at the level that actually reflects our proportionate poverty population in **2008** until **2014**, and we know that the ACS for 2009 reflects an *additional* increase in Georgia's poverty population by another 100,000 persons. We are falling further and further behind.

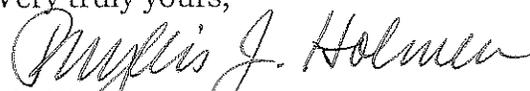
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We are also troubled by LSC's conclusion that grantees cannot prudently and effectively handle increases or decreases in funding levels. Two or three decades ago this might have been true, when LSC funding was the largest and often only funding source a grantee might have. Now, however, legal services programs are very accustomed to planning and budgeting around both increases AND decreases in funding whenever they occur in a program's budget year. Just this year we all managed a significant mid-year reduction in LSC funding, as well as mid-year IOLTA changes, and gains and losses in funding from other sources. We know how to ramp-up and how to compress.

Finally, the ability of LSC to adjust grant amounts on short notice and quickly was also demonstrated just this year, when the Congress finally determined the LSC appropriation in late spring, requiring LSC to reduce checks to grantees to make up a 12 months' loss in much less time. We understand that the population figures from the 2009 ACS will be available in December, and suggest that LSC could prepare its calculations while it awaits Congressional action for the 2012 appropriation, and then proceed to implement the first of the two-year phase-in for 2012 funding.

We very much appreciate the opportunity to share these comments with you. In conclusion, we urge you to reconsider the delay in implementation to 2013 in light of the actual increases in the number of persons in poverty in the most significantly affected states, rather than being guided solely by the percentage change of the national poverty population. We ask that you take all steps feasible to implement a reallocation of funding in 2012, in the interests of justice for all.

Very truly yours,



Phyllis J. Holmen  
Executive Director

PJH/dlr

ANALYSIS OF IMPACT OF CHANGES OF POVERTY POPULATION  
 ACTUAL POTENTIAL CLIENTS  
 Selected states/locations

U. S. Population	2000 CENSUS	2006-2008 ACS data	
	281,421,906	293,289,504	
% in poverty	12.4%	13.2%	
# in poverty	33,899,812	38,573,393	
% of national poverty			
Georgia (Increase)	3.05% 1,033,793	3.47% 1,339,822	+306,029
Indiana (Largest increase)	1.65% 559,346	2.01% 778,370	+219,024
Louisiana (Largest decrease)	2.51% 850,885	2.01% 778,566	-72,319
NY (Decrease)	7.94% 2,691,645	6.75% 2,603,930	-87,715
DC (Decrease)	.32 % 108,479	. 257 % 99,243	-9,236