

CONTENTS OF SPECIAL MESSAGE
(in thousands of dollars)

<u>Rescis- sion #</u>	<u>Item</u>	<u>Budget Authority</u>
	Other Independent Agencies	
	Legal Services Corporation	
R77-1	Payment to the Legal Services Corporation.....	45,000

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Summary of Special Messages
for FY 1977
(Amounts in thousands of dollars)

	<u>Rescissions</u>	<u>Deferrals</u> <u>1/</u>
First special message.....	45,000	---

1/ Deferrals for fiscal 1977 cannot be proposed until October 1, 1976, in accordance with section 1013 of P.L. 93-344.

PROPOSED RESCISSION OF BUDGET AUTHORITY

Report Pursuant to Section 1012 of P.L. 93-344

Agency Legal Services Corporation	New budget authority (P.L. <u>94-362</u>)	\$ <u>125,000,000</u>
Bureau	Other budgetary resources	_____
Appropriation title & symbol Payment to the Legal Services Corporation - 8160501	Total budgetary resources	<u>125,000,000</u>
	Amount proposed for rescission	\$ <u>45,000,000</u>
OMB identification code: 31-22-0501-0-1-751	Legal authority (in addition to sec. 1012). <input type="checkbox"/> Antideficiency Act	
Grant program <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Other _____	
Type of account or fund: <input checked="" type="checkbox"/> Annual <input type="checkbox"/> Multiple-year _____ (expiration date) <input type="checkbox"/> No-year	Type of budget authority: <input checked="" type="checkbox"/> Appropriation <input type="checkbox"/> Contract authority <input type="checkbox"/> Other _____	

Justification

A rescission of appropriation authority under Section 1012 of the Impoundment Control Act of 1974 (P.L. 93-344) is proposed for \$45 million for the Legal Services Corporation (LSC). The funds for LSC were appropriated in the Departments of State, Justice, Commerce, the Judiciary, and Related Agencies Appropriation Act, 1977 (P.L. 94-362).

For fiscal year 1977 LSC requested, independent of the Administration, a \$60.3 million budget increase (above the \$80 million Administration request) primarily to fund higher grantee attorney salaries and administrative expenses and expand the legal services programs' geographic coverage. The Administration's budget request for LSC was made in the context of other competing priorities within the 1977 Budget.

This rescission for the additional amount appropriated over the Budget reflects the following considerations:

- (1) In its first year of existence (1976) the Corporation received a 29% increase in its appropriation level over the previous year's funding for the legal services program. The 1977 add-on represents another 35% increase over the 1976 appropriation. 1/
- (2) Factors which should reduce the 1977 funding level below the 1976 appropriated level include:

1/ Prior to 1976, the legal services program was administered by the Community Services Administration.

- (a) One-time costs in 1976 which will not need to be incurred in 1977, such as start-up organizational costs, special projects (e.g., back-up center study), and non-recurring supplemental funding for certain grantees.
 - (b) Savings which should be achieved in 1977 by directly conducting activities formerly handled by back-up centers.
 - (c) Reduced administrative costs for grantees due to the greater availability of well-qualified lawyers in the labor market.
- (3) Administrative overhead costs are projected by LSC to rise by over 80% in only two years at a time when reductions in such costs for regular Federal agencies have been urged by the President and within the Congress.
- (4) Consideration by the Congress should be given to other sources of legal services for those who cannot afford private counsel. For example, under authority of Section 308 of Title III of the Older Americans Act of 1965, as amended, \$1,125,000 of fiscal year 1977 funds have been reserved for the development of State level legal services activities for the aging. In addition, legal services programs can be sponsored by State and local governments through the Social Services (Title XX) and General Revenue Sharing programs. Private sponsorship of legal services (e.g., State and local legal aid societies, foundations, donated legal assistance, reduced fees for low income clients, etc.) should also be reviewed before major funding increases are approved for LSC.
- (5) The Administration has urged that prior to any significant expansion of the legal services program, LSC evaluate its existing legal services grantees. Such evaluations, subject to public comment and review, should use standardized criteria and appraise grantees' quality, determine their needs, and assess the resources available from alternate providers. Furthermore, LSC's mandated studies on the existing staff-attorney program and alternative methods of delivery of legal services should also be completed in fiscal year 1977 before additional programs are funded.

Estimated Effects

This rescission proposal for \$45 million will prevent increased grantee staff salaries and an expansion of LSC's administrative staff. Greater geographic coverage for the program will be delayed until evaluations based on standardized criteria are completed by LSC for all of its existing legal services grantees.

Outlay Effect (estimated in millions of dollars)

Comparison with President's 1977 Budget:

1. Budget outlay estimate for 1977.....	82.8
2. Outlay savings, if any, included in the budget outlay estimate	-0-

Current Outlay Estimates for 1977:

3. Without rescission	125.7
4. With rescission	85.7
5. Current outlay savings (line 3-line 4).....	40.0
Outlay Savings for 1978	5.0
Outlay Savings for 1979	-0-

RELATED AGENCIES

Legal Services Corporation

PAYMENT TO THE LEGAL SERVICES CORPORATION

Of the funds appropriated under this head in the Departments of State, Justice, and Commerce, the Judiciary, and Related Agencies Appropriation Act, 1977, to enable the Department of the Treasury to make payment to the Legal Services Corporation to carry out the purposes of the Legal Services Corporation Act of 1974 (P.L. 93-355), \$45,000,000 are rescinded.