

Introduction

First organized in 1967 in the northern and northeastern Kentucky areas, Legal Aid of the Bluegrass serves 33 northern and northeastern counties from 4 offices—Covington, which is also the administrative office, and Morehead, Ashland and Lexington.¹ The agency is the product of two mergers—one in 1997 and a second in 2002—and has been in continuous operation as a 501 (c) 3 not-for-profit providing critical civil legal services in local communities for 44 years. In 2002, the then Northern Kentucky Legal Aid Society, Inc. merged with the Central Kentucky Legal Services, Inc, which was first organized in 1977 to provide legal services to Fayette and surrounding counties' low-income and vulnerable populations. Thus, we have provided civil legal aid in Fayette and surrounding counties at no cost to our clients for 35 years. For 29 years, we have occupied space at the Black and Williams Center.

Mission

Our mission is to resolve the most important problems of low income and other vulnerable people by providing high quality legal assistance through direct representation, education, advice, advocacy and coordination with other community resources.

Fayette County Client Services

During 2011, 67% of our clients served from the Black and Williams' office location were from Fayette County. We had 1950 legal cases open at sometime during the year where 2600 adults and 2100 children from Fayette County received legal advice or counsel or representation in court or with administrative agencies. Of that number, we completed the work for 1716 adults and 1277 children and closed 1300 cases.

In 2011, we provided legal assistance to 4700 poor Fayette County residents of all ages.

Our clients struggle to meet basic needs. They are poor, often elderly or disabled, and vulnerable to exploitation. Our services help clients gain safety, employment, basic needs, and income, and become self-sufficient. For example, when we can stop domestic violence, the victim can more easily hold a job. Where LABG keeps families in their homes by stopping a foreclosure or an eviction or secures a public benefit the family would otherwise lack, they achieve the stability they need to secure or maintain employment.

Many will increase their income as a result of our service. Many will become safe, have access to health care, have housing or be ready to get a job.

¹ Please see Tab 6A for more information

Client Demographics

Income—75% of our clients have incomes at or below 125% of the federal poverty guidelines. According to the U.S. Census Bureau, the median income for Fayette County from 2006 to 2010 was \$47,469.² All our Fayette County clients have income below that amount.

Age—44% of the people who benefited from our services in 2011 were children under the age of 18. The largest percentage (85%) we served was people of working age. Of the elderly served a significant number were 80 years of age and over, thus very vulnerable. The oldest Fayette County person we served last year was 104 years of age.

Fayette County Adults Served in 2011

Age	%
18 to 25	14.70%
26 to 35	26.37%
36 to 50	28.42%
51 to 64	14.93%
65 to 80	9.88%
80 to 90	3.12%
over 90	0.65%
Unknown	1.94%

Where our clients lived—For those where we were able to collect this information, 54% rented their homes, 15% owned a home, 15% were homeless—either with no shelter, living in a shelter or living with friends or relatives—and 1% were in nursing facilities. In 15% of the cases, we were unable to collect good information.

Race—Those we serve in Fayette County are racially diverse—55%--White or Caucasian, 26%--African American, 1%--Asian, 13%--Hispanic, less than 1%--Native American and 5%--Other or Unknown.

Client Services

During 2011, the 2600 adults and 2100 children from Fayette County who sought legal advice, counsel or legal representation had problems in four main areas: consumer problems, government benefits, housing and family law. 40% were victims of domestic violence. In the 1300 cases we closed last year, we collected information on the impact of our services.

² <http://quickfacts.census.gov/qfd/states/21/21067.html>

Family law-domestic violence--The majority of people seeking services needed help stabilizing their family because of divorce, custody, child support, and visitation problems. Many were victims of domestic violence or vulnerable to future domestic violence because of the family's instability. 31% sought help with these issues. 17% sought help with protective orders so they could stay safe and keep their children safe. 6% were immigrant victims of domestic violence seeking to become safe.

Following court intervention, 50% of Kentucky's domestic violence victims no longer experience domestic violence.

Logan, et. al., The Kentucky Civil Protective Order Study, (2009)

Our 2011 closed case statistics show that 780 adults and 900 children received a benefit in this category. Benefits included helpful advice about their problems, court orders, agreed orders, administrative agency decisions or other benefits from our representation that promoted safety and maximized independence. Our attorneys helped get 168 adults and 181 children protective orders. The

ease of access to a DV attorney is the most critical factor in reducing DV in a community.³

166 adults and 190 children, many of whom were victims of domestic violence, received a court order for a divorce, custody, visitation, property division and/or child support. This is particularly important since single parents frequently escape poverty if the father is required to pay child support.⁴

The service we provide to this population group is invaluable as they are particularly vulnerable. 1/3 of women murdered are killed by an intimate partner.⁵ Children who grow up with DV are more likely to be victimized by child abuse and suffer cognitive or behavioral problems.⁶ The problem in Kentucky is about 33% greater than in the United States generally.⁷ Domestic violence is one of the most significant barriers women face in maintaining employment.⁸ Where the victim secures employment or is about to complete a training program, the violence she faces is likely to escalate.⁹ Single parents having income below the poverty level are seven times more likely to experience domestic violence than those at high income levels.¹⁰

Here is one example of how our service can make a difference in a client's life. Amanda was a young mother of

"With Legal Aid by my side, I felt comfortable and safe going to court." --

³ Farmer, et. al., Explaining the Recent Decline in Domestic Violence, (2003). Legal Services Corporation Update, (April 7, 2009), http://www.lsc.gov/press/updates_2009_detail_T246_R6.php

⁴ Turetsky, The Child Support Enforcement Program, (2005)

⁵ U.S. Department of Justice, (2006), <http://www.ojp.usdoj.gov/bjs/homicide/intimates.htm>

⁶ U.S. Dept. of HHS, A Nation's Shame: Fatal Child Abuse and Neglect in the United States, (1995)

⁷ Fritsch et. al. Kentucky Intimate Partner Violence Surveillance Project, (2003)

⁸ Danziger et. al. Barriers to Employment and the 'Hard to Serve' (2003)

⁹ Interview with George D. Kent, PhD., Executive Director, Life Learning Center, (2009)

¹⁰ Intimate Partner Violence, Bureau of Justice Statistics Special Report, (May 2000)

three living in constant fear that her abusive 58 year old boyfriend would kill her. While they lived together, Amanda became pregnant with twins. During the pregnancy, her boyfriend verbally abused her, shoved, hit and acted aggressively toward her, and choked her and hit her in the stomach. Finally, she convinced him to move out. After that, he stalked her--driving by her house, sitting in her parking lot or calling her repeatedly and continuing to threaten to kill her. When Amanda found out that her boyfriend had bought a gun, she contacted us. We helped her get a 3 year protective order for her and her children with no visitation with their abusive father until he underwent a mental evaluation. Now, Amanda and her children can be safe.

Government Benefits-- 11.6% of our clients in 2011 received help with Medicare—either with righting a wrongful denial or termination of their benefits or a complex analysis of their case and help with enrolling into low income subsidy or prescription drug plans. 5% needed help with other government benefits including food stamps, Social Security, and SSI. 1% sought help establishing or maintaining unemployment compensation. This work is important since studies show that, depending upon the program, between 13 and 60% of elderly people eligible for a federal benefit such as SSI, QMB, Medicaid, and food stamps were not receiving it.¹¹ When an elderly or disabled person enrolls in the proper Medicare Part D Prescription Drug plan, they save 49 to 71% on their prescription drug costs; if they enroll in the low income subsidy component of Medicare Part D, their average savings is \$4,000 per year.¹²

One client can attest to the benefit of this service. Mr. Smith, a 70 year old, Fayette County resident, would soon lose his unemployment benefits and would be forced to live off of \$737 a month in Social Security benefits. We evaluated his situation and determined he was eligible for several money saving government benefits programs. Because of our help, Mr. Smith was awarded the Medicare Low Income Subsidy benefit, saving him about \$3,500 a year. He received a Medicare Savings Program benefit which increased his Social Security check by \$99.90 a month and pays for the medical expenses that Medicare will not cover. Mr. Smith also received over \$100 a month in SNAP benefits to help him buy groceries.

**My lawyer helped me
to better understand
my case**
--Client

Consumer Problems-- 8.6% came to our office looking for help with consumer problems like bankruptcies to preserve the family income, keep their homes and stabilize the family so the wage earner could go to work.

¹¹ National Council on Aging, Pathways to Success, (2005)

¹² Price Waterhouse Coopers, Medicare Part D: An Assessment of Plan Performance and Potential Savings, (2007)

76 year old Elizabeth's story is an example of how our services can benefit clients. She had been sued because of a credit card debt she thought she had paid right after using the card. Now, because of it, she was in danger of losing her home that was nearly paid off. She could not find her paperwork showing she had paid the bill since the debt was in 1990. At Elizabeth's age and limited resources, she would not be able to afford to live anywhere else. This was her only debt besides her mortgage. Our attorney filed a bankruptcy for Elizabeth, which saved her home and discharged a debt she may have already paid

Housing-- 3.4% had problems with mortgage foreclosures and needed our help in wading through complex documents, working out agreements with mortgage companies, or helping them arrange a short sale or deed in lieu. In Kentucky 41% of mortgages for lower income households are high cost mortgages compared to 16% of mortgages taken by higher income people.¹³

The Johnsons, Fayette County residents, had a young son. The wife is disabled and the husband is a used car salesman. As the economy weakened car sales went down and thus, Mr. Johnson's income went down significantly. Unable to make house payments, the Johnson's fell 5 months behind when a foreclosure suit was filed. We represented the Johnsons in the lawsuit and negotiated a loan modification with the lender which lowered their payments to a level that they could afford. They were able to stay in their home.

Since 1986 mortgage foreclosures in Kentucky have increased by 277%.¹⁴ The Director of the low income legal clinic operated by Harvard Law School concluded that where the cases are properly screened, legal representation preserved the home 50% of the time and only in 5% of these cases would the Defendant lose all of his equity.¹⁵

10.5% had problems relating to their rental housing—either because of evictions, the conditions in which they lived or needed help in getting access to public or federally subsidized rental housing. Kentucky studies establish that the leading causes of homelessness are evictions and utility cut-offs typically resulting from divorce or loss of employment.¹⁶ Our program statistics captured over the last 10 years shows that from 70 to 90% of those represented in an eviction/utility shutoff case maintain their housing for at least three months.

Other-- Other issues included: 4% --advance directives, durable powers of attorneys and other document preparations; 1.5%--other miscellaneous type problems, and .15% -- employment issues.

¹³ The High Price of Being Poor in Kentucky, The Brookings Institution Metropolitan Policy Program, <http://www.kyyouth.org/Publications/HighPriceKY.pdf>.

¹⁴ OKLSP Paper, (2006)

¹⁵ Charn, Paper Presented to Legal Services Research Centre International Research Conference, (2004)

¹⁶ Kentucky Homeless Survey Report: Kentucky Housing Corporation, (2001)

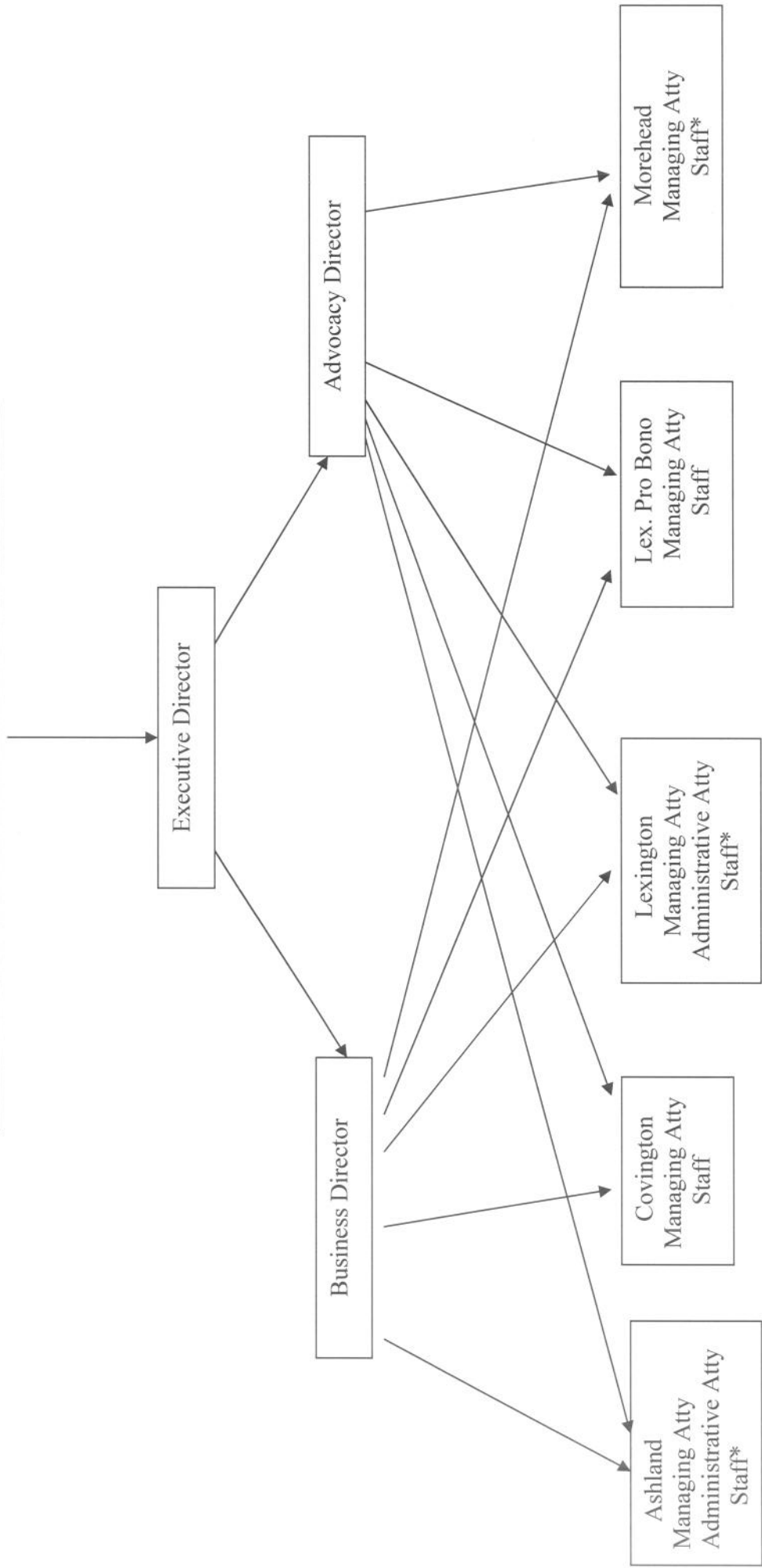
The daughter of a 97 year old nursing home resident contacted Legal Aid for assistance when her mother was to be involuntarily discharged. The mother displayed behaviors which the nursing home found difficult to manage. Legal Aid contested the involuntary discharge and argued that the client's behavior was typical for a 97 year old in pain and distress. The administrative law judge agreed and the client was able to stay in her nursing home and get the care she needed until her death

Final Thoughts

A 2009 study conducted by the Perryman Group in Texas concluded that civil legal services for the poor has a significant impact on the clients' lives and on the economy itself. They found that for every direct dollar spent, \$2.20 went into the pockets of the clients who received the services and the overall economy annually gained \$7.42 in total spending and \$3.56 in output of gross products.¹⁷ We have conducted our own analysis of the economic benefits of our services. For that information, please see the Appendices where "The Economic Impact of Legal Aid of the Bluegrass in its 33 County Service Area" details those benefits.

¹⁷ "The Impact of Legal Aid Services on Economic Activity in Texas: An Analysis of Current Efforts and Expansion Potential," The Perryman Group, February 2009.

Board of Directors
Comprised of 15 attorneys, 8 low-income persons,
and 1 other



* Includes Paralegal Staff such as the SHIP Coordinator and Nursing Home Ombudsman

Financial Situation

Challenges for our clients continue to be the community's poor economic condition that affects our client's or potential client's ability to get or maintain a job that pays a living wage or otherwise preserve or increase family income, safety, and good health. This condition leads to upheaval in the low-income family that result in greater numbers of people seeking our services. Thus the numbers of poor people are increasing and the requests for our services are increasing.

However, the same economic situation affects our income sources as well. Through no fault of our own, Legal Aid of the Bluegrass's resources with which to provide services are decreasing. During the last 3 to 4 years, we have lost over \$800,000 in grant funding. A serious effort by expert administrative team members to find new sources of money has brought in funding for boutique type projects. However we still find ourselves over \$400,000 down in annualized revenue (and \$600,000 in actual funds since we were forced to spend a significant amount of carryover money, and that represents about 15% of the overall budget). As a result, we had a reduction in force of 9 people making up 7.5 full time equivalents for 2012. Two attorneys and a paralegal lost because of this crisis served the Fayette and surrounding counties.

See the attached chart that shows the specifics of these losses. Also attached are news articles detailing the severity of the crisis.

Legal Aid of the Bluegrass
2012 Statement of Revenue
Revenue

AS OF January 31, 2012

Type

2012
Board
Approved
BUDGET

Revenue	Type	2012 Board Approved BUDGET
LSC	Federal	1,192,975
United Way/Community Funds	United Way	293,037
Title III		
Gateway Area Development District		
Ombudsman-III B	Federal	12,854
Ombudsman- Title VII	Federal	3,155
State LTC	State	28,574
Ombudsman-Elder Abuse	Federal	1,565
Legal Assistance	Federal	8,000
FIVCO		
Ombudsman-III B	Federal	15,606
Ombudsman- Title VII	Federal	5,185
State LTC	State	28,864
Ombudsman-Elder Abuse	Federal	2,581
Legal Assistance	Federal	8,468
Buffalo Trace ADD		
Legal Assistance	Federal	10,000
Northern KY ADD		
Legal Assistance	Federal	26,067
Bluegrass ADD		
Legal Assistance	Federal	28,000
CMS -SHIP		
Bluegrass ADD	Federal	91,007
FIVCO ADD	Federal	31,168
Northern KY ADD	Federal	54,670
MIPPA		
Bluegrass ADD	Federal	59,279
FIVCO ADD	Federal	6,503
Northern Kentucky ADD	Federal	15,922
NKADD HEARTH	Federal	15,000
Bar Associations		
Fayette Co. Bar Assn.	Public	7,756
Fayette Co. Bar Foundation	Public	5,000
Interest		1,000
Service generated income		5,000
IOLTA	Public	111,300
Priv. Don. Campaign	Private	10,000
AJA-Filing Fee	State	780,000
AJF- KY General Fund	State	155,040
State of Kentucky Health Ins Refund	State	34,570
Campbell Co. Tax	Local Tax	10,000
Boone Co. Tax	Local Tax	9,000
Kenton Co. Tax	Local Tax	2,910
AmeriCorps	Federal	49,200
LAV	Federal	301,245
LAV Interpreter Grant	Federal	32,209
VAWA	Federal	136,375
HUD Housing Grant	Federal	36,000
NCOA	Federal	65,000
Kentucky Bar Foundation	Public	12,000
Other Income including Rental Income		29,622
Total Revenue		\$ 3,731,707
Prior Year Carryover funds		\$ 517,236

Duration: Legal Aid of the Bluegrass receives grants on an annual basis.

Legal Aid of the Bluegrass
2012 Budget

	2012 Program Total
Revenue	
LSC	\$ 1,192,975
Covington Community Chest	250,560
United Way of the Bluegrass	24,227
Heart of Kentucky	12,000
United Way of Franklin	5,000
Harrison County Community Fund	1,250
Title III	
Gateway Area Development District	
Ombudsman-III B	12,854
Ombudsman- Title VII	3,155
State LTC	28,574
Ombudsman-Elder Abuse	1,565
Legal Assistance	8,000
FIVCO	
Ombudsman-III B	15,606
Ombudsman- Title VII	5,185
State LTC	28,864
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Legal Assistance	8,468
Buffalo Trace ADD	
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SHIP	
Bluegrass ADD	91,007
FIVCO ADD	31,168
Northern KY ADD	54,670
MIPPA	
Bluegrass ADD	59,279
FIVCO	6,503
NKADD	15,922
Bar Associations	
Fayette County Bar Foundation	5,000
Fayette Co. Bar Assn.	7,756
Interest	1,000
Service generated income	5,000
IOLTA	111,300
Private Donation Campaign	10,000
AJA-Filing Fee	780,000
State of Kentucky Health Insurance Refund	34,570
AJF-Ky Gen. Fund Appropriations Estimate	155,040
Campbell Co. Tax	10,000
Boone Co. Tax	9,000
Kenton	2,910
AmeriCorps	49,200
VAWA	136,375
LAV	301,245
LAV Interpreter Grant	32,209
HUD Housing Grant	36,000
HEARTH	15,000
NCOA	65,000
Kentucky Bar Association/ VETERNS Fund	12,000
Prior Year Carryover Funds	517,236
Other Program Revenue Includes Rental Income	29,623
Total Revenue	\$ 4,248,943

Legal Aid of the Bluegrass

2012 EXPENSES



2012

Board Approved

Budget

Expenses

Attorney	1,262,462
Paralegal	350,884
Staff	505,091

Total Salaries	2,118,437
Fringe Benefits	870,601

Total Personnel	<u>2,989,038</u>
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Kentucky Equal Justice	45,800
Telephone	85,000
Space	
Rent	43,078
Lease Amount for Black and Williams--\$14,082	
Repairs & Maint.	8,000
Utilities	40,081
Travel	
Local and Parking	28,682
Out of Town	34,359
Car & Auto Expense	17,510
Training Including LAV	50,858
Office	
Supplies - Shredding - Bank Charges	59,000
Pub & Adv	9,500
Copy & Print	5,150
Postage	27,000
Maintenance	20,000
Library	46,000
Insurance	23,000
Equip. Rental	2,485
Litigation	15,000
Children's Law Center	53,149
LAV Contracted Services/Translator	37,316
Contract	
Audit	17,269
Chase	2,800
Payroll Related Contracts	7,680
Temp	10,000
Cleaning	21,400
Open Enrollment Time Contract Services	10,000
Other Contr. Services plus TIG	66,000
Contract Services - Client	80,000
Dues	16,500
Fees	6,775
Equipment Expenses plus TIG Phone	65,000
Annual Recog & Con Ed	12,000
Message Payments Covington After Capital Campaign	33,820
LAV other Costs	5,359
Miscellaneous Other Costs	10,000
Total Non-Personnel	<u>1,015,571</u>

TOTAL EXPENSE	\$4,004,609
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Northern Kentucky I Aid Society, Inc.
Statement of Cash Flows
January through December 2011

Jan - Dec 11

	Jan - Dec 11
OPERATING ACTIVITIES	
Net income	-111,605.74
Adjustments to reconcile Net income to net cash provided by operations:	
Pledges Receivable	39,249.80
Accounts Receivable	100,275.63
Prepaid Expenses	-5,289.51
Accounts Payable	-25,045.46
PNC Credit Card	4,162.51
Accrued Vacation Payable/Accrued Vacation Time	4,004.08
Client Trust Accts:Client Trust All Offices	-8,761.67
Payroll Related Accruals	-1,561.49
Net cash provided by Operating Activities	<u>-2,551.95</u>
INVESTING ACTIVITIES	
Assets Purchases	-16,636.44
Net cash provided by Investing Activities	<u>-16,636.44</u>
FINANCING ACTIVITIES	
104 East 7th Mortgage PNC	-31,799.78
Ikon Financing for Canon IR 303	-4,452.00
Note Payable 2011 Chevy Cruz US	15,721.72
Note Payable US Bank - 2009 Cov	-4,933.24
Net cash provided by Financing Activities	<u>-25,463.30</u>
Net cash increase for period	-44,651.69
Cash at beginning of period	617,314.53
Cash at end of period	<u>572,662.84</u>

Legal Aid of the Bluegrass
2012 Budget

2011

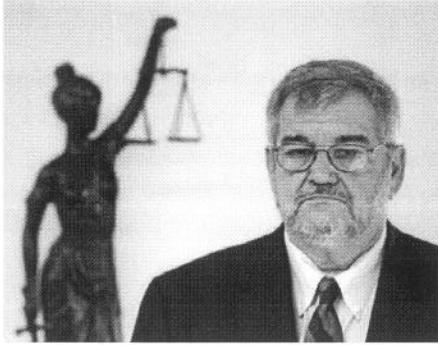
	2012 Program Total	Decreases 2011-2012 2011 vs 2012	2011 Program Total
Revenue			
Legal Aid Phone	\$ 1,192,975	(\$208,109)	\$1,401,084
Legal Aid Phone	\$ -	(\$37,500)	\$37,500
Covington Community Chest	\$ 250,560	\$0	\$250,560
United Way of the Bluegrass	\$ 24,227	(\$248)	\$24,475
Heart of Kentucky	\$ 12,000	\$2,000	\$10,000
United Way of Franklin	\$ 5,000	\$0	\$5,000
Harrison County Community Fund	\$ 1,250	\$0	\$1,250
Gateway Area Development District			
Ombudsman-III B	\$ 12,854	\$0	\$12,854
Ombudsman- Title VII	\$ 3,155	\$166	\$2,989
State LTC	\$ 28,574	\$0	\$28,574
Ombudsman-Elder Abuse	\$ 1,565	(\$5)	\$1,570
Legal Assistance	\$ 8,000	(\$951)	\$8,951
FIVCO			
Ombudsman-III B	\$ 15,606	\$4,331	\$11,275
Ombudsman- Title VII	\$ 5,185	(\$39)	\$5,224
State LTC	\$ 28,864	(\$190)	\$29,054
Ombudsman-Elder Abuse	\$ 2,581	(\$10)	\$2,591
Legal Assistance	\$ 8,468	\$363	\$8,105
Buffalo Trace ADD			
Legal Assistance	\$ 10,000	\$0	\$10,000
Northern KY ADD			
Legal Assistance	\$ 26,067	\$0	\$26,067
Bluegrass ADD			
Legal Assistance	\$ 28,000	\$0	\$28,000
SHIP			
Bluegrass ADD	\$ 91,007	\$13,156	\$77,851
FIVCO ADD	\$ 31,168	\$6,578	\$24,590
Buffalo Trace ADD	\$ -	\$0	\$0
Northern KY ADD	\$ 54,670	\$13,122	\$41,548
SHIP Low Income Subsidy			
Bluegrass ADD	\$ -	\$0	\$0
FIVCO ADD	\$ -	\$0	\$0
Buffalo Trace ADD	\$ -	\$0	\$0
Northern Kentucky ADD	\$ -	\$0	\$0
MIPPA			
Bluegrass ADD	\$ 59,279	(\$46,365)	\$105,644
FIVCO	\$ 6,503	(\$8,056)	\$14,559
NKADD	\$ 15,922	(\$17,711)	\$33,633
Bar Associations			
Fayette County Bar Foundation	\$ 5,000	\$1,000	\$4,000
Fayette Co. Bar Assn.	\$ 7,756	(\$22,630)	\$30,386
Northern Kentucky Bar Assn	\$ -	\$0	\$0
Boyd and Greenup-Lewis Bar Assns	\$ -	\$0	\$0
Interest			
Service generated income	\$ 5,000	\$3,000	\$2,000
IOLTA two pymts of 55650	\$ 111,300	\$0	\$111,300
Private Donation Campaign	\$ 10,000	(\$2,000)	\$12,000
AJA-Filing Fee	\$ 780,000	\$22,658	\$757,342
State of Kentucky Health Insurance Refund	\$ 34,570	\$0	\$34,570
AJF-Ky Gen. Fund Appropriations Estimate	\$ 155,040	\$0	\$155,040
Campbell Co. Tax	\$ 10,000	\$0	\$10,000
Boone Co. Tax	\$ 9,000	\$0	\$9,000
Kenton	\$ 2,910	\$0	\$2,910
AmeriCorps	\$ 49,200	\$0	\$49,200
VAWA	\$ 136,375	\$0	\$136,375
VAWA ARRA	\$ -	(\$7,260)	\$7,260
LAV	\$ 301,245	\$12,945	\$288,300
LAV Interpreter Grant	\$ 32,209	(\$13,121)	\$45,330
HUD Housing Grant	\$ 36,000	\$7,442	\$28,558
HEARTH	\$ 15,000	(\$10,000)	\$25,000
Neighbor Works Project Legal Assistance Money	\$ -	(\$46,000)	\$46,000
Neighbor Works Project	\$ -	\$0	\$0
Northern Kentucky Housing Corp	\$ 65,000	\$0	\$65,000
Kentucky Housing Corp	\$ -	(\$1,000)	\$1,000
Kentucky Bar Association/ VETERNS Fund	\$ 12,000	\$0	\$12,000
Weathering the Economic Storm WTES	\$ -	(\$35,000)	\$35,000
Other Program Revenue Includes Rental Income	\$ 29,623	(\$39,977)	\$69,600
Total Revenue	\$ 3,731,707	(\$409,912)	\$ 4,141,619
Carryover from previous year	\$517,236	(\$198,377)	\$715,613

Legal Aid lets go 9 staff

Bluegrass region, like others in US, gets less from feds

1:07 PM, Mar. 12, 2012 |

Comments



Richard A. Cullison, executive director of Legal Aid of the Bluegrass, in the agency's office, Covington. / Patrick Reddy / The Enquirer

Written by

Jim Hannah

COVINGTON — Legal Aid of the Bluegrass has eliminated nine positions to make up for an unexpected cut in federal funding.

"It was painful, but you can't bankrupt your agency," said Richard Cullison, executive director of the Covington-based nonprofit that provides civil legal assistance to low-income families in 33 counties, including Boone, Campbell and Kenton.

The staff reduction is part of a trend after federal funding to the nation's 135 legal aid societies was reduced this year by \$72 million, to \$348 million. Those legal aid societies anticipate laying off 393 employees, including 163 lawyers, this year, according to the Legal Services Corp. (LSC) in Washington, D.C.

By year's end, Kentucky's four independent legal aid societies estimate they will have reduced their combined staffs by 40 positions, or 18.6 percent, since 2010. About 55 percent of those positions are lawyers, according to the LSC.

The cuts at Legal Aid of the Bluegrass include the loss of two lawyers in Covington, two lawyers in Lexington and one lawyer in Morehead. While Legal Aid of the Bluegrass has avoided closing any of its satellite offices, LSC said 18 percent of the nation's legal aid societies have closed offices or are projecting office closures this year.

Before the most recent cuts, Legal Aid of the Bluegrass was already turning away 7,062 people who requested help and were eligible in terms of income. Legal aid societies provide legal services to persons at or below 125 percent of the federal poverty guideline (\$13,963 for an individual and \$28,813 for a family of four). About 60 million Americans qualify for civil legal assistance, according to the LSC.

"These staff cutbacks are devastating," said James J. Sandman, president of LSC, the single largest funder of civil legal assistance in the nation. "At a time when low-income families are increasingly seeking legal assistance with matters involving domestic violence, foreclosure, veterans' benefits and other matters, I am very concerned that these staff reductions will lead to reduced services for the most vulnerable among us."

The White House recommended restoring \$54 million in federal funding for next year. That would bring the total federal funding to \$402 million. The LSC had requested \$470 million.

This year's federal cuts come after legal aid societies were already experiencing a decline in state grants, funds from Interest on Lawyers' Trust Accounts (IOLTA), and other revenue sources over the last two years.

Cullison said Legal Aid of the Bluegrass' total revenue is down \$608,289 for the year. The group used \$200,000 from its reserves and a \$400,000 cut in personnel expenses to balance its books.

Legal Aid of the Bluegrass depends on money from about 40 sources, but the instability of state and federal funding has Cullison looking for other ways to pay the legal aid society's bills.

To increase efficiency, Legal Aid of the Bluegrass has participated in a series of mergers over the last 15 years to reduce the number of legal aid societies in Kentucky to four from seven. The other three legal aid societies are based in Bowling Green, Louisville and Prestonsburg.

"We are thinking of ways to seek additional funding, but the state doesn't have a lot of money right now," Cullison said.

Kentucky's proposed budget has \$705,000 for the state's four legal aid societies, the same amount they received this year. The money is distributed proportionately according to the number of poor in each of the legal aid society's regions.

The state was contributing as much as \$1.5 million in 1998. That had been reduced to \$500,000 by 2000.

Cullison said other options for Legal Aid of the Bluegrass are to apply for more grants or partner with foundations.

"I think it is important to recognize that we are not going to shut down," he said.

"We may have to cut, but we are going to continue to be good stewards of the money we do have and provide as high of quality and high of volume of service as we possibly can with the money that remains."

Legal aid will have to turn away more

Federal funding reduction means poor will be on their own in civil actions



Brenda Hall (right), a client of Legal Aid of the Bluegrass, wipes away tears as she talks about the help she received from attorney Cara L. Stewart in fighting an eviction notice. / The Enquirer/Patrick Reddy



Written by
Jim Hannah

More

COVINGTON — Brenda Hall had a home for her and the four grandchildren to spend Christmas in because of help from the nonprofit group that provides civil legal aid to residents across the region.

“It’s been a godsend,” the 56-year-old said of Legal Aid of the Bluegrass. “It would have been really hard to move right before Christmas.”

The group went to court last week to stop the eviction of Hall and the grandchildren she raises. The landlord claimed she violated her lease because her grandson, who is an honor student, didn’t get along with a neighbor’s child.

Legal aid groups across the nation will begin turning away more people like Hall after Congress cut the budget for Legal Services Corporation (LSC) by \$56 million, or 14.8 percent. The LSC is the primary source of funding for most of the 136 independent nonprofit legal aid societies throughout the nation.

The Covington-based Legal Aid of the Bluegrass already turns away 7,063 people annually who are

eligible for its services. In Cincinnati, the legal aid service only has enough lawyers to take about 6,000 new cases a year out of 30,000 requests.

Hall's attorney, Cara Stewart, said it is hard to sit through eviction court and watch tenants with no legal representation get kicked out of their apartments.

"I hear their cases and think of legal defenses, but I can't do anything," Stewart said. "I'm no good to anyone if I take on so many cases I can't keep anyone's facts straight."

A devastating effect

American Bar Association President William T. Robinson III of Erlanger said the cuts to the LSC, recently adopted by Congress, are nothing less than devastating.

"They come at a time when families and citizens in our community are under severe economic stress and need the assistance of lawyers more than ever," said Robinson, who is also the member-in-charge of the Northern Kentucky offices of Frost Brown Todd. "We in the American Bar Association will continue to push for the needed additional funding in the hope that Congress will recognize access to justice and the priority it is in our constitutional democracy."

Legal Aid Society of Greater Cincinnati Executive Director Mary Asbury said the 14.8 percent reduction in LSC funding was a surprise because it was a much deeper cut than imposed on other components of the departments of commerce, justice, science, and related agencies funding bill.

Her society will lose \$240,000 because of the cut. She said that represents funding for about five positions when considering benefits.

The society has already lost about 20 percent of its legal staff in the last three years through attrition and early retirement. It has gone from 52 lawyers to about 42 lawyers to serve seven counties including Hamilton, Butler, Warren and Clermont.

The society looking to increase its private fund raising in hopes of not having to further reduce its staff, Asbury said.

"I think the community assumes and counts on the fact that if people have a serious legal problem that they can get legal help," Asbury said. "We are trying to make sure that is true."

Marjorie Signer of Covington said Legal Aid of the Bluegrass recently stopped the bank from foreclosing

on her home in the MainStrasse neighborhood. Twenty-five, naive, and right out of college, Signer said she entered into an adjustable rate mortgage in 2005 with an interest rate of 8 percent. In 2008, it jumped to 13 percent. Legal aid was able to negotiate a modification and reduced her interest rate to 2.86 percent fixed for 30 years.

"If that resource was not there, I would have been in a horrible position," Signer said. "I would hate for somebody else to end up in that position because some bureaucrat in Frankfort or D.C. didn't see the benefit in making sure funds were appropriated."

Legal Aid of the Bluegrass Board President James Kruer said the LSC "is one of another many, many good causes that are unfortunately suffering the wrath of the budgetary knife."

He said the legal aid societies will have to focus more on legal work that will have the greatest positive impact in the community. That means trying to keep low-income residents in their homes, representing domestic-violence victims and securing public benefits for the sick and elderly.

The unexpected \$208,000 cut in LSC funding for Legal Aid of the Bluegrass was the "crowning blow," said its executive director, Richard "Dick" Cullison. Its total revenue from more than 40 funding sources is down \$608,289 for next year. The group is using \$200,000 from its reserves and cutting personnel expenses to balance the books.

"One way or other, we are going to trim about \$400,000 from payroll," said Cullison. He is considering, layoffs, pay cuts, furloughs or a combination of the three. A decision is expected in January.

The group's \$4.1 million in revenues this year paid for a staff of 64 people, including 25 lawyers, to provide legal aid to about 17,600 residents in 33 counties, including Boone, Campbell and Kenton.

Other funding comes up short

The cuts compound budgetary problems because of shortfalls in revenue from other sources, said Kentucky Legal Aid Executive Director Scott Crocker, whose group serves Western Kentucky. He has already laid off two of 19 lawyers and expects he will have to make further personnel cuts.

Legal aid societies, particularly in Ohio, depend on money they receive from the Interest on Lawyers Trust Accounts (IOLTA). It is a program that pools interest from lawyer trust accounts and gives it to legal aid societies.

For a number of years legal aid societies across Kentucky received a total of \$1 million or more from

IOLTA, Crocker said. Because of historically low interest rates, that amount has dropped to \$500,000. In Ohio, IOLTA has dropped by about \$2 million, Asbury said.

The cuts were not even spared for Appalachian Research and Defense Fund of Kentucky, which serves 24 of the 100 poorest counties in the nation. The \$333,000 cut to LSC for 2012 will cause more than 450 families not to receive help with their legal problems, said the group's executive director, Jonathan Picklesmer. The cut means the group will have lost 18.5 percent of its LSC funding in two years.

"The dramatic loss in federal funding we have seen in the 2011 and 2012 will directly impact thousands of our friends and neighbors," he said. "AppalReD will continue to look to the private bar and other community resources to help our clients."

While fighting back tears, Hall said she doesn't know that "ins and outs" of legal aid funding, but she recognizes its importance.

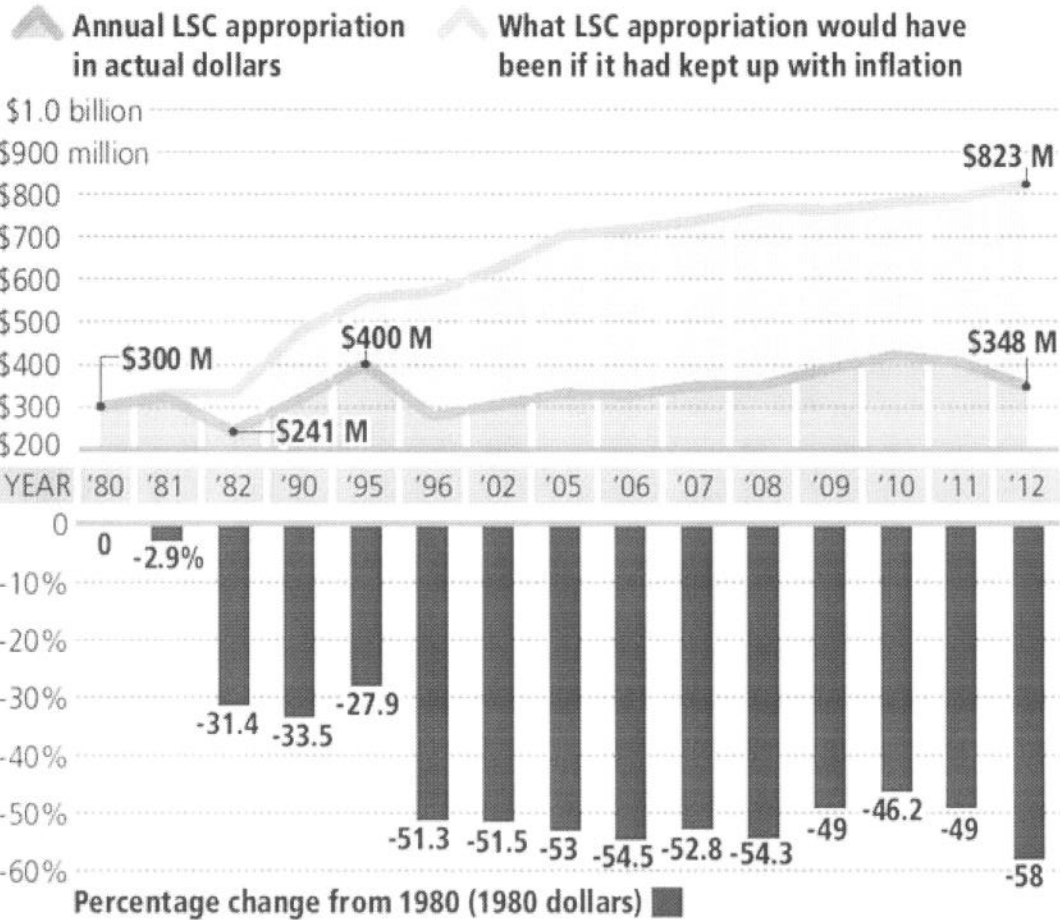
"I don't know where legal aid funding comes from," she said last week while sitting in the Legal Aid of the Bluegrass office, "but people should be throwing money at it."



Richard A. Cullison, executive director of Legal Aid of the Bluegrass, in the agency's office, Covington. / The Enquirer/Patrick Reddy

Actual funding vs. inflation

Legal Services Corp. (LSC) was created by an act of Congress in 1974 to fund civil legal aid for low-income Americans.



Source: Legal Aid of the Bluegrass

The Enquirer/Mike Nyerges



L.S.C. LEGAL AID OF THE BLUEGRASS United Way

Legal Aid of the Bluegrass

Legal Aid of the Bluegrass (LABG) is a 501 (c) 3 not for profit organization that provides civil legal assistance to low-income people, the elderly and domestic violence victims in 33 Kentucky counties. LABG was first incorporated in 1967 to provide legal help to those who could not afford it. We help people with legal problems in government benefits, consumer, housing, elder issues and family law. Our budget is about \$4 million annually from federal, state and local governments, foundations, other public funds, and private donations. The Legal Services Corporation is a major funder and provides about 30% of our revenue. Our headquarters is in Covington with branch offices in Ashland, Lexington and Morehead.

LABG serves some of the poorest rural regions of Kentucky and two urban areas, one being the second largest urban area in the state. Nearly 139,000 poor people reside in our service area. We employ 22 attorneys, 10 paralegals and 12 other staff. LABG is governed by a 24 member board of directors made up of 8 client eligible members appointed by community service organizations, 15 lawyers appointed by bar associations, and 1 lay person interested in the provision of legal services to the poor.

The counties we serve are: Anderson, Bath, Boone, Bourbon, Boyd, Boyle, Bracken, Campbell, Carroll, Carter, Elliott, Fayette, Fleming, Franklin, Gallatin, Grant, Greenup, Harrison, Jessamine, Kenton, Lewis, Mason, Menifee, Mercer, Montgomery, Morgan, Nicholas, Owen, Pendleton, Robertson, Rowan, Scott, and Woodford.

Facts about our Collaborative Partners

We have several collaborative partners, and we have established successful projects we share with our partners. We partner with the Tenants Services Organization in Lexington to provide legal help to their clients about to be evicted. We have a Memorandum of Understanding with the Children's Law Center based in Covington. We are MOU partners with the Women's Crisis Center and the Bluegrass Rape Crisis Center, and through that partnership we provide legal services to domestic violence victims/survivors in 28 Kentucky counties. We have agreements with 4 bar associations in our service area to operate Pro Bono programs where some 300 attorneys volunteer to help those who cannot afford legal services.

Every dollar spent on vital legal services brings \$2.20 into the pockets of those who receive it and results in an overall annual gain to the economy of \$7.42 in total spending.*

*A 2009 Texas study by the Perryman Group

Facts about our Clients

- About 25% are working poor
- 33% are elderly (age 60 or over)
- 65% have a family income of less than \$12,000 per year
- 75% are below 125% of the federal poverty guidelines
- Typically, Legal Aid of the Bluegrass will serve about 20,000 people in a year
- During 2010, we closed some 5,635 cases serving more than 11,030 adults and children
- We helped some 1,382 families experiencing violence where some 2,000 children lived in the homes
- We educated some 1,438 individuals and families about civil protective orders; of these some 646 received court orders for protection, visitation restriction or child support or kept their homes
- We individually counseled some 2,534 elderly people about the benefits to which they were entitled
- We advocated for some 1,706 nursing home residents

With Legal Aid by my side, I felt comfortable and safe going to court.

—Client

LABG doesn't view their mission narrowly, and doesn't just do what they always used to do. They are engaged in an ongoing effort to identify the most pressing legal needs of their community and find ways to meet those needs.

Rich Seckel, Director, Kentucky Equal Justice Center

- We helped 217 people who were about to lose their home through foreclosure stay in their home or protect their equity. We kept 314 people from being evicted and helped 46 people get access to affordable public housing.
- We served 10% of the nearly 52,000 children living at or below the poverty line in our service area.