

**Legal Services of New Jersey**  
100 Metroplex Drive at Plainfield Avenue  
Suite 402, P.O. Box 1357  
Edison, New Jersey 08818-1357  
Phone: (732) 572-9100  
Fax: (732) 572-0066  
E-mail: [lsnj@lsnj.org](mailto:lsnj@lsnj.org)  
[www.lsnj.org](http://www.lsnj.org)

**Melville D. Miller, Jr.**  
**President and General Counsel**

---

**BOARD OF TRUSTEES**

Deborah T. Poritz, Esq.  
Drinker Biddle & Reath LLP  
Chairperson

James H. Coleman, Jr., Esq.  
Porzio, Bromberg & Newman  
Immediate Past Chairperson

Zulima V. Farber, Esq.  
Lowenstein Sandler PC  
Vice Chairperson

Cynthia M. Jacob, Esq.  
Fisher & Phillips LLP  
Vice Chairperson

Stephen M. Orlofsky, Esq.  
Blank Rome LLP  
Vice Chairperson

Karol Corbin Walker, Esq.  
LeClairRyan  
Vice Chairperson

Robert C. Holmes, Esq.  
Newark  
Secretary

Ivette R. Alvarez, Esq.  
Einhorn, Harris, Ascher,  
Barbarito & Frost

Thomas R. Curtin, Esq.  
Graham Curtin

Robert J. Del Tufo, Esq.  
Skadden, Arps, Slate,  
Meagher & Flom LLP

Douglas S. Eakeley, Esq.  
Lowenstein Sandler PC

Michael K. Furey, Esq.  
Riker, Danzig, Scherer,  
Hyland & Perretti LLP

Alan B. Handler, Esq.  
Wilentz, Goldman & Spitzer

Ross A. Lewin, Esq.  
Drinker Biddle & Reath LLP

Regina C. Little, Esq.  
National Treasury Employees Union

John L. McGoldrick, Esq.  
Senior Vice President  
International Aids Vaccine Initiative

John Molinelli  
New Brunswick

Lisa Rodriguez, Esq.  
Trujillo Rodriguez & Richards, LLC

Robert G. Rose, Esq.  
Day Pitney LLP

Peter G. Verniero, Esq.  
Sills Cummis & Gross

Paul Wilson  
Monmouth Junction

James R. Zazzali, Esq.  
Zazzali, Fagella, Nowak,  
Kleinbaum & Friedman

---

**PAST BOARD CHAIRS**

James H. Coleman, 2006-2010

Michael R. Cole, 1996-2005

William D. Hardin, 1989-1996

Douglas S. Eakeley, 1981-1989

**An Open Report to New Jersey**  
**Concerning Funding For Civil Legal Services**  
**and Its Human Consequences**

**Legal Services of New Jersey**  
**May 19, 2010**

### **The Proposed Cut in Legal Services' State Funding**

Current FY 2010 State funding for Legal Services of New Jersey is \$29.6 million. The Governor's proposed FY 2011 budget would cut Legal Services funding by \$9.7 million (33%), down to \$19.9 million.

### **Legal Services' Total Funding Already Has Been Cut By 26% During The Last Two Years**

Legal Services' two primary funding sources are the State of New Jersey (over 90% of the legal cases of low-income people take place in State courts or administrative agencies) and another state-level source, the Interest on Lawyers Trust Accounts (IOLTA) program conducted under the authority of the New Jersey Supreme Court.<sup>1</sup> Additional sources include the federal government (through the national Legal Services Corporation) and a host of other smaller governmental grants, foundation support, corporate and lawyer gifts, and other private donations.

In 2007, Legal Services' total annual statewide funding exceeded \$73 million, over \$40 million of it coming through the IOLTA program. By the end of 2009, this total had dropped to some \$54 million, and IOLTA was down to \$8 million, a *\$32 million reduction* in this one source alone. The current State appropriation for Legal Services is \$29.6 million, which includes \$9.2 million added during FY 2009 to offset part of the IOLTA decrease.

The previous IOLTA reduction alone constitutes a 26% cut in overall Legal Services funding. This cut has already led to a reduction in total Legal Services staff statewide of 11% (710 to 610), through a combination of attrition and layoffs, with additional reductions slated during the remainder of 2010 that will bring the total IOLTA-induced staff reduction to roughly 30%. For every \$1 million reduction in funding, Legal Services loses at least 10 staff and serves 1,100 fewer clients.

The proposed reduction in state funding would be another 18% cut in Legal Services' overall funding, on top of the 26% IOLTA loss.

---

<sup>1</sup> See Court Rule 1:28A

**Civil Legal Assistance To Indigent People Is A Core Function  
Of The Justice System, Not Charity**

Low-income people face many legal problems affecting their most basic human needs. Housing (evictions, uninhabitable dwelling conditions, foreclosures), food (Food Stamps, other hunger programs), safety and family stability (domestic violence, family problems, neighborhood security), adequate income (Social Security disability and other cash assistance programs), health care (Medicaid, Medicare, Family Care, and other health access issues), education (placement, classification and other issues), and employment (wages, discrimination, working conditions, unemployment insurance) head the list. The American Bar Association has promulgated a policy that “urges federal, state, and territorial governments to provide legal counsel as a matter of right at public expense to low-income persons in those categories of adversarial proceedings where basic human needs are at stake, such as those involving shelter, sustenance, safety, health or child custody, as determined by each jurisdiction.”

Most people, especially those in poverty, or with limited education or ability to speak and represent themselves, require the assistance of lawyers in order to receive a fair shake when faced with civil legal problems, especially when such problems involve judicial or administrative agency proceedings. In a civil, ordered society, such legal assistance is neither charity nor a discretionary choice. It is central to concepts of equal justice under law and justice for all, core values of our democracy.

**Providing Essential Legal Aid – New Jersey’s  
Statewide Legal Services System**

Nearly all free legal assistance to New Jerseyans in poverty is provided through the Legal Services system, six regional non-profit corporations with offices in all 21 counties, knit together by Legal Services of New Jersey (LSNJ), a seventh and statewide non-profit which provides statewide coordination and advocacy, and offers legal representation not available through the regional programs. While each of the system’s seven non-profits is an independent and distinct entity, all collaborate closely within the LSNJ framework to achieve maximum efficiencies and effectiveness. In 2009, the system opened nearly 70,000 new cases, and provided legal information to over 1 million more – over 90,000

each month - through the community legal education and self-help material offered on LSNJ's Web sites and in its publications.

### **Most In Poverty Must Face Legal Problems Without Lawyers' Help**

As documented most recently in a 2009 study,<sup>2</sup> 1 of every 3 indigent New Jerseyans has at least one civil legal problem requiring the help of a lawyer each year; half of those will have at least two such problems. Of those with legal problems, only 1 in 5 actually receive a lawyer's assistance. Based on the latest Census figures, over 2 million New Jersey residents live on incomes below 200% of the federal poverty level (\$36,620 for a family of three), and are thus eligible for Legal Services. Of these, some 1.42 million are 18 and over and, of these adults, 461,500 will have at least one legal problem this year, and only 100,146 will receive some form of a lawyer's assistance. The 2009 study concludes that New Jersey's poor must face an annual total of over 736,000 legal problems without the help of a lawyer. New Jersey's situation thus parallels the 2009 findings of a national Legal Services Corporation study, which found that a civil justice gap exists across the United States.<sup>3</sup> Access to civil justice is rationed severely in New Jersey.

### **The Great Recession Has Increased Sharply The Legal Needs Of The Poor**

The cited studies actually *understate* the current unmet legal need because they are based on data predating the advent of the current Great Recession. By every indicator, as a consequence of the current economy, requests for help from Legal Services offices have increased from 20 to 40% over the past two years, depending upon the type of case. Particularly dramatic have been the rises in foreclosures, evictions, domestic violence, entitlement program problems, unemployment insurance issues, employment matters generally, and health care access. The rise in demand shows no signs of abating.

### **Legal Services Has Taken Major Steps To Cut Costs, Increase Efficiency And Explore All Other Potential Sources of Funding**

Given historically inadequate funding levels (meeting only one-fifth of the need) and the severity of their clients' situations, programs have long sought to cut every unnecessary expense and achieve maximum efficiency. Steps already taken include many which are just now being proposed for

---

<sup>2</sup> *Unequal Access to Justice – Many Legal Needs, Too Little Legal Assistance*, Legal Services of New Jersey Poverty Research Institute, September 2009; [www.lsnj.org](http://www.lsnj.org).

municipalities and school districts, such as consolidation and joint operations. In 2003 fourteen local programs were merged into just six regional non-profits, all but one (Essex, which encompasses one-third of the state's poverty population) covering more than one county. Since 1997, Legal Services has had a unified statewide technology system, including computer hardware and software, telephones, videoconferencing, purchasing, internet access, computerized legal research, financial and case management systems, and tech staff, to maximize savings efficiency and coordination. Legal Services has a statewide training system, the most extensive of its kind in the nation. Other key efficiencies include statewide bulk purchasing, a statewide electronic law and document library, and numerous statewide task forces and committees. The success of these collaborative efforts can be measured, in part, by the 17.5% increase in Legal Services' annual statewide total of new cases opened during the same 2008-2009 period that funding was reduced by 26%. Unfortunately, the potential for gains from such efficiency measures has now been largely exhausted, and without restoration funding new case openings will decline. Meanwhile, potential sources of new or increased funding have been aggressively pursued, although with little success due to the still-lagging economic times.

### **Concluding Overview**

At the earliest possible time, it is important to close New Jersey's enormous civil justice gap, and more adequately address the growing need for help with foreclosures, evictions and other recession-exacerbated problems. In the current budget environment, Legal Services' recent 26% cutbacks, the extent of client need, and reductions and efficiencies already put in place are relevant as the State considers the Legal Services line items in this year's budget. No further increases can be anticipated from any of Legal Services' principal funding sources. Legal Services is committed to continuing its mission and work with whatever funds it may have available. Our goal in this report is twofold: to be certain that decision-makers have comprehensive and accurate information concerning Legal Services' current situation and recent funding history, along with the devastating effect another 18% cut would have, and then to emphasize the enormous remaining unmet need for legal assistance on the civil side.

---

<sup>3</sup> *Documenting the Justice Gap In America – The Current Unmet Civil Legal Needs of Low-Income Americans*, Legal Services Corporation, Washington, D.C., 2009