

104TH CONGRESS
1ST SESSION

S. 1221

To authorize appropriations for the Legal Services Corporation Act and for other purposes.

IN THE SENATE OF THE UNITED STATES

SEPTEMBER 7 (legislative day, SEPTEMBER 5), 1995

Mrs. KASSEBAUM (for herself and Mr. JEFFORDS) introduced the following bill; which was read twice and referred to the Committee on Labor and Human Resources

A BILL

To authorize appropriations for the Legal Services Corporation Act and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS; REF-**
4 **ERENCE.**

5 (a) SHORT TITLE.—This Act may be cited as the
6 “Legal Services Reform Act of 1995”.

7 (b) TABLE OF CONTENTS.—The table of contents is
8 as follows:

- Sec. 1. Short title; table of contents, reference.
- Sec. 2. Findings.
- Sec. 3. Authorization of appropriations.
- Sec. 4. Prohibition on redistricting activity.

1 “(2) There is a need to encourage the provision
2 of high quality legal assistance for those who would
3 otherwise be unable to afford legal counsel.

4 “(3) Encouraging the provision of legal assist-
5 ance to those who face an economic barrier to legal
6 counsel will serve the ends of justice consistent with
7 the purposes of the Legal Services Corporation Act.

8 “(4) It is not the purpose of the Legal Services
9 Corporation Act to meet all the legal needs of all po-
10 tentially eligible clients, but instead to be a catalyst
11 to encourage the legal profession and others to meet
12 their responsibilities to the poor and to maximize ac-
13 cess of the poor to justice.

14 “(5) For many citizens the availability of legal
15 services has reaffirmed faith in our government of
16 laws.

17 “(6) To preserve its strength, the legal services
18 program must be made completely free from the in-
19 fluence of political pressures and completely free of
20 lobbying and political activity.

21 “(7) There are over 2,000 non-profit organiza-
22 tions advocating on behalf of the poor throughout
23 the United States and it is not appropriate for funds
24 regulated under the Legal Services Corporation Act

1 to be expended lobbying for or against positions
2 taken by those groups.

3 “(8) Attorneys providing legal assistance must
4 protect the best interests of their clients in keeping
5 with the Code of Professional Responsibility, the
6 Canon of Ethics, and the high standards of the legal
7 profession.”.

8 **SEC. 3. AUTHORIZATION OF APPROPRIATIONS.**

9 Subsection (a) of section 1010 (42 U.S.C. 2996i) is
10 amended to read as follows:

11 “(a) There are authorized to be appropriated for the
12 purposes of carrying out the activities of the Corpora-
13 tion—

14 “(1) \$278,000,000 for fiscal year 1996,

15 “(2) \$278,000,000 for fiscal year 1997,

16 “(3) \$278,000,000 for fiscal year 1998,

17 “(4) \$278,000,000 for fiscal year 1999, and

18 “(5) \$278,000,000 for fiscal year 2000.”.

19 **SEC. 4. PROHIBITION ON REDISTRICTING ACTIVITY.**

20 Section 1007(b) (42 U.S.C. 2996f(b)) is amended—

21 (1) in paragraph (9), by striking “or” after the
22 semicolon;

23 (2) in paragraph (10), by striking the period
24 and inserting “; or”; and

25 (3) by adding at the end the following:

1 “(11) to—

2 “(A) advocate or oppose, or contribute or
3 make available any funds, personnel, or equip-
4 ment for use in advocating or opposing, any
5 plan or proposal, or

6 “(B) represent any party or participate in
7 any other way in litigation,

8 that is intended to or has the effect of altering, re-
9 vising, or reapportioning a legislative, judicial, or
10 elective district at any level of government, including
11 influencing the timing or manner of the taking of a
12 census.”.

13 **SEC. 5. PROTECTION AGAINST THEFT AND FRAUD.**

14 Section 1005 (42 U.S.C. 2996d) is amended by add-
15 ing at the end the following:

16 “(h) For purposes of sections 286, 287, 641, 1001,
17 and 1002 of title 18, United States Code, the Corporation
18 shall be considered to be a department or agency of the
19 United States Government.

20 “(i) For purposes of sections 3729 through 3733 of
21 title 31, United States Code, the term “United States
22 Government” shall include the Corporation, except that
23 actions that are authorized by section 3730(b) of such title
24 to be brought by persons may not be brought against the

1 Corporation, any recipient, subrecipient, grantee, or con-
2 tractor of the Corporation, or any employee thereof.

3 “(j) For purposes of section 1516 of title 18, United
4 States Code—

5 “(1) the term ‘Federal auditor’ shall include
6 any auditor employed or retained on a contractual
7 basis by the Corporation,

8 “(2) the term ‘contract’ shall include any grant
9 or contract made by the Corporation, and

10 “(3) the term ‘person’, as used in subsection
11 (a) of such section, shall include any grantee or con-
12 tractor receiving financial assistance under section
13 1006(a)(1).

14 “(k) Funds provided by the Corporation under sec-
15 tion 1006 shall be deemed to be Federal appropriations
16 when used by a contractor, grantee, subcontractor, or
17 subgrantee of the Corporation.

18 “(l) For purposes of section 666 of title 18, United
19 States Code, funds provided by the Corporation shall be
20 deemed to be benefits under a Federal program involving
21 a grant or contract.”.

22 **SEC. 6. SOLICITATION.**

23 Section 1007 (42 U.S.C. 2996f) is amended by add-
24 ing at the end the following:

1 “(i) Any recipient, and any employee of a recipient,
2 who has given in-person unsolicited advice to a
3 nonattorney that such nonattorney should obtain counsel
4 or take legal action shall not accept employment resulting
5 from that advice, or refer that nonattorney to another re-
6 cipient or employee of a recipient, except that—

7 “(1) an attorney may accept employment by a
8 close friend, relative, former client (if the advice
9 given is germane to the previous employment by the
10 client), or person whom the attorney reasonably be-
11 lieves to be a client because the attorney is currently
12 handling an active legal matter or case for that spe-
13 cific person;

14 “(2) an attorney may accept employment that
15 results from the attorney’s participation in activities
16 designed to educate nonattorneys to recognize legal
17 problems, to make intelligent selection of counsel, or
18 to utilize available legal services if such activities are
19 conducted or sponsored by a qualified legal assist-
20 ance organization;

21 “(3) without affecting that attorney’s right to
22 accept employment, an attorney may speak publicly
23 or write for publication on legal topics so long as
24 such attorney does not emphasize the attorney’s own
25 professional experience or reputation and does not

1 undertake to give individual advice in such speech
2 or publication; and

3 “(4) if success in asserting rights or defenses of
4 a client in litigation in the nature of class action is
5 dependent upon the joinder of others, an attorney
6 may accept, but shall not seek, employment from
7 those contacted for the purpose of obtaining that
8 joinder.”.

9 **SEC. 7. PROCEDURAL SAFEGUARDS FOR LITIGATION.**

10 Section 1007 (42 U.S.C. 2996f), as amended by sec-
11 tion 6 of this Act, is further amended by adding at the
12 end the following:

13 “(j)(1) No recipient or employee of a recipient may
14 file a complaint or otherwise pursue litigation against a
15 defendant unless—

16 “(A) all plaintiffs have been specifically identi-
17 fied, by name, in any complaint filed for purposes of
18 litigation, except to the extent that a court of com-
19 petent jurisdiction has granted leave to protect the
20 identity of any plaintiff; and

21 “(B) a statement or statements of facts written
22 in English and, if necessary, in a language which the
23 plaintiffs understand, which enumerate the particu-
24 lar facts known to the plaintiffs on which the com-
25 plaint is based, have been signed by the plaintiffs

1 (including named plaintiffs in a class action), are
2 kept on file by the recipient, and are made available
3 to any Federal department or agency that is audit-
4 ing the activities of the Corporation or any recipient,
5 and to any auditor receiving Federal funds to con-
6 duct such auditing, including any auditor or monitor
7 of the Corporation.

8 Other parties shall have access to the statement of facts
9 referred to in subparagraph (B) only through the discov-
10 ery process after litigation has begun.

11 “(2) No recipient or employee of a recipient may en-
12 gage in precomplaint settlement negotiations with a pro-
13 spective defendant unless—

14 “(A) all plaintiffs have been specifically identi-
15 fied, except to the extent that a court of competent
16 jurisdiction has granted leave to protect the identity
17 of any plaintiff; and

18 “(B) a statement or statements of facts written
19 in English and, if necessary, in a language which the
20 plaintiffs understand, which enumerate the particu-
21 lar facts known to the plaintiffs on which the com-
22 plaint will be based if such negotiations fail, have
23 been signed by all plaintiffs (including named plain-
24 tiffs in a class action), are kept on file by the recipi-
25 ent, and are made available to all prospective de-

1 defendants or such defendants' counsel, to any Federal
2 department or agency that is auditing the activities
3 of the Corporation or any such recipient, and to any
4 auditor receiving Federal funds to conduct such au-
5 diting, including any auditor or monitor of the Cor-
6 poration.

7 “(3)(A) Subject to subparagraph (B), any Federal
8 district court of competent jurisdiction, after notice to po-
9 tential parties to litigation referred to in paragraph (1)
10 or to negotiations described in paragraph (2) and after
11 an opportunity for a hearing, may enjoin the disclosure
12 of the identity of any potential plaintiff pending the out-
13 come of such litigation or negotiations, upon the establish-
14 ment of reasonable cause to believe that such an injunc-
15 tion is necessary to prevent probable, serious harm to such
16 potential plaintiff.

17 “(B) Notwithstanding subparagraph (A), the court
18 shall, in a case in which subparagraph (A) applies, order
19 the disclosure of the identity of any potential plaintiff to
20 counsel for potential defendants upon the condition that
21 counsel for potential defendants not disclose the identity
22 of such potential plaintiff (other than to investigators or
23 paralegals hired by such counsel), unless authorized in
24 writing by such potential plaintiff's counsel or the court.

1 “(C) In a case in which paragraph (1) applies, coun-
2 sel for potential defendants and the recipient or employee
3 counsel of the recipient may execute an agreement, in lieu
4 of seeking a court order under subparagraph (A), govern-
5 ing disclosure of the identity of any potential plaintiff.

6 “(D) The court may punish as a contempt of court
7 any violation of an order of the court under subparagraph
8 (A) or (B) or of an agreement under subparagraph (C).

9 “(4) Any funds received from a defendant by a recipi-
10 ent on behalf of a class of eligible clients shall be placed
11 in an escrow account until the funds may be paid to such
12 clients. Any such funds which are not disbursed to clients
13 within one year of the date on which such funds were re-
14 ceived shall be returned to the defendant.”.

15 **SEC. 8. LOBBYING.**

16 Section 1007(a)(5) (42 U.S.C. 2996f(a)(5)) is
17 amended to read as follows:

18 “(5) ensure that no funds made available to re-
19 cipients are used at any time, directly or indirectly—

20 “(A) to influence the issuance, amendment,
21 or revocation of any executive order or similar
22 promulgation by any Federal, State, or local
23 agency, or to undertake to influence the pas-
24 sage or defeat of any legislation by the Con-
25 gress of the United States, or by any State or

1 local legislative body, or State proposals made
2 by initiative petition or referendum, except to
3 the extent that a governmental agency, a legis-
4 lative body, a committee, or a member thereof
5 is considering a measure directly affecting the
6 recipient or the Corporation;

7 “(B) to pay for any publicity or propa-
8 ganda intended or designed to support or defeat
9 legislation pending before the Congress or State
10 or local legislative bodies or intended or de-
11 signed to influence any decision by a Federal,
12 State, or local agency;

13 “(C) to pay for any personal service, ad-
14 vertisement, telegram, telephone communica-
15 tion, letter, printed or written matter, or other
16 device, intended or designed to influence any
17 decision by a Federal, State, or local agency,
18 except when legal assistance is provided by an
19 employee of a recipient to an eligible client on
20 a particular application, claim, or case, which
21 directly involves the client’s legal rights or re-
22 sponsibilities and which does not involve the is-
23 suance, amendment, or revocation of any agen-
24 cy promulgation described in subparagraph (A);

1 “(D) to pay for any personal service, ad-
2 vertisement, telegram, telephone communica-
3 tion, letter, printed or written matter, or any
4 other device intended or designed to influence
5 any Member of Congress or any other Federal,
6 State, or local elected official—

7 “(i) to favor or oppose any referen-
8 dum, initiative, constitutional amendment,
9 or any similar procedures of the Congress,
10 any State legislature, any local council, or
11 any similar governing body acting in a leg-
12 islative capacity,

13 “(ii) to favor or oppose an authoriza-
14 tion or appropriation directly affecting the
15 authority, function, or funding of the re-
16 cipient or the Corporation, or

17 “(iii) to influence the conduct of over-
18 sight proceedings of a recipient or the Cor-
19 poration; or

20 “(E) to pay for any personal service, ad-
21 vertisement, telegram, telephone communica-
22 tion, letter, printed or written matter, or any
23 other device intended or designed to influence
24 any Member of Congress or any other Federal,

1 State, or local elected official to favor or oppose
2 any Act, bill, resolution, or similar legislation;
3 and ensure that no funds made available to recipi-
4 ents are used to pay for any administrative or relat-
5 ed costs associated with an activity prohibited in
6 subparagraph (A), (B), (C), (D), or (E);”.

7 **SEC. 9. TIMEKEEPING.**

8 Section 1008(b) (42 U.S.C. 2996g(b)) is amended—

9 (1) by inserting “(1)” after “(b)”; and

10 (2) by adding at the end the following:

11 “(2) The Corporation shall require each recipient to
12 maintain records of time spent on the cases or matters
13 with respect to which that recipient is engaged in activi-
14 ties. Pursuant to such requirements, each employee of
15 such recipient who is an attorney or paralegal shall record,
16 by the name of the case or matter, at the time such em-
17 ployee engages in an activity regarding such case or mat-
18 ter, the type (as defined by the Corporation) of case or
19 matter, the time spent on the activity, and the source of
20 funds to be charged for the activity.”.

21 **SEC. 10. AUTHORITY OF LOCAL GOVERNING BOARDS.**

22 Section 1007(c) (42 U.S.C. 2996f(c)) is amended—

23 (1) by striking “(1)” and “(2)” and inserting
24 “(A)” and “(B)”, respectively;

25 (2) by inserting “(1)” after “(c)”; and

1 (3) by adding at the end the following:

2 “(2) The board of directors of any nonprofit organi-
3 zation that is—

4 “(A) chartered under the laws of one of the
5 States, a purpose of which is furnishing legal assist-
6 ance to eligible clients, and

7 “(B) receiving funds made available by or
8 through the Corporation,

9 shall set specific priorities pursuant to section
10 1007(a)(2)(C) for the types of matters and cases to which
11 the staff of the nonprofit organization shall devote its time
12 and resources. The staff of such organization shall not un-
13 dertake cases or matters other than in accordance with
14 the specific priorities set by its board of directors, except
15 in emergency situations defined by such board. The staff
16 of such organization shall report, to the board of directors
17 of the organization on a quarterly basis and to the Cor-
18 poration on an annual basis, all cases undertaken other
19 than in accordance with such priorities. The Corporation
20 shall promulgate a suggested list of priorities which boards
21 of directors may use in setting priorities under the para-
22 graph.”.

23 **SEC. 11. REGULATION OF NONPUBLIC RESOURCES.**

24 Section 1010(c) (42 U.S.C. 2996i(c)) is amended to
25 read as follows:

1 “(c)(1) Any non-Federal funds received by the Cor-
2 poration, and any funds received by any recipient from
3 any source other than the Corporation, shall be accounted
4 for and reported as receipts and disbursements separate
5 and distinct from Corporation funds. Any funds so re-
6 ceived, including funds derived from Interest on Lawyers
7 Trust Accounts, may not be expended by recipients for
8 any purpose prohibited by this title or the Legal Services
9 Reform Act of 1995. The Corporation shall not accept any
10 non-Federal funds, and any recipient shall not accept
11 funds from any source other than the Corporation, unless
12 the Corporation or the recipient, as the case may be, noti-
13 fies in writing the source of such funds that the funds
14 may not be expended for any purpose prohibited by this
15 title or the Legal Services Reform Act of 1995.

16 “(2) Paragraph (1) shall not prevent recipients
17 from—

18 “(A) receiving Indian tribal funds (including
19 funds from private nonprofit organizations for the
20 benefit of Indians or Indian tribes) and expending
21 them in accordance with the specific purposes for
22 which they are provided; or

23 “(B) using funds received from a source other
24 than the Corporation to provide legal assistance to
25 a client who is not an eligible client if such funds

1 are used for the specific purposes for which such
2 funds were received, except that such funds may not
3 be expended by recipients for any purpose prohibited
4 by this title or the Legal Services Reform Act of
5 1995 (other than any requirement regarding the eli-
6 gibility of clients).”.

7 **SEC. 12. CERTAIN EVICTION PROCEEDINGS.**

8 Section 1007 (42 U.S.C. 2996f), as amended by sec-
9 tions 6 and 7 of this Act, is further amended by adding
10 at the end the following:

11 “(k)(1) No funds made available by or through the
12 Corporation may be used for defending a person in a pro-
13 ceeding to evict that person from a public housing project
14 if the person has been charged with the illegal sale or dis-
15 tribution of a controlled substance and if the eviction pro-
16 ceeding is brought by a public housing agency because the
17 illegal drug activity of that person threatens the health
18 or safety of other tenants residing in the public housing
19 project or employees of the public housing agency.

20 “(2) As used in this subsection—

21 “(A) the term ‘controlled substance’ has the
22 meaning given that term in section 102 of the Con-
23 trolled Substances Act (21 U.S.C. 802); and

24 “(B) the terms ‘public housing project’ and
25 ‘public housing agency’ have the meanings given

1 those terms in section 3 of the United States Hous-
2 ing Act of 1937 (42 U.S.C. 1437a).”.

3 **SEC. 13. IMPLEMENTATION OF COMPETITION.**

4 (a) IN GENERAL.—Section 1007 (42 U.S.C. 2996f),
5 as amended by sections 6, 7, and 12 of this Act, is further
6 amended by adding at the end the following:

7 “(1) All grants and contracts awarded by the Cor-
8 poration for the provision or support of legal assistance
9 to eligible clients under this title shall be awarded under
10 a competitive bidding system.

11 “(2) Rights under sections 1007(a)(9) and 1011 shall
12 not apply to the termination or denial of financial assist-
13 ance under this title as a result of the competitive award
14 of any grant or contract under paragraph (1), and the
15 expiration of any grant or contract under this title as a
16 result of such competitive award shall not be treated as
17 a termination or denial of refunding under section
18 1007(a)(9) or 1011.

19 “(3) For purposes of this subsection, the term ‘com-
20 petitive bidding’ means a system established by regula-
21 tions issued by the Corporation which provide for the
22 award of grants and contracts on the basis of merit to
23 persons, organizations, and entities described in section
24 1006(a) who apply for such awards in competition with

1 others under promulgated criteria. The Corporation shall
2 ensure that the system incorporates the following:

3 “(A) The competitive bidding system shall com-
4 mence no later than one year after the date of enact-
5 ment of this provision and all previously awarded
6 grants and contracts shall be set aside and subjected
7 to this system within one year thereafter.

8 “(B) All awards of grants and contracts made
9 under this system shall be subject to periodic review
10 and renewed with the opportunity for others to com-
11 pete for the award, and in no event shall any award
12 be granted for a period longer than 5 years.

13 “(C) Timely notice for the submission of appli-
14 cations for awards shall be published in periodicals
15 of local and State bar associations and in at least
16 one daily newspaper of general circulation in the
17 area to be served by the award recipient.

18 “(D) The selection criteria shall include but not
19 be limited to the demonstration of a full understand-
20 ing of the basic legal needs of the eligible clients to
21 be served and a demonstration of the capability of
22 serving those needs; the reputations of the principals
23 of the applicant; the quality, feasibility, and cost ef-
24 fectiveness of plans submitted by the applicant for
25 the delivery of legal assistance to the eligible clients

1 to be served; a demonstration of willingness to abide
2 by the restrictions placed on those awarded grants
3 and contracts by the Corporation; and, if an appli-
4 cant has previously received an award from the Cor-
5 poration, the experiences of the Corporation with the
6 applicant.

7 “(E) No previous recipient of an award of a
8 grant or contract may be given any preference.

9 “(m)(1) The Corporation shall define service areas
10 and funds available for each service area shall be on a
11 per capita basis pursuant to the number of poor people
12 determined by the Bureau of the Census to be within that
13 area. Funds for a service area may be distributed by the
14 Corporation to one or more recipients as defined in section
15 1006(a).

16 “(2) The amount of the grants from the Corporation
17 and of the contracts entered into by the Corporation under
18 section 1006(a)(1) shall be an equal figure per poor per-
19 son for all geographic areas, based on the most recent de-
20 cennial census of population conducted pursuant to section
21 141 of title 13, United States Code, regardless of the level
22 of funding for any such geographic area before the enact-
23 ment of the Legal Services Reform Act of 1995.

24 “(3) Beginning with the fiscal year beginning after
25 the results of the most recent decennial census have been

1 reported to the President under section 141(b) of title 13,
2 United States Code, funding of geographic areas served
3 by recipients shall be redetermined, in accordance with
4 paragraph (2), based on the per capita poverty population
5 in each such geographic area under that decennial cen-
6 sus.”.

7 (b) REQUIREMENTS OF RECIPIENTS.—Section
8 1007(c) (42 U.S.C. 2996f(c)), as amended by section 10
9 of this Act, is further amended by adding at the end the
10 following:

11 “(3) Funds appropriated for the Corporation may not
12 be used by the Corporation in making grants or entering
13 into contracts for legal assistance unless the Corporation
14 ensures that the recipient is either—

15 “(A) a private attorney or attorneys,

16 “(B) State and local governments or substate
17 regional planning and coordination agencies which
18 are composed of substate areas whose governing
19 board is controlled by locally elected officials, or

20 “(C) a qualified nonprofit organization char-
21 tered under the laws of one of the States—

22 “(i) a purpose of which is furnishing legal
23 assistance to eligible clients, and

24 “(ii) the majority of the board of directors
25 or other governing body of which is comprised

1 of attorneys who are admitted to practice in one
2 of the States and are approved to serve on such
3 board or body by the governing bodies of State,
4 county, or municipal bar associations the mem-
5 bership of which represents a majority of the
6 attorneys practicing law in the locality in which
7 the organization is to provide legal assistance.
8 The approval described in subparagraph (B)(ii) may be
9 given to more than one group of directors.”.

10 **SEC. 14. POWERS, RESEARCH, AND ATTORNEYS’ FEES.**

11 (a) **POWERS.**—Section 1006(a)(1)(A)(ii) is amended
12 to read as follows:

13 “(ii) State and local governments or sub-
14 state regional planning and coordination agen-
15 cies which are composed of substate areas
16 whose governing board is controlled by locally
17 elected officials,”.

18 (b) **RESEARCH.**—Section 1006(a) (42 U.S.C.
19 2996e(a)) is amended by inserting “and” at the end of
20 paragraph (1), by striking “; and” at the end of paragraph
21 (2) and inserting a period, and by striking paragraph (3).

22 (c) **ATTORNEYS’ FEES.**—Section 1006 (42 U.S.C.
23 2996e(f)) is amended by striking subsection (f) and insert-
24 ing the following:

1 “(f)(1) A recipient, or any client of such recipient,
2 may not claim or collect attorneys’ fees from nongovern-
3 mental parties to litigation initiated by such client with
4 the assistance of such recipient.

5 “(2) The Corporation shall create a fund to pay de-
6 fendants or clients under paragraphs (3). In addition to
7 any other amounts appropriated to the Corporation, there
8 is authorized to be appropriated to such fund for each fis-
9 cal year such sums as may be necessary.

10 “(3) If a Federal court has found an action com-
11 menced by a plaintiff with the assistance of a recipient
12 involves a violation of rule 11 of the Federal Rules of Civil
13 Procedure, or if the president of the Corporation finds
14 that an action commenced by a plaintiff with the assist-
15 ance of a recipient in any court involves a violation of the
16 standards of rule 11, or was commenced for the purpose
17 of retaliation or harassment, the president of the Corpora-
18 tion shall, upon application by the defendant, award from
19 the Fund all reasonable costs and attorneys’ fees incurred
20 by the defendant in defending the action.

21 “(g)(1) The Board within 90 days after the date of
22 the enactment of the Legal Services Reform Act of 1995,
23 shall issue regulations to provide for the distribution of
24 attorneys’ fee received by a recipient, in accordance with
25 paragraph (2).

1 “(2) Such fees shall be transferred to the Corporation
2 and the Corporation shall distribute such fees among its
3 grantees for the direct delivery of legal assistance, except
4 that, subject to approval by the Corporation—

5 “(A) a recipient shall not be required to trans-
6 fer fees or other compensation received as a result
7 of a mandated court appointed;

8 “(B) a recipient may retain reasonable costs
9 customarily allowed in litigation against an unsuc-
10 cessful party; and

11 “(C) a recipient may retain the actual cost of
12 bringing the action, including the proportion of the
13 compensation of each attorney involved in the action
14 which is attributable to that action.”.

15 **SEC. 15. ABORTION.**

16 (a) PROHIBITION.—Section 1007 (42 U.S.C. 2996f),
17 as amended by sections 6, 7, 12, and 13 of this Act, is
18 further amended by adding at the end the following:

19 “(n) No funds made available to any recipient from
20 any source may be used to participate in any litigation
21 with respect to abortion.”.

22 (b) CONFORMING AMENDMENT.—Section 1007(b)
23 (42 U.S.C. 2996f(b)), as amended by section 4, is amend-
24 ed by striking paragraph (8) and redesignating para-

1 graphs (9), (10), and (11) as paragraphs (8), (9), and
2 (10), respectively.

3 **SEC. 16. CLASS ACTIONS.**

4 Section 1006(d)(5) (42 U.S.C. 2996e(d)(5)) is
5 amended—

6 (1) by striking “No” and inserting “(A) Subject
7 to subparagraph (B), no”; and

8 (2) by adding at the end the following:

9 “(B) No recipient or employee of a recipient may
10 bring a class action suit against the Federal Government
11 or any State or local government unless—

12 “(i) the governing body of the recipient has ex-
13 pressly approved the filing of such an action;

14 “(ii) the class relief which is the subject of such
15 an action is sought for the primary benefit of indi-
16 viduals who are eligible for legal assistance under
17 this title; and

18 “(iii) before filing such an action, the project
19 director of the recipient determines that the govern-
20 ment entity is not likely to change the policy or
21 practice in question, that the policy or practice will
22 continue to adversely affect eligible clients, that the
23 recipient has given notice of its intention to seek
24 class relief, and that responsible efforts to resolve
25 without litigation the adverse effects of the policy or

1 practice have not been successful or would be ad-
2 verse to the interest of the clients.”.

3 **SEC. 17. RESTRICTIONS ON USE OF FUNDS FOR LEGAL AS-**
4 **SISTANCE TO ALIENS.**

5 Section 1007 (42 U.S.C. 2996f), as amended by sec-
6 tions 6, 7, 12, 13, and 15 of this Act, is further amended
7 by adding at the end the following:

8 “(o) No funds made available to any recipient from
9 any sources may be expended to provide legal assistance
10 for or on behalf of any alien unless the alien is present
11 in the United States and is—

12 “(1) an alien lawfully admitted for permanent
13 residence as defined in section 101(a)(2) of the Im-
14 migration and Nationality Act (8 U.S.C.
15 1101(a)(20));

16 “(2) an alien who is either married to a United
17 States citizen or is a parent or an unmarried child
18 under the age of 21 years of such a citizen and who
19 has filed an application for adjustment of status to
20 permanent resident under the Immigration and Na-
21 tionality Act, and such application has not been re-
22 jected;

23 “(3) an alien who is lawfully present in the
24 United States pursuant to an admission under sec-
25 tion 207 of the Immigration and Nationality Act (8

1 U.S.C. 1157, relating to refugee admissions) or who
2 has been granted asylum by the Attorney General
3 under such Act;

4 “(4) an alien who is lawfully present in the
5 United States as a result of the Attorney General’s
6 withholding of deportation pursuant to section
7 243(h) of the Immigration and Nationality Act (8
8 U.S.C. 1253(h)); or

9 “(5) an alien to whom section 305 of the Immi-
10 gration Reform and Control Act of 1986 applies, but
11 only to the extent that the legal assistance provided
12 is that described in that section.

13 An alien who is lawfully present in the United States as
14 a result of being granted conditional entry pursuant to
15 section 203(a)(7) of the Immigration and Nationality Act
16 (8 U.S.C. 11553(a)(7)) before April 1, 1980, because of
17 persecution or fear of persecution on account of race, reli-
18 gion, or political opinion or because of being uprooted by
19 catastrophic natural calamity shall be deemed to be an
20 alien described in paragraph (3).”.

21 **SEC. 18. TRAINING.**

22 Section 1007(b)(6) (42 U.S.C. 2996f(b)(6)) is
23 amended to read as follows:

24 “(6) to support or conduct training programs
25 for the purpose of advocating particular public poli-

1 cies or encouraging political activities, labor or
2 antilabor activities, boycotts, picketing, strikes, or
3 demonstrations, including the dissemination of infor-
4 mation about such policies or activities, except that
5 this paragraph shall not be construed to prohibit the
6 training of attorneys or paralegal personnel nec-
7 essary to prepare them to provide adequate legal as-
8 sistance to eligible clients, to advise any eligible cli-
9 ent as to the nature of the legislative process, or to
10 inform any eligible client of the client's rights under
11 any statute, order, or regulation;”.

12 **SEC. 19. COPAYMENTS.**

13 Section 1007 (42 U.S.C. 2996f), as amended by sec-
14 tions 6, 7, 12, 13, 15, and 17 of this Act, is further
15 amended by adding at the end the following:

16 “(p) The Corporation shall undertake one or more
17 demonstration projects in order to study the feasibility of
18 using client copayments to assist in setting the service pri-
19 orities of its programs. Based on those projects and such
20 other information as it considers appropriate, the Cor-
21 poration may adopt a permanent system of client
22 copayments for some or all of its programs of legal assist-
23 ance.”.

1 **SEC. 20. FEE-GENERATING CASES.**

2 (a) REPRESENTATION IN FEE-GENERATING CASE.—
3 Paragraph (1) of section 1007(b) (42 U.S.C. 2996f(b))
4 is amended to read as follows:

5 “(1) to provide legal assistance with respect to
6 any fee-generating case, except that this paragraph
7 does not preclude representation of otherwise eligible
8 clients in cases in which the client seeks benefits
9 under titles II or XVI of the Social Security Act;”.

10 (b) DEFINITION.—Section 1007(b) is amended by
11 adding at the end the following: “For purposes of para-
12 graph (1), the term ‘fee-generating case’ means any case
13 which if undertaken on behalf of an eligible client by an
14 attorney in private practice may reasonably be expected
15 to result in a fee for legal services from an award to a
16 client from public funds, from the opposing party, or from
17 any other source.”.

18 **SEC. 21. WELFARE REFORM.**

19 Section 1007(b) (42 U.S.C. 2996f(b)), as amended
20 by section 15(b), is amended—

21 (1) by striking “or” at the end of paragraph
22 (9),

23 (2) by striking the period at the end of para-
24 graph (10) and inserting a semicolon, and

25 (3) by adding after paragraph (10) the follow-
26 ing:

1 “(11) to provide legal representation for any
2 person or participate in any other way in litigation,
3 lobbying, or rulemaking involving efforts to reform a
4 State or Federal welfare system, except that this
5 paragraph does not preclude a recipient from rep-
6 resenting an individual client who seeking specific
7 relief from a welfare agency where such relief does
8 not involve an effort to amend or otherwise challenge
9 existing law; or”.

10 **SEC. 22. PRISONER LITIGATION.**

11 Section 1007(b) (42 U.S.C. 2996f(b)), as amended
12 by section 21, is amended by adding after paragraph (11)
13 the following:

14 “(12) to provide legal representation in litiga-
15 tion on behalf of a local, State, or Federal pris-
16 oner.”.

17 **SEC. 23. APPOINTMENT OF CORPORATION PRESIDENT.**

18 Section 1005 (42 U.S.C. 2996d) is amended in sub-
19 section (a)—

20 (1) by striking “The Board shall” and inserting
21 “The President, by and with the advice and consent
22 of the Senate, shall”;

23 (2) by adding “who shall serve at the pleasure
24 of the President” after “the president of the Cor-
25 poration,”;

1 (3) by striking “as the Board” and inserting
2 “as the President”; and

3 (4) by striking “by the Board” and inserting
4 “by the President”.

5 **SEC. 24. EVASION.**

6 The Legal Services Corporation Act is amended—

7 (1) by redesignating sections 1013 and 1014 as
8 sections 1014 and 1015, respectively; and

9 (2) by inserting after section 1012 the following
10 new section:

11 “EVASION

12 “SEC. 1013. Any attempt, such as the creation or use
13 of ‘alternative corporations’, to avoid or otherwise evade
14 the provisions of this title or the Legal Services Reform
15 Act of 1995 is prohibited.”.

16 **SEC. 25. PAY FOR OFFICERS AND EMPLOYEES OF THE COR-**
17 **PORATION.**

18 Section 1005(d) (42 U.S.C. 2996d(d)) is amended—

19 (1) by striking “V” and inserting “III”; and

20 (2) by striking “5316” and inserting “5314”.

21 **SEC. 26. LOCATION OF PRINCIPAL OFFICE.**

22 Section 1003(b) (42 U.S.C. 2996b(b)) is amended by
23 striking “District of Columbia” and inserting “Washing-
24 ton D.C. metropolitan area”.

1 **SEC. 27. DEFINITION.**

2 As used in section 1009(d) of Legal Services Cor-
3 poration Act, the term “attorney client privilege” protects
4 only a communication made in confidence to any attorney
5 by a client for the purpose of seeking legal advice. Claims
6 of such privilege and claims of confidentiality do not, ex-
7 cept to the extent provided by court order, protect from
8 disclosure to any Federal department or agency that is
9 auditing the activities of the Legal Services Corporation
10 or any recipient (as defined in section 1002 of the Legal
11 Services Corporation Act), or to any auditor receiving
12 Federal funds to conduct such auditing, including any
13 auditor or monitor of the Corporation, the names of plain-
14 tiffs that are a matter of public record or documents which
15 have been seen by third parties, including all financial
16 books and records. The Corporation shall not disclose any
17 such information, except to the Inspector General of the
18 Corporation, to Federal or State law enforcement, judicial,
19 or other officials, or to officials of appropriate bar associa-
20 tions for the purpose of conducting investigations of viola-
21 tions of rules of professional conduct.

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