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UNITED STATES GENERAL ACCOUNTING OFFICE

Washington, D.C. 20548



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FOR RELEASE ON DELIVERY
Expected at 9:30 a.m. EST
Tuesday, February 5, 1980

STATEMENT OF

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HUMAN RESOURCES DIVISION

BEFORE THE

SUBCOMMITTEE ON EMPLOYMENT, POVERTY, AND

MIGRATORY LABOR

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SENATE COMMITTEE ON LABOR AND HUMAN RESOURCES

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[LEGAL SERVICES CORPORATION]

Mr. Chairman, and members of the Subcommittee, we are pleased to appear today as the Subcommittee conducts its oversight hearings on the Legal Services Corporation. -CNG00067

The Legal Services Corporation (LSC), which was established under the Legal Services Corporation Act of 1974, as amended, (Public Law 93-355, July 25, 1974), administers a program which provides free civil legal services to the poor. The need for these services has long been acknowledged by the legal profession. Free legal service increased significantly when the civil Legal Services Program was created

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under the Economic Opportunity Act of 1964 (Public Law 88-452, Aug. 20, 1964), as amended. Between fiscal years 1965 and 1975 the program, administered by the Office of Economic Opportunity, grew from 135 to 258 local legal services projects and its annual appropriation increased from \$600,000 to \$71.5 million. -AGC 00
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In January 1975, administration of the Legal Services Program was transferred from the Office of Economic Opportunity to the Community Services Administration, -AGC 00177 pending creation of the Legal Services Corporation. In October 1975, LSC began operation and took over the 258 legal services projects, which were staffed by nearly 3,300 attorneys and 1,000 paralegals. By 1980, the number of programs had grown to 319 staffed by about 5,300 attorneys and 2,500 paralegals. LSC received a \$300 million appropriation for fiscal year 1980 and has requested \$353 million for fiscal year 1981.

Since April 1978, the General Accounting Office has issued three reports on legal services to the Congress and its various committees. These reports are: "Expanding Budget Requests for Civil Legal Needs of the Poor--Is More Control for Effective Services Required?" (GAO Report No. HRD-78-100), "Free Legal Services for the Poor--Increased Coordination, Community Legal Education, and Outreach Needed"

(GAO Report No. HRD-78-164), "Quality Legal Services for the Poor and Near Poor Are Possible Through Improved Productivity" (GAO Report No. FGMSD-79-46).

The first report, issued in April 1978, discusses LSC's budgetary strategies, project management systems and priorities, and the Congressionally-mandated alternative service delivery study. We conducted our review at 19 legal services staff attorney projects, 5 demonstration projects and 7 support centers in 18 states.

Our second report, issued in November 1978, discusses our observations with regard to the resources available nationally from all sources for free civil legal services for the poor and the coordination among the various providers, the extent to which the services provided reflected local needs, and the adequacy of community legal education and outreach services by LSC grantees.

We conducted this review at 9 LSC grantees and 58 non-LSC legal services providers in 26 communities in 5 states. We also sent questionnaires to 278 Corporation-funded providers and interviewed over 1,200 poor persons in the communities visited to obtain views on the nature and extent of services provided.

The third report, which was issued in October 1979, discusses the opportunities for LSC to improve productivity

and cost effectiveness by systemizing and automating its operations. The report also compared, on a limited basis, the cost of Federally supported civil legal services with the cost of the same services under private prepaid plans and discussed the status of the alternative service delivery study. The data in this report is based on our interviews with LSC officials in charge of the alternative delivery systems, directors of selected LSC funded projects, private attorneys, insurance officials, and other experts in legal services delivery.

I would like at this time to briefly summarize the more pertinent information contained in these reports and the actions planned or taken by the Corporation on recommendations made in our reports.

Determining and Allocating
Funds For Operating Local
Legal Service Projects

In our first report we discussed the Corporation's methodology for determining its funding requirements. The methodology used by the Corporation to determine its grant funding requirements and to allocate its funds to local projects relied on estimates of the poverty population, a gross national estimate of the legal needs of the poor, and a national average service cost, rather than an assessment and aggregation of local needs. This methodology, which was developed by a consultant under contract with LSC in 1975, enabled the Corporation to prepare budget requests and allocate funds in an expedient manner to achieve its objective of providing minimum access to legal services by the poor despite the absence of dependable information on grantee activities and needs. However, we concluded that since the Corporation was rapidly approaching its objective of providing minimum access and was experiencing an increasing budget, continued reliance on a methodology which does not generally consider individual project cost and service experience could result in funding levels which did not reflect local needs and could create an imbalance among geographic areas in the level of legal services available to the poor.

LSC agreed and said it was engaged in a major planning effort to guide allocation of resources after minimum access is achieved. The fiscal year 1980 appropriation gave LSC the funds needed to achieve minimum access, and the 1981 budget request is--according to LSC--a "stay-even" budget with most of the increase going for inflation adjustments, support services, quality improvement, and training. LSC has recently completed studies of cost and service variations among programs and target groups for use in determining future fund allocations.

Identifying Local Legal Service
Needs and Establishing Priorities

As discussed in our first report, LSC requires its grantees to establish service priorities and to obtain the views of the client community in the priority-setting process. The methods of determining the legal needs of the poor in the area served and the degree of client involvement in the process is left up to the grantees.

At the time of our review, 8 of 19 grantees operating staff attorney projects had established written priorities. Of the remaining 11, 6 had not established any priorities and 5 had developed informal priorities at the discretion of the grantee director. We recommended LSC further define procedures to be used by grantees in establishing priorities.

In our November 1978 report, we noted that of 249 LSC grantees which responded to our questionnaire, 45 had conducted or obtained local legal needs assessments for the purpose of establishing service priorities. Other grantees had developed priorities based on past demand and their perceptions of community needs, or had not developed priorities and accepted clients on a first-come-first-served basis.

LSC cited insufficient time and resources as reasons for not periodically assessing local legal needs. During our review which resulted in the November 1978 report, we contacted 48 social service agencies in the communities visited, and 39 (80 percent) were willing to assist in performing community needs assessments so that grantees would be better able to develop appropriate priorities. In each of the 6 areas served by grantees which had not performed needs assessments, there were social service agencies willing to assist.

We recommended that LSC

- Disseminate information to grantees regarding innovative approaches to assessing local legal needs,
- Provide guidance to grantees for performing periodic needs assessments that include participation of the community,

--Encourage grantees to seek assistance from social agencies in assessing local needs.

LSC has issued revised regulations requiring grantees to take into account the relative needs of eligible clients in setting priorities and requiring grantees to periodically report on their priority-setting process. According to LSC, 77 percent of its grantees have now established formal priorities.

Developing a Project Management Information System

In our April 1978 report we stated that reliable management systems for information gathering are essential to budgeting resources, directing operations and evaluating performance of legal services projects. LSC's efforts to implement an effective project management system, which began soon after the Corporation began operation in 1975, had encountered difficulties and delays. During 1976 and 1977, LSC devoted substantial efforts to developing an effective management information system. In April 1977, the Corporation began testing an information system at selected operational and demonstration projects. At that time the Corporation projected that it would complete its testing of the system and implement it at the remaining operational projects beginning in November 1977.

LSC experienced difficulty in securing local projects' cooperation in the development of the management information systems. Much of the reluctance centered around concerns with project autonomy from Corporation oversight and the potential additional reporting burden.

We recommended that LSC place priority on the development of national and local management information systems that will provide meaningful data for use in developing project budget requirements.

The Corporation advised us that difficulties in the initial phase of its management information system have been resolved in a manner that will meet its information needs and alleviate the field programs' concerns. During our review which resulted in our October 1979 report we found that resistance to the data-gathering system by operational project directors diminished because the reporting system was modified to overcome their objections. LSC has set target dates for completing the implementation of the management information system, which if met, would begin providing meaningful data early in 1980. It appears that LSC is progressing adequately in completing the development and implementation of a local and national management information system.

Coordinating Resources For
Civil Legal Services

In our November 1978 report we discussed LSC's activities with regard to coordinating its resources with those available from other sources. While LSC is the primary source of financial support for free legal assistance to the poor, a considerable amount of funding resources for this purpose is available from other Federal, State, and local sources. For example, in addition to the \$125 million appropriation received by LSC in fiscal 1977 there was also available an estimated \$76 million for legal services to the poor from other sources. These additional resources were distributed among Corporation and non-Corporation funded projects as follows:

	<u>Federal</u>	<u>Non-Federal</u>	<u>Total</u>
Corporation projects	\$25,254,093	\$15,076,234	\$40,330,327
Non-Corporation projects	<u>17,110,155</u>	<u>18,583,777</u>	<u>35,693,932</u>
Total	<u>\$42,364,248</u>	<u>\$33,660,011</u>	<u>\$76,024,259</u>

Among Federal sources the primary agencies were HEW and the Department of Labor. The primary source of non-Federal funds were State and local governments and private charities.

LSC relies primarily on its local grantees to take the initiative to identify and coordinate their activities with other Federal and non-Federal resource providers. It has

entered into only one cooperative agreement. That one was with the Administration on Aging to enhance the delivery of services to the elderly.

We found that not all of the grantees were aware of other sources available within their service areas. For example, grantees of 28 Corporation projects advised us that they knew of no other resources in their areas although we were able to ascertain that there were non-Corporation providers of legal services located in the same communities as the projects.

We also found that there was a need for the Corporation to encourage greater effort on the part of its grantees to solicit assistance from attorneys or law firms in their areas in providing free legal services for the poor.

To estimate the non-Corporation resources available nationally for legal services to the poor, we sent questionnaires to 278 Corporation-funded providers, of which about 90 percent responded. About 15 percent of those responding indicated they made little or no effort to solicit free legal services from local attorneys or law firms, 34 percent made some effort, and the remaining 51 percent described their efforts as ranging from moderate to very large. About 28 percent of those responding indicated they had received about \$1.2 million in funding or services from local bar

associations. About 52 percent indicated the associations in their area provided little or no encouragement to attorneys to provide free service.

We recommended that LSC

- explore the potential for obtaining other national coordination agreements with Federal and non-Federal funding sources,
- provide guidance to grantees for identifying and determining the nature of non-project resources in their communities and for coordinating project efforts with other providers, and
- encourage grantees to seek support from local bar associations.

LSC agreed with our recommendations, noting that coordination among providers of legal services was being achieved. The Corporation pointed out that it had achieved increased coordination among the various providers of legal services, particularly as it has required increased communication and coordination with the bar association where the legal services program is being expanded into previously unserved areas.

LSC has since established and filled a new position in headquarters which is working with other Federal agencies to coordinate the delivery of legal services. In addition, it has initiated a cooperative effort with the American

Bar Association to stimulate local pro-bono projects and plans to set aside \$200,000 to encourage private bar involvement with legal services programs.

Community Legal Education and Outreach

Community legal education and outreach by LSC grantees is essential to ensure an awareness of available legal services by all who are eligible and to provide knowledge on ways such services can or cannot be used. Although federally funded legal services programs had existed for several years in each of the communities we visited, community awareness concerning civil legal rights and the availability of free legal services was limited.

Of 1,260 eligible poor persons we interviewed in the communities visited, about 60 percent were not aware that free legal services were available, and only about half of those who were aware that providers existed knew the types of services offered.

Of the nine grantees we visited, seven engaged in limited or no community legal education and outreach programs. Reasons cited for the limited efforts included lack of staffing and resources and concern that increased awareness by the poor would overload the project with requests for service.

LSC became concerned that few of its grantees had conducted legal education or outreach efforts and initiated a survey to determine what the grantees were doing. About 30 responded describing ongoing or recent community education programs, and 20 others indicated they were in the process of initiating such programs. Almost all grantees indicated increased community education efforts were needed but that limited resources prevented adequate expansion.

During June 1978, LSC conducted a training session on community education techniques for about 50 grantees. In commenting on our report, the Corporation advised us that about one-third of its grantees had ongoing community education efforts and that it planned additional training activities as needed. LSC has since established training coordinators in the regional offices and is seeking to decentralize training to the local level.

Alternative Service Delivery Methods

At the time of our review, LSC was conducting a study required by the Legal Services Corporation Act of 1974 of existing staff attorney programs and other means of delivering free legal services to the poor to determine whether there are more economical and effective alternatives or supplements to the staff attorney approach using the private bar. Experimental methods specified under the act

for testing included judicare, vouchers, prepaid legal insurance, and contracts with law firms. LSC also decided to include a pro bono approach which utilizes volunteer attorneys. These methods use private lawyers to provide legal services and differ primarily in the type of payment mechanism employed. The act required LSC to include in its report recommendations for improvements, changes or alternative methods for the economical and effective delivery of services.

In September 1976, an initial 19 demonstration projects were funded that use private attorneys to provide services to the poor, and, in August 1977, 19 additional projects were funded. The data collection system gathered cost and time information from the 38 demonstration and 12 comparison projects by using seven forms. The information collected for grantee accomplishments included (1) program costs, (2) attorney and staff profiles, (3) number and type of clients, (4) reasons for not serving particular applicants and (5) time spent.

We noted that the study, which the act required be completed by July 1977, had been delayed and concluded that early completion was essential to ensure that the most economical and effective methods of delivering legal services to the poor are undertaken.

The demonstration projects completed the data collection requirements in December 1979. LSC currently anticipates the final Delivery Systems Study report will be presented to its Board of Directors for approval in late March or early April, and expects to issue the final report in April 1980.

LSC has recently decided to continue funding 14 of the Delivery Systems Study demonstration projects an additional 6 months through June 30, 1980. LSC has indicated it will select 8 of these projects to convert to regular field programs after June 30, 1980. The remaining demonstration projects will no longer be funded.

Opportunities For Improving
Productivity And Cost Effectiveness

In response to a request by the Senate Finance Committee, we attempted to compare the cost of federally supported civil legal services and the cost of private prepaid legal services. We found that the unit cost data for specific civil legal services, for the most part, were not available or complete at the private group plans we visited, and that the available data was generally not comparable because of differences in the services provided by the private plans and those provided by federally funded programs. We also found that LSC grantees had such cost and service variations that it was

not possible to develop reliable comparable information. The limited information that was available indicated that public sector attorney costs--including overhead--for common civil legal services were less than private sector costs and that the time to perform routine services was about the same for both sectors.

We discussed efforts by the private sector legal profession to use systems analysis and computer technology to systemize and automate the delivery of legal services. We found that these methods can significantly improve cost effectiveness and productivity in delivering common civil legal services to all segments of the population.

Systems analysis can make many aspects of legal services routine enough to be done by legal assistants and professionals other than lawyers. Identifying, analyzing, standardizing, and charting a legal service; determining the legal skill required for each step of the service; and having nonlawyer specialists--such as paralegals, tax accountants, and bank trust officers--do much of the work can improve cost effectiveness. For example, legal forms have been developed in the private sector which standardize the performance of services, organize a service into steps, and allow nonlawyers to produce legal documents.

Automation has also improved the efficiency of various procedures. Automatic typewriters promote the use of

standardized forms and documents. Computers have been used to search client and statutory files and complete such documents as tax returns, wills, and papers related to divorce. Many legal services that involve uncontested cases in such areas as divorce, adoption, probate, bankruptcy, and tax matters have been partially or wholly automated.

Because of the potential cost and productivity improvements available through systems analysis and computer technology, we recommended that LSC develop a research and demonstration program to systemize and automate grantee operations.

In response to our recommendation, LSC is requesting \$2.7 million in fiscal year 1981 for technological improvements in grantee operations through use of improved methods of word processing and data processing, rapid access to standardized legal forms and pleadings, and adaptations to computerized methods of legal research and training. The funds would provide a minimum multi-use system for 100 legal services offices, technical assistance, and development and bulk purchase of computer software.

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Mister Chairman, this concludes my statement. We hope that our discussion here today will prove helpful to the Subcommittee. We will be happy to answer any questions you or other Subcommittee members may have.