REPORT BY THE RELEASED 4/26/78

Comptroller General

OF THE UNITED STATES

LM105728

Expanding Budget Requests For Civil Legal Needs Of The Poor--Is More Control For Effective Services Required?

The Chairman, Subcommittee on State, Justice Commerce, and the Judiciary, Senate Committee on Appropriations, asked GAO to assess th   al Services Corporation's system for ma   expanded resources, its budget development methodology, and its efforts to identify more efficient and effective systems for delivering legal services to the poor.

The Legal Services Corporation budget has more than doubled since 1976, in an effort to expand service to cover previously unmet needs of the poor. In an environment of rapidly increasing appropriations, the Corporation needs to develop budgets oriented to local needs and implement controls necessary to ensure effective and efficient administration of program resources.

The Corporation should place priority on developing and implementing project management systems needed to provide information necessary to develop more effective budgets and to evaluate local legal services efforts.

HRD-78-100

APRIL 26, 1978

B-130515(6)

The Honorable Ernest F. Hollings
Chairman, Subcommittee on State,
Justice, Commerce, and the Judiciary
Committee on Appropriations
United States Senate

Dear Mr. Chairman:

In response to your June 22, 1977, letter, this report discusses the Legal Services Corporation's budget development methodology, its system for managing expanding resources, and its efforts to identify more efficient and effective methods for delivering legal services to the poor.

As arranged with your office, unless you publicly announce its contents earlier, we do not plan any further distribution of this report until 30 days from the date of the report. At that time we will send copies to interested parties and make copies available to others upon request.

This report contains recommendations to the Corporation's president. You may wish to request a report from the Corporation similar to that required by the Legislative Reorganization Act of 1970. As you know, section 236 of the Legislative Reorganization Act of 1970 requires the head of a Federal agency to submit a written statement on actions taken on our recommendations to the Senate Committee on Governmental Affairs and the House Committee on Government Operations not later than 60 days after the date of the report and to the House and Senate Committees on Appropriations with the agency's first request for appropriations made more than 60 days after the date of the report. The date of the report's further distribution would be the base date from which the 60 days will begin.

Sincerely yours,

Comptroller General
of the United States

COMPTROLLER GENERAL'S REPORT TO THE SUBCOMMITTEE ON STATE, JUSTICE, COMMERCE, AND THE JUDICIARY COMMITTEE ON APPROPRIATIONS UNITED STATES SENATE

EXPANDING BUDGET REQUESTS FOR CIVIL LEGAL NEEDS OF THE POOR--IS MORE CONTROL FOR EFFECTIVE SERVICES REQUIRED?

DIGEST

The Legal Services Corporation provides civil legal services to the economically disadvantaged. In doing so, it finances over 300 legal service projects across the Nation staffed by over 3,700 attorneys who handle an estimated 1.2 million legal problems annually.

Since the Corporation's first year of operation, 1976, its appropriation has increased from $92 million to $205 million for fiscal year 1978. It is requesting about $304 million for fiscal year 1979 to meet its goal of providing all the poor with a minimum level of access to legal services.

BUDGETING

About 90 percent of the Corporation's budget has been for direct grants to local legal service projects and contracts with project support centers. Generally, the Corporation does not rely on local project funding estimates; it determines its grant funding requirements and allocates funds to local projects on the basis of gross estimates of the poverty population, the number of legal services attorneys needed, and the costs to support attorneys. Poverty population estimates used by the Corporation are derived from the 1970 Census. The attorney cost and need factors rely on program experience under the Office of Economic Opportunity and a 1974 study of the legal needs of the population at all income levels. The budget was developed to reflect the funds needed to provide all of the poor with minimum access to legal services.

The information used by the Corporation to determine grant funding requirements is becoming outdated, and budgets developed using present methods will not reflect the resources needed to achieve a given level of free legal services for the poor.

GAO's review of 19 Corporation grantees showed there are significant variations among projects in average cost, reported caseloads and other available resources. By awarding grants to local projects at a constant level based on estimates of the poverty population in the area, Corporation funding does not reflect local needs, local project cost and service experience, or other resources available in local areas for legal services to the poor. As a result, funding allocations can create imbalances among geographic areas in the level of services available to the poor (see p. 10).

PROJECT MANAGEMENT SYSTEMS

In 1969 and 1973, GAO reported that the Office of Economic Opportunity, which administered the legal services program at that time, needed to establish an adequate system to obtain current data on grantee activities necessary for effective national and local program management. The Corporation has not been able to implement a project information system, due in part to resistance of grantees to comprehensive data reporting requirements. Also, the Corporation has not required all grantees to adopt standard definitions of case and other activities necessary to ensure consistent and comparable information on project activities. Delays in implementing an adequate system prevent the Corporation from having all of the information needed to effectively manage the program, develop effective budgets, and allocate funds to grantees (see pp. 17 through 19).

The Legal Services Corporation requires grantees to establish priorities for accepting clients which consider available resources, other sources of services, urgency of the problem, and impact on the poverty community. Most of the projects reviewed have not established written project priorities, and several of those accept clients on a first-come first-served basis. Of projects which established either written or informal policies, many did not recognize all considerations required by the Corporation. Inadequate priorities can result in allocations of project resources which do not reflect local community needs and resources (see pp. 20 and 21).

ALTERNATIVE SERVICE DELIVERY METHODS

The Legal Services Corporation Act of 1974 required the Corporation to study the economy and effectiveness of alternative methods of providing legal services to the poor through the private bar as compared to Corporation projects and report the results with recommendations to the President and the Congress by July 1977. Because of the time required to implement the study and related information system to collect and analyze study results, the Corporation issued a status report describing the study approach and now plans to issue a final report with recommendations in December 1979 (see p. 29).

The Corporation has funded 38 demonstration projects in two series of 19 projects each to test 5 alternative service delivery models. All models involve use of private attorneys to deliver services to the poor and differ primarily in the payment mechanism used.

A Corporation study team reported that study objectives could have been accomplished with between 9 and 11 second series demonstrations by balancing projects among model types, although further study by the Corporation led it to fund 19 additional projects. Because of the time required in implementing the study and related information system, the Corporation did not have all of the information on the initial demonstrations which would have been useful when selecting the second series of 19 experiments. Seventeen of these replicate payment mechanisms tested in the initial series.

RECOMMENDATIONS

GAO is recommending that the president of the Legal Services Corporation:

--Work toward developing budgets and allocating resources to grantees on the basis of local cost and service experience, local needs and priorities, and availability of non-LSC resources (see p. 12).

--Place top priority on developing a project information system and require all grantees to implement the system (See p. 22).

--Ensure that grantees have established priorities for accepting clients (see p. 22).

--Ensure that participants in the study of alternative service delivery approaches accurately submit required data as a condition for continued funding (see p. 30).

--Use data submitted to develop information on the activities and results of the initial experiments for use of second series participants (see p. 30).

--Analyze and publish study results from current study participants before funding any new tests of alternative or supplemental delivery approaches (see p. 30).

CORPORATION COMMENTS

The Legal Services Corporation agreed with GAO's recommendations and provided additional information and observations discussed on pages 12, 22, and 30.

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Contents

ABBREVIATIONS

CSA	Community Services Administration
GAO	General Accounting Office
LSC	Legal Services Corporation
OEO	Office of Economic Opportunity
OMB	Office of Management and Budget

CHAPTER 1

INTRODUCTION

The Legal Services Corporation (LSC), a private non-profit corporation authorized by the Legal Services Corporation Act of 1974 (Public Law 93-355, July 25, 1974), as amended, administers a program providing free civil legal services to the economically disadvantaged. At the beginning of fiscal year 1978 there were 320 legal services projects across the Nation funded by the Corporation. The projects are staffed by over 3,700 attorneys who handle an estimated 1.2 million legal problems annually.

Since 1976--LSC's first year of operation--its Federal appropriation has increased from $92 million to $205 million for fiscal year 1978. In order to meet its goal of providing all of the poor with a minimum level of access to legal services, LSC increased its budget request to about $304 million for fiscal year 1979.

With rapidly increasing resources being devoted to civil legal services, the Chairman of the Senate Subcommittee on State, Justice, Commerce and the Judiciary, Committee on Appropriations, asked us to assess LSC's system for managing expanded resources, its budget development methodology, and its efforts to identify more efficient and effective systems for delivering legal services to the poor.

EVOLVING FEDERAL PROGRAMS FOR CIVIL LEGAL SERVICES

The legal profession has long acknowledged a responsibility to provide legal services to persons who cannot afford attorneys. At the beginning of this century the profession established free legal aid offices to handle civil matters. Legal services on criminal matters are provided to the poor separately through Federal and State funds. Over the years, the number of legal aid offices throughout the country gradually increased. However, the availability of civil legal aid increased significantly with the authorization of civil legal services programs under the Economic Opportunity Act of 1964 (Public Law 88-452, Aug. 20, 1964), as amended. The new program, administered by the Office of Economic Opportunity (OEO) grew from 135 local projects and an appropriation of $6[illegible],000 in fiscal year 1965 to 258 local projects and an appropriation of $71.5 million in fiscal year 1975.

Responsibility for administering the Legal Services Program was transferred to the Community Services Administration (CSA) in January 1975, pending creation of the new LSC. In October 1975, LSC became operational and assumed responsibility from CSA for 258 legal services programs which were operated by grantees in 638 offices located in the 50 States, Puerto Rico, Micronesia, and the Virgin Islands. These offices were staffed by nearly 3,300 attorneys and 1,000 paralegals. In addition, three programs were operated with private attorneys through judicare--an approach that reimburses attorneys in private practice for services provided to clients meeting the program's eligibility standards.

The Legal Services Program, as operated by OEO was the subject of two of our prior reports issued in August 1969 and March 1973. 1/ These reports discussed managing and administering the program and recommended actions to improve its effectiveness. (See pp. 15 and 16.)

LEGAL SERVICES CORPORATION ORGANIZATION AND PROGRAM ADMINISTRATION

LSC is authorized under the Legal Services Corporation Act of 1974 to make grants or contracts to provide financial assistance to qualified programs furnishing legal assistance to eligible persons and is required to establish maximum income eligibility levels in consultation with the Office of Management and Budget (OMB) and the States. LSC is also required to ensure that grantees establish priorities for providing services which consider the relative needs of those unable to afford legal assistance, and that grants and contracts are made so as to provide the most economical and effective delivery of legal assistance to those in both urban and rural areas.

Under Section 1007(g) of the Legal Services Corporation Act of 1974, LSC was required to study the economy and effectiveness of alternative methods of delivering legal services through private attorneys as compared to the staff attorney approach employed by LSC projects. The study recommendations were to be furnished to the Congress by July 1977 under the

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1/"Effectiveness and Administration of the Legal Services Program Under Title II of the Economic Opportunity Act of of 1964," (B-130515, Aug. 7, 1969). "The Legal Services Program--Accomplishments of and Problems Faced by its Grantees," (B-130515, Mar. 21, 1973).

act but the Corporation has extended the completion date to December 1979.

LSC grantees are governed by local boards of directors which include private attorneys, clients, and representatives from the community. The programs employ lawyers and staff who provide legal advice and representation to those who qualify. LSC has prescribed maximum income eligibility levels of 125 percent of OMB poverty guidelines within which each program must set its own standards recognizing living costs and other local factors. While family income is the primary consideration when determining eligibility for free legal services, other circumstances which may affect a person's ability to pay, such as medical and child care expenses, may also be considered.

Although most LSC-funded programs provide general civil legal assistance to the poor, some emphasize such areas as consumer affairs, law for the elderly, social welfare benefits, housing, and family law. A number of programs specialize in serving migrant workers or Native Americans.

LSC also contracts with 13 support centers which provide specialized assistance to legal aid programs in connection with complex legal problems of clients. Some centers concentrate on such areas as housing, administrative benefits, health law, and consumer rights, while others specialize in laws affecting certain groups, such as Native Americans, migrant workers, and the elderly.

LSC's Office of Field Services manages grants to local legal services programs and contracts with 13 support centers. The office, assisted by the nine regional offices, is responsible for reviewing and approving grant applications, supervising grant processing, providing management assistance, and monitoring the program's performance. LSC regional offices are responsible for evaluating each local legal services project in their regions four times annually, which includes reviewing the internal controls and management procedures of each.

SCOPE OF REVIEW

Our review was made at the LSC headquarters in Washington, D.C., and at 31 legal services grantees and contractors around the country. We directed our efforts to the methods employed by LSC to budget and allocate resources and its study to identify more effective and efficient methods of delivering free legal services.

We reviewed the financial and operating records and interviewed officials and attorneys at LSC headquarters and at 31 Legal Services Corporation grantees and contractors in 18 States. Nineteen of the grantees were operational legal services projects, five were demonstration participants in the congressionally mandated alternative delivery system study, four were national support centers, and three were State or regional centers providing support to local projects in our review. The financial and operating records reviewed were for the most recent 12-month period for which information was readily available. The operational projects were selected from a random sample of 62 grantees and represented a range of cost and service experience as reflected in recent independent audit reports and questionnaires received from grantees. The five grantees participating in the delivery system study were selected to represent one of each type of approach being tested.

We also reviewed applicable legislation, policies, regulations, program documents, reports, correspondence, and other related records and interviewed officials at the headquarters office and pertinent regional offices of the Corporation.

CHAPTER 2

BUDGET DEVELOPMENT METHODOLOGY

SHOULD BE MODIFIED AND UPDATED

Almost 90 percent of the Legal Services Corporation's annual budgets have been used for direct grants to local legal services projects and contracts with project support centers. The Corporation determines its grant funding requirements and allocates funds to local projects using 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 grantee budget submissions.

The methodology, developed by a consultant under contract with the LSC in 1975, enabled the new Corporation to prepare budget requests and allocate funds in an expedient manner in order to upgrade legal services to the poor despite the absence of dependable information on grantee activities and needs. However, in a period of rapidly increasing budgets, continued reliance on a methodology which does not generally consider individual project cost and service experience can result in funding levels which do not reflect local needs and create an imbalance among geographic areas in the level of legal services available to the poor.

BUDGET COMPONENTS

LSC has budgeted about $215.4 million for fiscal year 1978, derived primarily from an appropriation of $205 million and funds available from previous years. It estimates it will spend about $201.6 million to provide legal assistance to the poor, of which $180 million, or 84 percent of the total budget, will be for direct grants to local legal services projects and contracts to project support centers. The remaining $21.6 million for provision of legal assistance includes operating funds for the nine Corporation regional offices and the projects participating in the congressionally mandated study of alternative methods of providing legal services to the poor.

The balance of the Corporation's fiscal year 1978 budget--about $13.8 million--is for LSC Headquarters program support, including recruitment and training, research, and program management and administration. The Corporation's budget has increased substantially since 1976, and a significant further increase is being requested for fiscal year 1979 (see app. II).

ESTIMATING BUDGET REQUIREMENTS

Because the legal services programs transferred to the Corporation in 1975 had experienced static funding levels since 1971, and because there were wide disparities among local programs in coverage and funding levels, the LSC adopted a budget methodology designed to achieve a short term goal of providing all of the poor with a minimum level of access to legal services. The budget methodology used by the Corporation to determine its annual budget requirement for direct grants and to allocate funds to local legal services projects relies primarily on estimates of the Nation's poverty population, the national need experienced among the poor for legal services, and the number and cost of attorneys to serve that need. The poverty population estimates are derived from the 1970 Census. The remaining factors are derived from the consultant's study of legal services needs, cost and operating experience of the legal services program in 1974 under OEO, and a study of the incidence of legal problems experienced among the general population rather than the poverty population.

In order to develop its grant funding requirements, the Corporation converts the attorney cost and need factors to a per capita cost of providing the poor with a given level of access to free legal services, and applies that cost to the poverty population estimates. The per capita cost estimate of $7 currently used by the Corporation is the funding level considered necessary to achieve its short term goal to provide minimal access to the poor, and reflects a goal of funding two attorneys for every 10,000 poor persons at a national average annual cost of $35,000 for each attorney. LSC expects its fiscal year 1979 budget request of $304 million will provide the funds necessary to meet its short term goal and has adopted a long range goal of providing the poor with an increased level of access to free legal services which it defines as adequate.

Poverty population estimates

The Corporation relies on the 1970 Bureau of the Census estimates of the poor as defined by the Office of Management and Budget (OMB) to develop its grant funding requirements. However, Census estimates of the national poverty population have declined from the 1970 level of 29 million. A recent study by the Bureau of the Census 1/ conducted pursuant to a congressional mandate for estimates of the number of children in poverty families estimated that there were 24 million persons below the OMB poverty level in 1975, or 5 million less than the estimate currently used by the Corporation.

Although the 1970 Census estimates do not accurately reflect the current poverty population, they are used by LSC because they are the only data available in sufficient geographic detail for allocating grant funds to local legal services projects from the gross budget it receives. While the decennial estimates facilitated the new Corporation's budget development and fund allocation process, continued use of a funding methodology that does not accurately reflect significant changes in the program's target population will result in budgets which do not correspond to the needs of the poor.

The Corporation funds grantees on the basis of the number of persons in the service area who are below the OMB poverty level, but local projects may serve those with incomes up to 125 percent of the OMB level under LSC adopted eligibility criteria. According to LSC, Bureau of the Census estimates show that there were about 34 million persons at or below that level in 1975 and LSC believes in this context that use of the 1970 estimate of 29 million poor is not unreasonable. Since LSC's interim funding goal is intended to provide the poor with minimal, rather than adequate, access to services, permitting grantees to serve individuals above the OMB poverty level could result in those least able to afford not receiving preference in obtaining free legal services.

Attorneys needed to serve the poor

The Legal Services Corporation's interim goal of funding two attorneys for every 10,000 poor persons nationwide reflects the highest ratio existing in 1974 among legal services

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1/U.S. Department of Commerce, Bureau of the Census, Current Population Reports, Series p. 60, No. 108, "Household Money Income in 1975, by Housing Tenure and Residence, for the United States, Regions, Divisions, and States (Spring 1976 Survey of Income and Education)," U.S. Government Printing Office, Washington, D.C., 1977. A July 1977 Congressional Budget Office assessment of alternative funding levels for the Corporation projected a further decline in the poverty population for 1978.

projects in OEO's 10 regions which on the average supported 0.76 attorneys for every 10,000 poor persons.

The Corporation adopted the ratio for use in preparing field budgets because by most standards it was considered sparse and would provide the poor with a minimum level of access to service as an interim measure until increased financial support for the program could be secured. Until early 1977, LSC's long term goal was to raise the level of service to 4 attorneys per 10,000 poor consistent with the consultant's findings discussed below.

LSC officials advised us that this goal was dropped in favor of a more flexible plan that will permit them to make further refinements in their allocation formula so that funding above the minimum access rate, currently $7 per poor person, will vary according to the quality of local program performance, client population characteristics, local program priorities, and local needs for legal assistance that vary significantly from national rates of need.

The LSC's short term goal for attorney levels was developed from a 1975 consultant study which derives estimates of the frequency with which the poor can be expected to experience civil legal problems annually and the annual caseload an attorney can adequately handle. The consultant computed the annual frequency rate of legal problems the poor experienced by interpreting the results of a 1974 American Bar Foundation national survey of the general legal needs of about 2,000 adults at all levels of income. Using a National Legal Aid and Defender Association estimate of the maximum caseload a private attorney can handle effectively and the adjusted needs assessment the consultant study indicated that 4.6 legal services attorneys per 10,000 poor persons would be required nationwide for adequate service.

While the consultant's efforts facilitated initial budgets prepared by the LSC in the absence of useful local project data, the data used were not developed from a study oriented to the specific legal needs of the poverty population. Differences in the legal complexities and types of problems unique to or prevalent in the poverty population--welfare, social service, and housing, etc.--could not be separately considered in reaching the study results. Also, the study results are based on 4-year old data; consequently, funding levels developed from these estimates may not accurately reflect current legal needs of the poor or the number of legal services attorneys required to meet those needs.

Some local projects have obtained updated needs assessments for their service areas on their own initiative. These assessments could provide a more dependable foundation for budgeting if coupled with LSC regional evaluations.

Average cost per attorney

In conjunction with the poverty population and attorney need estimates the LSC uses average project cost to support an attorney of $35,000 to develop its annual funding requirements. The consultant developed this estimate by dividing the number of legal services program attorney positions supported by OEO into an adjusted annual grant funding level for fiscal year 1974.

The legal services program has expanded significantly in terms of the number of grantees, the number of attorneys supported, and total funding since the Corporation began operation in late 1975, and now includes a higher proportion of projects operating in rural areas. Significant differences in the costs of operating rural and urban projects--attorney salaries, local support, and overhead--are reflected in current cost and operating data furnished with project grant applications. Since the national average attorney cost estimates used do not consider recent program experience, LSC does not reflect the actual cost required to support the present level of project attorneys. LSC has undertaken a study of cost variations which should provide insight into these conditions.

ALLOCATING THE LSC BUDGET
TO LOCAL PROJECTS

The methodology used by the Corporation to determine its overall grant funding requirements is also used to allocate funds to local legal services projects. This is achieved by allocating the gross field budget among LSC projects in proportion to the 1970 poverty population they are serving.

LSC's fiscal year 1978 appropriation of $205 million was not large enough to reach the $7 per capita objective, and to allocate funds a requirement was established that new grant applicants limit their geographic areas of service to achieve a per capita funding level of at least $4.90, or 70 percent of the goal. Existing grantees were required to limit their areas of service in order to meet the $7 goal. Some limited adjustments were made in the 1978 fund allocation to accomodate cost variations at projects. The 1979 budget request of $304 million anticipates funding all grantees at the $7 per capita level and and the methodology to be used in 1979 is expected to take into account some variations in individual project cost and operating expenses.

The Corporation anticipates that its current cost variation study will identify refinements needed in the methodology to reflect local project cost and operating differences. However, LSC plans to consistently consider local variations only when funding grantees above the minimum access level, even though it acknowledges that the current constant per capita funding level may result in significant differences among projects in the percent of the poor they are able to serve. Also, all non-Corporation resources available in local areas for civil legal services to the poor need to be considered in the allocation process.

Grantee cost and service variations

In order to determine the factors causing the variations, we visited 19 staff attorney projects selected from a random sample of 62 grantees whose reported data reflected a wide range of attorney costs and caseloads. As depicted in appendix I, information available from the grantees visited showed

--average annual project cost to support an attorney ranged from $21,364 to $52,652,

--average annual project attorney caseloads ranging from 173 to 706,

--average project costs to handle a case ranging from $40 to $162, and

--percent of the poverty population served ranging from 1 to 23 percent.

Upon examining the methods used by the projects to compile the data, we found substantial differences in the way individual projects identified a case and that time records were not generally kept that would permit projects to identify how their principal resource--the attorney--had spent time on project cases and other responsibilities. In cooperation with project staff we attempted to reconstruct the 19 projects' performance experience in a recent operating year but were unable to develop reliable information that could be reconciled.

OEO was unsuccessful in obtaining uniform adoption of case definition and time reporting systems by local legal services projects. The Corporation recently developed a standard definition of a case but has not yet required all staff attorney projects to use it. As discussed in more detail in chapter 3, inconsistent case definitions and cooperation of local projects in implementing a project management information system have prevented LSC from having all of information needed to develop appropriate grantee funding levels and effectively assess project performance.

Other available resources for civil legal services

LSC estimates that about $41 million will be received by its projects from non-LSC sources during fiscal year 1978 for civil legal services to the poor, and anticipates that the level will rise to $55 million during fiscal year 1979. In addition, there are substantial non-LSC resources for civil legal services available from private and public organizations not affiliated with LSC projects.

Although LSC requires grantees to identify non-LSC resources, it does not generally consider such funds when determining grantee funding levels because it has found outside resources are, on occasion, not predictable and are often restricted to certain uses. Our review of the 19 staff attorney projects showed that 14 received between 15 percent and 58 percent of total revenues from non-LSC sources. The non-Corporation funds received by these projects ranged from $55,000 to $720,000 (see app. I).

Recognizing the need to coordinate with other sources of legal services for the poor, the Corporation entered into an agreement with the Administration on Aging in January 1977 designed to avoid duplication of efforts and maximize effective use of the resources of each organization.

CONCLUSIONS

The methodology used by the Corporation to determine and allocate its field budget requirements for local legal services relies on estimates of the poverty population, project operating costs, and attorneys needed to provide service. LSC should work toward preparing future budgets on the basis of local grantee funding requests which consider current operating experience, local needs assessments, and availability of non-LSC resources in project service areas.

We were unable to assess the causes of variations among projects we reviewed in cost and caseload experience, or to identify the extent of project resources devoted to principal project operating objectives. As discussed in chapter 3, the

Corporation has experienced difficulty implementing project management information systems and projects have been slow to establish priority systems necessary for making such assessments. These systems are also requisite for the development and allocation of LSC's budget on the basis of local requirements.

RECOMMENDATIONS

In conjunction with implementation of needed management systems discussed in chapter 3, we recommend that the president, LSC:

- Require projects to include in grant applications an evaluation of all available funding from non-LSC resources and the stability of such resources.

- Work toward developing overall grant funding requirements and allocating funds to grantees on the basis of local project cost and service experience, local needs assessments and priorities, and funding available from non-LSC resources.

CORPORATION COMMENTS

The Legal Services Corporation agreed with our recommendations and made the following observations.

LSC emphasized that its short-term goal of funding two attorneys for each 10,000 poor persons, and the steps taken to implement it, are sound. In the absence of current data on project performance, LSC adopted an approach to budget development that could best meet its requirements. As discussed on page 10, the use of the methodology to allocate funds to grantees may result in geographic imbalances in the level of access to services available to the poor.

The Corporation pointed out that in addition to its current cost variation study, it has adjusted local program grants for special needs, extraordinary rural telephone and travel costs, salary comparability, restoration of prior service reductions, and special quality improvements. In fiscal year 1978, these expenditures accounted for about 1.7 percent of the total budget. About 3.3 percent of the 1979 budget request is for these items, comprised primarily of salary comparability and service restorations and special needs.

LSC discussed the difficulty of relying for planning purposes on non-Corporation resources available for civil legal services for the poor, citing restrictions on use that often accompany such funds, importance of assuring that each program has a stable minimum funding base, and the need to avoid local disincentives to obtain additional funds. While we agree that restrictions on use and fund stability vary among projects, outside resources often comprise a significant portion of project revenues. In order to ensure a geographic balance of access to services after achieving its minimum goal, it is essential that the Corporation consider all available resources based on grantee evaluations of the funds and related stability. Disincentives can be minimized through coordinated funding agreements with other organizations funding LSC projects similar to those reached recently with the Administration on Aging.

CHAPTER 3

PROJECT MANAGEMENT SYSTEMS

NEEDED FOR DIRECTING RESOURCES

AND ASSESSING PERFORMANCE

Over the last 10 years, efforts by the Office of Economic Opportunity and the Legal Services Corporation to implement effective project management information and priority systems have been unsuccessful. The inability to implement such systems has been caused by limitations in Federal guidance and a lack of cooperation by local projects. Reliable management systems for project priority setting and information gathering are essential to budgeting resources, directing operations and evaluating performance of legal services projects which account for the majority of LSC's annual budget.

In 1969 and again in 1973, we reported to the Congress that we were unable to evaluate legal services project performance because effective management information and priority systems had not been established. We recommended that OEO and the legal services projects develop needed systems that would yield meaningful data on project performance and define project objectives and priorities.

LSC began work on these issues soon after it became operational in October 1975 by promulgating instructions for projects in implementing priorities and by testing elements of a new management information system as part of its study of alternative legal services delivery systems, discussed in chapter 4. In our review of the 19 projects' activities, we found that projects have been slow to establish priority systems required by the Corporation and some projects have not addressed matters prescribed in LSC regulations for priority setting due in part to insufficient LSC guidance. Also, full implementation of the Corporation's proposed project management information system has been delayed because some projects refused to comply and furnish requested data. In March 1977, the Corporation was planning to begin implementing the reporting for all projects in November 1977. The Corporation now plans to begin implementing its management information system in June 1979 at all projects.

OEO EFFORTS TO DEVELOP PROJECT MANAGEMENT INFORMATION AND PRIORITY SYSTEMS

OEO established the first legal services program management information system in 1967 to help local projects manage better and to aid OEO in its monitoring activities. According to OEO, the system was designed to identify and describe the types of individuals being helped by the various antipoverty activities and to provide information about program content, progress, impact, and costs--thus providing a basis for evaluating individual programs' effectiveness, comparing various programs, and providing factual justification for continuing, discontinuing, or modifying particular programs.

In 1969 we reported that OEO's legal services program management information system could be improved to show selective, meaningful data for review by management and that legal services projects were not adhering to OEO reporting requirements. OEO informed us that it was revising the system and that it had conducted two nationwide surveys of all legal services program grantees to obtain data for management purposes and to establish priority needs. Because OEO was in the process of revising the system for the problems we found, we recommended that the Director of OEO ensure that program grantees comply with the new system's reporting requirements.

In 1973 we made a followup review of the legal services program and again reported to the Congress that the number and magnitude of the discrepancies in the grantees' data on accomplishments prevented us from reconstructing accurate caseload data for the grantees and from assessing grantee accomplishments. In our review we found that

--program grantees were still not adhering to OEO's system reporting requirements;

--statistical reports on grantee activities were inaccurate and incomplete;

--OEO's system had not provided management with data needed for monitoring grantee operations, such as data on grantee accomplishments in the program goal areas of law reform and community education; and

--information was not being reported by litigation category and case.

We again recommended that OEO require legal services projects to comply with the system's reporting requirements, and ensure that revisions were made in the system report format which would provide management with selective, meaningful data on grantee accomplishments.

In our 1969 and 1973 reports we also reported that legal services projects had neither clearly defined their objectives and priorities nor developed plans for achieving those objectives, and that guidance from OEO had been lacking in this area. We concluded that for legal services projects to effectively plan, program, and budget their resources to meet program goals, it was essential for them to have clearly defined objectives and priorities and recommended that OEO require legal service projects to define objectives and priorities in their grant applications.

Following our 1973 report, little was done by OEO to implement priorities for projects. However, OEO made a grant of $50,000 to a local legal aid society to design and implement a system to collect data for local and national program management decisions. This experimental system collected information from a sample of 13 projects for about 2 years.

By the time responsibility for the legal services program was transferred to the new Legal Services Corporation in October 1975 a reliable information system had still not been implemented and the local legal aid society continued its tests. In 1976, LSC defunded the program, following a consultant's recommendations which concluded that the forms and data collected were inappropriate and of little use to LSC and its grantees in meeting their needs for a management information system.

LSC EFFORTS TO IMPLEMENT EFFECTIVE MANAGEMENT SYSTEMS

Developing project priorities and a management information system were recognized as major tasks which needed attention by the new Corporation as it began operating. During 1976 and 1977 substantial efforts were devoted to developing an effective management information system. Also, in November 1976, the Corporation published regulations establishing broad criteria for projects to use in setting priorities for allocating resources, as required by the Legal Services Corporation Act of 1974.

Management information system

LSC entered into contracts with two consulting firms to test and implement a new management information system for legal services projects as part of the experimental delivery system study, which initially included 12 operational projects and has since been increased to 60. LSC believed that earlier OEO efforts to develop project management information systems had been useful in identifying the following problems

--local program data needs varied among projects,

--common definitions had still not been developed for key data items such as "case" and "client," and

--local projects' dissatisfaction with systems imposed on their activities because data was not adequate for project management.

From a new system designed to resolve these problems, the Corporation expected to plan and budget more accurately and be more responsive to the Congress on specific questions about its activities after it achieved minimum access. To supply data for the Delivery System Study and the design of local and national management information systems, LSC contractors developed an information collection plan which utilized seven forms that were comprehensive in coverage and were designed to resolve many development problems with earlier systems. The forms were to be prepared by all demonstration and operational legal services projects.

In April 1977 the Corporation completed initial planning for the information system and began testing it at 12 operational staff attorney projects and 19 demonstration projects. At that time the Corporation projected to complete 2 phases of testing at 60 staff attorney projects and begin implementation of its completed information system at the remaining operational projects beginning in November 1977. Initially, operational projects in the study expressed concern that they had not had sufficient input into the system design and project participation began to lag. In its July 1977 report to the Congress, LSC reported that it would not begin full implementation of the information system to all projects until early 1978.

Data requirements were more extensive than the operational projects had been accustomed to and many did not understand the interrelationship of information requirements, were not persuaded that data would be useful to them, and were concerned about the extent of insight which the Corporation would be afforded by the new system.

In addition to being concerned over the lack of input into the system design, operational legal services projects objected to such requirements as providing time spent to handle cases; information that would identify the attorney and client with the case; and asking clients if they would be willing to be interviewed about their satisfaction with services received. While operational projects were concerned with issues of confidentiality and the fact that the Corporation might use such information to assess quality of services and attorney performance, demonstration projects voiced little objection to providing required information.

As a result of the concerns, and difficulty in implementing the system, 3 of the 12 initial operational staff attorney projects involved in the first phase of the study did not collect data during the initial tests. The staff of 1 dissenting project threatened to strike if it were implemented. Of the 9 operational projects implementing the system, 2 did so only partially and the remaining 7 provided data that was partially inaccurate.

In August 1977, LSC attempted to persuade projects to cooperate with a memorandum from the LSC's Director of Field Services to legal services project directors describing why a management information system was needed (see app. III). The memorandum included a report on the system which noted that the legal services program has historically had difficulty determining and describing the services provided at the local level or justifying the need for legal services funding requests. The report states:

> "Little data has been collected from projects on a regular basis and the information that has been collected has conflicting definitions of key items. As a result, the Corporation has had to rely on extremely rough estimates in support of recent funding requests and responses to congressional inquiries. Similarly, important resource allocation decisions have had to be made in the absence of detailed and reliable information about costs of delivering services or the extent of services currently being provided with Corporation and other funds."

The report stated further that continued reliance on rough estimates and questionable data will, according to recent indications from the Congress, pose serious problems later.

By the end of September 1977, however, only 3 operational legal services projects were still submitting forms to LSC and a crisis had been reached. The Chairperson of the Project Advisory Group--a national organization representing legal services programs--identified the differences being experienced with the Corporation in an October 1977 report to its membership. The report voiced objections to possible defunding of projects not submitting data stating:

> "* * * that with such widespread national resistance to implementation of the [management information system] in its current form, it made little sense for the Corporation to attempt to muscle programs into compliance. * * * [The Group] pointed out that it would surely be harmful to Legal Services nationally for the Corporation to precipitate a confrontation and a consequent [Group] call for a boycott of [the system]."

LSC requested the Project Advisory Group to submit its thoughts on an appropriate alternative to the system being tested in an effort to allay project concerns, while striking a careful balance between the information required to assure accountability and the potential diversion of project resources and intrusive effects. LSC agreed to separate development of of a project management information system from the design delivery system study.

In December 1977, the Project Advisory Group issued another communique to its membership, indicating that it objected to the entire study approach on essentially the same basis that earlier participating projects had. (See app. V.) As an alternative, it proposed an information system for the design delivery system study that would not identify clients or staff with individual cases, curtail case-type collection categories from 74 to 8, and develop average cost standards for each type of case as a comparison base.

Subsequently, LSC and the operational projects reached a compromise by agreeing to collect case time data on a sample basis rather than for all cases to reduce the data collection burden on the operational projects and to eliminate the possibility of identifying clients and attorneys. LSC also agreed to solicit more local project input in the continuing design process and to fund full-time data coordinators responsible to each project rather than the LSC in order to remove some of the burden from project staff. The Corporation now plans to fully implement a management information system for operating projects beginning in June 1979 after it has reassessed its information requirements in light of what it can expect local projects will be willing to provide.

Project priority setting

The Legal Services Corporation Act of 1974, as amended, requires the Corporation to insure that grantees establish priorities for providing services which consider the relative needs of those unable to afford legal assistance and that local project directors approve any class action litigation undertaken in accordance with criteria established by the projects' Boards of Directors. LSC regulations published in November 1976 (41 Fed. Reg. 51604) required legal services project Boards to establish local priority setting processes.

LSC requires that priorities consider the resources of the recipient, the population of eligible clients to be served, the availability of another source of free or low-cost legal assistance, the urgency of particular legal problems of the clients and the general effect of the resolution of a particular category of cases or matters on the poor in the community served. The regulations further require that adopted priority systems insure participation by clients and employees of the recipient, provide an opportunity for comment by interested members of the public and provide for periodic reassessments.

LSC regulations made limited suggestions as to how projects could implement a system of local priorities. It was suggested that a project might determine to give no assistance at all in certain categories of cases, or to give advice and consultation without engaging in litigation or to limit litigation to the trial level. It was also suggested that a project could establish different income eligibility standards for different categories of cases. For example, if a recipient determined that divorce representation could be obtained from the private bar for a low fee, it might limit its representation in divorce cases to only the poorest clients. Another cited means of enforcing priorities was through educational efforts to inform the client community of the availability of a legal remedy in a particular category of problems.

The LSC also issued regulations to comply with the legislative mandate that project class action litigation be undertaken with the approval of the project director in accordance with policies established by the governing board. Under the regulations local project boards were required to establish broad policies consistent with project priorities for resource allocation that would (1) not prohibit class action litigation when appropriate to provide effective representation, (2) not require case-by-case approval of class action litigation by the governing body, and (3) not interfere with the professional responsibilities of an attorney to a client.

Within these parameters, only 8 out of 19 staff attorney project Boards in our review had issued written guidance establishing project priorities. Of the remaining 11, 6 had not established any priority systems and 5 had established informal priorities implemented at the discretion of project directors. Five of the 19 projects indicated that they handled cases on a first-come-first-served basis and the Director of one of these projects stated that they had sufficient resources to serve all of their clients demands so a priority system was not needed.

Of the 13 projects that had established written or informal priority systems only

--7 considered the availability of other sources of free legal services in the community,

--7 provided criteria for identifying emergency cases to be given priority treatment,

--5 had established priorities for a particular class of cases based on an assessment of needs of the poor in the community served, and

--2 of the projects ranked or specified priority by type of legal matter giving low priority to non-emergency type cases in the divorce or bankruptcy category as opposed to cases involving such matters as loss of housing or income.

CONCLUSIONS

Most projects had not adopted or implemented priority systems that consider all of the criteria provided in LSC's regulations. While it is important for the Corporation to provide sufficient latitude for projects to establish priorities within the broad parameters of its regulations, LSC should provide additional guidance on how local projects may establish criteria within these parameters. Among other things LSC could identify alternatives for establishing case priorities within the context of community needs and poverty law and provide criteria for identifying emergency and non-emergency legal needs. Such criteria would serve as additional guideposts for projects to use and would help ensure that project priorities reflect the needs of the community.

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

While it is important to strike a reasonable balance between needed management information and potential operational impact, much of the information the projects originally objected to is needed for local project management and effective LSC oversight. Without use of a uniform case definition and better information about project resource allocations, it will not be possible to identify or assess how local project resources are devoted to the projects' principal operating objectives or cases. Such information used in conjunction with established local priorities is essential for appraising the past use of resources, future budget requirements and for directing program operations.

RECOMMENDATIONS

We recommend that the president of the Legal Services Corporation place top priority on the development of national and local management information systems that will provide meaningful data for use in developing project budget requirements. The president should further define procedures to be used by local projects in establishing project priority systems and through periodic evaluations assure that projects are implementing effective systems.

CORPORATION COMMENTS

The Corporation agreed with our recommendations and provided additional information on its current direction of effort which is discussed in this chapter.

The Corporation indicated that the statistical reporting system is only one element of an effective management information system and that on-site monitoring of project activities performed quarterly is of more importance. We found that LSC's project monitoring systems were being improved, but that the lack of meaningful data relating project costs and resources to caseload and other performance areas limited the scope and depth of LSC project monitoring efforts. Monitoring reports for projects in our review centered primarily on personnel staffing and other aspects of personnel administration. Some addressed problems with project priority setting but few addressed project case efforts or identified project resources devoted to those efforts.

In its July 1977 report to the Congress on the Delivery System Study, the Corporation reported that performance measurement systems being designed on cost, quality, client satisfaction, and impact would provide meaningful ways to evaluate all of the grantees funded by the LSC. Until such a system is in place which relates project costs incurred with caseload and other project priority efforts, LSC project monitoring will be limited.

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, and that it will begin implementing information reporting from all projects in June 1979.

CHAPTER 4

DELAYS IN COMPLETING STUDY OF ALTERNATIVE METHODS OF PROVIDING LEGAL SERVICES

The Legal Services Corporation delivers legal assistance to the poor primarily through over 300 staff attorney projects employing over 3,700 lawyers. While the staff attorney approach has been the primary method of delivering legal services since the program began operating under OEO in 1965, several projects have been funded which reimburse private attorneys for legal services they provide to the eligible poor.

The Corporation is currently 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. The Corporation also decided to test a pro bono approach which utilizes volunteer attorneys (see app. VI). These methods use private lawyers to provide legal services and differ primarily in the type of payment mechanism employed. The act required a report on the study results, including recommendations for improvements, changes, or alternative methods for the economical and effective delivery of services, to the President and the Congress by July 1977, about 21 months after LSC began operations.

A total of $9.5 million has been appropriated through fiscal year 1978 for the delivery system study and development of a related information system to gather, analyze, and compare study results. For fiscal year 1979 the Corporation is requesting $5.25 million to continue its efforts.

Prior OEO efforts through a consultant laid the groundwork for LSC's study and evaluation of service approaches using private attorneys. LSC continued the delivery system study using the consultant involved in OEO's efforts, but did not fund the initial study participants until January 1977. Also, the Corporation did not begin intensive efforts to design the related information system until February 1977. Because of the time required to carry out the tasks, the Corporation issued a status report to the President and the Congress in July 1977. The Corporation has increased the number of demonstration projects to replicate existing test models and currently plans to complete the study and issue a report with recommendations by December 1979. Early completion of the study is essential to ensure that economical methods of utilizing private attorneys for delivering legal services are effectively integrated with the Corporation's expansion of staff attorney legal services projects.

PRIOR OEO EFFORTS

Between 1966 and 1975 OEO awarded grants totaling about $4.5 million to operate judicare projects--an approach which reimburses private attorneys on a fee for service basis--in Wisconsin ($2.8 million), West Virginia ($1.5 million), and Montana ($192,000). In addition, OEO awarded over $750,000 to grantees between 1972 and 1974 for tasks relating to the study of other service delivery methods comprised of

--a $400,000 grant to the State of California to plan a proposed judicare experiment;

--a $130,500 grant to a consultant to study alternative approaches to providing legal services to the poor in rural areas; and

--grants totaling about $226,000 to a consultant to design and test study and evaluation methods for comparing alternative delivery systems, including the judicare projects, with the staff attorney approach.

The consultants' efforts to study and evaluate alternative methods of providing legal services to the poor were unsuccessful, primarily due to the absence of reliable data needed to assess and compare project costs and activities. In addition, the California judicare experiment which was to follow the planning grant was never implemented because--according to one of the consultants--it would not yield reliable data needed to measure effectiveness.

According to the Corporation, OEO efforts to evaluate alternative delivery methods were unsuccessful because (1) program goals were continually being changed, (2) standard definitions of such measures as case, client, and attorney activities needed to ensure comparable project operational data had not been developed, and (3) there was no reliable project information system. As discussed in chapter 3, we reported in 1969 and 1973 that OEO needed to develop and implement an adequate information system to provide project cost and service data necessary to evaluate and compare grantee activities.

OEO spent at least $5.2 million over about 10 years to fund and evaluate alternative approaches for serving the poor including the judicare projects which provided services to the poor. However, OEO was unable to develop meaningful comparisons of activities and arrive at conclusions regarding the applicability of alternative delivery approaches.

CURRENT STUDY OF ALTERNATIVE DELIVERY SYSTEMS

In April 1976 LSC awarded a $443,000 contract to a consultant to design and implement its alternative delivery system study, to design an information system to collect and analyze study results, to provide technical assistance to the Corporation in preparing the required report to the Congress and President, and to furnish a staff member on a full-time basis to act as the director of the study for the duration of the contract. The original contract period was for 18 months, but it was subsequently extended, at no additional cost, for 12 additional months until October 31, 1978. The design contractor was a previous consultant to OEO and was selected because of its experience in designing alternative delivery systems studies and information systems for the legal services program, and because it had already developed an approach for implementing the required study.

The Corporation has also awarded contracts totaling $1.2 million for implementing and verifying the data collection system, conducting cost analyses, training study participants, and data processing services. In addition, the Corporation plans to contract at an estimated cost of $650,000 for development of performance measures and data collection and analysis regarding quality of legal services provided, client satisfaction, and impact of the services on the poverty community.

With the assistance of the design contractor and an advisory panel the Corporation adopted an approach to test the feasibility and practicality of the five alternative models. Feasibility will be measured by the grantees' ability to plan and implement the models, while practicality will be measured by comparing the cost and performance of the different models. Performance of the projects will be measured by quality of service, client satisfaction, and impact on the poverty community.

The five alternative models--judicare, prepaid legal insurance, pro bono, vouchers, and contracts with law firms--all involve the use of private attorneys to provide legal services to the poor and differ primarily in the payment mechanism used, although there are some variations in operating characteristics. Projects for most models have been funded in both urban and rural areas.

Because the initial voucher experiment indicated the approach was not feasible, it was discontinued and another model (legal clinics) was added which also involves the use of private attorneys.

The Corporation has funded 38 demonstration projects--all of which serve eligible clients--in two series of 19 projects each. There are currently 16 judicare projects, 6 prepaid legal insurance projects, 8 contracts with law firms, 6 pro bono projects, and 2 legal clinics. Twelve staff attorney projects were initially selected for comparison purposes and 48 more will be added to the study.

The initial demonstration projects were selected in September 1976 and became operational in January 1977. The second series was selected in August 1977 and became operational in November 1977. Total funding of the experimental projects through fiscal year 1978 will be about $5.1 million, consisting of $3.4 million for the initial series and $1.7 million for the second series. LSC is requesting $3.5 million to continue funding the 38 demonstration projects during fiscal year 1979.

Experimental project similarities

As described in appendix VI, while operating characteristics of the demonstration projects vary somewhat, the projects differ primarily in the method of payment used. The other operating variations primarily reflect

--differing degrees of involvement with Corporation-funded staff attorney projects,

--differences in the method of determining the private attorneys who will participate and the latitude of client selection,

--differences in urban-rural operating environment, and

--differences in the types of cases accepted.

The Corporation found it was necessary to fund multiple projects for each delivery model in order to avoid gaps in the study design and to ensure results were based on a sufficient number of tests of each approach. However, the Corporation does not expect the study to show one model to always be less costly and perform better than another or demonstrate one best way to deliver legal services to the poor. The number of projects funded for each major approach vary significantly, ranging from 2 legal clinic projects to 16 judicare projects.

According to the Corporation it funded a large number of judicare experiments--almost half of all projects--partly because of long standing concerns stemming from OEO's earlier efforts regarding the feasibility and cost effectiveness of judicare versus staff attorney approaches. Feasibility and cost effectiveness determinations are objectives for all models in the current study and the legislation does not emphasize judicare. None of the three judicare projects originally funded by OEO and continued by the Corporation was included in the first round demonstration projects. However, one was included as a comparison project rather than a demonstration project.

On April 20, 1977, the Corporation Delivery System Study Task Force reported that the study design could be fulfilled with between 9 and 11 second series projects at a cost of about $750,000--including five additional judicare projects--by reclassifying some projects among categories to fill study gaps (see app. VII). On May 10, 1977, the Corporation solicited bids to fund about 20 second series projects. Accompanying the change, the Corporation increased the number of major model variations being tested by further subdividing major models considered in its April 20, 1977, study. Subsequently, LSC contracted with 19 additional demonstration projects at a cost of $1.7 million. LSC did not document the reasons for not accepting the study team's views but stated the expansion was based on its desire to improve the study's validity.

Completion delayed and testing expanded

The contractor retained by the Corporation in April 1976 at a cost of about $443,000 to design and implement the study and design the information system was previously involved in OEO efforts and had received grants totaling $226,000 to design and test study and evaluation methods for comparing alternative delivery systems with the staff attorney approach. The contractor had also designed a proposed approach for implementing the congressionally mandated study. However, LSC undertook efforts requiring additional time prior to funding participants in order to design a more comprehensive study approach, develop a suitable mechanism for evaluating prospective participant proposals, design the information system, and develop project evaluation criteria and methods.

The initial 19 experimental projects did not begin operating until January 1977 and the Corporation did not begin implementation of the system to collect and analyze cost and operating data from the study participants until April 1977.

Because of the time required to implement the study and related information system, the Corporation was unable to complete work necessary to make recommendations on the alternatives studied. In July 1977, LSC issued a report describing experiments, the status of the study, and conclusions on operational difficulties experienced with some of the projects.

Although the initial 19 demonstration projects began operating in January 1977, the consultant did not begin intensive design of the information system until February 1977. In April 1977, the system was presented to the study participants with implementation scheduled shortly thereafter. However, as discussed in chapter 3, the Corporation encountered resistance from study participants, particularly the staff attorney comparison projects, to the proposed system. By September 1977 only three of the comparison projects were using the system to submit data to the Corporation and some demonstration projects were furnishing data that was incomplete. As a result of subsequent negotiations with participants and the national organization representing legal services programs, the Corporation agreed to reduce the volume and level of detail of data to be collected for the study. Because the agreements with the projects required many modifications to the original design of the information system, full implementation of the system for the initial 12 staff comparison projects was delayed until March 1978.

The Corporation selected 19 additional study participants in August 1977. The second series of experiments was funded for $1.7 million, and 17 of the projects replicate models and payment mechanisms tested in the initial series. Because of the time required to implement the study and the related information system, LSC did not have complete information on the activities of the initial series of experiments when it selected second series participants.

CONCLUSIONS

The need to fund all 38 experimental projects--which differ primarily in the payment mechanism used--to test five alternative approaches for delivering free legal services to the poor has not been clearly demonstrated in Corporation records. The Corporation's study team reported that objectives could have been met with half the additional projects if the projects were better balanced among the five models.

Seventeen of the 19 projects in the second series of experiments replicate models included in the initial series. Because of delays in beginning the study and implementing the information system, the Corporation did not have all of the information on the initial 19 experiments that would have been useful when selecting the additional grantees. Early completion of the study is essential to ensure that the most economical and effective methods of delivering legal services to the poor are undertaken as LSC's appropriations are expanded and future funding committments are made to operational projects.

RECOMMENDATIONS

We recommend that the president of the Legal Services Corporation:

--Ensure that all study participants accurately submit all required experimental data.

--Use data submitted to develop and disseminate information on the activities and results of the initial experimental projects to enable second series participants to benefit from the experiences of the first round of experiments.

--Analyze data and publish study results from ongoing experimental projects before funding any new tests of alternative or supplemental delivery methods.

CORPORATION COMMENTS

The Legal Services Corporation agreed with our recommendations and provided us with additional information on its initial efforts to implement the delivery system study which are recognized in the chapter.

Because of the time required to complete these tasks and implement an information system LSC was prevented from issuing a report comparing the relative costs and quality of services provided by demonstration projects utilizing private attorneys with LSC's staff attorney projects. The Corporation now plans to complete its expanded study in December 1979. The Corporation believes that all of the 19 second series demonstration projects including judicare program replications were necessary to achieve and validate the objectives of the delivery system study.

APPENDIX I

[illegible]

OPERATING AND FINANCIAL DATA ON
SMALL CITY AND
RURAL PROGRAMS
IN OUR REVIEW

OPERATIONAL DATA

	Tucson, Arizona	New Haven, Conn.	Rochester, N.Y.	Corpus Christi, Texas	Pueblo, Colo.	Columbia, S.C.
Service area	One county	One county	One county	One county	One county	Multi county
Operating period	Jan. 1/76 - Dec. 31/76	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Selected operating data and averages 1/						
Population covered	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Population served	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Estimated cases	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Number of attorneys	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Number of paralegals	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Number of others	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Percent of population	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
All $ per poor person	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Average attorney salary	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Average cost per case	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Cases per attorney	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Average cost per attorney	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

RECENT FINANCIAL DATA 2/

	Tucson, Arizona	New Haven, Conn.	Rochester, N.Y.	Corpus Christi, Texas	Pueblo, Colo.	Columbia, S.C.
Revenues						
LSC	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Title XX/OAA	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
State and local governments	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Private foundations	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Other	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total revenues	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Expenditures	Tucson Actual exp.	Tucson Cost/atty	New Haven Actual exp.	New Haven Cost/atty	Rochester Actual exp.	Rochester Cost/atty	Corpus Christi Actual exp.	Corpus Christi Cost/atty	Pueblo Actual exp.	Pueblo Cost/atty	Columbia Actual exp.	Columbia Cost/atty
Salaries												
Attorneys	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Paralegals	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Secretaries/receptionists/bookkeepers	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Other	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fringe benefits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Overhead												
Travel	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Rent	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Equipment	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Maintenance	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Telephone	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Consumables	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Library	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Litigation	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Consultation	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Other	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total expenditures	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OPERATIONAL AND FINANCIAL DATA [illegible]
[illegible]
[illegible]
[illegible]

OPERATIONAL DATA

	Los Angeles, Calif.	Houston, Texas	Greater Detroit, Mich.	Kansas City, Mo.	Manchester, N.H.	Charleston, W. Va.
Service area	Partial county	Multi-county	Multi-county	Multi-county	Statewide	Statewide
Operating period	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Selected operating data and averages 1/						
Population covered	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Population served	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Estimated cases	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Number of attorneys	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Number of paralegals	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Number of other	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Percent of population	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible] per poor person	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Average attorney salary	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Average cost per case	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Cases per attorney	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Average cost per attorney	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

RECENT FINANCIAL DATA 2/

Revenues	Los Angeles, Calif.	Houston, Texas	Greater Detroit, Mich.	Kansas City, Mo.	Manchester, N.H.	Charleston, W. Va.
LSC	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Other Federal	[illegible]	[illegible]	-	[illegible]	-	-
State and local governments	-	-	[illegible]	[illegible]	-	-
Private foundations	[illegible]	[illegible]	[illegible]	[illegible]	-	[illegible]
Other	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-
Total revenues	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Expenditures	Los Angeles Actual exp.	Los Angeles Cost/atty.	Houston Actual exp.	Houston Cost/atty.	Detroit Actual exp.	Detroit Cost/atty.	Kansas City Actual exp.	Kansas City Cost/atty.	Manchester Actual exp.	Manchester Cost/atty.	Charleston Actual exp.	Charleston Cost/atty.
Salaries												
Attorneys	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Paralegals	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Secretaries/receptionists	-	-	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Other	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fringe benefits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Overhead												
Travel	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Rent	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Equipment	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Maintenance	-	-	[illegible]	[illegible]	-	-	[illegible]	[illegible]	-	-	-	-
Telephone	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Consumables	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Library	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	-	-	-	[illegible]	[illegible]
Litigation	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	-	[illegible]	[illegible]	-	-
Contractual	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	-	[illegible]	[illegible]	[illegible]	[illegible]
Other	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total expenditures	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

1/ Operating service averages were derived from local project client intake and service records. Because a uniform project management information system has not been implemented by LSC, the methods of maintaining these records differed for projects in our review. Most projects included within its definition of a "case" each client accepted by the project and distinguished between separate legal problems of the same client requiring substantive work by an attorney as more than one case. Several projects included in case statistics brief referrals or counseling services while others did not. Accordingly, general observations of individual project case load performance or comparisons of project caseload activity must consider these differences. Within the cost per case are other administrative, overhead, and functional activities costs--legislative advocacy, community education, etc.--which with an effective management information system could be reported separately and considered on their merits.

Poverty population estimates are based on the 1970 Census.

Reflects average annual staffing level.

Reflects funding from all Federal and non-Federal sources.

2/ Expenditures exceeded revenues for some projects and were funded from monies carried over from prior years.

Financial data recorded by projects for other than a twelve month period were annualized.

3/ Includes all non-attorney salaries--breakdown not available.

LEGAL SERVICES CORPORATION
BUDGET ALLOCATIONS
FISCAL YEARS 1977 - 1979
(thousands)

Budget Category 1/	1977 Amount	1977 Percentage	1978 (EST.) Amount	1978 (EST.) Percentage	1979 (EST.) Amount	1979 (EST.) Percentage
DIRECT LEGAL ASSISTANCE						
Grants to Local Legal Services Projects						
Existing Projects	$ 78190	64.8	$ 138378	64.3	$ 184132	60.1
Improving Existing Project's Performance Capabilities	13312	11.0	9770	4.5	25221	8.2
New and Existing Project Service Expansion	14917	12.4	27037	12.6	49621	16.2
Contracts with Support Centers	4090	3.4	4800	2.1	5816	1.9
Total Direct Legal Services	110509	91.6	179985	83.5	264791	86.4
LSC SUPPORT AND OTHER BUDGET ITEMS						
Headquarters	6457	5.4	13805	6.4	22527	7.3
Regional Offices	1175	1.0	2165	1.0	3366	1.1
Delivery System Study	1499	1.2	5036	2.3	3534	1.1
Other Budget Items 2/	1004	.8	14432	6.7	12425	4.1
Total LSC Support	10135	8.4	35438	16.5	41852	13.6
TOTAL	$ 120644	100.0	$ 215423	100.0	$ 306643	100.0

NOTES:

1/ Amounts by category include carryover funds from prior years.

2/ Other budget items are Special Programs, Information Systems, Evaluation and Program Development and Experimentation.

 APPENDIX III

LEGAL SERVICES CORPORATION

NOTES

A Topical Report on Matters of Particular Interest to LSC Programs

733 Fifteenth Street N.W. Washington, D.C. 20005
202 376-5100

DATE: August 11, 1977

TO: Program Directors

FROM: Charles Jones, Director, Office of Field Services CCJ

SUBJECT: Project Reporting System

As you know, the Corporation has initiated a Project Reporting System (PRS) as part of the data collection effort for the Delivery Systems Study. Some programs have been directly involved in a first phase of the PRS, and sixty staff attorney programs, which were selected and notified in March, will be involved in a second phase of the system. Over the past few months a number of questions have been asked by program people about the purposes of the PRS and its relationship to future reporting requirements by Corporation-funded programs. The attached paper provides an overview of the PRS, and should help answer most of these questions. Of particular concern are the following:

- Why is a PRS necessary?
- When will all-program reporting be implemented?
- How much data will be collected?
- What use will be made of the data?
- What provisions have been made to protect the confidentiality of the attorney - client relationship and preserve the client's privacy?

The information to be provided by the Project Reporting System is absolutely essential if the Corporation is to fulfill its mandate to support high quality legal assistance for poor people. The Project Reporting System is not being implemented because of a general desire to collect data or to "check-up" on legal services programs. Rather, the information is needed for a number of essential purposes. A few words about two of the most important may be helpful.

more...

First, the Corporation is required by law to study various methods of delivering legal services, including existing staff attorney programs. In order to perform the necessary analysis, we must collect detailed and comparable information from all participating projects regarding the services they provide and the resources they use. A project reporting system is the only reliable method of obtaining that information.

Second, the Corporation is required to provide the Congress with detailed information regarding the activities of legal services programs. Otherwise, Congress will not fund legal services at the levels needed. The Corporation is giving high priority to development of a nationwide information system as a direct response to this requirement. The Project Reporting System is an essential first step, providing field experience for defining and solving the problems that have hindered past information collection efforts. We must be able to furnish information to the Congress on such matters as the number of clients served, the types of service rendered, and the other areas covered by the Project Reporting System. This information also will be a vital means of ensuring that the Corporation is allocating the scarce resources available for legal services to poor people in the best ways possible.

In implementing the Project Reporting System, the Corporation has established procedures at every step to make certain that the privacy of legal services clients is strictly maintained and that only absolutely necessary information will be collected. Under the present system -- which has been reviewed by legal services programs and clients -- and a prior version of which was field-tested, there is no way the clients can be identified from the information that is reported. We have made every effort to ensure, and our General Counsel has confirmed, that none of the reported information is within the attorney/client privilege. Our data collection contracts require procedures to protect the information from unauthorized disclosure, and those procedures will be vigorously enforced.

Further, we consult regularly with program representatives, and will modify the system if it proves unduly burdensome or if improvements are discovered. We have also offered all participating programs technical assistance to make sure that the Project Reporting System will not disrupt their operations.

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The attached paper will provide further detail about the Corporation's plans for the PRS. You will note that the implementation schedule has been changed from the earlier one outlined in my March 21 memorandum to program directors. The new schedule is as follows:

Phase One	(Twelve staff attorney programs plus 19 Delivery Systems Study demonstration projects)	Through 1977
Phase Two	(An additional 48 staff attorney programs plus all Delivery Systems Study demonstration projects)	Through December 1978

We have extended Phase One to allow more time for technical assistance to participating programs and for a thorough evaluation of the system prior to expansion in Phase Two.

I urge you to read the attached paper. If you desire further information or PRS forms for review, you can contact the Delivery Systems Study Task Force at Corporation headquarters. We will of course welcome your comments at any time.

cc: Regional Office Directors
Project Reporting System Advisory Panel

Attachment

APPENDIX III

LEGAL SERVICES CORPORATION

AN OVERVIEW OF

THE PROJECT REPORTING SYSTEM

STAFF REPORT

August 1977

The Project Reporting System (PRS) is a statistical data collection system being developed by the Legal Services Corporation. Its immediate purpose is to collect data for the Delivery Systems Study, mandated by Congress in the Legal Services Corporation Act of 1974.1/ Accordingly, the PRS is designed to collect detailed and comparable information regarding legal activity and resource use from Delivery Systems Study demonstration projects and a sample of staff attorney projects. In addition, the PRS is being tested as part of a longer range Corporation effort to develop an information system for use by management at Corporation headquarters and regional offices and by Corporation grantees.

A. THE IMPORTANCE OF A PROJECT REPORTING SYSTEM TO THE LEGAL SERVICES CORPORATION

Throughout the history of the legal services program, its funding agencies have had difficulty determining and describing the services that were provided at the local level or justifying the need for legal services funding requests. Little data have been collected from projects on a regular basis, and the information that has been collected has contained serious gaps and conflicting definitions of key items. As a result, the Corporation has had to rely on extremely rough estimates in support of recent funding requests and responses to Congressional inquiries. Similarly, important resource allocation decisions have had to be made in the absence of detailed and reliable information about costs of delivering services or the extent of services currently being provided with Corporation and other funds.

1/ The Study includes a sample of existing staff attorney projects and demonstration projects to explore alternative and supplemental methods of delivering legal services to poor people. The demonstration projects include: judicare, prepaid legal services, contracts with law firms, a voucher system, and a pro bono clinic. For a description of the Delivery System Study, see Delivery Systems Study, A Research Project on the Delivery of Legal Services to the Poor, Legal Services Corporation, July 1977.

Previous data collection efforts have met with a variety of problems which resulted in serious questions about the reliability of the data. For example, local projects' estimates of the number of cases they handle are based on different definitions of the term "case"; some projects consider clients with three separable problems as a single case while others recognize three cases. Therefore, data on the number of "cases" handled by individual projects cannot be combined into meaningful totals nor can they be used for valid comparisons across projects. Further, many projects use "case," not "client," as the basic unit for recordkeeping purposes. This makes it difficult or impossible to determine how many persons or what percentage of the eligible client population are receiving services from a particular project.

Similar problems hinder attempts to distinguish among different levels of service. Some projects maintain separate tallies of brief telephone contacts, referrals to other social service agencies, "advice only" cases, and various categories of cases requiring more extensive involvement by an attorney. But many projects do not keep such records, and among those that do, there is wide variation in categories used, hindering attempts to summarize and compare services provided by individual projects.

Neither is there a reliable measure of how may potentially eligible applicants are turned away because of scarce resources, nor is there accurate information available concerning the extent of funds received by projects from other sources -- such as HEW Title XX of the Social Security Act, United Way, state funds -- or of restrictions governing how funds from these sources must be allocated.

Continued reliance on rough estimates and questionable data will, according to recent indications from the Congress, pose serious problems in the future. In addition, the continuation of progress in the effort to extend equal justice to all persons depends on more than just expanded funding; it depends also on the Legal Services Corporation's ability to learn about ways to improve the delivery of legal services and to manage and allocate legal services resources at all levels. These tasks require accurate and reliable information based on comparable definitions of key data items throughout the program, collected in a manner that ensures a predictable level of data quality. The Project Reporting System, developed as part of the Delivery Systems Study, will provide this kind of information from a representative sample of projects in the immediate future. In addition, the PRS will provide an opportunity to test elements for possible inclusion in a nationwide Corporation information system, to be developed after the PRS.

B. THE USEFULNESS OF A PROJECT REPORTING SYSTEM FOR LOCAL PROJECT MANAGEMENT

With few exceptions, local recordkeeping and data collection procedures have tended to lack standarization and sophistication. Some local projects have looked to the Corporation and the PRS for help in streamlining office procedures related to data collection and recordkeeping in order to generate key information needed by managers and attorneys on a regular basis while freeing staff from unnecessary administrative duties. As a result, several concepts are being tested in the PRS:

1. Integration of forms and procedures into a single information system having multiple purposes for local projects, including daily case management, statistical reporting to various funding sources, periodic review of resource allocation priorities, and identification of additional funding needs.

2. Production of statistical management reports at regular intervals based on project directors' needs. These will initially include summary reports for more detailed analysis of project operations and annual reports for use in examining project priorities, performance, and resources.

3. Production of data not currently available to most projects. A major example is data on allocation of staff resources on specific types of cases or activities. The distribution of cases many times does not reflect the way staff time is spent.

4. Collection of comparable data across projects, permitting directors to compare their operations with those of other projects along several important dimensions. From such a comparison, for example, a director might observe a large difference between his or her project and the state average in terms of attorney caseload, and initiate an effort to discover the explanation. Is the project underfunded? Is there a satisfactory ratio of attorneys to support staff? Answers to these and other questions could have important implications for staff caseload in the project.

C. CONFIDENTIALITY OF DATA IN THE PROJECT REPORTING SYSTEM

From the onset, strict measures have been taken to ensure confidentiality of the attorney-client relationship and privacy of the client in all PRS data collection and processing efforts. These measures include:

- Design of forms so that sections containing confidential client information (names, addresses, etc.) are kept within the local project, not reported for data processing.

- o Use of a client numbering systm which ensures that local projects retain control over any possible link between PRS data and the identify of individual clients. In addition, projects may use their own independent numbering system if, upon the Corporation's inspection, the system can be found to meet information and technical requirements which permit proper storage and updating of data on individual cases collected on separate PRS forms.

- o Provisions in the data processor's contract which prohibit unauthorized release of any data beyond the Corporation. The contractor is developing detailed procedures to ensure that these requirements are met, and is subject to substantial penalties if they are violated.

The Corporation will continue to review its procedures to maintain confidentiality and consult projects involved in the PRS to determine ways in which the procedures can be improved.

D. PRS DEVELOPMENT AND IMPLEMENTATION

The PRS is being developed in two phases. Phase One will test the system in 31 projects (12 staff attorney projects and 19 Delivery Systems Study demonstration projects) and will provide initial data for the Delivery Systems Study. Ph. .e Two will involve a larger sample of projects --- approximately 20 more demonstration projects (to be funded in a second round of the Delivery Systems Study) plus 48 more staff attorney projects. This phase of the PRS will provide the basis for much of the Delivery Systems Study analysis 2/ and, in addition, provide a body of experience upon which to base the design of an information system to be implemented in all projects funded by the Corporation.

Phase One Activities and Schedule. Phase One began in April and will extend to the end of 1977. One PRS form, a preliminary version of an intake form called the "Application and Early Closure Form," was implemented in mid-April, while other forms and procedures comprising the system were mo · fied to incorporate suggestions from the 31 Phase One programs represented in a PRS design workshop held in Denver in early April. Abt Associates, a Delivery Systems Study contractor, is conducting on-site training in the 31 programs and will be monitoring the quality of the data. Meanwhile, another contractor, Group Operations, is processing the PRS data for the Delivery Systems Study and is preparing statistical management reports for local projects.

2/ In addition to PRS data, which are intended to provide insight into types and costs of service, other data will be collected in the Delivery Systems Study to evaluate quality of service, client satisfaction, and impact on the poverty community. For further discussion, see the reference cited in Note 1, supra.

APPENDIX III

An important activity during Phase One will be analysis of the utility of the data and quality of the data reported. Phase One projects will be asked about the effects of the PRS on their operations and value of the data reports produced. Project feedback is being obtained during routine contacts, during technical assistance site visits by the Corporation and its contractors, and through a survey involving all 31 Phase One projects toward the end of Phase One. The PRS forms and instructions manual used during Phase One will be supplied for review and comment to Phase Two projects in the fall prior to the assessment of the Phase One system.

Phase Two Activities and Schedule. Sixty staff attorney projects were randomly selected and notified in March 1977 that they were to participate in Phase Two of the PRS. Training of project staff in use of the system will begin early in 1978, and it is anticipated that Phase Two data will be collected from participating projects until late 1978.

At the conclusion of Phase Two, the system again will be assessed based on the information needs of the Corporation and feedback from the field. At that time the feasibility of using a common data base for serving both local and Corporation information needs will have been tested. If the basic concept proves to be useful, the PRS will be streamlined to eliminate data items collected primarily for the Delivery Systems Study and found unnecessary for ongoing management of the program. Content and format will be modified to coordinate the system with existing Corporation data sources such as the annual Grant Application, staff profiles and training surveys used by the Office of Program Support, and regional office monitoring reports. The aim will be to eliminate duplication of data collection, reduce the frequency of ad hoc requests for information from projects, and to establish a coordinated information system capable of providing frequently-needed data with a minimum of disruption of local project operations.

E. THE NEXT STEP -- A NATIONAL INFORMATION SYSTEM FOR MANAGING LEGAL SERVICES RESOURCES.

It is clear that legal services managers at all levels need more detailed, accurate, and reliable information than is currently available concerning service delivery to clients. In response, the Corporation intends to implement a information system in all Corporation-funded projects in mid or late 1978. The format of this system will depend closely on the information needs identified during the PRS development effort. Among es to be addressed in the interim are the following:

- o Content: What data items are essential for making management decisions and securing resources to support the legal services program? While the program has suffered in the past from a lack of data, an equally serious problem to be avoided is the tendency to collect more information than is needed in anticipation of future uses for data.

- o Frequency of Data Collected: How frequently should data be collected to balance the utility of the data with the costs of producing it? For example, some statistics are needed on a monthly basis by local project managers whereas quarterly or biannual statistics may suffice for Corporation managers at headquarters or in the regional offices.

- o Disaggregated vs. Aggregated Data Collection: Will the data come to LSC on a case-by-case basis or summarized in some form? The choice will depend on the level of detail needed, the level of effort required at the local level to prepare the needed data, and the existence of procedures to control the quality of the data collected and reported.

- o Centralized vs. Decentralized Data Processing: Will the system be a centralized one like the PRS or should data processing be done at the regional level or by the grantee? A centralized data processing system may impose a certain standarization of quality and data definition on project records but could be inappropriate for ongoing use due to implications for turnaround time for reports and responsiveness to local data needs.

- o Sampling vs. Complete Reporting: Are data needed from all projects, and, within projects, on all activities, or can sampling be used to reduce collection costs? For example, are staff activities sufficiently constant from month to month to enable an accurate picture to be drawn using a one-month sample of staff activity data?

All of these issues must be assessed in light of data needs, cost of collecting the data, and quality of the data reported. It is likely that the information system developed as a result will be substantially different in content and format than the PRS which preceded it. However, it is clear that some set of information will be required on a regular basis from all projects and that standardized definitions will be established to ensure comparability of this information across projects. The PRS will be used to define the information that will be reported and to develop the required definitions. The subsequent decision to implement an information system in all Corporation-funded programs and the format of that system will ultimately be based on one goal -- to improve the quality of legal services to our clients and to justify the continued support for legal services programs.

APPENDIX IV

DESCRIPTION OF PROJECT REPORTING SYSTEM FORMS

Name of Form	What type of information is collected by the form?	Who fills out the form?	How often is it filled out?	How often are the completed forms sent to LSC?
Application and Early Closure	Basic intake information, on applicant characteristics and eligibility determination. Also contains a summary section indicating whether a file was opened on the case, who is handling the case, and early closure information	Anyone who does intake: secretaries, receptionists, attorneys, paralegals, law students, volunteers.	Every time an individual applies to the program and goes through a full intake interview.	Weekly
Log of Applicants Not Provided Services (Applicant Log)	Provide information on the number of applicants who will not be provided services, the reason(s) why they will not be served, and whether they were referred elsewhere for legal assistance.	Anyone who does intake: secretaries, receptionists, attorneys, paralegals, law students, volunteers.	Every time an individual applies to the program (by telephone or in person) and it is quickly determined (without a full intake interview) that no services will be provided.	Weekly
Case File Summary and Supplement	Summary information on the work performed on clients' cases. Includes the amount of time spent working on the case, the nature of the activity performed, the problems addressed and case closure information. For private attorneys involved in the demonstration projects, includes billing information. For staff attorneys, includes additional costs and fees.	Anyone who works on a case, e.g., attorneys, paralegals, law students.	Every time a staff member works on a client's case. (If the Case Activity Worksheet is used, information should be transferred on a regular basis to the Case File Summary Form.)	Biweekly for the first month and a half. Thereafter, at case closure.
Time Record (Non-case Activities)	Records how staff attorneys, paralegals, law students and administrators spend their time on activities not directed towards specific clients' cases.	Administrators and any staff providing services (e.g., attorneys, paralegals, law students) and working only for a legal services program.	As activity occurs.	Weekly
Estimate of Time Expended on All Project Activities	Estimate of the major ways in which staff spend their time each month, including time spent on delivering services to clients, administration, and bar and community activities.	All program staff.	Monthly	Monthly
Attorney and Staff Profile	Educational background and previous work experience of all paid and volunteer program staff and private attorneys.	All program staff, all private attorneys involved in demonstration projects.	Once for each private attorney and staff member.	Once for each private attorney and staff member.
Project Profile	Monthly staff roster (including number of paid and volunteer hours worked), monthly non-personnel costs and periodic information on project funding sources, branch offices and specialized units.	Program directors with assistance from staff such as bookkeeper.	Monthly and updates.	Monthly

APPENDIX IV

PROJECT ADVISORY GROUP

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PAG REPORT #12 - 1977

TO: All Legal Services Programs

FROM: De Miller

DATE: December 12, 1977

PRS - Next Chapter

I. Prolegomena and Takeout

If you are short of time and want to know how this episode comes out, take heart: it comes out fairly well. The present status is summarized in Parts IV-VI, and you can skip to there now, provided that when you do find time, you also read Parts II and III on how we got there. If you don't, the end point will make little sense (assuming sense has any place in all of this).

II. Recap[1]

When you last heard, in late October, from the PRS squad, we were settling into the final series of playoffs (best 3 of 5??) to an alternative acceptable to Corporation and field.[2] As you will recall, the September/October meetings with the Corporation established several points:

(1) PRS would now be utilized only to provide data for the research needs of the Delivery Systems Study (DSS), not for any other management or information purposes.

---

1. For those of you fortunate enough to have spent November representing clients or raking leaves rather than shuttling back and forth to Washington.
2. I realize that this step-by-step accounting begins to assume the tone of a TV soap opera, as in "when we last left our heroes Crusader and Bullwinkle, they were struggling against the forces of evil, teetering on the brink of disaster..." Bear with us - the end is nigh!

PAG Report #12-1977

(2) The coercive beginning-of-case client consent form (to gain participants for the client satisfaction survey) would be discarded completely, and client participation in the survey would be sought only after the conclusion of the case, in a non-coercive fashion to be agreed upon jointly by representatives of the Corporation, National Clients Council, and PAG.

(3) Collection of time data on the old PRS forms was suspended completely while our meetings with the Corporation proceeded.

(4) We formed a subgroup of the PAG negotiating committee originally created at our August Chicago meeting. This subgroup was to meet several times with the Corporation during November to develop an acceptable approach.

(5) During these November meetings, no punitive action would be taken or threatened against programs refusing to implement PRS.

There were, obviously, still major points of disagreement where there seemed little hope for resolution:

(1) We objected to the unique client identifier (applicant i.d. number), on confidentiality grounds. The Corporation claimed it was central to the study.

(2) We objected to the unique staff identifier (which associated named workers with other information on specific cases), on the ground that it was intrusive and threatened confidentiality. The Corporation said it was central to the study.

(3) We challenged the entire study approach, which, without any specific hypotheses, would collect all sorts of data about individual cases in raw, disaggregated form (meaning that it would be reported in conjunction with other data about that particular case, not buried harmlessly in totals, summaries or averages).[3] We said aggregation was sufficient for DSS purposes. The Corporation sharply disagreed, holding it essential that the information sail into the computers in disaggregated form.

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3. Disaggregated, case-linked data obviously jeopardizes confidentiality. Equally important, it indicates an approach to the study which we view as fundamentally fallacious. All information would be run through the computer, to see where correlations appeared (e.g., do attorneys with more than five years' experience correlate with higher or lower cost divorces?). Regrettably, dozens of factors which might have a much more direct bearing on cost (number of times the client wants to talk to the lawyer by telephone, the particular judge's mood, whether the court is backed up on a particular day, circumstances which compel a series of postponements, etc.) are not tested for, collected or controlled. There is thus a high probability that conclusions about major determinants of cost will be based upon incomplete, even inaccurate information.

... held that the method and degree of time data collection (100% of cases, full 12 months) was overly burdensome, wasteful and potentially destructive to staff morale and program operations. The Corporation disagreed.

(5) We objected to many of the items sought, particularly demographic information on clients. While there was some agreement here, there were still sharp differences.

(6) Growing out of the great aggregation versus case-linking debate, we found unacceptable the Corporation's desire to link disaggregated cost with information about the same specific cases collected by the other groups assessing quality, client satisfaction and impact. This seemed a severe threat to confidentiality.

III. November

Our subgroup first met early in the month in scenic New Brunswick, N.J., to work out acceptable proposed alternatives, prior to getting together with the Corporation. After hours of discussion, we finally, painfully concluded that some sort of time data was indispensable to any defensible treatment of cost. At minimum, the political context requires acceptable cost comparisons b[illegible] [illegible]e of case. Unless projects have entirely separate specialized units where people devote 100% of their time to the specialty, the only basis for even rough data of this nature is aggregation of time by case type.[4]

Given the need for some sort of time collection, we proposed a radically different, less burdensome approach:

- sharply curtail the number of case categories where time is collected, from seventy-four to perhaps eight[5]
- collect time by case type, not on each individual case (eliminating unique identifier and confidentiality problems)

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4. It is obviously not enough to simply divide total costs by the numbers of each type of case, because the hypothesis is that different case types require different amounts of time. Time estimates would be torn to shreds by researchers criticizing the study, and then used by opponents of Legal Services.

5. Our position was that it makes sense to compare costs - and eventually make funding decisions - only for those cases which occur with the highest frequency. For example, one would not decide a particular model was superior to another because it did its two school suspension cases a year more efficiently. In addition, there must be sufficient numbers in each case type to avoid distortion. We therefore proposed some eight categories, the most frequent cases, using definitions considerably more sharp than the PRS problem codes.

eventually developing an average cost per type of case as the basis for comparison (by using information on average time cases are open and average time spent on each type of case); an averaging method would have vastly reduced the burden on staff

Our approach would have reduced by at least 75% the burden of keeping time under PRS.[6] We presented it to the Corporation at the next meeting, along with our specific proposals for different approaches to impact and quality. The [illegible] LSC response came during the following week, and included a nu[illegible] [illegible]jor concessions which eliminated several of our fundamental [illegible]

(1) there would be no unique client identifier

(2) there would be no unique staff identifier

(3) to alleviate the additional record-keeping burden on programs and deal in major part with confidentiality problems, the Corporation would provide each of the Unlucky Twelve with a one-year grant for a new position, called a data coordinator, who would be hired by, an employee of, and solely accountable to the local program

(4) time would still be collected on a 100% (every case, case-by-case) basis only in the first 12 projects, and then only for 4 months (time would be estimated in some way for the remaining 8 months and also for the other 43 projects)

Even with these concessions, there were still major unresolved issues, including:

(1) the number of case categories,

(2) the detail of activities to be reported, both for "case" and "non-case" activities,

(3) the type of demographic information to be required for clients, and

(4) the type of information to be collected about staff (e.g., experience) and the use to which it would be put.

Further, upon analysis of the LSC proposal, we concluded that collection of time at the proposed level of detail for even 4 months would still be a huge, unjustified burden. Prior to the next meeting with the Corproation, we met again to develop still another alternative. This proposed sampling: keeping time only on a percentage of cases within each case category, and then only for the most frequent types of cases. This approach was first rejected out of hand by the LSC, venomously, and then, later in the same meeting, essentially accepted.

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6. Our proposals regarding measurement of quality and impact are described in separate papers. The Corporation will be meeting with us starting in January to develop acceptable approaches for these areas.

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IV. The Current Posture

As things stand, we will proceed on the following basis:

(1) There will be a retrospective analysis of cases, based on a modified list of case definitions (we would also participate in this process of redefinition), to determine the highest frequency cases to be used for cost comparison purposes (they thus accept our proposal to limit categories). This analysis would be done immediately in the 60 staff comparison projects and the 38 demonstration projects.

(2) There would then be one month of "good" time data on 100% of time (all cases, all non-case activity) kept by lawyers, paralegals and intake workers, to meet the perceived research need of getting "baseline" full-time data, and also to identify the selected sample of cases in each of the high-frequency categories for which time would be kept during the ensuing 11 months.

(3) Full (disaggregated) time will be kept on the selected sample for the next 11 months or when the cases end, whichever occurs sooner.

(4) To meet the research need to verify the "typicality" (the PRS squad is now hospitalized, being decontaminated of social science jargon) of the full-time results, some very limited information will be kept for the 11 months by the data coordinator. This would include simply (a) a case-type description and (b) some description of activity, probably via much less detailed categories. There would be no time on these cases, estimated or otherwise.

(5) In place of the other previous time apparatus, there would now simply be a monthly project profile and a bi-weekly statement of total time, broken down only into an estimated division between case and non-case activity.

(6) For the 48, there would be simply a mini-version of the experience of the 12: time on a selected sample of cases. Since, however, the time would principally be a check on the validity of the data from the 12, it would probably only be collected on the sample for 6 months.

(7) The concessions obtained earlier (no staff i.d., no client consent forms, no client i.d., money for a data coordinator in the 12) all remain intact. Time data would be aggregated around code numbers (based on salary, experience, function, and degree of specialization), not names or staff i.d.s. The code numbers would be assigned

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to a sufficiently large enough group so that no individual staff member could be identified.

(8) The categories of non-case activities were considerably changed to eliminate our objections, as follows:

Overhead: administration/management
supervision
outreach
training/professional development
other activities

Other advocacy activities:
community education
legislative/administrative advocacy
bar/professional association activities
other poverty community activities
intake on cases eventually rejected or referred
other

Other activities:
completing PRS forms
other

(9) Most of our objections regarding specific demographic information about clients were removed by dropping the items, keeping them within the project, or reporting them only in aggregated form. As matters now stand, this is the lineup of changes in the application form (numbers refer to the original, heinous PRS boxes):

Dropped entirely:

- martial status (27)
- applicant i.d. (8)
- applicant's zip code (13)
- L.S. funding source (30)
- identifiers (32, 33, 37, 38, 43)

Aggregated only:

- previous LSP client (11)
- problem codes - reduced to one code only (14 & 15)
- amount of income, by principal source only (18)
- size of household/group (ranges for groups) (22)
- sex (23)
- race (25), Hispanic origin (26)
- source (28)
- referred to (reduced to 3 categories) (42)

Kept at local level only:

- number of dependents (16)
- eligibility exceptions (17)
- reason for rejecting (29)
- file numbers (34, 39)

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Disaggregated:

- group or individual (20)
- migrant (21)
- age (but age ranges will be used; no need for direct questions (24)
- case disposition (31)

(10) Wherever possible, projects will collect all of this on their own forms; national forms will be created, but will not be mandatory if comparable data can be produced.

That's about it, folks!! But read on.

V. People

Just a note. Since August, a substantial group of program people, sometimes as many as 30, have pitched in to make this effort work. For those who believe in field participation, this enterprise was incredibly inspiring. I would particularly like to call attention - and express deep gratitude to - those on the subcommittee who messed up all or part of their last six weeks to make this happen: Bruce Morrison (New Haven) [who really forged our ultimate approach], Terry Roche (Charlotte), Mary Zulack (Brooklyn), Jim Braude (New York), John Tull (Tuscon) [yes Tuscon!!], Esther Lardent (Boston), Eric Dahlstrom (Chinle, Arizona) [it takes 1½ days to get to Washington from Chinle - and sometimes people don't make it back!], Dave Lander (St. Louis), Charlie Dorsey (Baltimore), and Regina Little (New Jersey).

VI. A Postscript - Where We Go From Here

We are not finished. There may well be substantial additional problems with PRS as it is implemented (size of the case sample looms as a potential difficulty). We will have to be vigilant, monitor each step, and maintain our national solidarity. All of this may flare up even more dramatically when the Corporation focuses on its permanent management information system, which it separated from PRS back in September. But all in all, we have come an unbelievable distance since August.

PRS was about resisting bureaucratization and intrusiveness, protecting confidentiality, and beating back waste of precious resources. We successfully reshaped the reporting system itself; given the political context, we have eliminated all of our major objections. It was also about challenging easy, sometimes almost mindless assumptions about the magic of statistics and the possibility of quantifying performance. In this regard, this deeper level of confronting the underpinnings of the study, we were somewhat less successful.

Too many of the easy assumptions remain. The Legal Services community must commit more resources to monitor the study on an ongoing basis during the next 18 months.

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[illegible]

The struggle over PRS did not, ultimately, make poor people rich, or redirect the legal assistance movement to its broad goals. In many ways it was a most unfortunate diversion of energy and resources. At the same time, in fighting the system, as a national community we reminded ourselves how much we remain committed to the central values of dignity for our clients and workers, and of performing our work in a way which emphasizes humanity and direct service, not rampantly reproducing bureaucracy. All in all, it was and is a healthy struggle.

EXPERIMENTAL MODEL DESCRIPTIONS

JUDICARE--All members of the private bar who meet certain standards and accept project procedures, provide services to clients on a case-by-case basis. Participating attorneys are reimbursed on a fee-for-service basis. Staff attorneys may also provide services.

PREPAID LEGAL INSURANCE--A prescribed range of services is provided to a group of clients either by a staff of attorneys, a private law firm, or a specified panel of private attorneys designated to handle group members' cases. The Legal Services Corporation pays the premiums for the individuals enrolled in the plan as Legal Services Corporation group members.

CONTRACT WITH LAW FIRM--A contract is executed between a grantee, usually a staff attorney program, and a private attorney, law firm, or selected group of private attorneys. The contracting attorney(s) agrees to provide general or specialized legal services to a given population of clients, designated either by geographic area or characteristics of the client group.

LEGAL CLINIC-General legal services are provided to clients on a high-volume basis, by a core of attorneys supplemented by support staff such as paralegals and law students. Charging against a maximum grant amount, the clinic is paid on a fee-for-service basis according to a fixed schedule.

PRO BONO PUBLICO--The efforts of volunteer private attorneys who donate their time are utilized to provide services to Legal Services Corporation clients. Participating attorneys may be reimbursed for out-of-pocket expense.

LEGAL SERVICES CORPORATION

MEMORANDUM

DATE: April 20, 1977

TO: Tom Ehrlich

FROM: Delivery Systems Study Task Force

SUBJECT: The Round Two Solicitation

Last year the Corporation funded nineteen demonstration projects, with grants totalling $1.5 million, as the first step in the implementation of the Delivery Systems Study mandated by Section 1007(g) of the Legal Services Corporation Act. Recently twelve staff attorney projects were selected to participate as comparison sites. To strengthen the Delivery Systems Study, the Corporation has allocated an additional $1.5 million to fund a second round of demonstration projects.

This paper discusses issues related to the solicitation and the criteria for the selection of the second round of demonstration projects. These issues include (1) involvement of members of the private bar in the delivery of services; (2) filling gaps in the study design not covered by Round One projects; and (3) testing approaches to serve hard-to-reach groups. In addition, the paper will discuss some initial observations on the feasibility of applying certain LSC Regulations to project demonstration models that involve members of the private bar in service delivery.

I

INVOLVEMENT OF THE PRIVATE BAR

One basic purpose of the Delivery Systems Study is to learn about methods using members of the private bar to provide services to indigent clients. All of the nineteen demonstration projects funded in Round One utilize private practitioners in service delivery, either through appropriate supplements to existing staff attorney projects or as alternative delivery methods.

A second purpose of the study is to examine the existing staff attorney programs. This purpose will be accomplished through the data collected on the twelve comparison projects, special studies, and the project reporting system, which will be operating in 60 staff attorney projects by the end of the year, and will eventually collect data on all existing staff projects.

Proposals for demonstration projects may be submitted by any appropriate organization, including client groups, law firms, bar associations, or staff attorney projects. However, only those proposals that involve members of the private bar in the delivery of services should be considered for funding as demonstration projects.

II

FILLING GAPS

Table I describes the 19 Round One demonstration projects by model, site characteristic (urban or rural), and some basic operational characteristics within the models.[1]

[1] For a complete description of each project, see the attachment.

TABLE I

ORIGINAL MODEL DISTRIBUTION OF ROUND ONE DELIVERY SYSTEMS STUDY PROJECTS

MODEL			URBAN	RURAL
JUDICARE	Supplement to Staff Attorney	Special	Legal Aid Service—Multnomah Bar Association (Conflict of interest—divorce)	
		General		Georgia Legal Services Programs Western Illinois Legal Assistance Utah Legal Services
	Alternative to Staff Attorney	With Staff	←——Judicare	of Anoka——→
		Pure	Charles Houston Bar Association	California Lawyers' Service Northwest Minnesota Legal Services
CONTRACT	Special	LSC	Crittenden & Still (wills, auto accidents and small claims prosecution)	
		LSP	Legal Services of Nashville (Specialized services not handled by LSP)	
	General			Colorado Rural Legal Services Legal Aid Society of Monterey Central Florida Legal Services
PREPAID	Closed Panel		Barnett, Jones & Seymour Group Legal Services ←——Midwest Mutual Insur	ance (Roanoke, Va.)——→
	Open Panel		Midwest Mutual Insurance Company (Norfolk, VA)	Prepaid Legal Services of Kansas
PRO BONO			Volunteer Lawyers' Project of the Boston Bar Association	
VOUCHER				Windham Regional Community Council

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[illegible] confidence that the analysis of the performance of a model is not dependent on factors unique to a single project, nor simply a product of chance, the Corporation should consider funding a minimum of three replications of each major model variation. The final number of projects in each category, however, will depend on the number and quality of proposals received in response to the Round Two [illegible]on, as well as the level of funding requested for these projects.

Only one type of project (contract between private attorneys and staff attorney projects to provide general legal services to clients in rural area) is replicated in as many as three sites. If each submodel funded in Round One were similarly replicated, 24 additional projects would be needed. However, this replication should not be necessary for all projects. In the first place, some projects may not demonstrate models in which we want to invest additional resources, either because of apparent administrative burdens that they present (like the Crittenden & Still project, which is a direct contract between private attorneys and the Corporation), or because the projects are special cases, which may work under the particular circumstances that exist in the current project, but may be too individualized to implement elsewhere (like the Utah Legal Services project).

Second, and more important, is the recognition that the models described in the original solicitation are not wholly distinct, and variations exist in operations of projects within models. It may be possible therefore, to regroup projects in such a way that some funded under one model label can be shifted to another category and be used as replications for projects under a different model. For example, although the open panel prepaid programs have a limited benefits package and provide services to a pre-identified group of clients, rather than to all eligible applicants, in most other ways they resemble pure judicare programs operating in similar areas. The best example is Prepaid Legal Services of Kansas (PLS), which provides service to all persons eligible for Medicaid in a particular geographical area and has an enrollment procedure for persons without Medicaid cards who meet LSC eligibility standards.[2] The prepaid panel, like the judicare panel, is open to all attorneys who practice in the area who agree to abide by the fee schedule. Therefore, it may be appropriate to treat PLS as a pure judicare project for the purposes of analysis, obviating the need to fund another replication of pure judicare in a rural area. There are other examples where the distinctions between models begin to blur. A judicare supplement to a staff program (Georgia Legal Services Programs or Western Illinois Legal Assistance Foundation) looks very similar to both judicare with a staff component (Judicare of Anoka) and some contract projects (Colorado Rural Legal Services). For specialized services, one judicare supplement to a staff program (Legal Aid Service-Multnomah Bar Association) looks very much like a contract project (Legal Services of Nashville). Again, the extent to which these projects are actually shifted from one category to another will depend on the number, cost and quality of proposals received in response to the solicitation.

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[2] West Virginia Legal Services Plan, an LSC-funded judicare project with a staff supplement, is not currently part of the Delivery Systems Study but uses the same eligibility qualification system as the Kansas project.

A third major aim in the gap-filling process is to refine the models to identify and test important variations that were not apparent at the outset of the study. One example is the pro bono model which potentially contains a wide range of different approaches. These are discussed more fully later in this memo. A second example is the prepaid model. The original solicitation included in the prepaid category all projects with a pre-identified client group and distinguished only between open panel and closed panel. The Corporation now realizes, however, that under the rubric of prepaid legal services is a wide spectrum of approaches that vary from the pure group plan (with a minimal prepaid enrollment fee entitling a member to limited advice and consultation and reduced fees for other services), to the Group Legal Services-type plan (where a larger prepaid fee entitles a member to unlimited telephone advice and consultation plus all other services that can be handled in GLS's office with a telephone consultation between lawyer and client, and provides for referral to a closed panel of attorneys to provide additional services that are necessary on a reduced fee basis), to a traditional pre-paid plan like Midwest Mutual, (where a substantial prepaid fee entitles the member to a package of services covering most non-business legal needs of individuals, specified by the limits of the policy).

Thus, in filling gaps in Round One, the Corporation should look closely at the projects' operations, not simply the model descriptions, to determine those that must be replicated and to decide what additional approaches to test.

As discussed above, the Corporation should try to fund at least three projects for each category. By shifting Prepaid Legal Services of Kansas, for example, from the prepaid category to pure rural jduicare and Legal

Services of Nashville from contract to judicare supplement to staff attorney program, and by adding data collected on the West Virginia Legal Services Plan to the study for the rural judicare with staff supplement, the Corporation would need to fund approximately nine to eleven projects to adequately complete the study design. (See Table II). Based on the Round One average of \$75,000 per project, the cost of the replications would be approximately \$750,000.

The next section of this paper looks at each of the five major models that were funded in Round One and analyzes the model variations and refinements that should be considered in deciding what additional projects to fund under each model in Round Two.

A. JUDICARE

1. Pure Judicare

Currently the Delivery Systems Study has only one pure judicare project in an urban area. To complete the study design, two additional projects are needed.

If PLS were reclassified as a pure judicare project, as described above, the study design for pure judicare projects in rural areas would be complete.

2. Judicare with Staff Component

The remaining variation within the judicare model adds staff support and back-up for the private judicare attorneys. Assuming that the West Virginia Legal Services Plan described above can be added to the study to complete the design, only one additional project will be needed.

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TABLE II

SAMPLE DISTRIBUTION OF PROJECTS NEEDED TO COMPLETE DELIVERY SYSTEMS STUDY DESIGN

MODEL			URBAN	RURAL
JUDICARE	Supplement to Staff Attorney	[illegible]	Legal Aid Service—Multnomah Bar Legal Services of Nashville (One additional project?)	
		[illegible]		Georgia Legal Services Programs Western Illinois Legal Assistance (Utah Legal Services) (One project?)
	Alternative to Staff Attorney	[illegible]	←——— Judicare	West Virginia Legal Services Plan of Anoka ———→ (One additional project?)
		[illegible]	Charles Houston Bar Association (Two additional projects?)	Prepaid Legal Services of Kansas California Lawyers' Service Northwest Minnesota Legal Services
CONTRACT	Special	LSC	Crittenden & Still (wills, auto accidents and small claims prosecution) (No additional projects?)	
		[illegible]		
	General			Colorado Rural Legal Services Legal Aid Society of [illegible] Central Florida Legal Services (No additional projects?)
PREPAID	Closed Panel		Group Legal Services ←——— Two Projects (?)	———→
			Barnett, Jones & Seymour ←——— Midwest Mutual Insurance (One additional project?)	(Roanoke, Va.) ———→
	Open Panel		Midwest Mutual Insurance Company (Norfolk, VA) (Two additional projects?)	
PRO BONO			Volunteer Lawyers' Project of the Boston Bar Association (Two additional projects?)	
VOUCHER				Windham Regional Community Council (Two additional projects?)

3. Supplement to Staff Attorney Projects

In urban areas, the judicare supplements provide specialized services not given by the staff attorney projects. For example, the Legal Aid Service-Multnomah Bar Association project provides private attorneys to represent clients who have conflicts of interest with the Legal Aid Service, especially in contested divorce cases. For analysis purposes the Legal Services of Nashville project could be classified with the judicare models, which more accurately reflect its actual operation; therefore one additional project would be needed to complete this category.

In rural areas, the judicare supplements to the staff attorney projects provide general services in locations not served by staff offices. Although three projects are currently funded in this category, it appears that the Utah Project does not actually function as a judicare supplement. Therefore, one additional project of this type may be needed.

B. CONTRACTS

As stated in the first part of the discussion, the administrative burden involved in a direct contract between the Corporation and an individual law firm (Crittenden & Still)seems to make the use of this variation impractical on a large scale. Therefore, it is suggested that this variation not be replicated.

The basic distinction between the judicare supplement to a staff attorney project and a contract with a law firm is determined by the amount of control that can be exercised over attorney selection and quality of service performed. The extent of the control is determined by the terms of the contract. A general loosely worded agreement tends to look and to function like judicare. To remove an attorney from a judicare panel can sometimes require disciplinary action by the bar. By contrast, a detailed contract arrangement that fully spells out the responsibilities of the attorney can also function as a retainer agreement which can be terminated if the contractor is not satisfied with the work performed.

Two additional projects in urban areas to provide specialized services are needed to complete the contract category. There are already three projects in rural areas which provide general services and additional ones are not necessary. It will be of particular value to be able to test whether the control factor affects cost, quality, satisfaction and impact and to make comparisons with the judicare supplements.

C. PREPAID

1. Open Panel

For Round One the Corporation funded two projects under the label "open panel prepaid." As discussed above, one of the projects, Prepaid Legal Services of Kansas (PLS), can be shifted for analysis purposes, to the pure judicare category. The remaining project, Midwest Mutual's open panel in Norfolk, Virginia is less

:' te a judicare project than PLS, since it serves an individually identified client member group and the benefits package is more limited than PLS. Upon analysis, however, it may be found that even this kind of an open panel plan is not sufficiently distinct from judicare to require replication in two other sites.

2. Closed Panel

Aside from Group Legal Services, which is treated separately below, the Corporation funded two closed p nel prepaid plans in urban areas, Midwest Mutual in Roanoke, Virginia (which includes some group members in outlying rural areas around Roanoke) and Barnett, Jones & Seymour in Norwalk, California. One additional project could be funded in Round Two to complete the study design.

3. Group Legal Services/Private Legal Clinic

One variation of the prepaid model funded in Round One is Group Legal Services (GLS) which provides group members with unlimited telephone advice and consultation, as well as letter writing, telephone negotiation, document review and other activities that do not require court or administrative representation of clients. GLS refers those cases to members of a closed panel of attorneys. Because this concept of high volume-low cost service is substantially different from the traditional prepaid model, the Corporation could treat it as a separate category and fund two replications of the project in Round Two. These additional projects would provide an opportunity to see if the project can be independently replicated, or

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if its success is dependent on the particular lawyers who provide service and manage the current project. One of the replications could be in a rural area where the use of the telephone could provide considerable increase in access to legal services.

The same high volume-low cost concept operates in a private legal clinic; GLS's distinguishing characteristics, however, is that it has a pre-identified client group, like a prepaid plan. The solicitation could request proposals for private legal clinics, either as a variation utilizing the prepaid model or as a separate model.

D. PRO BONO

In order to respond to the unmet need for legal services throughout the country, the Corporation must have additional assistance from those members of the private bar who recognize a duty to help provide services to indigent clients. Because of the limited number of attorneys in rural areas, it is recognized that the pro bono model probably will be difficult to establish in rural areas and may be more appropriate for an urban setting.

The Volunteer Lawyers Project of the Boston Bar Association is currently the only pro bono project funded for the study. Its basic features are a referral mechanism to the pro bono attorney panel and staff back-up support for the attorneys. Financial reimbursement for attorneys is limited to extraordinary out-of-pocket expenses.

In order to complete the study design for the pro bono model, two additional referral models similar to Boston Bar projects are needed. Because this referral variation is currently the most common pro bono approach to service delivery, it may be possible through the solicitation to find existing programs that would be willing to participate in the study in exchange for Corporation funds for data collection and evaluation. If such an arrangement could be concluded, the study design needs could be fulfilled at minimum cost and some funds would then be available to test some of the other approaches discussed below.

In order to facilitate the effective utilization of donated services, there are several other variations of the pro bono model that could possibly be explored.

- Judicare model with pro bono deductible. This variation requires that for a private attorney to be paid for services, he or she must handle a certain amount of work on a pro bono basis.

- Pure pro bono clinic. Under this concept volunteer attorneys would come to specific locations at given times to interview clients, to provide any advice that would be appropriate at that initial contact stage and to take the cases back to their offices for any further work. Preventive legal education and pro se clinics, particularly in the area of divorce, could be conducted through use of this variation.

- "Lawyers' Committee" Variation. The approach to be utilized under this variation would be the establishment of relationships with private firms that would contribute expertise and specialized services either in a given speciality area or on specific cases in conjunction with an existing legal service program.

- Law Firm Staffed Office Variation. Under this variation, associates from large law firms would spend a period of time (six months or a year) in a legal services office. This service could be provided either in an existing staff office (Covington and Burling) or in an office completely staffed and run by the law firm (Piper and Marbury).

Most of these variations could be funded as supplements to existing legal services programs or independently, and could be combined with outreach, training and/or back-up components.

VOUCHERS

Our limited experience with the voucher concept suggests that it is a very difficult model to implement in practice. The first round solicitation produced only a small number of proposals for voucher models. Most of those would have been very expensive to operate. It was also not clear from the approaches suggested that individual client choice and client group options, the rationale for the voucher model, would be better served than in many judicare projects with large panels of attorneys. The National Clients Council also attempted to submit a proposal for a voucher project but was unable to develop a workable proposal at a reasonable cost.

The basic premise of the voucher concept is the freedom of a client to choose the service provider. If the Corporation wants to determine what clients would do if given such a choice, a more practical approach may be to provide a grant to a client group directly and allow it to choose both the service provider and the method by which such services would be delivered. The group could choose to purchase prepaid insurance policies, negotiate with a firm to provide services on a group basis, hire its own lawyers, set up a judicare system or contract with a staff attorney project.

III

HARD TO REACH GROUPS

The third proposed funding criteria for Round Two is to test techniques to provide service to hard-to-reach groups, particularly those in isolated rural areas. The Corporation recognizes that special efforts must be made to provide services to those groups for whom substantial

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barriers of physical isolation and language or psychological isolation currently exist.

For the second round of the demonstration projects, the solicitation could require that proposals direct at least a portion of the projects' efforts at serving one or more of the following groups; elderly, non-English speaking minorities, migrants native Americans, or the handicapped. However, in order to maintain a strong and coherent study design, it is suggested that demonstration efforts be concentrated on not more than two of the groups. The solicitation should mention all of these hard-to-reach groups, with the caveat that not all of them would be included for funding in the second round of projects. It may be appropriate for proposals to focus on: outreach techniques, types of persons providing outreach and service, and techniques to overcome physical or psychological barriers. The solicitation could suggest that grant applications that propose models to fill the gaps identified earlier in this paper and also direct at least a portion of their efforts toward hard-to-reach groups will be given special consideration in the grantee selection process.

Table III provides an illustration of how the distribution of projects by category and client groups to be served might look after Round Two. It should be noted that any projects not listed on

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TABLE III

EXAMPLES OF DISTRIBUTION USING ROUND TWO STUDY OBJECTIVES

MODEL			[illegible]	[illegible]	ISOLATED RURAL AREAS
JUDICARE	Supplement to Staff Attorney	[illegible]	Legal Aid Service- [illegible] Bar Legal Services of [illegible] (One additional project?)		
		[illegible]		Georgia Legal Services Program Western Illinois Legal Assistance (Utah Legal Services) ([illegible])	
	Alternative to Staff Attorney	[illegible]	←——— Judicare of [illegible]	———→ West Virginia Legal Service Plan (One additional project?)	
		[illegible]	Charles Houston Bar Association (Two additional projects?)	[illegible] Legal Services of Kansas California Lawyers' Service ←——— Northwest Minnesota Legal Services	———→
CONTRACT	Special	LSC	Crittenden & Still (wills, auto accidents and small claims; [illegible]) (No additional projects.)		
		LSP			
	General			Colorado Rural Legal Services Legal Aid Society of [illegible] Central Florida Legal Services (No additional projects?)	
PREPAID	Closed Panel		Group Legal Services ←——— Two Projects(?)	———→	
			Barnett, Jones & Seymour ←——— Midwest Mutual Insurance (Roanoke, Va.)	———→	
			(One additional project?)		
	Open Panel		Midwest Mutual Insurance Company (Norfolk,VA) (Two additional projects?)		
PRO BONO	Referral with Staff		Volunteer Lawyers' Project-Boston Bar (Two additional projects?)		
	Clinic		(Three additional projects?)		
VOUCHER	Referral			Windham Regional Community Council (?)	
	Client Group		(Three additional projects?)		

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Table II but which have been added to this Table are used as examples only and do not represent any decisions on which models are to be selected for the study.

IV

PROBLEMS IN APPLYING CERTAIN CORPORATION REGULATIONS TO THE DEMONSTRATION GRANTEES

A. FEE GENERATING CASES

The purpose underlying Section 1007(b)(1) of the Corporation Act, prohibiting Legal Services attorneys from handling fee-generating cases, was to protect the private bar against economic competition from staff attorney programs. In order to prevent unfair competition with other private practitioners, this policy has been applied to the private attorneys providing service under the demonstration grants. Several problems have been created by this decision.

Colorado Rural Legal Services found attorneys unwilling to participate under the contracts if they could not keep fee-generating cases. The policy also had the incongruous result that those attorneys willing to take indigent clients at reduced fees were penalized for their commitment to the project.

In order to diminish this result, as well as to be able to advertise, CRLS completely changed the intake process for the grant. Initially intake was to be conducted by the participating attorneys. Now clients call the program on a toll free number, and intake is performed by a paralegal. This method of intake allows the contract attorney to participate equally with other attorneys on a referral panel for the fee generating cases.

In at least one prepaid plan with a closed panel, the fees for LSC group members are higher than for other groups. The reason for the rate differential is that one good fee generating case, such as a personal injury case, will allow the firm to make up any deficit resulting from reduced fee service to other members of the group. The rationale for many firms providing service to groups on a reduced fee basis at all is for the potential entree to fee generating cases.

In addition, several programs use open panels of attorneys that include any member of the bar willing to abide by a fee schedule and certain other conditions. Each attorney has the same chance to receive a fee generating case. Thus, the unfair competition aspect of the problem is substantially reduced.

B. BOARD COMPOSITION

The Corporation has required that all demonstration grantees have either boards of directors or policy boards with policy-making authority over the projects that are in compliance with Regulation 1607.

Application of this policy to the demonstration grantees has had interesting results. Some organizations with boards of directors composed of lawyers have been resistant to the addition of clients. Others have resisted delegating any real authority to policy boards. The degree of resistance has ranged from mild complaints to strong requests for a waiver of the entire regulation. On the other side, one project selected a board composed of a majority of clients, and was distressed at the idea of adding more attorneys. Organizations

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which have other functions besides serving our clients and which already have existing Boards have had problems in sorting out the functions of the policy boards for the project since what they decide can have impact on the operations of the organization as a whole.

It should be noted that Section 1007(c) of the LSC Act requires 60% lawyers and client representation only for those recipients that are organized solely for the purpose of providing legal assistance to eligible clients. The Corporation's regulation, which contains waiver provisions extends these requirements to all recipients.

If the Corporation decides to fund grants directly to client groups, it might consider permitting boards for those projects to have a majority of clients. The concept of client choice and the rationale for making the grantee a client organization could be negated by requiring that the board have a 60% attorney majority.

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Thomas Ehrlich
President
E. Clinton Bamberger Jr
Executive Vice-President

April 13, 1978

Mr. Gregory J. Ahart
Director
Human Resources Division
United States General Accounting
Office
Washington, D.C. 20548

Dear Mr. Ahart:

We appreciate the opportunity to comment on the report of the General Accounting Office concerning resources for civil legal services to the poor. We are pleased that our discussion with your staff clarified some of the complex issues involved.

The recommendations in the report reflect current directions of Corporation efforts and are generally useful. The value of those recommendations is diminished, however, by comments in the text. This letter states our major points of concern, but its emphasis on those points should not be viewed as lessening our appreciation for the efforts of the GAO staff to provide helpful recommendations for the future activities of the Corporation.

Chapter II. The recommendations in this chapter on allocation of resources relate to the period after completion of the Corporation's short-term plan to assure at least minimum access to legal assistance for all poor people -- defined as the equivalent of two lawyers per 10,000 persons. We appreciate that your staff accepts this short-term goal -- and the steps we adopted to realize it -- as sound.

We are in the midst of a major planning effort to guide allocation of resources for the period after minimum access is achieved. That effort is described in the Corporation's Fiscal Year 1979 budget request.

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The recommendations in Chapter II will help to identify the major elements to be considered in refining our allocation processes to reflect more directly the particular circumstances of each local program. As the report states, we are already taking steps to account for variations in local program costs.

Chapter II does not, however, mention the other responses to local needs that are described in the Fiscal Year 1978 and 1979 budget materials that your staff reviewed. These include grant adjustments for special needs of local programs, for extraordinary rural telephone and travel costs, for salary comparability, for restoration of service that was reduced during the early 1970's, and for a special quality improvement program. All of these adjustments build on the minimum access formula and mark significant steps toward the future budget approach that the report recommends.

At the same time, all our efforts to date indicate that refining our allocation process to take full account of local circumstances is a far more difficult process than the report recognizes. The statistics listed in this chapter for the 19 staff attorney programs make assumptions, particularly about costs per case, that the GAO staff working on the study admit are extremely speculative. Further, we do not agree with the implication that local estimates of poverty populations by each of more than 300 legal services programs would be more dependable than census reports or other nationally conducted statistical surveys. On the contrary, that process would be costly and require extraordinary administrative efforts to assure consistency in local assessments. Fortunately, mid-decade censuses are planned for the future, and they will assure more timely national estimates of poverty populations.

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The report also understates the difficulties of reliance -- for Corporation planning purposes -- on the outside funding received by local programs. The uncertainty of those funds from year to year is one concern, as the report states. More basic problems, however, are the restrictions on use that accompany many non-Corporation funds, the importance of assuring that each local program has a stable funding base at the minimum access level of $7 per poor person, and the need to avoid disincentives for local program efforts to obtain additional funds.

Chapter III. The recommendations in this chapter are consistent with our current efforts to assure necessary management information as the Corporation moves beyond the minimum access plan. Unfortunately, the chapter does not mention many of the Corporation's current activities and future plans. Over the past 30 months since the Corporation was established, it has developed a statistical reporting system, tested the system in 19 demonstration projects and 12 staff attorney programs, and is now putting the system into effect in 19 other demonstration projects and 48 other staff attorney programs. The next step will be to establish the statistical reporting arrangements for all legal services programs. This effort will be completed by June 1979.

The difficulties involved in the initial phase of this process have now been resolved in a manner that meets both the Corporation's needs for information and the concerns of field programs. This has been acknowledged to our staff by the head of another General Accounting Office study team analyzing the Corporation's management information efforts in more depth.

Of basic importance, a statistical reporting system is only one component of an effective management information system. Careful on-site monitoring of the operations and service of local programs is far more

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important, and this has been underway since shortly after the Corporation began operations in October, 1975.

Chapter IV. The recommendations in this chapter are entirely consistent with the aims and operations of the Delivery Systems Study. That study was mandated by Congress in section 1007(g) of the 1974 Act that established the Corporation. Under this provision, the Corporation is required to study the staff attorney programs and, through use of appropriate demonstration projects, means to deliver services that are alternative or supplemental to those programs. The Act required the Corporation to report its findings to the President Congress by July, 1977.

The text of Chapter IV implies that the Corporation's report in July, 1977 could have been more complete. The chapter does not recognize the steps that had to be taken by the Corporation. In the period from the time the Corporation began operations until July, 1977, a basic study design was developed, staff were hired, a advisory panel was established, performance criteria were selected, concept papers were solicited to develop the delivery models for testing, the models were further defined, proposals were solicited, projects were selected, requests for proposals to collect and analyze data were developed, the data collection and evaluation contractors were selected, and a substantial system of data collection was implemented. On the basis of these steps, our report included a number of important conclusions and stated our intent to report further on the findings from the demonstration projects and staff attorney programs. We will issue a final report on the study next year and are committed to continuing efforts to improve the delivery of legal assistance for the poor.

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The Corporation has funded 19 demonstration projects in each of two series of grants to carry out the statutory mandate. Chapter IV of the report implies that fewer demonstration projects might have been funded in the second series. We gather that your staff considers that some of the judicare projects could have been excluded from the effort. In fact, however, judicare is the approach most often urged as an alternative or supplement to staff attorney programs, and statistically reliable conclusions could not have been drawn about the three different judicare models being tested in both urban and rural settings without funding the projects that were established. Replication was essential to ensure valid and reliable findings -- otherwise the entire study would have been subject to serious question.

All the demonstration projects are, of course, serving eligible clients with real needs for legal services. We are confident that the study will provide essential information on the prospects for using judicare as well as the other models listed in the 1974 Act to be studied through demonstration projects.

One final point. The Corporation can improve its operations and we are grateful for the helpful suggestions in the report. But we are concerned that the report omits even mention of the efforts of dedicated men and women in legal services programs throughout the country who work to help poor people facing acute legal crises to enforce their legal rights and to gain their legal entitlements.

We appreciate your consideration.

Cordially,

Thomas Ehrlich

Thomas Ehrlich

(01385)