

# LEGAL SERVICES CORPORATION

The Corporation is a private, nonmembership, nonprofit corporation in the District of Columbia. The Board of Directors of the Corporation is composed of 11 voting members who are appointed by the President of the United States with the advice and consent of the Senate. By law, the Board is bipartisan: no more than six members can be of the same political party.

The Corporation plays the central role in providing low-income people with access to legal assistance and information concerning critical civil legal problems. Created in 1974, LSC is charged by Congress to provide equal access to the system of justice in our Nation for individuals who seek redress of grievances and to provide high quality legal assistance to those who would otherwise be unable to afford adequate legal counsel.

The Legal Services Corporation (LSC) seeks an appropriation of \$340,000,000 for FY 2000 to provide civil legal assistance to low-income persons in the United States. For FY 1999, the Corporation's appropriation was \$300,000,000. An appropriation of \$340,000,000 will enable local legal services programs, funded by LSC, to address over 1.6 million legal issues for eligible clients and their families. The core of the legal services delivery system--grants to local programs in every state and county in the United States-- will receive a 3 percent cost of living adjustment from the increase.

LSC's FY 2000 budget request has been structured to allow the Corporation to focus on (1) maintaining current levels of high-quality legal service assistance; (2) using technology to significantly expand legal services and legal information to low-income persons; and (3) ensuring compliance by grantees with all congressional restrictions and LSC regulations.

<b>FY 2000 BUDGET REQUEST</b> (dollars in thousands)	
<b>I. CLIENT SERVICES</b>	
<b>A. PROGRAM SERVICES TO CLIENTS</b>	<b>\$297,650</b>
<b>B. NEW INITIATIVES</b>	
<b>1. DOMESTIC VIOLENCE/CHILDREN</b>	<b>17,250</b>
<b>2. CLIENT SELF-HELP/             INFORMATION TECHNOLOGY</b>	<b>12,750</b>
<b>3. BOARD INITIATIVES</b>	<b>1,000</b>
<b>II. MANAGEMENT &amp; ADMINISTRATION</b>	<b>9,250</b>
<b>III. OFFICE OF INSPECTOR GENERAL</b>	<b>2,100</b>
<b>TOTAL</b>	<b>\$340,000</b>

**Program Services to Clients: \$297,650,000**

Grants to local legal services programs will be increased by \$8,650,000, or approximately 3 percent above the FY 1999 level of \$289,000,000, as a cost-of-living adjustment reflecting the projected rise in the Consumer Price Index. This increase will enable local programs to maintain their current levels of services, which would otherwise be reduced by increases in expenses.

**In 1997, the most recent year for which final statistics are available, LSC-funded programs addressed 1.42<sup>1</sup> million legal issues, benefiting some four million clients and family members, the overwhelming majority of them women and children.** Ten percent of LSC clients are elderly. The most common categories of cases are family, housing, income maintenance, consumer, and employment. More than one out of every six LSC cases involves efforts to obtain protection from domestic violence. Other case types frequently encountered include evictions, foreclosures, child custody and support, child abuse or neglect, wage claims, access to health care, collections and warranties, and unemployment or disability claims.

The need for legal services is overwhelming. Almost one in every five Americans is potentially eligible for LSC-funded services. Because of limited resources, local legal services programs are forced to turn away tens of thousands of people with critical legal needs. A survey of selected local legal services programs taken in the spring of 1993, when LSC funding was substantially higher than it is today, revealed that *nearly half* of all people who applied for assistance from local programs were turned away because of a lack of program resources.

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<sup>1</sup>A small percentage of programs incorrectly reported their number of closed cases. After accounting for revisions, LSC has changed its figure from 1.5 to 1.42 million legal issues.

A 1994 study by the American Bar Association concluded that approximately 80 percent of poor Americans do not have the advantage of an attorney when they are in serious situations in which a lawyer's advice and assistance would make a difference. During the last fifteen years, state legal needs studies in Florida, Georgia, Hawaii, Illinois, Indiana, Kentucky, Maryland, Massachusetts, Missouri, Nevada, New York, and Virginia, using a variety of methodologies for estimating the unmet legal needs of the poor, have reached similar conclusions.

### **Domestic Violence/Unmet Legal Needs of Children Initiatives: \$17,250,000**

The largest increase above FY 1999 funding levels, \$17,250,000, will be targeted at two categories of services that have been identified by the Corporation, local programs, the Congress, and the organized bar as special priorities: domestic violence and the unmet legal needs of children. To receive the funding, each LSC grantee will be required to submit a plan demonstrating how it will use its allocation to expand services to victims of domestic violence and/or to address the unmet legal needs of children, based upon local priorities and criteria that LSC will develop.

This request represents a decrease from LSC's FY 1999 figures for this initiative. This is due, in part, to the fact that some LSC grantees have received additional domestic violence funding through the U.S. Department of Justice under the Violence Against Women Act and the Victims of Crime Act. The Corporation found that 62 LSC-funded programs that responded to an LSC survey received VAWA direct grants in FY 1997. Grants ranged from \$10,000 to over \$100,000 for a total of about \$4.43 million. In FY 1998, 80 LSC grantees received VAWA grants totaling \$5.25 million. LSC's request to fund special initiatives on domestic violence will continue to supplement funds for civil legal assistance available through the Department of Justice.

The Corporation estimates that these initiatives will result in legal services to 75,000 additional children and battered women, benefiting some 200,000 people living in poverty when the effect on other family members is taken into consideration. LSC-funded programs are the nation's primary source of legal assistance for low-income women who are victims of domestic violence. More than one out of every six LSC cases involves efforts to obtain protection or relief from domestic violence. Prompt legal assistance can enable victims of domestic violence to obtain legal protection and access to emergency assistance. Once the emergency has been addressed, further legal assistance may be necessary for victims to resolve their marital status and establish themselves and their children in a safe and stable situation.

Overall, two-thirds of legal services clients are women, most of them mothers with children. The legal problems faced by people living in poverty can have particularly serious, long-term consequences for children. For them, access to legal services can make the difference by securing support from an absent parent, a decent home to live in, adequate nutrition and health care, relief from a dangerous living situation, or access to education and vocational skills.

Despite the seriousness of the issues involved, and the unique vulnerability of children and victims of domestic violence, LSC-funded programs are unable to provide all the services to

children and to victims of domestic violence that are needed in their communities. A current survey of representative local programs confirmed the existence of a critical need to expand services in these two categories. LSC's FY 1998 Senate appropriation bill also singled out the problems of battered women and single mothers (particularly in inner cities, rural areas, and Native American communities) and their children for special attention. Consequently, the Corporation has again accorded special priority for these initiatives.

### **Client Self-Help/Information Technology Initiatives: \$12,750,000**

In FY 2000, LSC will allocate \$12,750,000 to initiatives to significantly increase access to legal information and assistance. Funding will be provided to (1) set up mechanisms that allow clients to resolve legal problems themselves without the intervention of an attorney, and (2) improve efficiency and effectiveness in the delivery of legal services through better use of technology. These initiatives have been combined because many methods of promoting client self-help can be implemented more efficiently through expanded use of information technology.

Recent surveys have found that few local legal services programs have the technological capacity to make full use of existing new technology-based methods of improving efficiency and expanding services to clients. Many programs have also identified a need to expand community legal education and support for client self-help but lack the resources to do so.

LSC's Office of Inspector General, in an August 1996 report on *Increasing Legal Services Delivery Capacity through Information Technology*, concluded that delivery capacity could be significantly increased through enhanced use of available technology. Among the uses of technology considered in the report are support for client self-help and preventing the escalation of legal problems through early intervention with centralized telephone and computer-based intake systems, public-access kiosks providing legal information and forms, and provision of legal information through the Internet.

The funds for these initiatives will be as follows:

! \$3,000,000 for special one-time per capita grants for expanding programs= technological capacity (including purchase of computer hardware, software, telephone systems, networks, telephone equipment, and support of technology). The grants would require programs to make a specified commitment to budget in future years an amount sufficient to maintain the equipment and stay abreast of developments in technology.

! \$9,750,000 for special grants to selected recipients for demonstration projects to enable local programs to staff and run pro se clinics and other methods of assistance to individuals representing themselves; provide preventive legal education; create centralized intake systems providing advice, brief services, and referral; and perform other efforts to prevent legal problems or prevent their escalation. The return on investment for this initiative will be substantial. It is estimated that by making better use of technology, LSC programs will serve an additional 100,000 persons in FY 2000.

These grants will also be awarded to test new technology-based methods of improving and expanding legal services delivery, evaluation, and administrative expenses associated with the initiatives.

### **Board Initiatives: \$1,000,000**

The Corporation intends to undertake the following special board initiatives:

**1) Needs Assessment Demonstration Grants:** The Corporation intends to fund studies in three states to design and test different legal needs assessment methods. Studies of this nature are essential for acquiring the data needed for the future design and implementation of a national needs assessment.

**2) Board Development:** The Corporation intends to fund special initiatives to train and support local boards in exercising their responsibility to guide and oversee legal services programs. Just as programs are being required by the Corporation to approach delivery on a broader scale--for example, state planning toward implementation of a comprehensive, integrated statewide delivery system--program boards will need to be fully engaged in this major change within the legal services community.

To support this changing role, the Corporation will sponsor leadership development activities for Boards of Directors. Selected board members from recipient programs, program directors, and client representatives will receive special training and assistance. Training sessions will focus on improving skills related to board leadership development, new approaches to legal services, and oversight and management.

### **LSC Management and Administration: \$9,250,000 /Office of Inspector General: \$2,100,000**

Only \$11,350,000, or just over 3 percent of the Corporation's FY 2000 appropriation, will be allocated to the Corporation's centralized functions, LSC's Management and Administration (\$9,250,000) and Office of Inspector General (OIG, \$2,100,000).<sup>2</sup>

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<sup>2</sup>LSC will continue to voluntarily comply with the Government Performance and Results Act of 1993 (GPRA). During the next several months, a revised FY 2000 performance plan and strategic plan will be developed and submitted to the Subcommittee under separate cover. The performance and strategic plans are being modified to reflect LSC's three major delivery system goals. These include: 1) maintaining current levels of high-quality legal service assistance; 2) using technology to significantly expand legal services and legal information to low-income persons; and 3) ensuring compliance by grantees with all congressional restrictions and LSC restrictions.

With a small, efficient staff, LSC's management ensures accountability to Congress and the taxpayers through aggressive oversight and enforcement of federal laws and other requirements, and operation of a system of competition for grants that promotes the efficient and effective delivery of high-quality legal services to low-income people. In 1998-99, LSC

reviewed the configuration of the delivery of legal services in all states and promoted program collaboration and/or consolidation where it appeared that federal funds could be used more effectively. The number of Management and Administration staff positions will not increase in FY 2000.

OIG's mission is to prevent and detect fraud, waste, and abuse, and to promote efficiency and effectiveness in activities administered and funded by LSC. In addition, OIG oversees routine on-site monitoring of grantee compliance with laws and regulations through annual audits by independent public accountants, referral of significant findings to LSC management, and by tracking progress of corrective actions. The OIG also conducts on-site audits of grantee compliance and associated requirements.

### **Principles of the Legal Services Delivery System**

The delivery system created by Congress under the Legal Services Corporation Act is based upon the principles of local control, national accountability, public-private partnership, promotion of volunteerism, accountability to taxpayers, and emphasis on efficiency and effectiveness.

**! Local Control.** Decisions about the allocation of legal services are made not by a bureaucracy in Washington but locally, by the governing bodies of independent, locally incorporated legal services programs, the majority of whose members are appointed by local bar associations. These local boards set the program's priorities. Services are provided not by government lawyers but by attorneys hired by representatives of their local communities. Salaries for legal services attorneys are set by local program boards and are generally far less than their counterparts in either the public or the private sector.

**! Public-Private Partnership.** Local programs build upon their grants from LSC with funding from additional sources. In 1997, local programs received \$229 million from state and local governments, the private bar, IOLTA, United Way and other charitable organizations, grants from foundations and corporations, and other federal agencies.

**! Private Attorney Involvement.** Local programs further leverage federal funds through pro bono programs that involve local volunteer private attorneys in the delivery of legal services for the poor. In 1997, more than 130,000 lawyers were formally registered to participate in such activities. LSC-funded programs provided volunteers with essential training and support in specialized areas of the law.

**! Efficiency.** At a time when Americans are concerned about the increasing litigiousness of our society, the legal services delivery system offers a model of efficient resolution of disputes and avoidance of unnecessary litigation. LSC-funded programs resort to litigation to solve clients' legal problems in only 2.4 percent of cases. In fact, only 7.2 percent of all Legal Services assistance results in a court decision, the majority of which involve family law cases that require court action. The tremendous pressure legal services lawyers are under because of the demand for their services makes them very aware that they must use their limited resources wisely and

wisely and efficiently.

**! Accountability.** Modifications in the legal services delivery system have addressed past congressional concerns. In 1996, Congress reached a new consensus concerning federally funded legal services for the poor, supported by a strong bipartisan majority of both the Senate and the House of Representatives. Congress reaffirmed the federal government's commitment to providing representation for individuals facing legal problems who would otherwise be unable to afford assistance. A series of new limitations were placed upon activities in which LSC-funded programs can engage on behalf of their clients, even with non-LSC funds. Among them are prohibitions on class actions, challenges to welfare reform, collection of court-awarded attorneys' fees, many types of lobbying, litigation on behalf of prisoners, and representation of certain categories of aliens. The Corporation has rigorously enforced these requirements.



## **ACTIVITIES IN BRIEF**

The Legal Services Corporation is a private, nonmembership, nonprofit corporation in the District of Columbia. The Board of Directors of the Corporation is composed of 11 voting members who are appointed by the President of the United States with the advice and consent of the Senate. By law, the Board is bipartisan: no more than six members can be of the same political party.

The Board is responsible for managing the affairs of the Corporation, providing oversight, setting general policy, and promulgating regulations that govern the activities of the Corporation and its local programs. The Chairman of the Board is elected from among the Corporation's Board members. The Board is currently composed of nine members who are attorneys and two non-lawyer members who were selected from the population of eligible clients. The current Chairman, Douglas S. Eakeley, is a practicing attorney and former First Assistant Attorney General of New Jersey. The Vice-Chairman is John N. Erlenborn, who served as a Member of Congress for 20 years.

The Board appoints the President of the Corporation. The President, in turn, directs the day-to-day operations and personnel of the Corporation, executes grants and contracts, and upon approval by the Board, appoints the Corporation's officers.

## **I. Client Services**

Currently, 35,600,000 Americans live in households whose income is below the poverty level, according to the Census Bureau. Some 10,000,000 additional individuals with incomes between 100 and 125 percent of the poverty level are also potentially eligible for legal services. This means that almost one out of every five Americans could avail themselves of legal services assistance.

Approximately 97 percent of FY 2000 funds will be used to provide legal help to people living in poverty through locally controlled legal services programs. Of the \$328,150,000 in requests for client services, the Corporation proposes to spend \$297,650,000 for basic field services and \$31,000,000 to fund two new client service initiatives and a board initiative.

## **A. Program Services to Clients**

In FY 2000, the Corporation will allocate \$297,650,000 to locally controlled field programs, selected according to a competition-based system, to provide legal assistance to eligible individuals. This represents an increase of \$8,650,000, or approximately 3 percent above the FY 1999 level of \$289,400,000, as a cost-of-living adjustment. The figure is based upon the projected rise in the Consumer Price Index. This increase will ensure that local programs are able to maintain their current levels of services, which might otherwise be reduced by increases in such expenses as rent, benefits, and scheduled salary adjustments. The Corporation anticipates that improvements in efficiency and expansion of private bar involvement and non-LSC funding will enable programs to achieve a moderate increase in cases with funding at the level proposed.

Federally funded local legal services programs serve clients in every state, county, and congressional district in the United States, as well as in Puerto Rico, the Virgin Islands, Guam, and Micronesia. In addition, special service areas are funded for two populations with special needs, Native Americans and migrant workers. All local programs are administered by local Boards of Directors (or other governing bodies, under certain circumstances), a majority of whose members are appointed by local bar associations, and provide legal assistance to individuals pursuant to locally determined priorities that respond to community conditions and needs. Pursuant to their priorities, local programs hire staff, contract with local attorneys, and develop pro bono programs for the direct delivery of legal assistance to eligible clients. The Corporation requires each local legal services program to spend an amount equal to at least 12.5 percent of its annualized grant to encourage participation by private attorneys in the provision of legal assistance to poor individuals.

Eligibility for services is determined on a case-by-case basis, pursuant to grantee eligibility criteria established under parameters set forth in Corporation regulations. Each grantee establishes a maximum individual client income eligibility level, which may not exceed 125 percent of the current official Federal Poverty Income Guidelines.

New requirements adopted in 1996 governing what legal services programs can do and whom they can represent have refocused the LSC delivery system on serving individual clients with particular legal needs. Legal services attorneys are not permitted to initiate or participate in class actions. They may not challenge or engage in any activity to influence welfare reform. They may not engage in direct or grassroots lobbying on behalf of their clients, although they are permitted to use non-LSC funds to respond to written requests of officials for information or testimony. For cases and claims initiated after April 26, 1996, they may not collect court-awarded attorneys' fees. Litigation on behalf of prisoners and representation of undocumented and other categories of aliens are also prohibited. Other new requirements address redistricting, cases involving eviction from public housing of individuals charged with or convicted of drug violations, participation in government rulemaking, and solicitation. Unlike past efforts to restrict the work of legal services, these provisions apply to all of the funds of a recipient, with very few specified exceptions.

In addition, Congress adopted a number of new accountability requirements, such as mandatory timekeeping, competitive bidding, and tightened compliance monitoring. Local program attorneys must keep detailed time records, thus documenting the amount of time spent on particular categories of cases. The system of competitive bidding eliminates the previously existing right of grantees to a hearing to contest a funding decision that awards the grant to a competitor, ensuring that LSC can award grants to the most efficient and effective applicant without unnecessary administrative barriers. Finally, new compliance monitoring procedures, which use outside auditors to monitor grantee compliance with federal law and regulations under the direction of the Office of Inspector General, ensure comprehensive yearly oversight of grantee activities. A new provision adopted in 1997 prohibits any local program that has been found to have engaged in a substantial violation of the law or its grant conditions from being considered for an LSC grant in future competitions.

## **B. New Initiatives**

The bulk of the proposed increase in LSC=s appropriation will be allocated to new initiatives targeted to high-priority needs.

### **1. Domestic Violence/Unmet Legal Needs of Children**

The largest increase above FY 1999 funding levels will be targeted at two categories of services that have been identified by the Corporation, local programs, the Congress, and the organized bar as special priorities: domestic violence and the unmet legal needs of children. These priorities are consistent with those identified in LSC's FY 1998 appropriation as passed by the Senate; other recent legislation, such as the Violence Against Women Act; and the recommendations of the American Bar Association Commission on Domestic Violence and the Presidential Working Group on the Unmet Legal Needs of Children and Their Families. Our recent survey of representative local programs confirmed that these two categories were consistently identified as critical priority areas. In FY 1998, the Senate singled out these two groups for special attention in LSC=s appropriation bill, allocating \$17,000,000 to "pro se legal education demonstration projects focused on the unique needs of battered women and single mothers, particularly in inner cities, rural areas, and Native American communities."

While domestic violence occurs at all income levels, low-income women are significantly more likely to experience violent victimizations, according to the U.S. Bureau of Justice Statistics. Medical researchers assert that 61 percent of women who head poor families have experienced severe physical violence as adults at the hands of male partners (*American Journal of Orthopsychiatry*, April 1997). The problems faced by low-income battered women can be particularly acute and complex. Often they are financially dependent on their batterer and require an immediate source of support and shelter in order to escape from a dangerous situation. In many communities, emergency shelters are simply not available; where they are, they are frequently forced to turn victims away due to overcrowding. Too often battered women and their children are forced to return to the home that they share with the batterer because they have nowhere else to go. Prompt legal assistance can enable victims of domestic violence to obtain legal protection, as well as information about resources that may be available to them and assistance in negotiating complex administrative procedures. Once the emergency has been resolved, further legal assistance may be necessary for victims to ensure their continued safety and security, resolve custody and other family law issues, and establish themselves and their children in a safe and stable situation.

LSC-funded programs are the nation=s primary source of legal assistance for low-income women who are victims of domestic violence. More than one out of every six LSC cases involves efforts to obtain protection from domestic violence. Half of all LSC family and juvenile cases involve efforts to obtain relief from domestic violence for the client or a family member. In 1997, local programs handled 250,000 issues involving domestic violence (50,000 cases in which the primary issue was obtaining protection from spousal abuse and another 200,000

200,000 divorces and other family and juvenile cases involving domestic violence).<sup>3</sup> Nevertheless, few LSC-funded programs have the resources to provide all of the services to battered women and their children that are needed in their communities.<sup>4</sup>

More generally, over two-thirds of legal services clients are women, most of them mothers with children. The legal problems faced by people living in poverty can have particularly serious, long-term consequences for children.

For example, a family with children that is unrepresented in an eviction proceeding can easily find itself homeless due to the chronic shortage of low-income housing in most places. The U.S. Conference of Mayors has estimated that intact homeless families comprise about one-quarter of the homeless population nationwide, and that more than half of those family members are children. The National Academy of Sciences has estimated that 100,000 American children go to sleep homeless every night. Even a short period of homelessness can have devastating consequences for the future of a child, as a result of interrupted education, psychological trauma, unsanitary or unhealthful situations, increased danger of abuse, and other related problems.

Similarly, access to legal services can enable a child to receive support from an absent parent, remain with families who wish to adopt, ensure adequate health care, escape from a dangerous living situation, regain wrongfully denied disability benefits or supportive services, or obtain better education or vocational training. Each of these factors can have a profound impact on a child's future.

Because they lack sufficient resources, legal services programs are frequently forced to limit their services to emergency situations. Consequently, they may be unable to devote resources to critical legal problems facing children that do not constitute a short-term emergency. Few programs are able to allocate sufficient funds to activities focusing on the critical legal needs of poor children.

In FY 2000, the Corporation will allocate \$17,250,000 to local programs to increase their level of services to victims of domestic violence and to address the unmet legal needs of children. To receive the funding, each grantee will be required to submit a plan, with a budget, demonstrating how it will use its allocation to expand services in these two areas, based upon its local priorities and criteria that LSC will develop.

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<sup>3</sup>Many legal services programs also receive domestic violence grants through the U.S. Department of Justice under the Violence Against Women Act and the Victims of Crime Act.

<sup>4</sup>LSC surveyed its programs in June 1998 asking whether programs had applied for any VAWA funding, whether they had been awarded it, and if they currently received it. Of 262 LSC-funded programs, 245 programs responded. Of that number, 187 (71 percent) had applied for one of the VAWA grants. Of those, only 62 programs were awarded direct grants for FY 1997. Grants ranged from \$10,000 to over \$100,000. In FY 1998, 80 programs reported receiving a VAWA grant.

The Corporation will require that these special grants be used exclusively for civil legal assistance. In addition, the Corporation will continue to require that grantees coordinate efforts with other social service agencies in their states that provide assistance to domestic violence victims. In a few representative states, preliminary proposals for initiatives that local programs might undertake with these funds include the following:

- X One program in a rural area would significantly increase its assistance to domestic violence victims and serve an additional 400 clients by expanding its outreach and community education efforts and producing a video on domestic violence laws and civil processes that would be made available at public libraries throughout the state. It would also increase training and education of clients, police, and others to ensure effective services to battered women in rural areas.
- X One program would add three or four lawyers to expand its work by 500 to 600 cases on behalf of battered women. Another would significantly expand to 14 rural counties its innovative domestic violence program to establish victim support groups and work with clients to ensure that community resources are properly being used to meet their needs. A third rural program would increase its representation of families of children with special needs to ensure that the schools are meeting their needs. To promote family stability, it would expand its eviction prevention program for families with children, and work with public defender offices on a delinquency prevention project, taking referrals from the public defender and providing legal representation on the family's related civil legal needs.
- X A grantee would expand its direct representation of victims of domestic violence by adding two new staff and reaching another 200 battered clients. It would also increase assistance to children in foster care and expand its child support enforcement and custody work, especially in instances where mothers are going off welfare into low-paying jobs. Another grantee in this same state would expand domestic violence work into other counties in its service area, which it is not now able to serve because of limited resources, by expanding legal services, outreach, and client education and stimulating other services by fostering the development of cooperative service agreements and protocols among the agencies that deal with domestic violence victims, including police, prosecutors, hospitals, social services, shelters, court clerks' offices, and legal services programs. It would expand services for children in two service areas where, because of limited resources, it is not now able to accept cases involving children, such as child custody.
- X In one state, approximately 150 battered women could be served who might otherwise go unrepresented. A grantee in this state will be able to expand a project to prevent long-term placement of foster care children by providing legal services to address critical legal needs of the natural family in areas such as housing, benefits, and family law.

The Corporation estimates that these initiatives will result in legal services to more than 75,000 additional clients, benefiting some 200,000 people living in poverty when the effect on other family members is taken into consideration. Because of the seriousness of the issues involved, and the critical long-term consequences that may result from the lack of availability of services, the Corporation has accorded special priority in FY 2000 to these initiatives.

## **2. Using Information Technology to Improve Clients= Access to Legal Assistance**

Society is experiencing an Information Revolution that will dramatically change the way we serve our client population.<sup>5</sup> We will be able to prevent legal problems and expeditiously handle other legal problems with the least amount of staff attorney intervention as possible in this new world.

While this revolution holds enormous promise for the legal services community, it will not happen without foresight and planning. In the year 2000, LSC plans to undertake two new initiatives to help make this potential a reality for clients. The Corporation intends to dedicate \$12,750,000 to the coordinated goals of (1) expanding support for pro se representation, preventive legal education and other prevention and self-help initiatives, and (2) improving the capacity of local programs to increase the number of clients served and improving efficiency using new intake technologies. The Corporation recognizes that many promising methods of promoting and supporting client self-help depend upon new applications of information technology and better use of existing technology.

Intake, advice and referral systems that take advantage of technology to provide prompt advice, referrals, and brief service hold the promise of helping more persons more quickly than with the same or similar resources devoted to traditional intake structures. Web sites, intranets and related technologies can make community legal education and pro se materials much more broadly available than they have been. While the access of low-income persons to the Web is currently limited, libraries, schools, and providers of other social services are rapidly obtaining Internet capacity. LSC=s Office of Inspector General, in an August 1996 report, *Increasing Legal Services Delivery through Information Technology*, concluded that delivery capacity could be significantly increased through available technology. These conclusions were supported in the *Technology and the Future of Legal Services Conference*.

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<sup>5</sup>The 1998 *Technology and the Future of Legal Services Conference*, co-sponsored by LSC, identified coming technological capacities, including the bandwidth revolution (with the potential to increase interactive video communications and to make access to the Internet cheaper and easier [e.g., through T.V. and potentially ubiquitously]); the interface revolution (allowing voice synchronization and interpretation); and the data analysis revolution (allowing the development of programs that take participants through the legal process and of programs to discover patterns in data that are relevant to a legal argument). In combination, these capacities could revolutionize the ability of low-income persons needing legal help to get vital information.



In order to increase help in early stages where more complex intervention might not be necessary, it is important to increase the legal services community's technological capacity. Our surveys of representative programs confirmed that many have a need to upgrade their technological capacity, as well as to expand preventive client legal education and support for client self-help, but lack the resources to do so. A survey of local programs in early 1997 determined that many programs currently do not have the technological capacity to take advantage of these approaches. The survey identified significant program needs in the areas of hardware, software, networks, Internet access, and training in the effective use of technology. 1998 data from the competition process suggests that lack of capacity still exists. Significant improvements in technological capacity and in the know-how to use it to reach clients are necessary to reach the potential of these programs.

The funds for these initiatives will be as divided as follows:

- ! **Technological Capacity: \$3,000,000.** LSC grantees will be eligible for one-time per capita grants to expand technological capacity (including purchase of hardware, software, telephone systems, networks, support and training, development of web pages, etc.). As above, each grantee will submit a plan setting forth how it proposes to use its allocation to address its particular needs in the area of technology, guided by criteria developed by LSC -- including the requirement that there be statewide coordination in the development of technological capacity. The grants will require programs to make a specific commitment to maintain the equipment, to use it for access and case handling purposes, and to devote resources to developing systems and expertise so that the equipment's case handling potential can be met. We believe that this sum should enable all local programs to achieve a technological capacity to significantly increase their delivery of client services.
  
- ! **Client Self-Help and Access Programs: \$9,750,000.** These funds will be available to selected recipients for demonstration projects. Projects that could be funded include the following: 1) pro se clinics and other methods of assistance to individuals representing themselves, 2) preventive legal education, and 3) centralized intake and delivery systems and other efforts to prevent legal problems and stop their escalation, such as alternative dispute resolution programs. The Corporation will require a discussion of the extent to which the effort is being coordinated within the state in order to promote efficiency and to minimize duplication.

Grants may also be awarded to selected recipients for demonstration projects designed to test and evaluate new technology-based methods of improving and expanding legal services delivery as well as independent evaluation of the technology initiatives. Examples include: web-based legal education and pro se representation projects; video conferencing projects to allow programs with large service areas to interview potential clients and provide initial representation

remotely; projects that refine and automate aspects of centralized telephone intake; and alternative dispute resolution and mediation projects.

The Corporation estimates that these initiatives will provide services to an additional 100,000 low-income people facing legal issues in 2000, with additional benefits to be realized in future years.

### **C. BOARD INITIATIVES**

The Board seeks \$1,000,000 to undertake the following initiatives:

**1) Needs Assessment Demonstration Grants:** The Corporation intends to fund studies in three states to design and test different legal needs assessment methods. Studies of this nature are essential for acquiring the data needed for the future design and implementation of a national needs assessment.

**2) Board Development:** The Corporation intends to fund special initiatives to train and support local boards in exercising their responsibility to guide and oversee legal services programs. Just as programs are being required by the Corporation to approach delivery on a broader scale--for example, state planning toward implementation of a comprehensive, integrated statewide delivery system--program boards will need to be fully engaged in this major change within the legal services community.

To support this changing role, the Corporation will sponsor leadership development activities for Boards of Directors. Selected board members from recipient programs, program directors, and client representatives will receive special training and assistance. Training sessions will focus on improving skills related to board leadership development, new approaches to legal services, and oversight and management.



## II. CORPORATION MANAGEMENT AND ADMINISTRATION

The Corporation requests \$9,250,000 for Management and Administration in FY 2000, which is just over 2 percent of the total amount requested. The funds will be used to support the functions of the Corporation's central administration. No new staff will be hired. In the budget submission for FY 1999, funding was included for 11 additional positions: five in the Office of Program Operations, two in the Office of General Counsel, and one each in the Offices of Governmental Relations and Public Affairs, Comptroller, Administration and Human Resources, and Information Technology. With these 11 new positions filled, the Corporation's Management and Administration will consist of only 80 employees, significantly fewer than the level of 125 when the current LSC Board took office.<sup>6</sup>

With this pared-down, highly efficient staff, LSC carries out its responsibilities for managing and overseeing the legal services delivery system. The Corporation uses its system of competition for grants to promote the efficient and effective delivery of legal services. LSC encourages competition for grants through broad circulation of information about availability of grant funds, outreach, and provision of technical support to applicants. In the competition process, LSC evaluates applications according to established quality standards and awards grants to the applicants best able to provide high-quality legal services in accordance with applicable legal requirements. LSC also uses the competition process to promote increased volunteer private attorney involvement and expansion of public-private partnerships through which other resources can be secured to build upon federal funding. During the grant period, LSC follows up with individual local programs on areas identified as requiring improvement in quality in the competition process and identifies broader issues affecting the legal services delivery system. In 1999, LSC will continue to review the configuration of the delivery of legal services in states with a large number of smaller programs, and promote program collaboration and/or consolidation where it appears that federal funds could be used more efficiently by programs or joint efforts serving broader areas or entire states. In addition, LSC seeks to identify, test, and evaluate new strategies to enhance the effectiveness and quality of legal services, and to promote use of promising strategies.

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<sup>6</sup> LSC's FY 1995 Budget Request called for a total of 108 Management and Administration positions. After a reduction-in-force in the fall of 1995, anticipating a substantial reduction in LSC's Management and Administration budget, the Corporation's Management and Administration staff was reduced to 70. It remained at that level through 1998.

LSC's management further ensures accountability to Congress and the taxpayers through aggressive oversight and enforcement of federal law and other requirements. The Corporation's

compliance and enforcement activities include drafting and promulgating regulations; implementing new legal requirements; investigating complaints and inquiries from clients, the public, and Members of Congress and taking appropriate action; following up referrals from the Office of Inspector General regarding possible violations discovered through compliance audits of local programs; developing and enforcing corrective action plans; and imposing and enforcing sanctions where necessary.

Over the course of FY 1996 and FY 1997, LSC revised its internal structure to reflect its new operating functions and to promote maximum efficiency in the way that they are carried out. LSC's current internal organization reflects its primary functions, as follows:

#### **A. Offices of Program Performance, Compliance and Enforcement, and Information Management**

These departments are responsible for operating the system of competitive grant-making, for enforcing compliance with federal law and regulations, and for gathering information about grantee activities to provide to Congress. Responsibilities relating to competition include developing Requests for Proposals, undertaking advertising and outreach, conducting bidders' conferences, providing technical assistance, reviewing and scoring proposals, recruiting and training outside evaluators, conducting internal reviews and evaluations, as well as on-site visits when appropriate, negotiating and drafting grant conditions, determining the grant cycle, administering grants, and managing records. Responsibilities relating to compliance include investigating complaints, approving requests for waivers and subgrants, and enforcing findings of noncompliance. Responsibilities relating to gathering information include collecting caseload and client statistics, and other data on client legal needs.

#### **B. Executive Office**

The Executive Office is composed of the President, Vice President for Programs, Vice President for Administration, and other staff responsible for the implementation of Board policy and oversight of the Corporation's operations.

#### **C. Office of the General Counsel**

The Office of the General Counsel serves as in-house counsel to the Corporation, providing legal advice to the Corporation's Board of Directors and President, as well as to various offices in the Corporation. The Office of the General Counsel also carries out traditional "lawyer" functions, including negotiating, drafting and reviewing legal instruments such as contracts, settlement agreements, releases, applications for funding, and grant documents, and representing the Corporation's interests in litigation, either directly or through retention and oversight of outside counsel. The Office of the General Counsel responds to FOIA requests and ensures compliance with the Sunshine Act and other applicable laws. Finally, the Office of the General Counsel is responsible for interpreting statutory requirements and drafting implementing regulations for consideration by the Board.

#### **D. Office of Governmental Relations and Public Affairs**

The Office of Governmental Relations and Public Affairs is responsible for managing the Corporation's communications and requests for information from Congress, the Executive Branch, the media, and the general public. The office coordinates the production of the LSC's yearly Budget Request, *Factbook* and *Annual Report*.

#### **E. Offices of the Comptroller, Administration and Human Resources/Equal Opportunity, and Information Technology**

These departments provide essential financial, administrative, and human resource support services for the Corporation. Their functions include managing financial and administrative systems and information technology, ensuring the integrity of Corporation accounts, providing financial reports to LSC management, the Board, the President and the Congress, meeting Corporation personnel needs, developing employee relations policies, and administering Corporation salary and benefits programs.

### **III. OFFICE OF INSPECTOR GENERAL**

#### **1. Mission**

The missions of the Office of Inspector General (OIG), pursuant to the Inspector General Act, are to prevent and detect fraud and abuse, and to promote efficiency and effectiveness. The OIG accomplishes those missions through audits, investigations, and other fact finding and reporting activities.

The LSC OIG is unique among OIGs in that it has an explicit statutory role in monitoring grantee compliance with laws and regulations. The fiscal year 1996 appropriation act placed a significant additional responsibility with the LSC OIG -- overseeing the monitoring of grantee compliance with congressional restrictions via annual audits of grantees by independent public accountants. This approach replaced the prior system of on-site checks by LSC management.

OIG oversight responsibility includes development of guidance for the public accountants conducting the audits, review of their audit reports, referral of findings to LSC management for follow up, and tracking the status of corrective action. It also includes on-site reviews of grantee compliance by the OIG.

#### **2. Fiscal Year 2000 Plan**

Beginning with fiscal year 1998, planned operational projects have been set forth in the OIG strategic plan. Those projects implement the strategies described in our strategic plan, which were derived from our risk assessment of the legal services program. That assessment determined that we should allocate more resources to potential abuse of restrictions and the effectiveness of the legal service delivery system than to combatting fraud.

Mandatory projects are those required by statute and professional standards; and these include the annual audit of LSC financial statements, investigations of crimes and referral of evidence for prosecution, and review of proposed legislation and regulations.

Also included are those activities aimed at the prevention and detection of noncompliance with statutory restrictions. In FY 2000, we will issue an updated Compliance Supplement to the Audit Guide, review approximately 270 grantee audit reports for significant findings and refer them to LSC management, and track the progress of corrective actions in an audit follow-up process. In FY00, the OIG plans to conduct 6 on-site audits of grantee compliance with program integrity requirements for separation of grantees from organizations that conduct prohibited or restricted activities.

In FY98, the OIG conducted 8 Audit Service Reviews, which include examination of the independent auditor's working papers to determine the reliability of the compliance checks performed in the audit. The FY99 appropriation provided the resources for the OIG to conduct 50 Audit Service Reviews. The OIG requests FY00 funding to perform 50 Audit Service

Reviews again, which will provide sufficient information to determine whether compliance checking by independent auditors is accurate and reliable.

In FY98, the OIG conducted 5 audits of the workload data in Case Statistical Reports submitted by grantees, which are used by LSC management to support budget requests and as a key performance measure in the LSC FY99 Performance Plan. The OIG plans to conduct 8 such audits on FY99. The objective of these audits is to determine whether the information submitted by selected grantees is accurate and reliable. In FY00, the OIG will report its overall assessment of performance information accuracy and reliability.

In FY99, the OIG will issue a report on grantee selection of service priorities, and will review the effects of brief services on clients. In FY00, the OIG will review the effectiveness of the work of private attorneys in the Private Attorney Involvement program.

In FY99, the OIG will conduct Client Trust Fund Inspections of 10 grantees for the purpose of preventing and detecting thefts of those funds. The OIG will continue this inspection program into FY00 by performing an additional 12 Client Trust Fund Inspections.

### 3. Resources

The fiscal year 1999 appropriation set OIG funding at \$2.015 million, reflecting the additional oversight responsibilities as discussed above. Because FY99 is the first year that activities such as Audit Service Reviews will be conducted on a large scale, the OIG plans to repeat FY99 activities in large part, and requests \$2.1 million for fiscal year 2000. The requested increase of \$85,000 is needed to offset increases to staff compensation and other inflation.

A comparison of fiscal years 1999 and 2000 activities is shown below:

	<b>Fiscal Year 1999</b>	<b>Fiscal Year 2000</b>
<b>Funding</b>	\$2.015 Million	\$2.100 Million
<b>Activities</b>	Mandatory Activities 50 Audit Service Reviews 8 Audits of Case Statistical Reports 10 Client Trust Fund Inspections Review of Grantee Priorities Selection Review of Effects of Brief Services	Mandatory Activities 50 Audit Service Reviews 6 Audits of Program Integrity (Separation) 12 Client Trust Fund Inspections Review of Effectiveness of Private Attorney Involvement Program  Assessment of Performance Information Accuracy and Reliability



## **APPROPRIATION LANGUAGE**

*Proposed new material is italicized*  
[Material in brackets is deleted]

FISCAL YEAR 2000

## LEGAL SERVICES CORPORATION

### PAYMENT TO THE LEGAL SERVICES CORPORATION

For Payment to the Legal Services Corporation to carry out the purposes of the Legal Services Corporation Act of 1974, as amended, [~~\$300,000.000~~] *\$340,000,000*, of which [~~\$289,000,000~~] *\$297,650,000* is for basic field programs and required independent audits; *\$12,750,000* is for *Client Self-help and Information Technology*; *\$17,250,000* is for *Unmet Legal Needs of Children and Domestic Violence Initiatives*; *\$1,000,000* is for *Board Initiatives*; [~~\$2,015,000~~] *\$2,100,000* is for the Office of Inspector General, of which such amounts as may be necessary may be used to conduct additional audits of recipients; and [~~\$8,985,000~~] *\$9,250,000* is for management and administration. (*Departments of Commerce, Justice, and State, the Judiciary and Related Agencies Appropriations Act, 1999, as included in Public Law 105-277, section 101(b.)*)

### ADMINISTRATIVE PROVISION-LEGAL SERVICES CORPORATION

None of the funds appropriated in this Act to the Legal Services Corporation shall be expended for any purpose prohibited or limited by, or contrary to any of the provisions of, sections 501, 502, 503, 504, 505, and 506 of Public Law 105-119, and all funds appropriated in this Act to the Legal Services Corporation shall be subject to the same terms and conditions set forth in such sections, except that all references in sections 502 and 503 to 1997 and 1998 shall be deemed to refer instead to [1998] *1999* and [1999] *2000*, respectively (*Departments of Commerce, Justice, and State, the Judiciary and Related Agencies Appropriations Act, 1999, as included in Public Law 105-277, section 101(b.)*)

**OFFICE OF INSPECTOR GENERAL**

# PERFORMANCE PLAN

## Fiscal Year 2000

The purpose of this performance plan is to set forth the activities planned for fiscal year 2000 to meet the goals established by the OIG Strategic Plan (2000-2004). The performance plan also establishes the measures that will be used to determine progress in achieving those goals, and will serve as the basis for the performance report for that period.

### LONG-TERM GOALS

As described in the Strategic Plan, the OIG is an oversight organization and accomplishes its missions principally through audits, investigations, and other fact-finding and reporting activities. OIG mission effectiveness is achieved by focusing OIG activities on the right issues at the right time (**goal: relevance**); by performing the work credibly (**goal: credibility**); and by reporting the results of our work in a manner that achieves maximum impact and encourages expeditious corrective action (**goal: communication**). We believe that these broad goals, if accomplished, represent the best performance possible by an OIG. Measures to assess progress in attaining these process goals follow the discussion of program performance goals.

As an oversight organization, the Office of Inspector General cannot control program performance. However, the OIG can establish program performance goals that represent success in those areas related to its statutory missions, and those goals are shown by mission area. Accordingly, the OIG performance plan contains performance measures for program compliance, program efficiency and effectiveness, and fraud prevention and detection.

### STRATEGIES

OIG strategies are based on the **risk assessment** that appears in our Strategic Plan (FY00-04). The risk assessment leads us to place greater emphasis on grantee compliance with statutory restrictions and on program efficiency and effectiveness than on the fraud component of the OIG mission.

Our strategy for the compliance component is to: (1) review the annual audit reports submitted by independent public accountants; (2) conduct on-site reviews of the work of the independent public accountants to ensure effective compliance checks; and (3) conduct on-site audits to ensure that LSC grant recipients comply with regulatory requirements for separation from organizations that engage in activities from which LSC grant recipients are prohibited by statute or regulation.

Our strategy for program efficiency and effectiveness is to review the workload data submitted by grantees and query LSC management regarding apparent anomalies. The OIG also will report its overall assessment of performance information accuracy and reliability, based on audits

audits conducted in FY98 and FY99.

**Our 1996 report concluded that millions of additional clients could be served, without corresponding increases in appropriations, through such applications of information technology as delivery of legal services via the Internet and computer kiosks.** The OIG strategy is to continue to press for exploitation of information technology in the delivery of legal services, conduct evaluations of new concepts, and continue to identify new technology applications and otherwise consult with LSC management.

## **RESOURCES**

The OIG budget request for fiscal year 2000 is \$2,100,000, an increase of \$85,000 over the fiscal year 1999 appropriation. The additional funding is primarily for expected increases in personnel compensation. Fifty-six percent of the requested funds are for compliance oversight, 31 percent for program efficiency and effectiveness activities, and 13 percent for activities to prevent and detect fraud and abuse.

## **PROGRAM PERFORMANCE GOALS**

### **Mission Area B Program Compliance**

**GOAL 1:** Zero reported violations of practice restrictions and prohibitions reported by independent public accountants in annual grantee audits.

**GOAL 2:** Ninety percent of independent public accountants conducted effective checks of grantee compliance in annual grantee audits.

**GOAL 3:** Zero violations by grantees of requirements for separation from organizations that engage in activities restricted or prohibited by statute or LSC regulation.

Prior Year Activities: Throughout FY97 we reviewed and provided comments on draft regulations implementing the statutory restrictions in order to improve their effectiveness. In FY97-99, the OIG published and updated a Compliance Supplement to the Audit Guide providing guidance covering the restrictions to the independent auditors. In 1997-99, we reviewed approximately 270 grantee audit reports submitted by the independent public accountants each year, and published the results in annual reports. Findings of noncompliance were referred to LSC management, and progress of corrective action was tracked by the OIG. We also conducted special compliance audits of 12 grantees in FY97 and issued a summary report in February 1998. In FY98, we conducted 8 audit service reviews of the work of the independent auditors to determine whether their checks of grantee compliance were adequate. We plan to conduct 50 audit service reviews in FY99.

Operational Processes For FY00: In fiscal year 2000, we will update the Audit Guide and Compliance Supplement, review the approximately 270 audit reports submitted by independent auditors for findings of noncompliance, refer any such findings to LSC management for follow up, and track the progress of corrective action. We will review and comment on regulations implementing statutory provisions, and on other guidance documents issued to grantees. We will suspend or debar independent public accountants from future audits of LSC grantees where appropriate.

The OIG also will conduct 6 on-site audits of recipient compliance with program integrity requirements for separation from other organizations that engage in activities restricted or prohibited by statute or LSC regulation. Last, the OIG will conduct 50 audit service reviews of independent auditor working papers to determine whether the compliance checks required by the Audit Guide were accomplished effectively. As indicated above, 8 audit service reviews were conducted in FY98, and another 50 reviews will be performed in FY99.

Resources For FY00: The estimated cost of compliance oversight activities is approximately \$1,184,000, or 56 percent of the \$2,100,000 requested for fiscal year 2000. The total includes OIG staff compensation, contract support, travel and training expenses,

expenses, and an allocation of overhead.

Performance Measures:

For GOAL 1: Number of independent audits that report violations of prohibitions on the types of services that LSC grantees may provide.

For GOAL 2: Percentage of OIG Audit Service Reviews which found that compliance checks by independent auditors were accomplished effectively.

For GOAL 3: Number of OIG audits that found grant recipients materially complied with requirements for separation from organizations that engage in activities restricted or prohibited by statute or LSC regulation.

Validation Means:

GOAL 1: Summary report from the OIG Audit Information Management System.

GOAL 2: Summary report on fiscal year 2000 audit service reviews.

GOAL 3: Summary report of program integrity audit reports.

**Mission Area -- Program Efficiency and Effectiveness**

**GOAL 1:** Collect accurate and reliable output information sufficient to measure grantees= provision of legal services with LSC grants and their cost.

**GOAL 2:** Increase the total number of cases closed by LSC grantees in fiscal year 2000 to 2.0 million as follows:

With non-LSC funds:	860,000
With LSC funds:	1,140,000
Total Cases Closed	2,000,000

**GOAL3:** Reduce the cost per case closed to \$273 in FY00.

Prior Year Activities: In FY97, the OIG informally reviewed LSC guidance to grantees on reporting case statistics and provided suggestions for improvement. In FY98, we conducted 5 audits of Case Statistical Reports to determine whether workload data reported by grantees was accurate and reliable. We found various problems, and LSC management revised its guidance to grantees. An additional 8 Case Statistical Reports Audits are planned for FY99.

In FY96, the OIG published a report, *Increasing Legal Services Delivery Capacity Through Information Technology*, which concluded that millions of additional eligible persons could be assisted via computer-assisted telephone helpline/intake systems, self-help kiosks, and by providing legal assistance via the internet. The report's views have been proven correct with time: **information technology offers the means for LSC to satisfy the legal needs of millions more poor people without corresponding increases in appropriated funds.**

Operational Processes for FY00: The OIG will continue to consult with LSC management on data collection and evaluation. In FY00, the OIG will submit an overall assessment of the accuracy and reliability of program performance information reported to Congress in the LSC Fiscal Year 1999 Performance Report.

In order to expand the delivery of legal services, wherever useful, the OIG will assist LSC management by conducting independent evaluations of information technology applications in the delivery of legal services. The OIG will continue to consult with LSC management regarding new uses of information technology with the potential to increase the number of clients served at minimal marginal cost.

To improve the delivery of legal services by LSC grantees, the OIG will review the effectiveness of work of private attorneys in the Private Attorney Involvement (PAI) program.

Resources for FY00: The estimated cost of the above activities is \$658,000, or 31 percent of \$2,100,000 requested for fiscal year 2000. This sum includes contract support in addition to OIG staff compensation, and travel and training expenses.

Performance Measures:

For GOAL 1: OIG assessment of the accuracy and reliability of performance plan caseload data submitted in LSC FY99 Performance Plan, as reported to Congress.

For GOAL 2: Number of LSC-funded cases closed in FY99.

For GOAL 3: Cost per case closed (dollars appropriated for LSC grants divided by number LSC cases closed).

Validation Means: Audits of Case Statistical Reports performed in FY98 and FY99. Fiscal year 2000 Case Service Reports.

**Mission Area -- Fraud Prevention and Detection**



**GOAL 1:** Reduce number of client trust fund thefts.

**GOAL 2:** Zero cases of grant funds fraud/theft exceeding \$100,000.

**GOAL 3:** Zero incidents of fraud/theft of management and administration funds.

Prior Year Activities: In prior years, we investigated all losses and made referrals to prosecutors where appropriate. We also operated a fraud Hotline, and in some years published an OIG Update, which described the circumstances allowing the losses and warning signals that were ignored. In FY99, we plan to conduct inspections of the client trust funds of 10 grantees to focus attention on the importance of protecting clients, and to disclose any systemic problems with respect to client trust fund vulnerabilities. The OIG also provided the guidance for and reviewed the annual financial statement audits of grantee organizations. In every year since 1993, we directed the LSC annual financial statement audit. In 1994, we also conducted a Revenue Audit, which determined that the grant disbursement system was free of material levels of fraud.

Operational Processes for FY00: In addition to performing the prior year activities identified above, we will conduct 12 on-site inspections of grantee client trust fund practices. In FY00, the OIG will direct the annual financial statement audit of the Corporation.

Performance Measures:

For GOAL 1: Number of client trust fund thefts reported/detected in FY00 compared to the prior three years.

For GOAL 2: Number of fraud/thefts of grant funds exceeding \$100,000.

For GOAL 3: Number of incidents of fraud/thefts from management funds.

Validation Means: OIG Case Tracking System.

Summary of Resources - Fraud Prevention and Detection: The estimated cost of the above fraud prevention and detection activities is approximately \$258,000, or 13 percent of the \$2,100,000 requested for fiscal year 2000. This sum includes OIG staff compensation, contract support, travel and training expenses, and an allocation of overhead.

## PROCESS MEASURES

The strategic plan established three process goals: **relevance, credibility, and communication**. One or more sub-goals are presented for each process goal, and process measures and validation means are identified for each sub-goal.

**Relevance:** OIG resources are directed to the issues of greatest concern in time to be useful.

**GOAL 1:** The right issues are selected for review.

### **Performance Measures:**

Strategic plan meets requirements of the Government Performance and Results Act. (Y/N)

Strategic plan assessed risks for the universe of LSC responsibilities and operations. (Y/N)

Planning process solicited the concerns of LSC leadership and appropriate Congressional committees. (Y/N)

Resources were assigned according to priorities based on risk. (Y/N)

**Validation Means:** Review of plans with LSC leadership and Congressional committees.

**GOAL 2:** OIG reports are delivered at the right time.

### **Performance Measures:**

Percentage of assignments completed by assigned deadline.

Customer views of timeliness of OIG reports.

### **Validation Means:**

Internal review of assignments.

Customer satisfaction surveys.

**Credibility:** Reviews are performed by independent staff of sufficient competence to achieve review objectives, and in accordance with professional standards.

**GOAL 1:** Independence. OIG staff is organizationally and personally independent.

**Performance Measures:** Existence of the IG Certification of Independence in semiannual reports. (Y/N)

**Validation Means:** Identification of exceptions.

**GOAL 2:** Competence. OIG staff possesses the knowledge and skills to achieve the objectives of OIG reviews.

**Performance Measures:**

Percentage of professional staff with advanced degrees.  
Percentage of staff meeting continuing professional education requirements.

**Validation Means:** Review of personnel and training records.

**GOAL 3:** Methodology. The methodology employed meets professional standards and is appropriate to review objectives.

**Performance Measures:**

Percentage of reviews meeting applicable professional standards.  
Percentage of draft findings sustained in final reports.

**Validation Means:**

External Peer Review  
Review of OIG reports.

**Communication:** Findings and recommendations reported achieve maximum impact and encourage corrective action.

**GOAL 1:** Quality. Information presented is accurate and complete; findings identify underlying causes of reported problems; and recommendations are effectively communicated to decision-makers.

**Performance Measures:**

Instances of factual errors or material omissions in final reports.  
Percentage of recommendations accepted.

**Validation Means:**

Identification of exceptions.  
External Peer Review.  
Review of responses to recommendations.

**GOAL 2:** Form and Content. OIG reports meet all form and content expectations established by Congress, federal requirements and professional standards.

**Performance Measures:** Instances of failure to meet to satisfy form and content requirements.

**Validation Means:** Identification of exceptions. External peer review.

**BUDGET REQUEST  
FOR  
FISCAL YEAR 2000**

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