

LEGAL SERVICES CORPORATION
BOARD OF DIRECTORS

OPEN SESSION

Saturday, February 5, 2005
1:08 p.m.

Melrose Hotel
2430 Pennsylvania Avenue, N.W.
Washington, D.C.

BOARD MEMBERS PRESENT:

Frank B. Strickland, Chairman
Lillian R. BeVier, Vice Chairman
Robert J. Dieter
Herbert S. Garten
David Hall
Michael D. McKay (via telephone)
Thomas R. Meites
Maria Luisa Mercado
Florentino A. Subia
Ernestine Watlington (via telephone)

OTHERS PRESENT:

Helaine M. Barnett, President and *ex officio* member
Victor M. Fortuno, Vice President for Legal Affairs,
General Counsel & Corporate Secretary
Jonathan Asher, Acting Special Counsel to the President
David Richardson, Treasurer & Comptroller
Patricia D. Batie, Manager of Board Operations
Karen Dozier, Executive Assistant to the President
Thomas Polgar, Acting Director, Office of
Government Relations & Public Affairs
Richard (Kirt) West, Inspector General
Laurie Tarantowicz, Assistant Inspector General
and Legal Counsel
Dutch Merryman, Acting Assistant Inspector General
for Audits

Alice Dickerson, Director, Office of Human Resources
 Lynn A. Bulan, Senior Assistant General Counsel
 Mattie Condray, Senior Assistant General Counsel
 Mark Freedman, Assistant General Counsel
 Christopher Sundseth, Analyst, Office of Information
 Management
 Don Saunders, Director of Civil Legal Services,
 National Legal Aid & Defender Association (NLADA)
 William Whitehurst, Chairman, ABA Standing Committee on
 Legal Aid & Indigent Defendants (SCLAID)
 Bernice Phillips, Nominee, LSC Board of Directors
 Thomas A. Fuentes, Nominee, LSC Board of Directors

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P R O C E E D I N G S

(1:08 p.m.)

MR. STRICKLAND: I'll call to order the meeting of the Board of Directors of the Legal Services Corporation scheduled for February 5, 2005.

We welcome everybody who is in attendance today, and I want to confirm the presence of two board members by telephone.

Ernestine Watlington, are you there?

MS. WATLINGTON: Yes.

MR. STRICKLAND: Welcome, Ernestine.

And Mike McKay?

MR. McKAY: Good afternoon.

MR. STRICKLAND: Good afternoon, Mike. We're glad to have you.

We also have present in the audience two of our nominees to our

1 board, Tom Fuentes and Bernice Phillips, so the record could reflect that, and we
2 certainly hope that the confirmation process relative to both of those board
3 nominees will proceed quickly.

4 The first order of business on our agenda is to consider and act on
5 nominations for chairman of the board of directors and vice chairman of the board
6 of directors.

7 As required by our bylaws, we do that on an annual basis, and we
8 consider this our annual meeting. Although technically it's supposed to be the last
9 weekend in January, sometimes we have to let it slide over, for convenience, into
10 the very first part of February, so that's where we are now.

11 So if there's -- unless there's any objection from the members of the
12 board to my presiding over that, I will proceed to do so.

13 Is there any objection to that?

14 (No response.)

15 MR. STRICKLAND: All right. Then I would first entertain any
16 nomination for the position of chairman of the board of directors.

17 Are there any nominations?

18 M O T I O N

19 MS. WATLINGTON: This is Ernestine. I'd like to nominate you for
20 continuing as president.

21 MR. MEITES: If I could second that, with some brief remarks?

22 MR. STRICKLAND: Thank you, Ernestine.

1 MR. MEITES: Ernestine, thank you very much. This is Tom
2 Meites, and I am sub'ing for Tom Fuentes who is our designated nominator.

3 I've asked for only 20 minutes rather than the usual 40 that Tom is
4 awarded, but I think I can do it in even less.

5 As we all know, Frank has been a wonderful Chair. He has listened
6 to all of us, sometimes in excess, and he has sympathized with all of our views,
7 some of which probably didn't deserve much sympathy.

8 But he has done a wonderful job, and I believe it is in the interest not
9 only of our board, but the legal services community, that we continue him in this
10 position.

11 MR. STRICKLAND: Thank you very much, Tom, for those kind
12 words; and thank you, Ernestine, for making that nomination.

13 Are there any other nominations for the position of chairman?

14 M O T I O N

15 MS. MERCADO: Mr. Chairman, I just move the nominations cease
16 and you be approved by acclamation.

17 MR. STRICKLAND: Any objection to that?

18 (No response.)

19 MR. STRICKLAND: All those in favor of that motion, please
20 signify by saying aye.

21 (A chorus of ayes.)

22 MR. STRICKLAND: And those opposed, nay.

1 (No response.)

2 MR. STRICKLAND: This probably means no one else wants the
3 job.

4 (Laughter.)

5 MS. WATLINGTON: You're doing too good of a job.

6 MR. STRICKLAND: All right. Let's next consider and act on
7 nominations for vice chairman of the board of directors.

8 Are there any nominations for that position?

9 M O T I O N

10 MR. MEITES: Mr. Chair, I would like to nominate our current vice
11 chair, Lillian BeVier, to remain in that position.

12 Lillian sits with me on the Operations and Regulations Committee, I
13 will personally attest is knowledgeable in the operations of this board and in the
14 operations of the world, and I believe as vice chair she has shown herself ably
15 capable of remaining in this position, so I urge her to be continued.

16 MR. GARTEN: And I second the motion.

17 MR. STRICKLAND: All right. Any other nominations for that
18 position?

19 (No response.)

20 MR. STRICKLAND: Is there a motion to close the nominations?

21 M O T I O N

22 MS. MERCADO: I move that we approve by acclamation.

1 MR. STRICKLAND: Thank you very much. I'll accept that motion.
2 Those in favor of the motion to approve Lillian's election by
3 acclamation please say aye.

4 (A chorus of ayes.)

5 MR. STRICKLAND: Those opposed, nay?

6 (No response.)

7 MR. STRICKLAND: Let the record reflect I think in both instances
8 that the vote was unanimous, in case the reporter couldn't hear the ayes coming by
9 telephone.

10 The next item is to consider and act on the delegation to the chairman
11 of authority to make committee assignments.

12 The board saw fit to delegate that authority last year, and we thought
13 the better practice was not to view that as a permanent delegation, but subject to
14 review on an annual basis.

15 So that, I will ask you if you would again delegate that authority to
16 make committee assignments for the forthcoming year.

17 M O T I O N

18 MR. GARTEN: So moved.

19 MR. STRICKLAND: Is there a second to that?

20 MS. WATLINGTON: Second.

21 MR. STRICKLAND: Any discussion?

22 (No response.)

1 MR. STRICKLAND: All those in favor of the motion, please say
2 aye.

3 (A chorus of ayes.)

4 MR. STRICKLAND: Those opposed, nay.

5 (No response.)

6 MR. STRICKLAND: The ayes have it, and that delegation is
7 approved.

8 Let's see if we can take up items -- is there any objection to taking up
9 the minutes, or is there any reason why we could not take up the minutes all in one
10 motion?

11 Unless anyone has any particular correction that he or she would
12 want to bring to our attention, would there be any objection to taking, let's call it
13 an omnibus motion to approve the minutes of the board meeting of November 20,
14 2004; the executive session of the board's meeting of November 20, 2004; the
15 minutes of the executive session of the Search Committee's meeting of July 19,
16 2004; and the executive session of the Search Committee's meeting of August 12,
17 2004.

18 Is there a motion?

19 M O T I O N

20 MR. HALL: So moved.

21 MR. STRICKLAND: A second?

22 MS. WATLINGTON: Second.

1 MR. STRICKLAND: All right. Moved and seconded that the
2 minutes that I just covered in detail be approved.

3 All those in favor of that motion, please say aye.

4 MS. BeVIER: Just one second.

5 MR. STRICKLAND: Sorry.

6 MS. BeVIER: I don't have them.

7 MR. STRICKLAND: You don't have them?

8 MS. BeVIER: No.

9 MR. STRICKLAND: All right.

10 MS. BeVIER: But it doesn't matter. I will vote in favor of their
11 being approved, anyway.

12 MR. STRICKLAND: You're saying they're not in the book?

13 MS. BeVIER: If I could just get a -- they were not in my book, but I
14 would love to get a copy --

15 MR. STRICKLAND: All right.

16 MS. BeVIER: -- just for my own records. Thank you.

17 MR. STRICKLAND: All right. Let's proceed, then, to a vote on
18 that.

19 All those in favor of that motion, please say aye.

20 (A chorus of ayes.)

21 MR. STRICKLAND: Those opposed, nay.

22 (No response.)

1 MR. STRICKLAND: The ayes have it, and those minutes are
2 approved.

3 All right. On the subject of the chairman's report, I've made a few
4 notes here, and the first thing I'd like to report is that I think all of us who attended
5 and those who've heard about the 30th anniversary celebration on November 30th,
6 particularly those of us who were there, I thought that was a big success, and it was
7 well attended.

8 Helaine can probably give us some particulars in her report on the
9 attendance, but certainly several hundred people were there.

10 And we had a -- I'm not going to try to steal Helaine's thunder on
11 that, but as you may know, we had an open house at the LSC headquarters for
12 executive directors who had been invited to attend, and then we had a plenary
13 session in the afternoon, and there were speakers for each of the decades of the
14 history of LSC, which I thought was absolutely fascinating, to hear people who
15 were on the ground, directly involved in the very early days.

16 There was a reception in the evening, which had an even larger
17 group, I think, in attendance, and as you know, this was all held in conjunction
18 with the NLADA annual conference, which began at the end of the day, and I was
19 able to attend one or two of those sessions before I had to move on to some other
20 commitments.

21 So I thought it was just a really outstanding celebration for LSC and
22 well-received by those who attended.

1 In January, early January, I was here in connection with the
2 swearing-in of the new Congress, and was able to work in a visit to an office on
3 Capitol Hill with Senator Gregg's staff, which was a very positive visit.

4 And I've also had an opportunity to have some informal
5 conversations with other members of Capitol Hill staff groups, and I hope to
6 continue those meetings in the future, and Helaine is going to be reporting to us
7 later about our new director of government affairs, so I think that will be of great
8 assistance to us in our presence on the Hill as we go forward.

9 And that concludes the chairman's report.

10 Let me see if any members of the board have individual reports that
11 they'd like to make.

12 Do any board members have reports?

13 All right.

14 MS. BeVIER: Mr. Chairman?

15 MR. STRICKLAND: Sorry.

16 MS. BeVIER: Just one.

17 MR. STRICKLAND: Okay.

18 MS. BeVIER: I would like to mention that the University of
19 Virginia is holding a student-sponsored public service conference this coming
20 weekend, and we are going to be honored by President Barnett giving the Friday
21 night opening speech at the Friday night dinner.

22 And I'm delighted that the students at Virginia had the intelligence to

1 ask our president to come down, and somewhat uneasy that she accepted.

2 (Laughter.)

3 MS. BeVIER: Appreciate it very much.

4 So I'll tell you how she did at our next meeting.

5 MS. WATLINGTON: This is Ernestine. I might have stated before,
6 but I was really elated over the fact that all attendants at the NLADA meeting
7 signed a card and mailed it to me, says wishing and hoping I'd get well. That
8 really touched me. So I wanted everyone to be aware of that.

9 MR. STRICKLAND: Well, thank you for letting us know. We
10 certainly want the record to reflect that.

11 And speaking of persons who will be making speeches or giving
12 lectures in the near future, Lillian BeVier will be giving the Henry J. Miller lecture
13 at the Georgia State University Law School in Atlanta in March. I don't think she
14 would have reported that herself, but I thought the board and the audience would
15 be interested to know that, as well.

16 That doesn't have anything to do with LSC, but I think it says a lot
17 about Lillian's reputation, and I certainly plan to be in attendance for that event,
18 and we will welcome you to Atlanta later in the spring.

19 MS. BeVIER: Thank you.

20 MR. STRICKLAND: All right. Helaine, we're ready now for the
21 president's report.

22 MS. BARNETT: Thank you, Mr. Chairman.

1 I'm pleased to have the opportunity to share with the board some
2 recent developments at LSC, some of which you've already heard in brief from our
3 chairman, an update on the status of several initiatives, and my own activities since
4 the board's last meeting on November 22nd.

5 I agree with the chairman that I believe the highlight since our last
6 board meeting was LSC's 30th anniversary celebration held November 30th and
7 December 1.

8 The event provided an opportunity for a first-time gathering of all
9 executive directors of LSC-funded programs, and the open house preceding the
10 plenary session on November 30th provided LSC staff and program executive
11 directors an opportunity to meet one another.

12 The plenary session, as you've heard, had keynote speeches by the
13 Honorable Judith Kay, Chief Judge of the State of New York; Robert Gray, the
14 president of the ABA; video greetings from Senator Hillary Clinton and Senator
15 Pete Domenici with representative past leaders from each of the decades
16 recounting LSC's history.

17 A video highlighting the work of our programs, a client perspective,
18 as well as remarks by our chairman, Frank Strickland, and myself, truly
19 encapsulated the pride in our past and the vision for our future.

20 The reception that followed was attended by past and present board
21 members, past presidents of the corporation, distinguished judges, and so many
22 others from the legal services community that have been involved in this

1 movement from its inception to the present.

2 The following date was very important, as it was the first time we
3 ever had the opportunity to have an educational training program for the executive
4 directors as a group.

5 There were sessions on leadership development, performance
6 standards, and framing our messages. We had a futurist as the luncheon speaker,
7 and an afternoon session at which the executive directors shared their wish lists for
8 LSC with me in an open forum setting.

9 Based on the e-mails and letters that I have subsequently received, I
10 agree with our chairman that the event was an outstanding success.

11 We at LSC greatly appreciated the participation by Frank Strickland,
12 our board chairman, and board members Rob Dieter, Herb Garten, Tom Fuentes,
13 Maria Luisa Mercado, and Florentino Subia, who were able to attend and
14 participate with us.

15 After the event, ABA president Robert Grey called me and indicated
16 he wanted to focus his next president's message in the ABA Journal on LSC's 30th
17 anniversary, and I have just distributed to members of the board his message,
18 which was published in the February 2005 edition of the ABA, just focusing on
19 LSC's 30th anniversary celebration.

20 On January 25th through 27th, LSC held its fifth annual technology
21 initiative grant conference in Austin, Texas.

22 I addressed the opening session and hosted an open forum at

1 lunchtime to receive input and guidance from the participants as to how LSC
2 should approach the 2005 TIG grant cycle for which we have substantially less
3 funding than we had in 2004, and how to accomplish the most with very limited
4 funds.

5 The 113 participants at the conference included representatives from
6 LSC-funded programs with new TIG grants, other grantees and presenters, some of
7 whom were representatives from technology, industry, and consultants.

8 Our holiday celebration at LSC this year was a lunch-and-learn event
9 at our headquarters on December 16th, which included a wonderfully informative
10 program on the different cultural holiday celebrations, including Christmas,
11 Kwanzaa, Hanukkah, and Eid a Hajj.

12 We are very pleased that Tom Polgar has agreed to fill in on a
13 temporary basis as director of governmental relations and public affairs. He began
14 on January 18th.

15 Tom was the legislative director for Senator Warren Ludman and
16 brings 11 years of private sector public policy, in addition to his 15 years of Senate
17 staff experience, to the Legal Services Corporation.

18 While in the Senate, Tom was actively involved in issues related to
19 legal services and he brings his substantial expertise in this area, along with his
20 broad public affairs background, to the corporation.

21 The corporation continues to conduct its search to fill the position on
22 a regular basis. The vacancy was advertised shortly before Christmas and we are

1 processing applications and interviewing candidates.

2 However, given the importance of having effective external
3 representation during the first part of 2005, we are extremely glad that Tom has
4 agreed to work with us during this period.

5 On January 7th, we sent a report to Congress on the status of our
6 pilot loan repayment assistance program, a copy of which was included in the
7 board books. The appropriation law required us to do so within 30 days of its
8 enactment.

9 We have provided the board an outline of our proposed pilot LRAP
10 and will make a short report on it to the board later on in this meeting.

11 We provide the board an outline of our proposed mentoring project
12 and there was a presentation made to the Provisions Commission at yesterday's
13 meeting, which Chair Hall reported on a part of his report.

14 We continue to get positive feedback from our joint program visits
15 and another joint visit took place this week at the Massachusetts Justice Project.

16 Last April, staff submitted a proposal to me suggesting that LSC
17 embark on a trial basis on a program to purchase LSC staff and consultant airline
18 travel over the Internet.

19 The proposal was thorough, and delineated the kinds of itineraries
20 that would lend themselves to non-refundable or restricted, as opposed to the
21 regular government fare unrestricted tickets.

22 The corporation had been buying from a commercial travel agency

1 for more than 20 years.

2 Cost savings overall were projected to be at a sustainable minimum
3 of 25 percent over the cost of government fare tickets.

4 We decided to perform a mini-test of the new system using staff
5 travel for the June 2004 board of directors meeting in Omaha, Nebraska.

6 In spite of a short lead time, diminished capacity due to relatively
7 underserved destination market with limited flight choices and a very busy "first
8 weekend of summer" travel time frame, the test resulted in significant savings and
9 considerable promise as an economical alternative to commercial travel agency
10 purchase of airline tickets.

11 We fine-tuned the program based on what we learned from the
12 Omaha experience, and beginning the last week in August, we instituted a
13 lengthier and standardized test period for Internet purchase of LSC air travel.

14 Although we continue to use government fare tickets when costs are
15 similar or when other circumstances dictate, the bulk of LSC travel by air has now
16 been purchased over the Internet during the last six months. The results have
17 proven the basic premises contained in the original proposal.

18 Since August, LSC has saved an average of over 50 percent on each
19 ticket purchased over the Internet, and has saved more than \$40,000 in air fare
20 costs as a result. There have been few cancellations and even these have yielded
21 credits good for a year on the same airline, some of which we have been already
22 able to use.

1 Cost for ticket changes has also been small and rare, largely a result
2 of good travel planning, cooperation and coordination between the travelers and
3 the pilot program administrators.

4 And I would like to recognize that Chris Sundseth, one of the travel
5 administrators and designers of this pilot program is with us today, and thank them
6 for their efforts in making the pilot program a success.

7 It is our intention soon to formalize this procedure as a standard
8 policy of the corporation and to implement it on a regular basis. The details of
9 how the program will be administered are being completed.

10 There is a change in LSC procedures that is in step with the times
11 and recognizes current market realities and will move LSC to a multi-source air
12 travel procurement model that will continue to yield important core savings in
13 times when we are facing serious fiscal constraints.

14 Finally, we are working with the ABA, NLADA, and the IOLTA
15 program directors to help frame our approach to more adequately document the
16 current justice gap.

17 Our first strategy is being piloted, which will ask programs to track
18 for a discrete period of time those applicants for service they were unable to serve
19 or unable to serve fully. We look forward to moving ahead on this important
20 initiate.

21 Some of the events I attended were the NLADA annual conference,
22 which followed our 30th anniversary celebration, at which I spoke at the opening

1 assembly; I met with members of the National Farmworkers Law Conference,
2 which was sponsored by NLADA as part of their annual conference; and I
3 participated on a panel on state planning and met with those involved with
4 delivering services to persons with limited English proficiency.

5 I was appointed as a member of the ABA task force to revise the
6 ABA standards for providers of civil legal services to the poor, and was asked to
7 be the first to testify at the ABA SCLAID hearings on the standards on December
8 3rd.

9 On December 10th, I gave a keynote address at the Indiana Legal
10 Services Access to Justice Conference in Indianapolis. Afterwards, there was a
11 reception for me to meet and speak with all the staff and board of directors of
12 Indiana Legal Services.

13 On December 14th, I was an honoree at the New York County
14 Lawyers Association annual dinner in New York City.

15 The evening honored women lawyers who were either president of
16 their organization, general counsel of their corporation, or chairman of their law
17 firm. It was a wonderful evening at which Chief Judge Kay was awarded the
18 prestigious Nelson Cromwell Award.

19 On January 24th, and I thank the board for changing the annual
20 meeting because of it -- no, sorry, I skipped one.

21 On January 24th, I addressed the Conference of Chief Justices at a
22 plenary session during their meeting in New York City. It was the first time LSC

1 had participated in the conference.

2 My remarks focused on my observation of my firm belief that when
3 a chief justice makes access to justice a priority, things happen in that state that
4 otherwise would not.

5 I cited examples of the states of Maryland, Montana, Idaho, and
6 Texas where we have seen personally the increase in funding, pro bono, et cetera.

7 In addition, I asked for their help in making their chief administrative
8 office available to assist us in our attempt to collect data on court filings and
9 proceedings that typically affect the poor, to determine who was represented and
10 who was not.

11 Now, I thank you for changing the annual meeting in order to permit
12 me to attend on Saturday evening, January 29th, the New York State Bar
13 Association dinner at which I was presented with a Gold Medal Award at the
14 president's dinner.

15 Previous recipients of the award have included former judges of the
16 New York Court of Appeals, federal judges, law school deans, as well as United
17 States Supreme Court justices.

18 I was most honored, and accepted the award on behalf of all legal
19 services attorneys who have devoted their careers to representing the indigent.

20 The dinner was the culmination of a week-long annual meeting of the
21 New York State Bar, and thank you for letting me have the occasion to go there
22 and still attend our annual meeting.

1 That concludes my report.

2 MR. STRICKLAND: Okay. Thank you very much.

3 Do any members have questions of Helaine about her report?

4 (No response.)

5 MR. STRICKLAND: You must have covered it all, Helaine. Thank
6 you for that good report.

7 All right. Kirt West, we're ready for the inspector general's report, if
8 you'll come up.

9 MR. WEST: Good afternoon, Mr. Chairman, and members of the
10 board, and folks out in the audience.

11 Hopefully, we'll be pretty brief. I want to report on a number of
12 things that have happened since our last meeting.

13 The first is, I have now, on a one-year detail, Dutch Merryman, who
14 is my acting assistant inspector general for audit.

15 Dutch is a senior executive from the Postal Service with OIG, and
16 substantial service as an auditor and audit manager in the Air Force Audit Agency.

17 I'm pleased to say that President Barnett and I continue to meet on a
18 regular basis, and I think it's a great exchange of information.

19 She has invited me to her senior staff meetings, which I attend every
20 other meeting, and I think it's a very good way of us keeping informed of each
21 other's activities, and I'm pleased that it's working out so well.

22 I've met with the new acting director of government relations and

1 public affairs, and I think we've already exchanged ideas, and we will also be
2 continuing to meet on a regular basis to exchange information.

3 During the week of the 30th anniversary celebration, I did have the
4 opportunity to have a nice, lengthy meeting with Bill Whitehurst and Terry
5 Brookes of ABA and SCLAID, and I thought that was a good exchange of
6 information, and I have been invited to attend one of their meetings, hopefully
7 their annual meeting in Chicago, if I can work that out at home in terms of
8 vacations and all that.

9 We are about to issue a hotline poster to the LSC Staff that will let
10 them know of the -- I think they already know about our office, but it's to sensitize
11 them to issues of reporting things to us and the fact that under existing LSC policy,
12 that all employees can feel free from retaliation, since our policy is as strong as the
13 federal whistleblower policy and has the same protections, so that's an activity
14 going on.

15 The last thing I'd like to discuss is my annual work plan of what my
16 office will be doing over the next 11 months, and Laurie will be handing out a
17 copy of my presentation and then she'll have copies for people in the audience to
18 take a look at.

19 I would like to start by trying to explain how I go about putting
20 together a work plan, because I know the IG Act says that I'm on my own, you
21 know, supposed to figure all this out, but a good inspector general does not do it in
22 a void. We do it by getting input.

1 So the process of input is conversations I've had with the board
2 collectively, and as well as with individual members. I've talked with committee
3 staffs on the Hill in Congress.

4 I've talked to LSC management. I've talked to OIG staff. I've talked
5 to other members of the LSC staff. And I've talked to some of the stakeholders at
6 organizations such as NLADA and SCLAID.

7 So that's part of just gathering information, hearing concerns.

8 And then the next step is to assess risks, and that encompasses taking
9 in a number of factors.

10 I need to look at what are the legal requirements; what kinds of LSC
11 resources am I looking at; I need to look at, you know, how grantee compliance
12 fits into my work plan; board and congressional interest; and whether there's any
13 fraud, waste, abuse, or mismanagement issue; also try to look at whether a
14 particular job would be of public interest; what the potential cost savings would
15 be; the time sensitivity of the project; and whether things will promote economy
16 and efficiency.

17 After having done all that, then I have to consider what are my
18 available resources; what is the cost of the work; whether even if I want to do a
19 job, whether there are records I can actually find that will help me do the job; and
20 the length of the project.

21 Having done that, then I come up with a work plan.

22 I wanted to brief you on what work has already been in progress and

1 what work I plan to start over the course of the next year.

2 The work in progress is:

3 A review of the lease of our building at 3333 K Street. We are doing
4 also a safety and security review of the building, to make sure our employees have
5 a safe workplace.

6 We're doing a quick look at the compressed work schedule and
7 compensatory time practices of the corporation.

8 And we're finishing up the mapping evaluation that was presented to
9 Professor Hall's Provisions Committee, which I think there will be a report on.

10 Our planned work down the road this year is we intend to look, do a
11 comparison of the 1996 restrictions with current LSC practices to ensure that we're
12 doing what was intended by the '96 amendments.

13 We've already started a project that will take some time, which is
14 looking at the structure of LSC. We've started the first portion of that and we've
15 entitled it "oversight functions." Oversight might not be the right word, but that's
16 the word we decided to use.

17 And what we've started first is looking at what OIG and OCE do in
18 the area of compliance, and to get an understanding of what my office does, what
19 OCE does, where there may be duplications, overlaps, as well as where there may
20 be gaps.

21 When we're done with that part, we will then go to the Office of
22 Program Performance and the Office of Information Management and look at how

1 they fit into the overall oversight responsibilities of running a grant program.

2 We also want to look at the technology needs of the corporation, as
3 well as resource management issues, which would encompass everything from
4 finance to human resources, and that kind of action.

5 How much of that we do this year is going to be dependent upon how
6 long some of these other jobs take, but that's certainly the road we're headed down.

7 We will, of course be doing the compliance work that's been
8 mandated by Congress.

9 This includes the review of the reports that each grantee has to have
10 an independent public accountant do on their financial statement, internal controls,
11 and compliance with restrictions that are in the '96 legislation.

12 We will be doing program integrity work as needed. We do not have
13 a particular program integrity job scheduled right now, but as information comes
14 up, either through us or dialogue with OCE, we'll do them on a need basis.

15 I do now have a full-time investigator on board, so unlike in the past
16 years, we actually have investigations going on.

17 We have four open cases at the moment, and we continue to get
18 information and analyze it as to whether it's something that really warrants an
19 investigation or whether it should be something that's just referred to management
20 for action.

21 We will, of course, do our statutory responsibility, reviewing LSC
22 regulations and policies.

1 We will be both undergoing an audit peer review this March, and that
2 is going to be done by the AMTRAK Office of Inspector General, and we are
3 doing a peer review of the EEOC Office of Inspector General.

4 And finally, we will be doing our job and doing the oversight of the
5 LSC financial statement.

6 That's sort of our activities plan for this next calendar year.

7 I will entertain any questions you might have.

8 MR. STRICKLAND: You mentioned the peer review that you'll be
9 doing at the EEOC.

10 Do you have any advance notice of when?

11 That's a rotating thing, as I understand it, where different inspector
12 general offices review the work of others, and I take it LSC's IG office is in that
13 rotation.

14 MR. WEST: That's right.

15 MR. STRICKLAND: Do you have an idea when?

16 MR. WEST: Yeah. I mean, we will actually, we're going to be both
17 reviewing --

18 MR. STRICKLAND: Is it reciprocal?

19 MR. WEST: No, it's not reciprocal. We will -- the AMTRAK office
20 inspector general will be coming in and --

21 MR. STRICKLAND: I'm sorry, I misunderstood.

22 MR. WEST: -- doing a review of our office.

1 MR. STRICKLAND: I misunderstood that. I'm sorry.

2 MR. WEST: And there is a schedule that's been published out for
3 the next six years of who is doing whom.

4 MR. STRICKLAND: Right.

5 MR. WEST: And as information, there is an audit guide, there's a
6 peer review guide that's put out by the President's Council on Integrity and
7 Efficiency, which is sort of the group that consists of the IGs, Clay Johnson as the
8 deputy director of OMB, the head of the Office of Government Ethics, and others.

9 And they basically put together a guide, and said, "This is how," so
10 that it's not like we're doing the review based on how we think we ought to do it.
11 We have a guide to look at and certain steps to follow, and they'll be looking at us
12 in the same way.

13 MR. STRICKLAND: Simultaneously?

14 MR. WEST: I don't know if it will be the same week, but they're
15 both scheduled for March.

16 MR. STRICKLAND: I apologize if you said that. I must have tuned
17 out for a moment --

18 MR. WEST: It's a scintillating topic.

19 MR. STRICKLAND: -- asking a question that had already been
20 answered.

21 MR. MEITES: Frank?

22 MR. STRICKLAND: Yes, sir?

1 MR. MEITES: This is a followup.

2 Are the results of that peer review made available to the agency, to
3 us, or no?

4 MR. WEST: I will forward the results to the chairman.

5 MR. MEITES: Good. Thank you.

6 MR. WEST: I think it's supposed to be an open and transparent
7 process.

8 I'm actually going to be -- even though we're undergoing a peer
9 review, it's going to be based on the audit work that was done by my predecessor,
10 and so whatever suggestions they might have for improvement, I will welcome.

11 I think we already realize there's some weaknesses that we've already
12 taken steps to correct, but there may be other things, and it's sort of a process
13 improvement, to make sure we're complying with government auditing standards.

14 MR. STRICKLAND: Yes, sir.

15 MR. DIETER: How quickly is the report available, do you know,
16 after they do the sort of on-the-scene --

17 MR. WEST: Dutch, if you could come up and answer that question?
18 Dutch Merryman is my acting AIG for audit, could probably answer that with
19 specificity.

20 MR. MERRYMAN: The question was how quickly is the report on
21 the peer review coming out?

22 MR. DIETER: Generated, yeah. Usually --

1 MR. MERRYMAN: It, based on the size of our organization, the
2 peer review itself should take a matter of two weeks, maybe three weeks. There
3 will be a draft report.

4 I would say that we should have the report out towards the middle of
5 May, beginning of June for the AMTRAK report.

6 There will be draft, there will be a comment period, just like a
7 regular audit report, and the final report I anticipate in the late May, early June
8 time frame.

9 MR. STRICKLAND: Does that conclude your entire report, or just
10 that part of it?

11 MR. WEST: That's my entire report.

12 MR. STRICKLAND: Okay. All right.

13 Any other questions for Kirt?

14 (No response.)

15 MR. STRICKLAND: All right. Thank you very much, Kirt.

16 The next item on the agenda is to consider and act on the report of
17 the Committee on the Provision
18 for the Delivery of Legal Services, and I'll call on Chairman David Hall for that
19 report.

20 MR. HALL: Thank you, Frank.

21 The Provisions Committee met yesterday and had a very interesting
22 session. We had three major presentations that were made to us:

1 One on the mapping project by the Inspector General's Office; we
2 had a presentation on the technology initiatives; and also a report on the mentoring
3 project.

4 I will try to summarize the thrust of those presentations. There was a
5 lot of important information, and there's no way that I can capture it all, but since
6 there were some members of the board who weren't present, I'd like to at least
7 convey some of the highlights.

8 In regards to mapping, this was a presentation made by -- the
9 inspector general started it off, but David Maddox from his staff and a consultant
10 that they have been using also participate in that report.

11 The whole process of mapping is a computerized analysis of poverty
12 populations, service sites, closed cases, and other relevant demographic
13 information. This is a pilot project that was initiated by the OIG, the prior
14 inspector general, to try to see if this tool could be helpful to grantees.

15 It's based primarily on the number of people in poverty in a particular
16 state, and they can break it down to counties, to smaller geographical areas, as
17 well.

18 Through the presentation, they indicated that it's a tool to help see the
19 migration of poverty populations from one part of the country to another, and also
20 even within a smaller geographical area, as populations shift.

21 They are of the opinion that this type of information can be a good
22 management tool, but that in addition to that, it can also serve as a basis for fund-

1 raising, both at the local level and they even believe it could be used on a higher
2 level.

3 They employed this process in a number of states on a pilot basis,
4 and I'd like to just share some of the examples that they shared with us as to what
5 happened in those instances, as a way of using it.

6 One other point before going to those examples is that it also
7 provides information about the language of the poverty population, that is, the
8 diversity of languages that exist, and thus providing a grantee with some
9 information about what sort of services they need to provide to those language
10 populations.

11 In Georgia, for example, where they use this method through
12 employing it, it was useful to an executive director in his decision to close an
13 office he was thinking about, and I'm sorry if I don't recall whether it was a male
14 or female.

15 But the executive director was thinking about moving an office from
16 Dalton to Rome, based on his or her instincts that the need was greater in another
17 locatio, having seen the information from the mapping process, concluded that
18 there was still a need to keep the office where it was.

19 And so that was one use of this particular process.

20 Also in Georgia, an executive director was able to use the
21 information from the mapping process to get some additional funding on the local
22 level, not from LSC, based on some growth in the poverty population in their

1 particular area.

2 Montana was another place where it was utilized. It was there used
3 for a legal need study.

4 They were able to track attorneys by ZIP Code and be able to show --
5 and I think we saw some of that information presented to us when we were in
6 Montana -- as to the difference between, or how many attorneys exist in particular
7 counties, but also the difference in regards to the number of attorneys that are there
8 to serve the population in general, and the number of attorneys there to serve poor
9 people. So that was another example.

10 In San Diego, there was a situation where the executive director was
11 able to identify the concentration of potential clients and to know exactly where
12 they were and exactly, to a certain extent, what the needs were.

13 And that particular executive director really felt that this was an
14 important tool and something that could be used. Their concern was that this
15 should not be an unfunded mandate -- i.e., that we should be telling all of the
16 grantees that they should engage in this without providing them with the support
17 and other information that is needed.

18 There was also this belief that this process can be linked to other data
19 sets that relate to information in regards to poverty, that there are other agencies
20 that are collecting data in regards to the poverty population, and we should be able
21 to tap into all of that in one data source.

22 So in regards to what are the kind of up sides of this whole process

1 and their recommendation was that from the survey, from the pilots, and from their
2 conversations with various grantees, the grantees appear to believe that this is a
3 useful tool to them, that it, of course, is going to require the grantees to develop
4 certain types of expertise, and especially in the beginning, that is going to be
5 intense, but their belief is that with a coordinated effort from a central level, that
6 this can be done in a cost-effective manner.

7 I think their position is that some type of Internet program, a poverty-
8 mapping web service is, I think, how they labeled it, would be the beset way to
9 proceed, as opposed to expecting each grantee to develop this expertise.

10 They estimated that to put this in place would cost about \$200,000 a
11 year, that there is the possibility that some of these other agencies, like HUD,
12 might be willing to come to the table and provide some support as well, since they
13 are servicing these same populations.

14 The position of the OIG is that this was a pilot project that they
15 engaged in and have collected some valuable information, but it's not something
16 that they plan to continue to do.

17 And I think my sense from this -- and again this is only my personal
18 opinion on this; I would certainly be open to what other committee members feel --
19 is that, based on the presentation, I do think that this is a worthwhile tool, and that
20 it's something that we need to look at more closely.

21 I would hope the Office of the Inspector General could work with
22 management in figuring out some ways in which we could keep this effort going

1 forward if it is clear that the grantees feel that it is something that is useful to them.

2 And at the same time, I recognize that this ultimately is a
3 management issue and not something for the Office of Inspector General, but with
4 their consultants and their staff, they have developed a certain level of expertise
5 that I hope could be utilized in us moving this forward.

6 So it was a very insightful presentation and I would like to publicly
7 thank the Office of the Inspector General for providing that presentation.

8 Our second presentation was on the TIG grants, and Michael Genz,
9 Joyce Raby, and Glenn Rawdon were the presenters for this.

10 They started out by giving us some information about how the
11 funding for the TIG grants has changed over a period of time.

12 Starting out with an initial funding from Congress at the level of 5
13 million, it went up to 7 million, and then, over the last three years, it has gone
14 down to 1.2, and of course that is creating some issues for them, and i will raise
15 that at the end of this presentation.

16 They indicated that there are three standards that they use in trying to
17 make decisions in regards to awarding the TIG grants, and those principles are
18 innovation, replication, and sustainability.

19 It's clear what those concepts mean, but in essence, they are really
20 trying to use this technology not to just buy people computers, but to try to be on
21 the cutting edge of ways in which the delivery of legal services can happen, and to
22 also try to make sure that these projects can be replicated by other grantees and

1 that the grantees ultimately, after the project funding is over, can sustain it.

2 Just some of the accomplishments, and I would be the first to admit
3 they shared with us numerous accomplishments that have occurred through the
4 TIG grants, but to share a few of them, at this point, there are statewide web sites
5 that exist in 48 states and a few other territories that LSC funds, and that has been
6 a major change since this initiative started out, and the belief is that these web sites
7 have created an increase in the assistance that the population is receiving, that there
8 have been some partnerships with the courts that have started as a product of this.

9 Again, we certainly saw one in Montana when we were there, where
10 the use of technology has played a role in getting the court to also embrace this
11 approach.

12 There is a project called HotDocs, where all court forms are on-line
13 in certain states; and even tutorial programs for lawyers and for clients in certain
14 languages are in place, as well.

15 Some examples of replication that they gave us was a pilot project
16 that was started, the I-CAN EIC project, which dealt with the earned income, or
17 individuals being able to qualify and receive the earned income.

18 That started in one state, or at least with one project, and according to
19 them, it is now a nationwide approach that is being used.

20 Video conferencing, which we saw in Montana, is something that is
21 also happening in other states, like Maine, more for training than for actual court
22 hearings, but that is going on as well.

1 They have had some accomplishments in regards to just providing
2 infrastructure to some of the grantees, because in order for them to utilize
3 technology, they need to have a common platform and using the same types of
4 systems, and some of the support has been in that regard, also into creating some
5 common templates and standards so that grantees in one state can tap into the same
6 type of information, the same type of database, and they are certainly trying to
7 move in that direction.

8 Another highlight has been the ability to get contributions from
9 partners other than LSC. They talked about some examples of that, LEXUS-
10 NEXUS contributing \$125,000 to a particular project; CISCO providing \$100,000
11 TO another project; and even other government agencies -- the AG in Washington
12 State for their Washington Law Help Program contributed \$116,000.

13 So they see the TIG as something that is able to leverage other funds
14 so that this project could go forward.

15 In regards to some challenges they face presently, and they anticipate
16 some of these will go forward, that in the area of technology, there are always risks
17 involved, and so certainly some of the things that they have done haven't always
18 worked, but that some risk has to be taken.

19 Some of those play out in regards to insufficient personnel -- that
20 they may have funded a project, but the grantee has not been able to get the
21 matching funds or to be able to dedicate the office personnel to make the project
22 work. And so that has been a challenge.

1 There have been limited situations where the technology just didn't
2 work, and that has created some problems; and other times where the technology
3 wasn't available, or at least a grantee anticipated a particular satellite being
4 available for them to use and tap into, but by the time they got ready to do it, it
5 wasn't available.

6 I think in both examples that they gave, there were some alternative
7 mechanisms that were developed, but that begins to remain a challenge.

8 And there are times when you build it, but people don't come. There
9 are times when a grantee has developed a particular technology project; people in
10 the community -- lawyers, clients, et cetera -- were excited about it, but it never
11 took shape.

12 From their standpoint, and just to narrow this down, going forward, I
13 think for them, the major challenge is that they just don't believe that they can
14 sustain the effort that they have going now on the present funding, and so the
15 request that we have put in for the 5 million for the next fiscal year, from their
16 perspective, is just essential to keep this going, because at the present level of
17 funding, once they take care of the web sites that exist out there, there's not a lot
18 left to do anything that's innovative and cutting edge.

19 So though there are a lot of other challenges, I think most of those
20 challenges can be addressed, that they mention in the future, if the funding is there.

21 The last presentation that came before the Provisions Committee was
22 the mentoring project.

1 I think the board is aware that, through various inquiries and
2 concerns of board members, Helaine was given the responsibility of trying to
3 address this issue of future leadership and the diversity of the future leadership of
4 our different offices and the executive directors in those offices.

5 And so this report is a followup of the initial presentation that we
6 received from Lillian Johnson of the Leadership and Diversity Committee, and so
7 through Helaine's work, there has been a Mentoring Project Committee that has
8 been created.

9 Three members from that committee, Carla Smith, Althea Haywood,
10 and Evora Thomas, presented a progress report on this project to us yesterday.

11 Again, I am just going to highlight a few of the key points.

12 There was a proposal submitted to us, which I think all of the board
13 members received, and so some of the highlights of that proposal are that they are
14 presently thinking about an 18-month pilot which would include 20 participants,
15 10 mentors, and 10 proteges, and they are also trying to develop an approach that
16 does the best of two different approaches towards mentoring, one-on-one
17 mentoring versus group mentoring, and their pilot program would involve both,
18 meaning that each protege would have a mentor, but there would also be some
19 group meetings.

20 They are proposing three sessions in this time period, and each
21 session would focus on a different topic, and they would be encouraging the
22 mentors and mentees to meet before those sessions and through the 18-month

1 process.

2 Some major unresolved issues for them are the funding issues, how
3 much this is going to cost, how much of that will be borne by the grantee
4 organizations and how much by LSC, and also the eligibility criteria, you know,
5 how much time must a person have had with the agency in order to be eligible for
6 this, et cetera.

7 They gave us a list of next steps that they are going to be working on.

8 Some of those next steps included making sure that this is not just an
9 LSC project, but that the other partners who have been working with them, like
10 NLADA, et cetera, are really connected to this and committed to it as they have
11 been, refining the selection process; developing the curriculum, again using a lot of
12 the resources that are already out there by some of our other stakeholders; and
13 engaging in a marketing plan and looking at evaluation, et cetera.

14 They are hoping optimistically that, by the Equal Justice Conference,
15 which is in May, that either they will be at a point where this is fully developed or
16 they will be close to it, but they hope to make a presentation at the Equal Justice
17 Conference.

18 They are also still not sure about the cost issues, but will be looking
19 at that very seriously.

20 The bottom line was they were asking us if they were moving in the
21 right direction. The sense, at least from the chair of Provisions and from those
22 who were there and commented, they were moving in the right direction and there

1 are still some issues to whether resolved.

2 There was no public comment or other issues that came before the
3 committee, and so, Mr. Chairman, that concludes the report from the Provisions
4 Committee.

5 MR. STRICKLAND: Thank you very much, Dave.

6 Do any board members have questions of David on his report?

7 (No response.)

8 MR. STRICKLAND: All right.

9 Let's then move to the consider and act on the report of the Finance
10 Committee, Rob Dieter.

11 MR. DIETER: Yes, Mr. Chairman.

12 The Finance Committee meeting began yesterday at a report from
13 David Isbell, Chief Judge Ivers, and Bristow Hardin regarding the veterans
14 program.

15 As you know, LSC receives an appropriation line of 1.175, or
16 \$1,175,000, which is passed through our budget to the veterans -- U.S. Court of
17 Appeals for Veterans' Claims, and Bristow Hardin from the Office of Program and
18 Performance is the coordinator of that appropriation with the U.S. Court of
19 Appeals and the Pro Bono Consortium.

20 David Isbell explained the growth of the pro bono training program
21 that they have for people representing veterans whose claims have been denied by
22 the VA and are final claims from which the veteran would be entitled to an appeal

1 into the court system, explained the training that they give their volunteer attorneys
2 along with the mentoring program, discussed the eligibility standards that they
3 follow, and explained that they have some 2,000 pro bono veteran attorneys
4 assisting people with their -- in bringing and prosecuting their claims through the
5 court system.

6 Chief Judge Ivers explained the history of how it became that the
7 funding for the program, for his court program was done through the Legal
8 Services Corporation to avoid potential conflicts of interest, and also noted that
9 from the court's point of view, how much he appreciated the program in assisting
10 the court and also was very laudatory in his praise of the program, and used the
11 word "exemplary" in terms of characterizing the program and the performance that
12 he sees from the court's perspective.

13 The committee then took up the usual order of business, was the
14 presentation by the inspector general of the fiscal year 2004 annual financial audit,
15 which is not available at this time. We're awaiting the audit from the Friends of
16 Legal Services, which is required as a part of our annual audit, and so that will
17 probably be presented hopefully at the next the board meeting.

18 Next, we had a report by David Richardson for the two month period
19 ending November 30, 2004, and David has handed me a document which is an
20 update of that, so that it's a report through December of 2004, and I'm going to
21 distribute that for your inspection.

22 It appears that our spending, according to the latest report for the

1 period ending December 31st, is that we are under budget in terms of our
2 anticipated spending schedule by around 6 percent, so we should be meeting our
3 targets as laid out.

4 Next, we had a presentation by David regarding the consolidated
5 operating budget, at which time the committee took up discussion of the resolution
6 regarding that item, and I have prepared for the board a copy of the resolution,
7 which does vary in its language from the resolution that appears on Page 22 of the
8 board book.

9 Pass that out.

10 The variance between the two documents is simply that the carryover
11 which was noted in the original resolution, some \$6 million, has been broken out
12 in its various components to show the carryover for each of the particulars of the
13 budget, so it doesn't appear that the corporation itself has a carryover of that
14 magnitude.

15 The management administration carryover shown in the revised
16 resolution is 1.5 million together with all the other various components are there.

17 It was the recommendation of the board to present this to the
18 committee, or to the full board, for adoption.

19 M O T I O N

20 MR. DIETER: And at this time I'd move that the full board adopt the
21 resolution that I've handed out, which is consolidated operating budget for fiscal
22 year 2005, Resolution 2005-001, as it appears in the handout.

1 MR. GARTEN: Second.

2 MR. STRICKLAND: All right. Moved and seconded that the board
3 adopt Resolution Number 2005-001 concerning a consolidated operating budget
4 for fiscal year 2005.

5 Any discussion on the resolution?

6 (No response.)

7 MR. STRICKLAND: All right.

8 Hearing none, let's proceed to a vote on the adoption of the
9 resolution.

10 All those in favor, please say aye.

11 (A chorus of ayes.)

12 MR. STRICKLAND: Those opposed, nay.

13 (No response.)

14 MR. STRICKLAND: The resolution is adopted.

15 MR. DIETER: We also considered a resolution appearing at Pages
16 35 through 36 of the board book regarding a flexible benefits plan to increase the
17 limit on the amount that an employee contribute to the corporation's flexible
18 benefit plan for the health care reimbursement fund, and to increase that amount
19 from \$3,000 to \$4,000. It's explained that the \$4,000 level is more consistent with
20 other federal agency benefit plans, and the board is, or the committee, excuse me,
21 is recommending to the board that the board adopt the resolution that appears at
22 Page 35 and 36 of the board book.

1 M O T I O N

2 MR. DIETER: And I so move.

3 MS. BeVIER: Second.

4 MR. STRICKLAND: All right. It's been moved and seconded that
5 the board adopt Resolution 2005-003, which appears at Page 35 of the Finance
6 Committee portion of the board book.

7 Any discussion on the adoption of that resolution?

8 (No response.)

9 MR. STRICKLAND: All those in favor of the adoption of the
10 resolution, please say aye.

11 (A chorus of ayes.)

12 MR. STRICKLAND: Those opposed, nay.

13 (No response.)

14 MR. STRICKLAND: The ayes have it, and the resolution is
15 adopted.

16 MR. DIETER: And finally, we took up the discussion, we had a
17 discussion regarding the 2006 fiscal year budget request mark.

18 There's a resolution regarding that. It appears at Page 34 of the board
19 book.

20 We had a briefing by the OIG regarding his request for an increase in
21 the allocation to his budget line, and at the conclusion of that briefing, considering
22 the late hour, I neglected to invite discussion, or I guess require the IG to present

1 the information that was presented to us, before we took action on that.

2 So I would ask the IG, I guess, just to briefly come forward to
3 answer any questions that board members might have. I think most of the board
4 members were present.

5 The gist of it is that the IG is requesting that his appropriation item
6 be increased from 2.7 million to 3.4 million for the fiscal year. That would require
7 us to set the budget mark together with the rent item that's reflected in the
8 resolution that was drafted and increase the budget mark to -- let's see --
9 \$363,809,000.

10 That would be a total increase of the budget mark that we approved
11 at the last board meeting of \$909,000, taking into account the adjustment for the
12 rent and also the IG's request for this additional fund, which I understand is to hire
13 a new investigator, two new attorneys, and three auditors.

14 MR. WEST: Yes. Maybe, for the sake of the people that didn't hear
15 us, tell everybody what the -- when I started the job back in September, this budget
16 mark had already sort of been in process.

17 I have since reviewed the operations of my office and sort of
18 determined what my needs are, and some of this is based on the fact that, for the
19 three-and-a-half years before my selection, there was an acting IG who did not
20 make certain hiring decisions and certain work was not performed, and so I sort of
21 have a backlog of work, particularly on the audit side.

22 What I'm asking for in terms of this is that three of these positions be

1 permanent, and the three audit positions would be on a contract basis, with the
2 understanding that I think I probably have a bow wave, and at the point that settles
3 down, I may be able to drop back in terms of what my actual needs are.

4 A couple things have become quite apparent. Once I hired an
5 investigator and found out there was work, I really need a second investigator,
6 because a lot of the investigative work requires doing interviews in pairs and, you
7 know, working together.

8 In terms of attorneys, so much of the work that my office does
9 involves interpreting LSC regulations, understanding the practice of law, and I
10 have heard from some board members that there need to be more attorneys on my
11 staff, which I completely agree with, plus I have a very overworked counsel.

12 On the audit side, there is just all sorts of work that wasn't done that
13 needs to be done, and I think once done, it doesn't need to be done a second time.
14 It will be just one shot only.

15 So that's where that -- sort of where those numbers have come
16 through.

17 In addition, I think with the work we're going to do, looking at the
18 work of the IPAs that are required is going to involve some more travel for our
19 staff going out, and that's sort of where the extra \$700,000 comes from.

20 MR. STRICKLAND: Any -- did you move the adoption of the
21 resolution?

22 MR. DIETER: I haven't moved it yet.

1 MR. STRICKLAND: All right.

2 MR. DIETER: I didn't know if there was any discussion.

3 MR. STRICKLAND: Okay, maybe we'll do it in reverse order.

4 Is there any discussion on -- why don't you do that, Rob?

5 MR. DIETER: Excuse me?

6 MR. STRICKLAND: Why don't you move the adoption of the
7 resolution so we can then move to discussion.

8 MR. DIETER: Okay, I'm sorry.

9 M O T I O N

10 MR. DIETER: At this time, then, I move adoption of Resolution
11 2005-002, which I'm handing out, that does reflect a different total figure than the
12 number reflected in the board book, to indicate increasing the budget mark by a
13 total of \$909,000.

14 Pass that around.

15 MR. STRICKLAND: All right. Is there a second to that motion?

16 MS. BeVIER: Second.

17 MR. STRICKLAND: All right. Let's have some discussion.

18 Is there discussion on the resolution, or the motion?

19 MR. MEITES: I have a question.

20 This is predictive, rather than informational.

21 If we ask for \$700,000 more for the inspector general, is Congress
22 going to do one of its vanishing acts and simply reduce another line by \$700,000,

1 or are we, the inspector general and the board, going to be able to persuade
2 Congress that we get \$700,000 of additional money?

3 That's a predictive question, since no one knows the answer, but I'd
4 like some odds on it.

5 MR. STRICKLAND: Who's going to give us the odds on that?

6 MR. DIETER: I can address it. Maybe someone else can give us the
7 odds.

8 But my understanding is if we got the full appropriation, there
9 wouldn't be an issue, but if we don't get the full amount that we're requesting, then
10 we have to adjust all of the various components that we have set forth in the
11 document that we looked at in August-September, I think, in Helena, and at that
12 time, then, it becomes a discussion between the IG and management regarding
13 how we can set that.

14 The other alternative is that Congress will simply designate, you
15 know, what they want for every line item that's in -- you know, makes --

16 MR. WEST: I believe Congress does that, anyway, that the IG's line
17 is a separate appropriation, and the Congress is going to decide what it's going to
18 fund, just in the same way we requested X dollars for TIG grants last year, and we
19 got a lot less than we requested. I think everybody got less than they requested last
20 year.

21 So I mean, once it goes up to Congress, it's really out of our control,
22 except to the extent we can try to lobby Congress or work with Congress to make

1 them understand why we need all that we need.

2 MR. STRICKLAND: I see, before we take Maria Luisa's question,
3 David, did you have something to add to the discussion on that?

4 MR. RICHARDSON: No, sir. I think what Mr. Kirt just said
5 clarified it, and that is that it's not a discussion between management and the IG. It
6 is a congressional decision.

7 They usually just inform us as to the lines that are being funded, and
8 our efforts, as far as the director of government affairs and Mr. Kirt going up,
9 we'll, of course, have a hearing on the appropriation hopefully sometime in April,
10 but we're not involved in the negotiation as to where those lines are, in most cases.

11 MR. STRICKLAND: Maria Luisa?

12 MS. MERCADO: Yes.

13 A couple of issues, and I'm not sure whether it's to any one in
14 particular. It's just something that we as a board sort of need to evaluate and look
15 at, because my understanding in sending the budget mark that we originally sent
16 out, the \$363,109,000 -- and David, you can correct me if I'm wrong on this -- that
17 according to that budget, when you gave that budget to the different directors,
18 setting aside the field programs, Native American programs, and everything, but
19 just dealing with the M&A line, management and administration, when you sent to
20 them under those budgets, what they submitted back to you was actually, in order
21 for what they considered to do their minimum job, their minimum requirements,
22 that they were over budget, according to the 363 million budget mark that we did,

1 and I believe there was like, what, 1.5 million over, or something to that effect?

2 MR. RICHARDSON: In that range. It was, as I recall, the number
3 was like \$15,400,000 that the directors submitted to me and the president to
4 review.

5 When the board sat down and did the appropriations, we decided
6 with the 7 percent increase, and we went 7 percent per line, so in that case, our
7 appropriation request for M&A would have been limited to \$14.1 million, so we
8 have to go in and reduce our expected workload to meet the projected
9 appropriation and whatever other outside sources, for instance carryover and
10 interest, that we may be able to add to that line to sort of enhance the money that is
11 available.

12 MS. MERCADO: And in effect, by increasing the inspector
13 general's line from the 2.7 to 3.4 million dollars, you're actually doing a 30 percent
14 increase, correct?

15 MR. RICHARDSON: In that range, yes, ma'am.

16 MS. MERCADO: And the M&A line, 7 percent interest, and I'm not
17 sure what the interest is across for our basic field programs. Do we have that
18 percentage?

19 MR. RICHARDSON: In our request, it's 7 percent.

20 MS. MERCADO: Part of the reason that we had originally thought
21 of amending the budget mark, because of the whole issue of occupancy costs that
22 now has come to the attention of the board really needs to stay with the M&A line,

1 and not with the inspector general. Hence, the \$209,000 that we were going to add
2 to it.

3 Now, in the budget that was originally submitted, the budget mark,
4 wasn't the \$209,000 -- it's still in the inspector general's line?

5 MR. RICHARDSON: No. When we did the allocation after the
6 November meeting, it was reallocated to management and administration.

7 MS. MERCADO: The \$209,000?

8 MR. RICHARDSON: The 209,000.

9 MS. MERCADO: And so then why were you submitting an
10 amended budget mark of \$209,000 if you reallocated it to management?

11 MR. RICHARDSON: There was -- it was a placeholder.

12 There were some discussions going on as to whether the \$209,000
13 would in fact stay with management and administration or be allocated to the
14 inspector general. That discussion was ongoing this week.

15 And I think the discussion has been now, of course, that it stay with
16 management and administration.

17 MS. MERCADO: And we have no idea or inclination whether in
18 effect the already smaller amount of funds M&A gets to carry out their work, the
19 one point something million dollars less, there's also the possibility that that line
20 can also be decreased even further, correct?

21 MR. RICHARDSON: That's correct. The last few years, our budget
22 has gone down because of recision. We had a funding amount. It was rescinded.

1 That rescinded funded amount became the baseline for next year.
2 We got a freeze appropriation. That was rescinded. We got a freeze appropriation
3 again. That was rescinded.

4 So we're getting less money for M&A, and the inspector general in
5 the line that they had up to that point, and that affected the basic field, also.

6 MS. MERCADO: Is there any -- and I know you didn't have the
7 discussion of this in the Finance Committee, but if what it takes for us to do our
8 minimum job is the 15 point whatever amount, if we're going to go -- we've talked
9 about not going back and forth to Congress with three or four different kinds of
10 budget marks, giving whatever needs legal services and the inspector general have
11 to do the work, is the committee considering looking at if you're going to request
12 to amend the budget to increase the inspector general's budget for an amount that
13 would allow us to have our minimum requirement to do our work within the M&A
14 line?

15 MR. DIETER: Well, we operated, I think, off of the budget mark
16 document that was presented August 31st, and at that time, I believe Mr. West was
17 on the job for how long?

18 MR. WEST: I started September 1st.

19 MR. DIETER: September 1st. I remember you were at the meeting.
20 I guess you weren't in place.

21 So my understanding is that this is, you know, even though there was
22 a number put forward at that time for the Office of Inspector General, there really

1 wasn't any input by the new inspector general regarding his needs to carry out his
2 office functions, and so it sort of belatedly presented to us yesterday with a request
3 to increase that funding and his explanation of what he needs.

4 Now, his request is approximately 1 percent of our overall budget,
5 and I did express to him sort of the same concerns I had that I expressed to
6 management when we were presented with these budget figures, which is that we
7 don't really have a lot of data to judge for ourselves the need for a lot of this.

8 And I'm going to, this next budget process, you know, request that
9 we be involved, the finance committee be involved earlier on in the putting
10 together of the budget so we have a little more information of what it is that we are
11 going to be returning for the money that we are requesting.

12 The basic field grant is, you know, is pretty straightforward. In
13 reality, we have close oversight over 14, 15 million dollars.

14 It's my feeling from talking to the inspector general, and considering
15 when he came on board, and considering the situation that he found and the
16 circumstances under which he intends to proceed, that we approve his request at
17 this time and we revisit this again at the next budget cycle to determine, you know,
18 if that amount is too little or too much.

19 MS. MERCADO: I guess the concern, and I'm not real clear that I
20 have the answer to this yet, I think historically, at least I know over the last six or
21 seven years, the inspector general's office has carried a significant amount of
22 carryover, as much as over \$1 million --

1 MR. DIETER: Yeah, but I think we've had an explanation for why
2 that has occurred, and I think that looking at a lot of things from its historical
3 perspective, you know, may not be a, you know, really a valid approach to judging
4 what we need to do from this point forward.

5 That's my take on what I understand from his presentation to us, in
6 the situation he found.

7 If we were to follow historical recommendations, then I guess we
8 would probably have been derelict in recommending \$2.7 million, because it
9 wasn't being spent before.

10 So that's my take on that approach.

11 MR. STRICKLAND: Go ahead.

12 MR. GARTEN: We've been assured that a substantial part of that
13 \$700,000 increase is temporary, as I understand it.

14 MR. WEST: They will be temporary employees.

15 MR. DIETER: And I think we heard this morning from Mr.
16 Williams, was it, just in the briefing of the overall IG Act, that when a new IG
17 comes in and is confronted with a situation where they feel they need to ramp up,
18 so to speak., that it may take additional resources for that -- you know, for them to
19 be able to carry out their function at that time.

20 MS. MERCADO: Yesterday, in the presentation they had, they
21 spent \$600,000 on this mapping program.

22 I mean, I'm just trying to look at the dollars that were given, and

1 whether they were spent in X, Y, or Z, the question is, is that money still in the
2 budget, because they did a lot of contracting with IPAs, independent IPAs. They
3 did the consulting lines.

4 And if the money is still there, it was just used in a different manner,
5 maybe not in the manner that our current IG would think is responsible.

6 The question is, do the funds still exist there to do different work
7 duties or assignments from the ones that were originally done by the other IGs?

8 MR. STRICKLAND: Let's ask Mr. West to answer that.

9 MR. WEST: Well, first of all, the consulting money was \$600,000, I
10 believe, over a three-year period.

11 Second of all, keep in mind that you're talking about -- I mean, my
12 simplistic way of looking at it is, over \$1 million was turned back, from basically I
13 think like a million two, when you consider the rent from 2004.

14 To me, that's unaddressed work, and I'm basically asking for about
15 half of that back in one year to do work that should have been done in 2001, 2002,
16 and 2003, 2004.

17 So that's one thing.

18 Second is, we have spent between \$60,000 to \$75,000 in having
19 contract auditors work on reviewing the IPA's work, and that -- I don't think we
20 were getting the kind of quality work we need, and I need my staff to do it.

21 I have since hired three people since I've come on, two at the senior
22 level, and that's consuming some of the money.

1 I'm going to be spending some money on some consultants on an
2 issue I briefed to you early today, and I'm -- I mean, I tell you, I have staff mad at
3 me because I've already canceled newspapers in my office because I saw that as an
4 excess expense, that they can go buy the Washington Post or the Wall Street
5 Journal, that we didn't need to pay for it.

6 And I -- you know, they're mad at me for doing that, and that's how I
7 kind of operate, is I'm examining travel, I'm trying to pinch pennies, and wherever
8 I can save a dollar, I'll save a dollar. I took away cell phones. And that's sort of
9 my approach.

10 So I'm not trying to -- you know, this is not trying to be a luxury
11 operation. I'm trying to be a bare bones and whatever we need is what we need.

12 If I come back in July and conclude I don't need this money, I don't
13 have a, you know, problem of saying, "Knock down that request," but in my
14 estimation right now, to do the job you hired me to do, I need this money for next
15 year to do the kind of work that should have been done years ago, particularly a lot
16 of the work that involves examining the various components of LSC, looking for
17 cost savings and efficiencies so that maybe there are things that, through that, that
18 we can save some money and that, you know, some of the -- and so that's part of
19 what all this review, to look for duplication, look for inefficiencies, and look for
20 cost savings.

21 That's my job, to come back and say, "Here are some ways for the
22 corporation to save money," and that's part of the work that was never done.

1 One of the other things I'd like to work on is sort of an activity-based
2 costing. Instead of just saying, "This is our budget, we need X dollars more," as
3 we look through things throughout the whole corporation, including my
4 organization, starting from the ground up, what do you need, what do you do, and
5 what does it cost, and question why are you doing that, what's the cost, what's the
6 return on investment, why are you doing this?

7 And that's what all these jobs are going to do, to bring you back
8 information, to ask the question that Mr. Dieter was asking about in terms of what
9 do we need, are we -- you know, because I think too often people start, "We have
10 this, and we need a percentage increase," as opposed to, "This is what we actually
11 need, here are our programs, here are our costs, and here are things we can cut."

12 Now, I have no doubt Helaine has already done that, but I'm going to
13 take an independent look at it and provide that information in the course of audits.

14 MR. STRICKLAND: Any other questions?

15 (No response.)

16 MR. STRICKLAND: We did note, as we began this discussion, that
17 we would take public comment on this, so Don, if you're ready?

18 MR. SAUNDERS: Thank you, Mr. Chairman and Chairman Dieter,
19 for giving NLADA the opportunity to briefly address you on this revision to your
20 2006 budget mark.

21 I'm Don Saunders. I'm the director of Civil Legal Services for the
22 National Legal Aid and Defender Association.

1 I want to briefly begin by thanking again and congratulating the
2 board on its very strong statement for fiscal year 2006.

3 I think the statement of 362, or wherever you came in in Helena, was
4 a very strong signal in this political environment of support for the program, and I
5 think the field saw it as such.

6 I do want to reiterate briefly a point I believe that Mr. Fuentes made
7 to you in Helena and Mr. Meites raised again today.

8 We're all in full support, I think Bill would speak for the ABA, at this
9 level of funding but clearly this is going to be a difficult year in the Congress, and
10 we must be prepared for a situation where the allocation from the Hill for 2006 is
11 significantly less than that.

12 And in that instance, I do want to urge you on behalf of the members
13 of NLADA to prioritize in any way you can the needs of the basic field, the needs
14 you heard yesterday for technology. You've considered the needs of the Native
15 American program.

16 If you look over the last few years in terms of trends relative to the
17 basic field and to your management budget, the inspector general's budget has
18 increased significantly, and I think when you view this issue from the field
19 perspective, if you look at the trends in the IG's office since its inception, you've
20 seen a tripling of staff within the IG's budget at the same time we have about one-
21 third the number of grantees to be looked at by that office.

22 We have, I think, a relatively exemplary level of compliance. I

1 mean, you obviously have a strong duty and responsibility for ensuring
2 compliance, and I think for a huge extent your grantees have been exemplary in
3 that.

4 There's certainly been some exceptions, but there's certainly no crisis
5 in the field, and they do not feel undermonitored, underreviewed. We certainly
6 welcome ops and regs review of your entire monitoring process.

7 But I think it would be a mistake in the situation that we face in this
8 Congress to significantly increase this particular program without at least
9 approaching it maybe the way you did with the Native American request, to have a
10 certain level of increase for the field for your basic responsibilities to clients before
11 you would consider that.

12 I do think it's time to take a hard look at the way in which programs'
13 performance is monitored for both compliance and for quality, but we feel that in
14 this instance that such a statement here sends the wrong message to the field, and
15 we would urge you to at least consider, in scenarios less than the 363-plus that
16 Chairman Dieter was talking about, ways in which you can influence the Congress
17 toward your priorities, and I urge that those priorities essentially be directed
18 toward basic field service.

19 Thank you.

20 MR. STRICKLAND: Thank you, Don.

21 MR. DIETER: Frank?

22 MR. STRICKLAND: Yes.

1 MR. DIETER: I just have, well, one comment.

2 In fiscal year '97, the management and administration line was 7.1
3 million, and the IG was 1.5, and if you double those, you end up with 14.2. Our
4 request is for 14.1, and, you know, \$3 million, which is, you know, 300,000 higher
5 than the 2.7 that, you know, that we considered.

6 So I don't feel that the, even though it's a large percentage increase,
7 that it's -- we're out of line with the, you know, historical ratios, so to speak, that
8 was in existence going back that far.

9 So, anyway.

10 MR. STRICKLAND: Kirt?

11 MR. WEST: I was basically going to do basically the same. I don't
12 know if you have the sheet, if you got that.

13 MR. STRICKLAND: Before we do that, Bill Whitehurst, were you
14 going to --

15 MR. WHITEHURST: Go ahead. I'll wait.

16 MR. STRICKLAND: I didn't know what secrets we needed to --

17 MR. WEST: I think I just want to clear up, you know, the IG's line
18 vis-a-vis management and administration, that what Professor Dieter has said is
19 correct, that if you go line by line, as of right now, the IG has, in the course of
20 seven years, gone up -- not as a carryover, this is just what Congress appropriated
21 -- from '98 to 2005, the IG's line went up \$1,730,000 and management and
22 administration went up \$5,900,000.

1 So it's not like the IG has been -- plus, considering what the IG gave
2 back that went to the LRAP program.

3 So I don't think the IG's budget has been skyrocketing relative to the
4 M&A line.

5 MR. STRICKLAND: Okay. Thank you.

6 Bill, did you want to address --

7 MR. WHITEHURST: Please.

8 Thank you. I'm Bill Whitehurst, chair of the ABA Standing
9 Committee on Legal Aid and Indigent Defendants.

10 Let me preface my remarks in two ways.

11 First of all, I want to remind this board that the number one priority
12 for the American Bar Association is the funding for the Legal Services
13 Corporation. Everything we do literally throughout the year has that in mind, and
14 certainly everything my committee does has in mind increasing the funding for
15 LSC and other legal services programs.

16 Unfortunately, despite all the effort of all of us, the funding is going
17 the opposite direction, and I think we have to be realistic about that, and I think we
18 have to be realistic of the fact that this year we're seeing cuts, and may well see
19 cuts down the road. Especially, there are certain things in the United States
20 budget that we cannot control right now, and that I think realistically is going to
21 have an effect on what we can expect for legal services for the poor.

22 And I think whatever decision this board makes on funding, on

1 budget, on mark, has to have that at the forefront, and I will tell you that that is, as
2 we struggle, and we'll be struggling on my committee at our next meeting, on how
3 to address the budget mark. It is forefront in our mind, of how to deal with this.

4 The trend is not increasing. The trend is going the opposite way. It's
5 a frightening direction, because we're so low to start out with, that we now
6 seriously threaten the infrastructure.

7 And we have built in this nation a great infrastructure in poverty law,
8 and we should guard against, in all the ways we can, and the ABA is heavy into
9 this endeavor, to preserve at least the present infrastructure, if not strengthen and
10 increase it.

11 The second premise I want to make is that my recommendation here
12 has nothing to do with the quality of the IG's office or Kirt. Kirt knows I'm very
13 supportive of him. I sat on the selection committee. I'm in favor of a quality IG's
14 office.

15 We've had these discussions. You all have been in there when I've
16 given my views, and you know my views on that.

17 But I am very concerned that in one session, and unfortunately it was
18 in the a session that was out of the public eye, which I objected to on the record,
19 and I appreciate us being able to openly discuss it now.

20 But there came a 30 percent increase in one item, literally in just a
21 few hours, without any discussion of the other areas of the budget.

22 My concern is that, as much -- and I don't deny that for the ideal IG's

1 office that level of funding may be necessary. I don't dispute that at all. I don't
2 dispute Kirt's observations and his plan.

3 I simply say that, to get it all in one year sends the wrong message to
4 the field, because the field would like to do it all in one year, and we have told
5 them they cannot.

6 And the Congress has said, "Not only can you not do it, but you got
7 to work with less dollars."

8 And so when we go in for a 30 percent increase, whether it's the IG's
9 office or any one area, I think we run the risk of sending the wrong message to the
10 field when it's not in the field programs.

11 I do think that it is even a more mixed message when that 30 percent
12 is in the IG's office, and I laughingly have told Kirt this, and he knows I say it
13 laughingly, that there's nothing more scary than a new IG, and an energized IG.

14 And I don't want to send the message to the field that we are going to
15 put all the effort and all the new money in their investigation, in their enforcement,
16 in their compliance, when at least to my knowledge we haven't had anybody
17 indicted in the last five years.

18 So I am concerned with the financial aspect of it. I'm concerned with
19 what message we send to Congress when we ask for a 30 percent increase in any
20 one line item, when they're saying that we have to take off 4 percent of what we
21 had last year.

22 I'm concerned, especially in light of the President's State of the

1 Union message, where he talked that we were all going to have to take some hard
2 looks at our budgets, and I'm not sure we accomplished this.

3 I would urge this board to at least consider a phase-in of this
4 increase. Again, I'm not saying it's not eventually necessary.

5 I'm simply saying that it may be that we can't even get all the work
6 done in one year anyway, and that if we could phase it in, and if we're going to
7 increase it, I would love to see an equivalent amount given to the field programs.

8 If we're going to go with the \$363 million, then, and ask for 700,000
9 in the IG's budget, if we're going to do that, I would much rather see a 350,000 to
10 the IG and a 350,000 to the field programs.

11 The other thing that concerns me about the resolution at least that
12 was passed yesterday was that there is no provision if the Congress decides not to
13 meet our mark, and there is no assurance that that money will not be taken, if it's
14 awarded to the IG's office, that it will be taken out of the field programs or the
15 management budget of this board.

16 I'm not sure how to fix that, but I think one of the ways would be to
17 simply make our mark more realistic in light of budget concerns and in light of the
18 message we want to send out to the field.

19 Thank you very much.

20 MR. STRICKLAND: Do any board members have questions for Bill
21 Whitehurst?

22 MR. MEITES: I have a comment.

1 MR. STRICKLAND: All right, go ahead.

2 MR. MEITES: I'm going to vote to support the resolution for a
3 reason that nobody has given yet.

4 We have been on this board for a year-and-a-half, two years -- I kind
5 of lost track --

6 MR. STRICKLAND: Coming up on two years.

7 MR. MEITES: -- and I would like to take the compliance issue off
8 the table.

9 I cannot escape the sense that Congress is preoccupied with that
10 issue, and I believe with the presence of an adequately funded, energetic inspector
11 general, I hope we can convince Congress to direct its attention to exactly what
12 Bill talked about, the substance of our programs and the need for more money to
13 support them, rather than, to me, which is a totally collateral issue, that of
14 compliance.

15 If we can refocus Congress to what we're trying to do substantively, I
16 think it will be much easier for us to make our case to Congress, and I think a step
17 in that direction is to have the kind of inspector general with the kind of funding so
18 that Congress doesn't spend time continuing to focus on what, to my mind, is the
19 tail and not the dog.

20 MR. STRICKLAND: Lillian.

21 MS. BeVIER: Just to sort of second that, in a way, it seems to me
22 that this is a propitious time for this particular increase.

1 I'm very sympathetic to everything that you've said, and I think that,
2 you know, there are reasons to think that this is an odd sort of move to be made.

3 I hope that if this resolution is passed, that you will consider it part
4 of your job to make sure that the field doesn't get the wrong message.

5 The right message here is, we're trying to preserve the good will that
6 we have with Congress. We have an opportunity, with a new, energized inspector
7 general, to, as Tom said, begin to take their concern with enforcement off the table
8 and concentrate on the things that really matter.

9 Of course the field services are what really matter, but we've had
10 kind of a moribund inspector general for several years, and problems and issues
11 have not been dealt with, and it's our responsibility to deal with them.

12 And okay, maybe this won't work, but on the other hand, I think it's
13 worth a risk, it's worth a try, and I have confidence in the assiduous attempt to
14 make it work on the part of our IG and the part of what I hope is our
15 congressional liaison. So.

16 MR. WHITEHURST: And Lillian, you know I agree with
17 everything you said. It's simply, all I would ask is that we do in on a phase-in
18 basis --

19 MS. BeVIER: Yeah.--

20 MR. WHITEHURST: -- as opposed to one time.

21 MS. MERCADO: Just, the reality is that consistently this has
22 happened on this board.

1 There have always been Members of Congress who believe there
2 ought to be more money into compliance and enforcement, and the budget increase
3 of the inspector general's office over the last six, seven years indicates that that is
4 the case.

5 I don't think it ever goes away, and it won't go away next year, and it
6 won't go again, and it doesn't matter that you find noncompliance issues with our
7 grantees.

8 The fact is that 99 probably .9 of our grantees obey all the laws and
9 comply with all our regulations, but the fact is that there are still detractors that we
10 will continue to have on the Hill.

11 And the question is at what point do we make a judgment that what
12 we ought to be fighting for is to get funding so that we can represent more poor
13 people, rather than doing the policing and monitoring.

14 I understand that this provides a new avenue because we have a new
15 IG, but the fact is that you still had an inspector general's office there and that they
16 have continued to get increased funding every time, specifically because they are
17 consistently concerned with compliance.

18 I just don't believe that taking this action is going to change it,
19 because next year, it's going to be the same in the following year.

20 MR. STRICKLAND: Rob.

21 MR. DIETER: And, you know, Bill, my concern also is, as we go
22 forward in the budget process next year, and we have an opportunity to look at

1 things, you know, my desire is to try to get that top line as high as we can, even if
2 some of it starts coming out of management and administration and whatever these
3 programs.

4 And, you know, I guess, you know, I echo Lillian's comments that I
5 hope that the field doesn't draw the wrong conclusion from this, because the way I
6 see this, and I could be totally naive, is we're making an investment to build our
7 case with Congress that we are serious about, you know, meeting their restrictions
8 and observing their restrictions, and that we are going to aggressively pursue that.
9 We're trying to be fiscally responsible, to the extent we can.

10 I expressed my displeasure at suddenly we're asked to change our
11 budget mark. It doesn't strike me as the way to do this. But I also am sympathetic
12 that Kirt came on at a time that, in terms of timing, that made it difficult.

13 We also were able, through whatever reasons, to get the million
14 dollars for the loan assistance repayment program through the IG money that
15 wasn't spent there.

16 And, you know, I support the resolution. If we go forward and we
17 have these kinds of issues come up in the budgeting process and we have a little
18 more time to go through how we might structure the phasing of certain requests,
19 and so that we're sure that the top line is protected to the extent that we can protect
20 it, then I'm all in favor of that.

21 But right now, I guess my feeling is we should proceed with good
22 faith with the new person who is occupying that office, who has presented to us his

1 reasons for what he thinks he needs to do, and given what we know about the past
2 performance there, it seems reasonable and that we should go forward on that
3 basis.

4 But I'm totally sympathetic to trying to get the top line as much as we
5 can go the grantees, and we also need to be really mindful of that, I think, with
6 every initiative or proposal or spending item that we feel is so important back here
7 in Washington, is to think of all the people that we have met when we visit the
8 field offices, and to see how sincere and committed they are, and to notice the level
9 of resources that are available to them, and we should be trying every way we can
10 to save as much money as we can on this end and send it down to them.

11 So, that's my 2 cents.

12 MR. STRICKLAND: Herb.

13 MR. GARTEN: With respect to the million dollar appropriation, that
14 was done at the suggestion and with the consent and support of a congressional
15 individual who told us they were in favor of doing that and establishing this loan
16 repayment plan, as I recall.

17 I listened yesterday at great length, and I'm very sympathetic to the
18 perception in the field if we proceed with this increased budget request for the
19 inspector general.

20 I'm also concerned about the perception of the ABA. They are
21 principal supporters of Legal Services Corporation, number one important matter,
22 number one committee. We have the chair here, who attends every meeting. And

1 I think we should give recognition to what they perceive to be a problem.

2 I suggested this yesterday in the committee meeting about something
3 less than the \$700,000. I recognize that the IG feels it's needed.

4 But I'm sympathetic to, and supportive of, this phase-in approach,
5 and I think we can come up with a phase-in that would enable the inspector
6 general to pursue the work that he would like to do by phasing it over three years
7 and giving him 50 percent of the \$700,000 in the first year and having a
8 commitment, to the extent we're able to do it legally, that the balance of the request
9 would be phased in over the next two years.

10 So, although I supported the resolution in committee, I'm persuaded,
11 after reflecting upon this, to support the phase-in on the bases that I have just laid
12 out, and I would hope that fellow members of the board will give consideration to
13 supporting that also.

14 MR. STRICKLAND: All right. David, did you have a comment?
15 Go ahead.

16 MR. HALL: Yes. Well, this is an issue I'm very torn on, having
17 heard the conversation yesterday and hearing comment today.

18 I'm torn because I, too, understand the importance of compliance. I
19 think all of us have gotten the sense that, and I think there have been different
20 people who've said it, that if there's one thing that Congress is making decisions
21 on, it's whether they think we are complying, not so much do we have a creative
22 program that is delivering, and so you can't lose sight of that ball.

1 But yet at the same time, even though that's the sensitivity of the
2 Congress, I think part of this bothers me because it seems as if we are more willing
3 to write a blank check for compliance and not write the same blank check for the
4 field, or even the corporation and its work.

5 I have an independent basis for determining that there's a need out
6 there, because I've been on state commissions that have looked at the need, and
7 we've traveled around the country, and it's clear that we are not coming anywhere
8 close to addressing the need.

9 And so, therefore, if there's a place where I would want to write a
10 blank check, it would be in that area.

11 I don't have an independent basis for knowing whether Kirt needs
12 two three, four, or five more people.

13 I just don't have any way of saying that I know that's what it is, so I
14 have to kind of go on his judgment, and, you know, that's not a bad thing, but it
15 does create this dilemma, I think for the board, and it certainly does for me
16 personally, if we seem to be developing a mentality where we're more supportive
17 of compliance than we are of the real goal, that I think is, you know, delivering the
18 services.

19 So I don't know if there's a way to do -- I mean, we've had one
20 proposal that maybe phasing it in is a compromise to resolve my dilemma.

21 Someone else suggested, and I don't know if it's realistic, that we
22 send the message of what our priorities are with the budget mark, that yes, this

1 money should come, but only if we, you know, get the other issues addressed.

2 I assume that that's probably unrealistic, but if that is a mechanism
3 available to us so that we send the message about what our priorities are, I would
4 certainly encourage us to do that, because at least from where I sit, I think the
5 fundamental priority is to get more dollars to the field, and if it turns out that
6 because of this move we end up with less for the field, or even less for central, I
7 think that's not where we want to end up.

8 And saying all of that, at the same time, we don't want to be a board
9 that will be viewed as not wanting to support compliance, and to have Kirt in his
10 conversations with Members of Congress saying, "I needed more, but that board
11 wouldn't give me more."

12 So it's really a dilemma, and I hope whatever way we come out, we
13 understand that we're making some very hard choices here that have some serious
14 implications, not only for this decision, but for some things down the road.

15 MR. STRICKLAND: All right. We've had a lot of good comments
16 on this particular motion, but --

17 MR. McKAY: Mr. Chairman?

18 MR. STRICKLAND: Yes, sir, Mike.

19 MR. McKAY: Just a quick comment.

20 First, I want to echo the comments of Lillian, Tom, and David,
21 particularly David's comment about the dilemma. I fully embrace that.

22 But I do come down in favor of the resolution, because, you know,

1 for those of us, and I think many attending this meeting were involved in these
2 battles of the mid-1990s concerning funding from Congress, and when you take
3 the argument that David just made about the dilemma, fully embracing the
4 balancing of funding to the field and the importance of compliance, I do come
5 down on the side of compliance this time, really accepting and heartily supporting
6 the concept that our main goal is funding to the field.

7 But if we get back into the troubles that we had back in the 1990s,
8 that will be the problem, because funding will decrease significantly if not be shut
9 off entirely.

10 So while I do understand the dilemma, and wrestle with it like David
11 does, I do come down with Lillian and Tom to support the resolution.

12 MR. STRICKLAND: Thank you very much.

13 Are there further comments on the motion that's on the table?

14 (No response.)

15 MR. STRICKLAND: All right. Hearing no further comment, let's
16 proceed them to a vote on the motion that is before us, which is to adopt
17 Resolution 2005-002 as presented.

18 Yes, sir?

19 M O T I O N

20 MR. GARTEN: I'd like to move an amendment to the main motion,
21 and that would be that we grant the inspector general the full \$700,000 request
22 being made with the proviso that it be phased in over three years with 50 percent

1 of that amount included in the 2006 mark, and to the extent feasible, with a
2 commitment with respect to paying 25 percent in each of the two years, to the
3 extent that we can obligate succeeding boards to that extent, but we would have an
4 understanding to that effect.

5 That would be my motion.

6 MR. HALL: Second.

7 MR. STRICKLAND: All right, then. To try to get an understanding
8 of that, then is the substance of your amendment to have all that in the resolution,
9 but I think at some point you'd have to have a specific dollar amount.

10 MR. GARTEN: \$350,000.

11 MR. STRICKLAND: In other words, you would -- the effect of your
12 motion then would be to reduce this proposed mark by \$350,000 --

13 MR. GARTEN: Exactly.

14 MR. STRICKLAND: -- is that correct?

15 MR. GARTEN: Yes.

16 MR. STRICKLAND: Can you do the math on that for me?

17 MR. GARTEN: Sure.

18 MS. BeVIER: I think it's arithmetic. Sorry.

19 (Laughter.)

20 MR. STRICKLAND: That's a loose term of art.

21 (Laughter.)

22 MR. GARTEN: 363,459,000.

1 MR. STRICKLAND: All right. And so your amendment is to
2 change the budget mark in this resolution to 363,459,000; is that correct?

3 MR. GARTEN: That's correct.

4 MR. STRICKLAND: All right. Any discussion on the amendment?

5 (No response.)

6 MR. STRICKLAND: Let's proceed to a vote on the amendment.

7 Does everybody understand the amendment, which, in essence, will
8 reduce that by \$350,000?

9 MS. MERCADO: Right. But there's still, I don't know whether you
10 want to call it legislative history, if you will, the understanding that we would
11 support the other 50 percent increase over the next two years to deal with it,
12 because I still believe that there is, at a minimum, 200-and-something thousand
13 dollars from the rent we're no longer going to have to pay in that budget. So.

14 MR. STRICKLAND: Yeah. And I don't know, as a matter of
15 protocol in adopting these budget marks in a resolution, whether we could or
16 should include these additional comments.

17 I mean, I'm not disagreeing with your comments --

18 MR. GARTEN: My understanding is that we can't legally, from
19 what I've heard previously, provide for it, but we certainly could have the minutes
20 reflect.

21 MR. STRICKLAND: The minutes could reflect that, yes, I agree
22 with you on that.

1 All right. That's I think a better way to do it. Let's proceed them to a
2 vote on the amendment.

3 All those in favor of the adoption of the amendment, please say aye.

4 (A chorus of ayes.)

5 MR. STRICKLAND: Those opposed, nay.

6 (A chorus of nays.)

7 MR. STRICKLAND: Okay, we're going to have to do a -- I can't get
8 it on the telephone.

9 All right. For the amendment, let's have a show of hands.

10 (A show of hands.)

11 MR. STRICKLAND: All right. One, two -- are you voting for the
12 amendment? -- three, four.

13 MS. BeVIER: And Ernestine.

14 MR. STRICKLAND: And Ernestine, did you vote for the
15 amendment?

16 MS. WATLINGTON: Yes.

17 MR. STRICKLAND: Okay, so that's five. How many people do we
18 have here?

19 MS. BeVIER: Ten.

20 MR. STRICKLAND: Hmm.

21 (Laughter.)

22 MS. MERCADO: We have Mike.

1 If it were a tie, you would break it, but it's not a tie.

2 MR. STRICKLAND: Mike?

3 MR. McKAY: No.

4 MS. MERCADO: He's the chair. He doesn't vote unless there's a tie,
5 under Robert's Rules of Order.

6 MR. STRICKLAND: I'm not so sure about that, but --

7 MS. BeVIER: Is Vic here?

8 MR. STRICKLAND: We'll need to take the vote again, sorry, and
9 then we're going to ask for advice from our counsel.

10 All right. All those in favor of the amendment, please raise your
11 hand.

12 (A show of hands.)

13 So we have one, two, three, four, and Ernestine, you voted aye?

14 MS. WATLINGTON: Yeah.

15 MR. STRICKLAND: All right, so that's five.

16 And those opposed?

17 (A show of hands.)

18 MR. STRICKLAND: One, two, three -- Mike?

19 MR. McKAY: That's a no for me.

20 MR. STRICKLAND: -- four. All right, that's five to four, so there's
21 not a tie.

22 MS. BeVIER: It's a tie if you vote.

1 MS. MERCADO: The chairman only votes in case of a tie.

2 MR. FORTUNO: No, I think the chairman has a vote, even in the
3 absence of a tie.

4 MR. STRICKLAND: But if I vote to create a tie, then the
5 amendment fails, doesn't it?

6 MR. FORTUNO: Then it fails. That's right.

7 MR. STRICKLAND: Oh, brother.

8 (Laughter.)

9 MR. HALL: And you wanted this job, right?

10 (Laughter.)

11 MR. HALL: Let's see how you operate under this job.

12 (Laughter.)

13 MR. STRICKLAND: And I had all sorts of kind things I was going
14 to say about the members of the board and so on at the end of the day. I'm going
15 to have to rethink about that.

16 (Laughter.)

17 MR. STRICKLAND: Oh. Bear with me a minute. Let me think
18 about it.

19 MS. BeVIER: You thought you weren't going to have to.

20 MR. STRICKLAND: That's right. That's right.

21 The chair is going to declare a recess for about two, three minutes.

22 (A brief recess was taken.)

1 MR. STRICKLAND: Ernestine and Mike, you're back with us?

2 MR. McKAY: I'm here.

3 MR. STRICKLAND: Ernestine, are you with us?

4 MS. WATLINGTON: Uh-huh.

5 MR. STRICKLAND: All right, good. Sorry. We took a little bit
6 longer break than we thought.

7 All right, let's reconvene the meeting. I've had some discussions
8 during the break, and I'm persuaded by the presentation made by Tom Meites and
9 the message that would send, and I'm inclined to -- as I say, I'm persuaded by that,
10 so the chair will vote no, and the amendment fails.

11 So let's proceed to a vote on the main motion.

12 Any further discussion on the main motion?

13 (No response.)

14 MR. STRICKLAND: All right. All those in favor of the main
15 motion, Resolution 2005-002, please signify by saying aye.

16 (A chorus of ayes.)

17 MR. STRICKLAND: And those opposed?

18 (A chorus of ayes.)

19 MR. STRICKLAND: All right. So --

20 (A chorus of noes.)

21 MR. STRICKLAND: I'm sorry. Those opposed, nay.

22 (A chorus of nays.)

1 MR. STRICKLAND: Three nay votes.

2 MS. BeVIER: Ernestine, do you want to vote?

3 MR. STRICKLAND: Ernestine?

4 MR. HALL: I think we may need to do a hand count.

5 MR. STRICKLAND: We'll have to do a show of hands vote on it.

6 All right. This is on the adoption of the main motion, so that I probably need to
7 restate that, that the original resolution as proposed for a budget mark of 363,809
8 be adopted.

9 So let's have a show of hands of those in favor of that motion, please
10 raise your hands so we can take a count.

11 (A show of hands.)

12 MS. BeVIER: Mike, would you raise your hand if you were here?

13 MR. McKAY: My hand is up.

14 MS. BeVIER: Oh. Careful.

15 MR. STRICKLAND: Okay. One, two, three, four, and Mike is five.

16 MR. McKAY: Yes, sir.

17 MR. STRICKLAND: Okay. Ernestine?

18 MS. WATLINGTON: Yes.

19 MR. STRICKLAND: How are you voting?

20 MS. WATLINGTON: Yes.

21 MR. STRICKLAND: Are you voting yes?

22 MS. WATLINGTON: Yes.

1 MR. STRICKLAND: Okay. Those opposed, nay?

2 (A show of hands.)

3 MR. STRICKLAND: One, two, three.

4 Okay, the motion passes, the resolution is adopted.

5 All right, let's move on to the next -- is there anything else from
6 Finance?

7 MR. DIETER: No, I believe that concludes the report.

8 MR. STRICKLAND: Okay. The next item then is to consider and
9 act on the report of the Operations and Regulations Committee.

10 MR. MEITES: Thank you, Mr. Chair.

11 We're running a little late, so I'll give a somewhat abbreviated report.

12 Our committee first of all considered the various issues regarding
13 revisions to our Regulation 1611. We had received some additional comments
14 from the IG's office.

15 In addition, there are a number of proposed changes that our
16 committee has not yet had a chance to discuss.

17 Given the length of the agenda at this meeting and the volume of
18 changes to be considered, our committee, I'd like to inform the board, has decided
19 to defer further consideration of 1611 until we are able to call a special meeting of
20 our committee and not in conjunction with a regular board meeting.

21 We will devote that committee meeting solely to 1611, and it is our
22 anticipation that at the end of that special meeting, we will be able to come back to

1 the board at the Puerto Rico meeting and make a recommendation.

2 Second, we had further consideration of the petition to amend our
3 class action rule, 1617. In particular, we received a report from the Office of
4 Compliance and Enforcement regarding reporting the results of a survey that it
5 undertook at our behest to investigate whether and the extent to which any of our
6 grantees are still in any way counsel of record in any pending class actions.

7 The report was that there were seven grantees to involved, with
8 various relationships.

9 We reported to management the sense of our committee was that
10 those grantees who were still in a position where they were obliged under the
11 terms of a decree or court order to monitor an ongoing class action, that our sense
12 was it was prudent, without going into any detail about whether this was or was
13 not a violation of or noncompliance with our existing regulation, we believe that a
14 monitoring activity was something that should not be continued, and we asked
15 management to go back to the seven grantees and ascertain whether it was possible
16 and whether the grantee was willing to attempt to extricate them from those cases.

17 We also decided that until we got a report on that, we would defer
18 further consideration of the petition to amend 1617.

19 We then heard a report in considerable and very useful detail from
20 the Office of Compliance and Enforcement and the Inspector General's Office on
21 first of all OCE's range of activities, and then from the IG, those of his activities
22 which potentially overlap and possibly duplicate the activities of the Office of

1 Compliance and Enforcement.

2 We learned that there is overlap, that there are historical reasons for
3 the overlap, but we were pleased to hear that the IG is undertaking an audit -- in
4 fact, we heard it again this afternoon -- to examine this exact duplication or
5 potential duplication of activities with an eye to making a report to our board as to
6 ways that the two offices can avoid inefficiencies in the future.

7 Finally, we -- I believe those are the areas that we covered in our
8 committee. We also heard two matters in closed session.

9 MR. STRICKLAND: All right, thank you, sir.
10 Are there any questions for Chairman Meites?

11 MS. BeVIER: Could I say one thing?

12 MR. STRICKLAND: Yes, ma'am.

13 MS. BeVIER: We've talked a lot about compliance today, and I have
14 to say that the report yesterday from the Office of Compliance and Enforcement
15 was incredibly impressive and very, very encouraging.

16 One has the sense that that is an office that is in very capable hands,
17 and very mission focused, and that the people who are in that office, I mean, are
18 exceptionally well qualified and competent.

19 This is no different from other staff reports that we get when we get
20 staff reports, but I would like, particularly in view of our concern and the
21 importance of compliance at this point, to express genuine confidence in the way
22 that that aspect of the board's oversight work, the corporation's work is being

1 conducted.

2 MR. McKAY: Mr. Chairman?

3 MR. STRICKLAND: Yes, sir.

4 MR. McKAY: I just want to join Lillian in those comments.

5 I was very impressed with the presentation, as well, and simply echo
6 Lillian's comments. It was a very, very impressive report yesterday.

7 MS. BARNETT: And I will just say --

8 MR. STRICKLAND: I hope you will convey that to the director --

9 MS. BARNETT: To all of them, right.

10 MR. STRICKLAND: Yes.

11 MR. GARTEN: May I, that's right, also echo those comments.

12 MR. STRICKLAND: Well, you're hearing it, Helaine, so please
13 express that to Danilo and his people.

14 MS. BARNETT: I would be delighted to.

15 MR. STRICKLAND: All right. Lillian, let's hear the report of the
16 Annual Performance Reviews Committee.

17 MS. BeVIER: My report will be very short.

18 The committee is continuing its work. Its work is not yet completed,
19 its work of adopting criteria and learning of the president's, the work that she has
20 done to this point and the work she plans to do in the future.

21 We hope that we will be in a position to report at either the next
22 meeting or the meeting following that.

1 MR. STRICKLAND: Any questions of Lillian?

2 (No response.)

3 MR. STRICKLAND: The next item here is the consideration and
4 action on the board's meeting schedule for the rest of this year.

5 There is a tab in here labeled "Meeting Schedule and Calendar,"
6 which I think with the exception of one meeting date, is set.

7 MS. BARNETT: Mr. Chairman?

8 MR. STRICKLAND: Yes.

9 MS. BARNETT: That meeting date has now been set.

10 MR. STRICKLAND: That's correct. That's right. Isn't it the 28th
11 and 29th of October?

12 MS. BARNETT: October, yes, correct.

13 MR. STRICKLAND: All right. If you'll note then on that exhibit
14 that the dates of October 28 and 29 are set for our meeting in Boise, Idaho on those
15 dates.

16 Do we customarily take a motion to approve the schedule? Is that
17 how we proceed on that? Or do we even need a motion on that? I don't think we
18 do.

19 It ends up being a matter of when people can attend, and I think
20 we've already surveyed the board the determined -- okay. So that's just an
21 information item, then.

22 Someone is going to give us a report -- Helaine, is it you? -- on the

1 pilot loan repayment?

2 MS. BARNETT: It is, Mr. Chairman. I wanted to ask you how
3 detailed you wanted me to be in light of the hour.

4 MR. STRICKLAND: I would think in light of the hour and the fact
5 that we may lose a quorum at 4:30, so --

6 MS. BARNETT: I would suggest that the outline is behind your tab
7 in your board book.

8 MR. STRICKLAND: And is that sufficient?

9 MS. BARNETT: I think it is. I'm happy to send you a summary of
10 that or just have you read that and get back.

11 MR. DIETER: I had one question.

12 MR. STRICKLAND: Yes, sir.

13 MR. DIETER: On Page 129, Item C, Determining the Amount for
14 the Award for the Pilot, it says it's not needs based, no income caps.

15 And I wasn't sure what that --

16 MS. BARNETT: I'm sorry, what page?

17 MR. DIETER: Page 129 in the board book -- MS.

18 BARNETT: Yes.

19 MR. DIETER: -- Page 4, I think, Paragraph C at the top, and then
20 Item (i). It says, "Determining the Amount of Award for Pilot," says, "Not Needs
21 Based, No Income Caps."

22 And that --

1 MS. BARNETT: I believe -- and Herb can help me on that, as well,
2 since he's the board liaison to that -- that that is the fact, that they have to have a
3 certain amount of a loan --

4 MR. DIETER: Right.

5 MS. BARNETT: -- in order to qualify, and if they have that amount
6 of a loan, then they would qualify.

7 MR. DIETER: When we were in Baltimore, there was a fellow there
8 whose wife was a doctor, who said that he, you know, as a result of that situation,
9 was fortunate enough to get back to doing legal services work, and my
10 understanding of the pilot is to test whether or not we're drawing into this field
11 people who financially would not be able to come here.

12 MS. BARNETT: Accept legal services positions without the loan.

13 MR. DIETER: Without the loan.

14 MS. BARNETT: Right.

15 MR. DIETER: And it seemed to me that we need to look at that in
16 terms of determining the income level of spouses, et cetera.

17 We set one of these up at the University of Colorado just recently,
18 and that's, you know, one of the factors that was considered to -- you know, not
19 just whether someone has a loan, but whether or not financially they can afford to
20 do public interest work.

21 MR. STRICKLAND: Yes, sir.

22 MR. GARTEN: My recollection of the comments on this, the people

1 involved were experts from all over the country, and they indicated that in order to
2 do this with a minimum of administration expense, that they couldn't get into
3 asking for financial information, and that was one of the reasons why this was put
4 in here for this purpose.

5 Remember, it's a pilot program limited to a very small number. \$1
6 million is not going to go very far.

7 Helaine, what is the total number they were talking about? Twenty,
8 25?

9 MS. BARNETT: No, it would be more than that if we did a \$5,000
10 cap.

11 MR. DIETER: If we're testing a thesis and it turns out that we're
12 paying a loan off for someone who is working in legal services whose spouse is
13 making \$250,000 as a corporate attorney, to me, that doesn't seem to meet the
14 purpose of the loan program, which would be to help those who are financially not
15 able to do this kind of work because their debt burden is so high, and we'd be -- in
16 that sense, all we'd be doing is just subsidizing somebody's salary. We wouldn't be
17 assisting people in getting into this field.

18 So it's a pilot, or it's preliminary work, but --

19 MR. GARTEN: We can certainly bring this up at the next --

20 MS. BARNETT: I think we should revisit that.

21 MR. STRICKLAND: Yeah, I agree.

22 MS. MERCADO: I mean, you have plenty of people -- we have --

1 we had one local legal services attorney in our office in Galveston that had a
2 \$105,000 debt between law school and undergraduate school, and she was a legal
3 services lawyer that had to go and work for a housing authority, because we
4 couldn't even pay her to make her loan payments monthly.

5 MR. DIETER: I understand. That's what we're trying to --

6 MR. STRICKLAND: Yeah.

7 MS. MERCADO: I mean, I think that there's plenty of candidates
8 that we can get --

9 MR. GARTEN: I think what I've just related to you was the
10 principal reason, keep administrative costs down, and it's a pilot program, but we
11 certainly --

12 MS. BARNETT: I think there's a legitimate question that needs to be
13 --

14 MR. STRICKLAND: Yeah, let's revisit that particular item.

15 MS. BARNETT: Thank you.

16 MR. STRICKLAND: Now, let's -- we're now at the point on the
17 agenda where, is there any other business to come before the meeting, other than in
18 closed session?

19 Yes, sir, Tom.

20 MR. POLGAR: We just adopted a budget number to present to
21 Congress by a six/three or four vote. I would just like to state that my impression
22 of listening to the debate was in fact that there's overwhelming support for over 99

1 percent of that budget mark and that the six/three vote is really not reflective of a
2 dispute over the larger, you know, 362-1/2 million or 363 million of the number
3 that --

4 MR. STRICKLAND: I think that's correct. It has to do -- we heard
5 the discussion --

6 MR. POLGAR: Right.

7 MR. STRICKLAND: -- what is has to do with. So I'm glad you
8 noted that. I think that's a correct assumption.

9 MR. POLGAR: I just wanted to put that on the record, though --

10 MR. STRICKLAND: Yes.

11 MR. POLGAR: -- so nobody would get a wrong idea.

12 MR. STRICKLAND: You're absolutely right.

13 And does the board agree that that is the case?

14 (A chorus of yeses.)

15 MR. STRICKLAND: Is there any further public comment?

16 Yes, sir.

17 MR. WHITEHURST: I had planned to make a brief report from
18 SCLAID, but if the late hour, you'd rather not do that -- it will be very brief, but, if
19 I have a chance, I'd like to do it.

20 MR. STRICKLAND: Hold on just one second. Let me get some
21 idea from the people who will be addressing us in closed session, and I'm looking
22 for a non-substantive response to this.

1 In other words, how long --

2 MR. RICHARDSON: I have nothing to address --

3 MR. STRICKLAND: Nothing at all. So we've covered your matters
4 in other sessions.

5 All right. Those who would address us in closed session, give me a
6 timeline. Or can you?

7 MR. RICHARDSON: Perhaps 10 to 15 minutes for the board travel,
8 because that will be -- we'll do a presentation and take some questions.

9 MR. STRICKLAND: Okay. Victor?

10 MR. FORTUNO: Ordinarily, wouldn't take very long, but we do
11 have one issue that --

12 MR. STRICKLAND: Yeah.

13 Well, I mean, if we lose a quorum, we lose a quorum, but I tell you
14 what. In terms of priorities, I mean, what is the priority of the board travel thing?
15 Is that something we could take u pat another meeting?

16 MR. RICHARDSON: We certainly can.

17 MR. STRICKLAND: Yeah.

18 MR. RICHARDSON: That's what I was getting ready to say as we
19 were talking here.

20 MR. STRICKLAND: Why don't we just make a --

21 MS. BARNETT: It's a result of an IG audit where we committed to
22 them we would do it at this The board meeting, so if we are going to take it up, I'd

1 like an understanding that we followed our direction but at the direction of the
2 board, you've asked us to put it over.

3 MR. WEST: If Mr. Richardson would care to even have individual
4 discussions with the board members at other times, that would satisfy the intent, so
5 you wouldn't have to do it collectively.

6 MS. MERCADO: You could also just send us a memo, right?

7 MR. WEST: You could send them the information and do followup
8 conversations. I think that would meet the intent.

9 MR. STRICKLAND: Why don't we do that?

10 It certainly is not our policy to -- we don't want to get in the regular
11 habit of rushing through things, but i think we had a real heavy duty agenda this
12 weekend, so a couple of board members have advised me relative to their travel, so
13 if you could give us a -- and I hate to cut your time short, Bill, but I wonder if you
14 could give us five minutes. Is that all right?

15 MR. WHITEHURST: That's fine.

16 MR. STRICKLAND: Okay.

17 MR. WHITEHURST: That's fine, and I will skip over a number of
18 things.

19 I will not be able to be with you at your next meeting, and so I was
20 going to use this as an opportunity to give you a little bit more in-depth overview
21 of what the ABA does and specifically what SCLAID does, but I can reserve most
22 of that to another meeting and hope I'll have the opportunity to do it.

1 I do want to remind the board -- well, first, let me say thank you, as
2 always, for the hospitality you show to us. It's always appreciated.

3 We were involved in two major projects this year, one of which
4 involves this board, and that is the revision of standards for providers at civil legal
5 services for the poor, the standards which your president serves on the committee
6 that's redoing that.

7 We have some really bright minds on that committee. That is a
8 project that is moving along very rapidly. We have a tight schedule. So far, we
9 are on schedule.

10 We are fortunate in that the reporter for the 1986 version of the
11 standards was available and is the reporter on this version, which keeps us from
12 having to reinvent the wheel.

13 But that is going well. In the work that's been done, they have
14 identified a number of areas which simply were not going on or were not
15 identifiable at the time the last revision was done.

16 So what we've learned is that what we're doing is not only timely but
17 absolutely critical that it be done in order to meet the need of legal services for the
18 poor in the field.

19 So that's going on.

20 Also, we'll let you know that, especially since the president
21 commented on it in his State of the Union Message with regards to the quality of
22 legal services for indigent defendants.

1 You may or may not know, but SCLAID is, the Standing Committee
2 on Legal Aid and Indigent Defendants, we're getting ready to reveal or to publish a
3 brand new report, the Gideon Report, which is an extensive report based upon
4 hearings that we had regarding the status of legal services for indigent defendants
5 in this country.

6 As chair of SCLAID, I have -- in the past, we kept those fairly
7 separate. I had put those together. I had our committee sit in joint sessions on all
8 civil and criminal matters, because I think there are a lot of things that apply in the
9 criminal defense that affect civil, and vice versa.

10 So we are getting ready to have the first conference summit of state
11 indigent defense programs of the bar programs at the ABA meeting in Utah, and so
12 that is going on, as well as all the other things.

13 I do want to mention to you, as I mentioned earlier, that everything
14 we do has the first priority as funding for legal services, and 90 percent of our
15 work is with that in mind.

16 We have made great strides in our access to justice commissions,
17 which I think mentioned before create an additional infrastructure in our country
18 for the provision of legal services to the poor, one that primarily gets Supreme
19 Court justices involved. That's been a very successful program, will be up to about
20 26 states this year.

21 The Conference of Chief Judges invited us to the last conference.
22 They have embraced this. It is one of the bright spots that I think is happening in

1 legal services. It is a way to really increase our pro bono efforts and also increase
2 non-federal funding for legal services that we continue to work on.

3 That being said, let me skip over what I had otherwise planned to do
4 with regards to other work that the ABA is doing, and mention the Dobbins case,
5 because I know at some point you all will be discussing that. I don't know if
6 you're going to be doing it this session.

7 But we have not presented anything to this board in writing. I know
8 NLADA has. But I think it's very important for us to at least give you some
9 comment on that.

10 Again, understand that what we do is 90 percent with regards to how
11 we can get more money into the system.

12 The ABA policy has always been opposed to any restrictions. It's not
13 a political issue.

14 It simply is that we represent what is the largest organization of
15 lawyers in the world, and we believe strongly the ABA has endorsed, through its
16 house of delegates, that we're against any concept that would do away -- would
17 make the tools available in our legal systems different for the poor than they would
18 be to others.

19 It's just a matter of policy and a matter of the concept of what a
20 lawyer does.

21 That being said, the ABA has been very careful in how it has dealt
22 with Congress on those issues. It has not made it a major issue. We have not

1 pursued trying to impose that concept on the Congress, knowing that it was very
2 sensitive to get money.

3 Again, everything we have done in this regard has been to ensure that
4 we get additional money into the system, even to the extent of not affirmatively
5 pursuing some of our own policies. We will continue to do that.

6 At the same time, something that has happened now that gives an
7 opportunity that we feel like we need to at least make a comment on, and that is
8 the Dobbins decision.

9 First of all, it's clear from my legal reading of the opinion that the
10 LSC won that case. They have upheld all the restrictions on its face. None of the
11 objections to the restrictions on its face were agreed to by the different courts that
12 have held it. It's been consistent. And I think that is fairly established, at least in
13 this case and its progeny. Well, not progeny, but it's cases that came actually
14 before it.

15 The one thing they did do, though, is they recognized that there was
16 an area of the restrictions, and not the restrictions per se, but simply how LSC has
17 chosen to implement that restriction that affects money in the system.

18 And I would ask you to look at that and say this -- we have to be
19 innovative today. We're going the opposite way, as I mentioned earlier. The
20 money is not increasing, it's going down.

21 The restrictions were never to be meant as a punitive aspect, but
22 simply as a way to guard the spending of federal funds.

1 The court lays out a way that that can be done, and maybe not
2 exactly like everyone would like it, but certainly in a way that at least would
3 comply with the court's view of the constitutional requirements.

4 I think it's even more significant that this decision comes after we've
5 had an executive order by the President that really speaks to this issue, and that's in
6 the faith-based, how we're going to deal with faith-based funding, and that -- we
7 did not have that executive order before the Legal Services Corporation decided
8 how it was going to implement the restriction.

9 But what the court has laid out is simply in compliance with what the
10 President has set out as far as faith-based funding, faith-based money, how they're
11 going to separate things that are done with the federal money and things in the
12 church or in the faith that should not be done with federal money.

13 And I think the danger in that area is far greater than what we have in
14 the legal services.

15 So if the safeguards that have been put in place for faith-based
16 communities are sufficient for that, then I think it clearly should be sufficient for
17 the federal funding for legal services for the poor.

18 We need more money in the system. This is a significant -- can be a
19 significant cost savings to allow programs to enjoy fundamental constitutional
20 rights, but in the process, save substantial amounts of money and consolidate the
21 costs that we have in this system.

22 The only way this works is if we help each other. The work that the

1 ABA does is far broader than the federally funded legal services programs.

2 But what we also know is that we need to share certain things that
3 make it better for the poor, for the delivery of legal services to that constituency.
4 This is a way of doing that.

5 I don't think, personally and legally, that LSC has anything to gain by
6 appealing this. To the contrary, I think they have a chance of losing on it.

7 An appellate court might get a hold of this and take away things, part
8 of the 99 percent that LSC won in this case.

9 But more importantly, I hate to see the money continue to go after
10 this litigation when what has been set forth by the appellate court is reasonable and
11 also in compliance with the President's executive order as it has to do with fait-
12 based entities.

13 With that said, I will reserve the rest of my remarks for a time when
14 you have more time to hear them.

15 MR. STRICKLAND: Okay. Thank you very much, Bill, for your
16 presentation, and we're sorry that we've run into a little bit of a time problem this
17 afternoon.

18 We appreciate you're being with us, as we always do, and we're sorry
19 to hear you can't join us at our next meeting, but --

20 MR. WHITEHURST: Well, I'm the loser on that one. I feel sorry
21 that I will not be able to join you in Puerto Rico.

22 MR. STRICKLAND: Well, we'll look forward to seeing you at

1 another meeting --

2 MR. WHITEHURST: Thank you.

3 MR. STRICKLAND: -- when you can join us.

4 All right. Any further public comment?

5 (No response.)

6 MR. STRICKLAND: All right. At this point, I will entertain a
7 motion to go into executive session to address the items shown on the agenda
8 under "Closed Session."

9 Is there such a motion?

10 M O T I O N

11 MS. BeVIER: So moved.

12 MR. STRICKLAND: Second?

13 MR. HALL: Second.

14 MR. STRICKLAND: All those in favor, please say aye.

15 (A chorus of ayes.)

16 MR. STRICKLAND: Thank you very much, ladies and gentlemen.

17 We'll adjourn our meeting from the closed session, so this will conclude, and that
18 will conclude the meeting for today. Thank you very much.

19 (Whereupon, at 4:00 p.m., the meeting was adjourned to closed
20 session.)

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