

LEGAL SERVICES CORPORATION  
BOARD OF DIRECTORS

FINANCE COMMITTEE

OPEN SESSION

Monday, September 17, 2007  
10:00 a.m.

The Legal Services Corporation  
3333 K Street, N.W.  
3rd Floor  
Washington, D.C.

BOARD MEMBERS PRESENT:

Frank B. Strickland, Chairman, ex officio  
Lillian R. BeVier, Vice Chairman  
Thomas A. Fuentes, via telephone  
Herbert S. Garten  
Michael D. McKay  
Thomas R. Meites, via telephone  
Sarah Singleton

LSC STAFF PRESENT:

Helaine M. Barnett, President, ex officio  
Patricia D. Batie, Manager of Board Operations  
Mattie Cohan, Senior Assistant to General Counsel  
John Constance, Director, Office of Government  
Relations and Public Affairs  
Alice Dickerson, Director, Office of Human Resources  
Victor M. Fortuno, Vice President for Legal Affairs,  
General Counsel and Corporate Secretary  
Tom Hester, Office of General Counsel  
Charles Jeffress, Chief Administrative Officer  
Nancie McKay  
Ronald "Dutch" Merryman, Acting Inspector General  
John Meyer, Director, Office of Information Management

LSC STAFF PRESENT: [continued)

David L. Richardson, Treasurer and Comptroller  
Karen Sarjeant, Vice President for Programs and Compliance

PUBLIC PRESENT:

Hillary Evans, NLADA  
Deborah Hankinson, SCLAID and ABA  
Don Saunders, NLADA

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## 1 P R O C E E D I N G S

2 MR. MCKAY: Good morning. It's 10:00. Mr.  
3 Strickland is here, but he is in a meeting and will join us  
4 shortly. He has asked us to go ahead without him.

5 I will call to order the Finance Committee meeting.  
6 I first want to confirm who is on the telephone.

7 MR. MEITES: I am here with my notebook. I'm ready  
8 to go and my pencil is sharpened.

9 MR. MCKAY: Thank you, Mr. Meites. Is Mr. Fuentes  
10 on the line?

11 MR. FUENTES: I am. Thank you. Good morning.

12 MR. MCKAY: Good morning. First item, let me just  
13 remind particularly you on the telephone that we do not have  
14 our regular Court Reporter, and he might not recognize your  
15 voice, so if you could identify yourselves, gentlemen, when  
16 you speak, we would appreciate it.

17 Is there anyone else on the line?

18 (No response.)

19 MR. MCKAY: The first item on the agenda is  
20 approval of the agenda. I would invite to the Committee's  
21 attention item number two, which references report on status

1 of fiscal year 2006 appropriation. I believe that should be  
2 2008. I would like to change that to 2008.

3 Item number three is consider and act on LSC fiscal  
4 year 2007 budget request. I believe that should be 2009. I  
5 would like to make those two changes, unless I hear an  
6 objection.

7 (No response.)

8 MR. MCKAY: Are there any other changes to the  
9 agenda that anyone would like to make?

10 M O T I O N

11 VICE CHAIRMAN BeVIER: Mr. Chairman, so changed. I  
12 move the adoption of the agenda.

13 MR. MCKAY: Second?

14 MR. GARTEN: Second.

15 MR. MCKAY: All those in favor?

16 (Chorus of ayes.)

17 MR. MCKAY: Opposed?

18 (No response.)

19 MR. MCKAY: The agenda is approved.

20 (The motion for adoption of the agenda was passed  
21 unanimately.)

1           MR. MCKAY: The next item on the agenda is report  
2 on status of fiscal year 2008 appropriation.

3           Mr. Constance? While Mr. Constance comes to the  
4 table, did someone else just join us on the telephone?

5           (No response.)

6           MR. FUENTES: While John is coming to the  
7 microphone, for the record, can you identify members sitting  
8 on the Finance Committee? I know we have other Board members  
9 and guests with us today. If for the record, we could state  
10 the members of the Committee who will be participating in the  
11 meeting.

12           MR. MCKAY: If the members could identify  
13 themselves, please.

14           MR. GARTEN: Herbert Garten.

15           MS. SINGLETON: Sarah Singleton.

16           MR. MEITES: Tom Meites.

17           VICE CHAIRMAN BeVIER: Lillian BeVier.

18           MR. MCKAY: Mike McKay, and President Barnett is  
19 here as well.

20           VICE CHAIRMAN BeVIER: When Frank comes, we will  
21 let you know.

1           MR. MCKAY: Mr. Constance?

2           MR. CONSTANCE: Thank you, Mr. Chairman. It's a  
3 pleasure to be with you this morning.

4           Let me tell you where we are at this point in terms  
5 of the fiscal year 2008 appropriation for Legal Services  
6 Corporation.

7           As I had previously reported, the House has passed  
8 an appropriation under the Commerce, Justice and Science  
9 appropriations bill, for the Legal Services Corporation, for  
10 an amount totaling \$377 million.

11           The breakdown of that within the bill is  
12 \$355,134,000 for basic field; \$4 million for technology  
13 initiatives; \$1 million for the loan repayment assistance  
14 program; \$13,825,000 for management and administration, and  
15 \$3,041,000 for the Office of Inspector General.

16           The Senate at this point has reported out of the  
17 Full Senate Appropriations Committee a bill to the Floor  
18 which has yet to be acted upon. The total of that bill for  
19 the Legal Services Corporation is \$390 million.

20           The breakdown that was reported in the text of the  
21 bill as well as the Committee report has some errors in it

1 which will be corrected at the time the bill goes forward for  
2 either conference or onto the Floor.

3 Let me give you what is our understanding of what  
4 the breakdown of that bill will be at the time it is reported  
5 out formally or acted upon by the Senate.

6 \$371 million for basic field; \$3 million for  
7 technology initiatives; \$13 million for management and  
8 administration, and \$3 million for the Office of the  
9 Inspector General, totaling \$390 million.

10 That has been verbally given to us by the Committee  
11 at this point. While I once again reiterate that nowhere has  
12 that been reported or acted upon by the Senate in terms of  
13 that breakdown.

14 The \$390 million stands as the amount that has been  
15 reported out to the Full Senate.

16 As to where this goes from here is anybody's guess,  
17 that's the first comment that comes to mind. I think the  
18 thinking in town right now is that the Commerce, Justice and  
19 Science bill along with about two other appropriation bills  
20 are probably about last on the list for the Senate to act  
21 upon, which leaves many people in Washington to believe that



1 while the talk among the Appropriations Committee is still  
2 very optimistic about reporting these or acting on these  
3 bills individually, the likely scenario at this point is for  
4 an omnibus bill once again to incorporate a number of  
5 appropriations bills, probably including the Commerce,  
6 Justice and Science bill and the LSC appropriations.

7           Action could come as late as December. One would  
8 hope early in the month of December at this point. Those are  
9 the kinds of dates that are being tossed around at this point  
10 as far as that activity.

11           In the meantime, a continuing resolution is  
12 circulating right now for review. We have been contacted by  
13 both the House and the Senate Committees on that, asking  
14 whether there are any anomalies associated with that bill for  
15 the Legal Services Corporation, meaning things that would be  
16 extraordinary that should be acted on individually or could  
17 be acted upon individually.

18           The only thing that we have pointed out to them is  
19 that there is bill language in the Senate bill regarding  
20 locality pay, and if in their wisdom they wanted to act on  
21 that regarding within the continuing resolution, that would

1 be the only thing that we have out there that would be  
2 particularly extraordinary in terms of the Corporation this  
3 year.

4           Your Committee has already approved moving forward,  
5 as you know, at the current levels, into the new year. I  
6 think as far as we are concerned, we are in good shape until  
7 the Congress finally acts on the appropriation for 2008.

8           MR. MCKAY: Thank you. I want to let you know how  
9 much I appreciate, and I'm sure the rest of the Committee and  
10 the Board does as well, your regular reports as to what is  
11 going on. They are not necessarily lengthy, but it is good  
12 to hear from you and your office what is going on on the Hill  
13 rather than other sources first.

14           We really do appreciate your reports. Even if  
15 there is a small development, a two or three sentence e-mail  
16 to us, as you have been doing, is greatly appreciated.

17           Are there any questions for Mr. Constance?

18           MR. MEITES: I have a question.

19           MR. MCKAY: Mr. Meites.

20           MR. MEITES: We are not going to see you again  
21 until we head to Maine. I thought I would ask if you could

1 give us an update on whether we are making any progress in  
2 the loan repayment area for our grantees and employees.

3 MR. CONSTANCE: There are several things that are  
4 moving in the Congress in terms of loan repayment assistance.

5 The recent bill that was passed, H.R. 2669, which was passed  
6 by the Senate recently and is pending right now in the White  
7 House for signature by the President, is an historic kind of  
8 move ahead as far as funding for higher education in the  
9 United States.

10 You have probably seen it purported to be the  
11 largest increase since the G.I. Bill in terms of funding.

12 There is a provision in there for payment for civil  
13 legal assistance attorneys. It is not as attractive as the  
14 Harkin Amendment, which is yet to be acted on, in a different  
15 bill. It does provide loan repayment assistance beyond ten  
16 years for those in the field that have debt after the ten  
17 year period in their career, and that can in fact be paid off  
18 now through that particular bill.

19 That was an amendment late in the game. I think a  
20 number of our colleague organizations/advocacy groups should  
21 take credit for that.

1           As to the Harkin Amendment, that would be a three  
2 year window that we have reported before, and the Durbin  
3 Amendment is directed at prosecutors and basically that side  
4 of the house.

5           I would say one would hope that is going to be  
6 acted on by the House. It has been acted on by the Senate as  
7 a part of the Higher Education Act re-authorization. There  
8 is an expectation by the end of this session that will be  
9 acted on also by the House.

10           Chairman Miller of that Committee has agreed to  
11 accept both the Harkin and the Durbin amendments, we  
12 understand. Consequently, things are pretty bright for that  
13 to be passed as well.

14           MR. MEITES: John, can you have someone on your  
15 staff prepare a little one paragraph summary of what effect  
16 that would have on loan repayments of our grantees and  
17 employees of each bill?

18           MR. CONSTANCE: I would be glad to, Tom. The one  
19 thing that I always remind everyone here of is both of those  
20 bills are authorization bills and not appropriation bills.

21           MR. MEITES: Let me ask a follow up. Within our

1 limited mandate, are we allowed to lobby for appropriations  
2 for that?

3 MR. CONSTANCE: We can provide information to those  
4 requesting parties that are interested in our program. We  
5 certainly have every intention to do so.

6 I think given the fact that Senator Harkin is also  
7 the Chairman of the Appropriations Committee in the Senate  
8 that will be funding his own amendment in the event that is  
9 passed by the Full Congress and signed by the President, I do  
10 not think we should worry at least on the Senate side about  
11 that being funded.

12 I would be more than happy to provide a summary.  
13 We fully intend to provide whatever information will help the  
14 process.

15 MR. MEITES: Thank you, John.

16 MR. CONSTANCE: You are welcome.

17 MR. MCKAY: Lillian, did you have a question?

18 VICE CHAIRMAN BEVIER: My question was the same as  
19 Tom's.

20 MR. MCKAY: Very good. Sarah?

21 MS. SINGLETON: Mine was on loan repayment

1 assistance, but I'm just wondering, the Senate appropriation  
2 has no specific line for loan repayment assistance. What  
3 steps can we take to make sure there is either a line item  
4 for that when it comes out of Conference, when the  
5 appropriation comes out of Conference, or what flexibility do  
6 we have if it is not a specific line item?

7 MR. CONSTANCE: Thank you for that. The rules of  
8 engagement are generally that there is not going to be an  
9 amount in excess of \$390 million total that will come out of  
10 Congress.

11 To the extent that those dollar amounts can be  
12 moved around, I mean, that is always a possibility.

13 At the staff level, there has been an indication  
14 that they would see an amendment or an effort to move dollars  
15 to loan repayment assistance as a friendly amendment and one  
16 they would certainly accept.

17 I'd be happy to talk to you separately regarding  
18 how that might be done. I think at this point, the \$390  
19 million is the total from which we are going to be working.

20 MR. MCKAY: Any other questions for Mr. Constance?

21 (No response.)

1 MR. MCKAY: Thanks so much.

2 MR. CONSTANCE: Thank you.

3 MR. MCKAY: The next item on the agenda is consider  
4 and act on our fiscal year 2009 budget request.

5 Is Deborah Hankinson here? I do not see her in the  
6 audience. We will wait and come back to her if she arrives.

7 Mr. Saunders?

8 MR. SAUNDERS: Good morning. It's a lovely Fall  
9 morning. For those of you in the West, I was telling Sarah  
10 this morning, we do get very nice weather in the East as  
11 well.

12 My name is Don Saunders. I am the Director of  
13 Civil Legal Services for the National Legal Aid & Defender  
14 Association. It's my pleasure this morning to be able to  
15 represent the Association, its Board and several policy  
16 groups, and its thousands of members, in presenting our  
17 recommendation to the Legal Services Corporation with regard  
18 to its request for the 2009 budget within the Congress.

19 It has been my pleasure to address you before, and  
20 I will try to be very brief and not repeat things that I've  
21 shared with you and that you are obviously aware of, as

1 reflected in management's approach with regard to the unmet  
2 need.

3 We worked very hard with your staff in putting  
4 together the Justice Gap document. We think it has continued  
5 to resonate on the Hill, in the public, and certainly in the  
6 legal services community.

7 It is our recommendation to you that you maintain  
8 the approach we suggested in the beginning, to close that  
9 Justice Gap in terms of those folks who were unable to be  
10 served in a period of five years.

11 We applaud the work of the Board and the staff of  
12 the Corporation in taking bold steps with regard to that, as  
13 reflected in your last two budget requests.

14 We urge you this year to adopt a mark of \$587.9  
15 million. That is where we would be in being consistent with  
16 our goal of closing that gap within a five year period.  
17 Fiscal year 2009 will be the third of those five years.

18 We understand that is a very bold request, but the  
19 need is enormous, as you saw in Nashville, as you certainly  
20 saw in Little Rock, and as I am sure you will see in  
21 Portland. There are huge unmet needs among your grantees.



1           We think we and our country can do better. We  
2 should and we can do better. We urge you to be as bold as  
3 you can in seeking that figure.

4           As you know, in the management recommendation to  
5 you and as we have seen across the country, there are growing  
6 needs, unmet needs, new needs, new populations. We have  
7 begun to see a huge influx in some of our programs of  
8 veterans who are unable to find representation in the  
9 disability system. There are over 600,000 veterans who are  
10 currently pending before the VA.

11           As noted in your management recommendation, our  
12 grantees are seeing more and more homeowners as opposed to  
13 renters as part of their housing practice.

14           If you happened to have seen the front page story a  
15 few months ago in the New York Times about equity stripping  
16 fraud schemes that were being brought to bear upon lower  
17 income homeowners, the interesting thing to me about that  
18 article is in every instance that I remember, every story  
19 told in that article, was told with a legal aid attorney at  
20 the side of the homeowner who had been abused by a predatory  
21 lending practice.

1           These are among the normal kinds of cases that our  
2 programs are seeing. We do think that our request, while  
3 bold and aggressive, is the right direction in which the  
4 Corporation needs to go.

5           We do understand the political realities that you  
6 operate under, that your staff operates under on the Hill.

7           Again, by stating the figure of what we think it  
8 should be, I do in no means intend to denigrate the strong  
9 efforts and strong statements that you have made over the  
10 past several years, the 20 percent increase in basic field is  
11 a strong step.

12           We do not think it goes far enough, but we  
13 certainly applaud the boldness of those moves, and we will  
14 commit to you to support those efforts wherever you come out  
15 in any and every way we can on the Hill as well as through  
16 the ABA.

17           I might, Mr. Chairman, very briefly highlight a  
18 couple specifics of our recommendation, which is in your  
19 materials.

20           As I've said, we favor a significant increase, most  
21 of which should go to the direct delivery of legal services

1 through grants to your field grantees.

2           There are several specific items that I just want  
3 to mention to you that we think are also important and  
4 deserve your consideration as you put together your request  
5 to the Congress.

6           The first has to do with the Native American  
7 community. Under existing law, there is a formula contained  
8 in the appropriation bill that provides funding to  
9 specialized programs representing Native Americans across the  
10 country.

11           We have been working with your staff and with the  
12 National Association of Indian Legal Services to discuss some  
13 special funding needs that community faces, for historical  
14 reasons much too complex to go into this morning.

15           There are programs that are funded at extremely low  
16 levels compared to the rest of the country. There are grants  
17 that are so small for areas in the West particularly where  
18 huge service areas exist, that we think in working with that  
19 community, there is a need for additional funding to help  
20 some of those lower funded areas.

21           Ms. Barnett has been very active in working with

1 Native American programs and visiting them. I believe you  
2 were just at BNA not long ago.

3 We don't have a specific recommendation exactly as  
4 to where that goes, but we would like to see you make funding  
5 for Native American needs a priority for 2009.

6 We are also very supportive of LRAP. Again, as Mr.  
7 Constance pointed out, there is certainly some very bright  
8 opportunities on the Hill and that might influence where you  
9 all might come out in 2009.

10 I would just add a footnote to Mr. Constance's  
11 answer about the appropriations. There are two parts of the  
12 bill that just passed the Congress and is awaiting the  
13 President's signature.

14 One does not require appropriation. It creates a  
15 new program based upon the income of someone working in  
16 public interest law, and it would cap eventually the payments  
17 that someone has to make at 15 percent of their income.

18 An example would be a current recipient with a  
19 \$100,000 loan, \$40,000 salary, would currently pay over  
20 \$1,000 a month. Under this bill, that payment would be  
21 reduced to \$300. It makes it possible for someone to

1 potentially stay in legal services.

2           Whether or not the ten year provision is  
3 significant, to keep them that long, remains to be seen.  
4 After ten years, the appropriation would be required, because  
5 at that point, the Government would repay the balance of the  
6 loan.

7           The final point that I want to make is to reiterate  
8 a line that we have urged upon you for many years now, and  
9 that is a line to support training, publications and other  
10 assistance to the field.

11           One thing you will notice, that I'm sure you have  
12 noticed and we have noticed, there is a huge generational  
13 shift underway within the community, both at the management  
14 level and among our advocates and attorneys.

15           We have tried at NLADA to provide as much support  
16 and resources as we can at the national level to create an  
17 infrastructure that can provide needed professional  
18 development and training.

19           As part of Ms. Barnett's quality agenda, in terms  
20 of implementing your performance criteria, we think some help  
21 from the Corporation in terms of resources to support

1 professional development, training, development of manuals,  
2 things of that sort, that would really be helpful and timely.

3 We have had preliminary discussions about how that  
4 might be structured, but it is a point that we have made to  
5 you for a number of years. I would just like to reiterate it  
6 this morning.

7 Mr. Chairman, I appreciate the time that you have  
8 given us this morning, and would be happy to answer any  
9 questions you might have.

10 MR. MCKAY: Thank you. Thanks for your very  
11 helpful and thoughtful written presentation which we received  
12 ahead of time.

13 Let the record reflect that Frank Strickland joined  
14 us during Mr. Saunders' presentation. I would ask if anyone  
15 has questions for Mr. Saunders.

16 MR. MEITES: I have a question. Mr. Saunders, you  
17 mentioned -- I will use the popular phrase -- foreclosure  
18 crisis. Do you know if any efforts have been made in  
19 Congress through the various bills that have been discussed  
20 in the media to get some special appropriation for LSC for  
21 our grantees to focus on foreclosure assistance?

1           MR. SAUNDERS: Mr. Meites, there are several  
2 efforts underway that I'm aware of. None would specifically  
3 address LSC, but certainly LSC grantees would be eligible to  
4 benefit from these initiatives were they enacted.

5           The most encouraging one is in the House in the  
6 Transportation HUD bill. The current program of housing  
7 counseling is one in which a number of LSC grantees and other  
8 legal aid providers participate in.

9           In light of the foreclosure crisis, the House has  
10 increased that funding by \$100 million in its version of the  
11 bill. That is \$100 million over where the Senate is.

12           That is by no means a final figure. I do think we  
13 will see some increases there. This is an area in which the  
14 whole issue of privacy came up last year and we were able to  
15 resolve that in a favorable way.

16           I think if that program were to realize significant  
17 increases, it would look very much like the current Violence  
18 Against Women Act provisions, in which there are a number of  
19 programs there, one of which is legal assistance to victims  
20 has been carved out to realize that advocates -- attorneys  
21 are needed in addition to education efforts.

1           Much of the housing counseling money goes to  
2   educating consumers on the front end. The conversations we  
3   are having are similar to with the Violence Against Women  
4   Act, that some of this allocation, should it come to pass,  
5   should be committed to legal representation of those  
6   homeowners in need of counsel.

7           I can't really predict where that will come out.  
8   Certainly, if it were to come out, even if it is not  
9   earmarked for legal representation, if there is a significant  
10  increase, your grantees would be eligible to participate in  
11  that, and we would welcome the chance to work with your staff  
12  in encouraging that.

13           Senator Dodd has recently introduced another bill  
14  that goes to the issue of foreclosure. It would have an  
15  appropriation attached to it. I don't think the chances of  
16  it passing in the near future is very serious.

17           Senator Reid has a bill. Congressman Watt who  
18  chairs the Appropriations Subcommittee in the House is  
19  looking at this.

20           There are a lot of things being looked at on the  
21  Hill, but what seems to me to be most likely in the short



1 term to provide an opportunity for representation would be  
2 the increase in the HUD appropriation for housing counseling.

3 MR. MEITES: Thank you.

4 MR. MCKAY: Herb?

5 MR. GARTEN: Herb Garten. Your comments about the  
6 generational shift, of course, we had some reports on a  
7 Nashville meeting. Have you all come up with any specific  
8 recommendations as to what might be employed in what you are  
9 referring to as the professional development field?

10 MR. SAUNDERS: Not in particular terms. Certainly,  
11 the performance criteria, the ABA standards, and all the new  
12 documents that are being looked at cite training and  
13 professional development and things of that sort as absolute  
14 keys to really quality legal services.

15 In many parts of the country, not all, by no means  
16 all, but in many parts of the country, there is very little  
17 going on with regard to local, state or regional training to  
18 develop lawyers, to develop lawyering skills, to develop  
19 training about the common kinds of problems that come into a  
20 legal aid office every day.

21 We think in terms of the technical assistance

1 approach, the mentoring idea that you have highlighted along  
2 with us and MIE, that holds some real potential to bring  
3 folks along.

4           The idea really that concerns me very much is we  
5 have a new generation of advocates, few of whom -- some come  
6 to us from a law conference. We had that law conference in  
7 July, and it is so exciting to see these young advocates.  
8 They don't even know anything about the background of the  
9 program, where do they come from, what they are getting into,  
10 they don't really know in some cases what the law is.

11           There is not much available to them unless they  
12 happen to live in a state that has lots of resources or lots  
13 of money that has actually been devoted to developing  
14 competent training for them.

15           It is very hard for us at the national level to  
16 reach down to that. I am talking about opportunities  
17 probably something similar to the quid pro quo program, in  
18 terms of looking for some creative ways to develop and train  
19 staff in terms of the work that they do.

20           VICE CHAIRMAN BeVIER: I think it is interesting.  
21 It is a little bit disturbing since on the one hand we are

1 paying back these huge law school loans, and on the other  
2 hand, what you are implying is that the lawyers have not been  
3 trained by their law schools. It is sort of a double  
4 counting here of what's going on.

5 I'm just a little bit unhappy about this as a  
6 systemic observation.

7 MR. MCKAY: I'm sure this was for graduates from  
8 schools other than Virginia.

9 (Laughter.)

10 MR. SAUNDERS: I think our practice is specialized.  
11 Certainly, the graduates we are seeing going into legal aid  
12 come out with wonderful educations. Even in private  
13 practice, there are usually capacities there to help develop  
14 folks and teach them specialized practice, should that be the  
15 case.

16 I doubt at UVA they are teaching a whole lot of  
17 food stamp law or housing regulations or things of that sort.

18 It is a technical practice and I was referencing more than  
19 saying they are not coming out prepared to be good lawyers,  
20 they certainly are.

21 MR. MCKAY: Don's comments certainly resonate with

1 me because I remember when I started providing pro bono  
2 services, the way I was talked into it, most of it was  
3 landlord/tenant law. I knew nothing about landlord/tenant  
4 law, in spite of my good education. They readily assured me  
5 that someone would be available. I got some materials and  
6 someone was available to answer the phone. That is what  
7 convinced me to forge ahead.

8 I think your comments resonate certainly with me.  
9 Any other questions or comments?

10 (No response.)

11 MR. MCKAY: Thanks very much. Before we go to  
12 management, is there a representative from the ABA or SCLAID  
13 here?

14 (No response.)

15 MR. MCKAY: We will invite them again after  
16 management. Would LSC management come forward, please.

17 Good morning. If you could identify everyone at  
18 the table for those who are the phone, please.

19 MR. JEFFRESS: Thank you, Mr. Chairman. Charles  
20 Jeffress, Chief Administrative Officer. I will be making the  
21 initial presentation to the Finance Committee on behalf of

1 management.

2 Karen Sarjeant, the Vice President; John Constance,  
3 the Deputy Director, and David Richardson, the Treasurer and  
4 Controller, are also here and available to respond and  
5 supplement any information that members of the Committee may  
6 desire.

7 MR. MCKAY: Thank you.

8 MR. JEFFRESS: The management recommendation to the  
9 Board for fiscal year 2009 budget mark is contained in your  
10 book beginning on page three.

11 The recommendation is grounded in the needs of low  
12 income individuals and families for civil legal assistance,  
13 it is grounded in the positive responses we received from  
14 Republican and Democratic led Congresses over the past two  
15 years, as the message contained in your Justice Gap Report,  
16 and it's grounded in the demand for LSC nationally to conduct  
17 more oversight of grantees and more quality assurance among  
18 grantees.

19 The Justice Gap Report continues to resonate among  
20 members of Congress. As you heard from John Constance this  
21 morning, both the House and the Senate Appropriations

1 Committees have approved significant increases for LSC for  
2 fiscal year 2008.

3           As evidenced by the questions asked of Chairman  
4 Strickland and President Barnett at the House Appropriations  
5 hearing in March, members of the House Committee clearly  
6 believed that Congress needs to help reduce the gap between  
7 resources available for civil legal assistance and the need  
8 for such assistance.

9           Representative Mollohan, Chairman of the House  
10 Appropriations Committee, has gone so far as to adopt the  
11 language that we have used of closing the gap in his  
12 Congressional remarks and Congressional observations.

13           The unmet need that was identified in the Justice  
14 Gap Report two years ago has been reaffirmed recently by  
15 studies in Wisconsin and California, Nebraska, Utah, Mexico,  
16 and New Jersey. Each study that has been done has affirmed  
17 the unmet need that is there.

18           From your own visits to legal aid programs around  
19 the country, you know of the quality of services that our  
20 grantees are providing, and the stories of how many more  
21 people are eligible for service but cannot be served for lack

1 of resources.

2           In addition to the fact that there are simply  
3 inefficient funding to meet the basic civil needs of low  
4 income Americans, a national epidemic of domestic violence,  
5 the recent crisis in the mortgage housing industry, and the  
6 ongoing impact of the 2005 Gulf Coast hurricanes, have  
7 created new urgencies for civil legal assistance, and made  
8 additional demands on the already strained resources.

9           Reports show that nationally one-third of all women  
10 will be the victim of domestic violence in their lifetime.  
11 50 to 60 percent of women on the Temporary Assistance to  
12 Needy Families program have experienced physical abuse by an  
13 intimate partner.

14           The hidden reality behind the headlines of the  
15 current mortgage and housing crisis, the working poor are  
16 among the victims. A high percentage of the subprime lending  
17 crisis is falling on the working poor and elderly with  
18 foreclosures and potential homelessness as a result.

19           Finally, as you heard last year, the Gulf Coast  
20 hurricanes of 2005 continue to take a human toll with recent  
21 studies showing pockets of unemployment among displaced

1 victims as high as 66 percent.

2           The Justice Gap Report concluded that Federal,  
3 state, local and private resources would have to double just  
4 to meet the needs of those seeking assistance in 2005.

5           In significant part as a result of the leadership  
6 of this Board, Congress has taken seriously the need to  
7 increase the Federal resources dedicated to civil legal  
8 assistance.

9           Congress increased the funding for LSC by \$22  
10 million in fiscal year 2007, a seven percent increase, and is  
11 to increase funding for LSC for fiscal year 2008 by another  
12 30 or \$40 million, resulting in a 19 percent, perhaps,  
13 depending on this year's action, up to a 19 percent increase  
14 in funding for legal aid by Congress over the past two years.

15           I am happy to report to you that states,  
16 localities, and private sources have also taken seriously  
17 their responsibility to respond to the need.

18           In 2005 to 2006, LSC grantees increased their  
19 non-LSC funding, that is state, local and private funding,  
20 from \$389 million to \$451 million, a 16 percent increase in  
21 one year in non-Federal funding.



1           While Federal funding over two years was to go up  
2 as much as 19 percent, in one year, state, local and private  
3 funding went up 16 percent. The results are not in yet for  
4 fiscal year 2007, so I cannot tell you exactly what that is  
5 going to be, but anecdotal evidence suggests another  
6 significant increase coming from state, local and private  
7 funds this year.

8           It would appear that the Justice Gap Report and  
9 your advocacy of that report has had an effect over the past  
10 two years both Federally and at the state, local and national  
11 level.

12           Based on the Justice Gap Report thus far, we  
13 believe the Board's direction of seeking yearly increases in  
14 Federal and non-Federal resources to address the justice gap  
15 is appropriate and should be continued.

16           Management recommends the Board develop the same  
17 principle it has used in the past two years in preparing the  
18 LSC budget request to Congress, namely a 20 percent increase  
19 in basic field appropriations compared to the previous year.

20           As was the case last year, we do not yet know the  
21 appropriation level for fiscal year 2007, so once again we

1 recommend that you request a 20 percent increase above the  
2 Senate Appropriations Bill level.

3           The total request recommended, as management's  
4 recommendation to the Board, is shown on the chart on page  
5 three of President Barnett's memorandum to you, \$445,200,000  
6 for basic field; \$5 million for TIG; \$1 million for LRAP; and  
7 \$17 million for management and administration.

8           In addition, the Acting Inspector General has  
9 recommended \$3.1 million for the Office of Inspector General.

10           Speaking briefly to some of the needs beyond the  
11 basic field line, we recommend that the Board repeat its  
12 recommendation from the past three years of \$5 million for  
13 the TIG program. The program has been extraordinarily  
14 successful in bringing new technology to provide legal  
15 information and better services to low income people.

16           This past year, as you will note in the report, 60  
17 percent of TIG funds went to self help programs, a very  
18 efficient use of tax dollars.

19           I would also note that Congress has increased the  
20 appropriation for this program over the past few years,  
21 having appropriated \$1.3 million for it in fiscal year 2006

1 and \$2.1 million for fiscal year 2007, and is poised to  
2 appropriate 3 or \$4 million for fiscal year 2008.

3           Early on for this program, they appropriated \$5/4/3  
4 million. Congress did make an investment in it and it  
5 appears that investment is increasing again, and we believe  
6 you should continue to recommend \$5 million for the program.

7           For LRAP, for which we have never had a  
8 Congressional appropriation of new funds, as Sarah noted, we  
9 succeeded this year in having the House of Representatives  
10 approve \$1 million for the program. While the Senate has not  
11 included this funding, the Senate has passed a bill  
12 authorizing a much larger program, the loan repayment for  
13 legal aid attorneys and legal defenders and prosecutors.

14           With this recent activity in Congress and the  
15 indicators from our pilot program that loan repayment makes a  
16 difference in recruiting and retaining legal aid attorneys,  
17 we recommend that the Board request another \$1 million for  
18 this program.

19           Obviously, if money is in fact appropriated, if the  
20 larger program that Senator Harkin has added to Senator  
21 Durbin's bill, if that is authorized and funded, that may

1 replace the LRAP program. Until such time as that happens,  
2 we recommend LSC and the Board continue to expand the pilot  
3 program.

4 For management and administration, management  
5 recommends \$17 million for fiscal year 2009. This figure  
6 represents a 3.8 percent administrative cost compared to our  
7 overall request, in keeping with our commitment to keep LSC's  
8 administrative costs below four percent of the budget.

9 The increase in funding will enable LSC to increase  
10 the frequency of its monitoring of grantees, so that every  
11 program will receive an on-site compliance visit at least  
12 once every three and a half years.

13 The increase will also allow LSC to provide more  
14 assistance to programs to enhance the quality of their  
15 services.

16 Management has not sought comparable increases for  
17 M&A, comparable to the field increases for the past years,  
18 preferring to wait and see if Congress in fact appropriates  
19 significant increases for the field.

20 If the increases for the field are being provided,  
21 we recommend that the M&A funds be increased correspondingly,

1 to provide the necessary oversight and quality assurance.

2 Before Dutch comes up to address any questions you  
3 may have about the Office of Inspector General request, those  
4 of us on the management team stand ready to respond to any  
5 questions you have.

6 MR. MCKAY: Questions from the Committee? Sarah?

7 MS. SINGLETON: Thank you, Mr. Chairman.

8 Charles, I'm interested in the Native American  
9 issue that was raised by NLADA. Am I correct that your line  
10 item for basic field includes appropriations for Native  
11 Americans?

12 MR. JEFFRESS: It includes appropriations at the  
13 same rate that the formula has produced the past few years.  
14 We considered whether or not to add an additional request for  
15 Native Americans, and President Barnett is meeting, as you  
16 know, with a Native American group in Arizona, and the  
17 outcome of that may well affect what stance management would  
18 take.

19 At this point, we didn't feel like we had enough  
20 information to know what to request or how to justify a  
21 request for Native Americans over and above other groups that

1 might be interested.

2 MS. SARJEANT: If I could add to that.

3 MR. MCKAY: Before you do, I want to remind you,  
4 Ms. Sarjeant, that nowhere on the agenda is the Ohio State/  
5 University of Washington football game from Saturday, and  
6 would encourage you to stay away from that topic.

7 MS. SARJEANT: I have nothing to say.

8 (Laughter.)

9 MS. SARJEANT: I did want to add to the  
10 conversation about the Native American line, and that is that  
11 we are currently in the process of undergoing an Office of  
12 Inspector General audit of the Office of Information  
13 Management, and part of that is looking at how LSC is funding  
14 the special populations, including Native Americans.

15 We are looking at that. We expect to have some  
16 recommendations come out of that process. We are also, as  
17 Charles mentioned, doing a pre-conference in November with  
18 the Native American program, to have a discussion about not  
19 only funding issues but service delivery issues.

20 Without question, they are delivering services in  
21 the most desperate kinds of circumstances. We understand

1 that we have not done anything in terms of changing the  
2 funding levels for several years, and it is time to look at  
3 that.

4 At this particular point in time, we are not in a  
5 position to make a recommendation as to what that change  
6 should be.

7 MS. SINGLETON: I want to ask a follow up question.  
8 Wasn't it true a few years ago that management did put in a  
9 request, a special request, for a Native American line item  
10 in its budget resolution?

11 MS. SARJEANT: That is correct.

12 MS. SINGLETON: That would have been comparable for  
13 the one NLADA is proposing? In other words, it's not an  
14 across the board Native American appropriation, it is to help  
15 the programs that need it most?

16 MS. SARJEANT: My understanding of what was done at  
17 that time is that there was the additional request. We feel  
18 that at this point in time, we need to get more detail. It  
19 is not about just adding additional dollars.

20 We really need to look at several different factors  
21 and figure out what those additional dollars should be and

1 should look like.

2 MS. SINGLETON: Won't the timing be off if you want  
3 until after you hold your conference in November and the  
4 Inspector General is done?

5 Given this is for 2009, would it not be better to  
6 sort of build in a contingency into the budget resolution?

7 MS. SARJEANT: I don't know enough about how the  
8 Congressional budget process works, but I would hope that if  
9 in fact after we had done the diligent kind of research and  
10 figuring out what is appropriate, that we in fact could have  
11 some conversations with the Hill about those needs.

12 MR. CONSTANCE: If I could add one thing to that  
13 comment. I think the strength of the LSC request for the  
14 last several years has been that it is based on pretty well  
15 founded research.

16 The one thing that I think you don't want to do is  
17 step out into an area where we recognize there is some  
18 general need, but we don't really have a sense of how large  
19 or what the support would be for that. That would be my only  
20 comment in terms of that justification maybe being lacking in  
21 terms of the qualitative or quantitative side right now.



1           MR. MCKAY: Implicit in Sarah's question is is this  
2 an important issue. Certainly, I'm personally familiar with  
3 the needs with the large Native American community up in the  
4 Northwest. I guess I would encourage you to forge ahead on  
5 this.

6           I agree with you, Mr. Constance. I've just been so  
7 impressed with the effectiveness of the Justice Gap study.  
8 We all knew in our head what it was, but to do the study and  
9 reduce it to writing and send it up to the Hill, it has been  
10 very effective.

11           I guess I would encourage you to do the same thing  
12 on the Native American issue. We know there is a need there,  
13 but to quantify it in a thoughtful and scientific way will  
14 certainly assist us in working in an area that really needs  
15 additional attention.

16           Herb?

17           MR. GARTEN: With regard to the education process,  
18 there must be many other programs out there helping Native  
19 Americans. I'd like to know to what extent they also involve  
20 legal services, if at all.

21           MR. JEFFRESS: That is a good question. We can

1 query our grantees. I think we have some information already  
2 as to what other sources they get funding from.

3 MS. SARJEANT: There are some grants that go  
4 through tribal funds, but I have to say we have not over a  
5 period of time determined there is a lot of other Federal  
6 funding that goes to Native American legal services.

7 This is a very critical funding discussion for us  
8 to have. I do think that what we want to do is wrap it in  
9 some hard figures and some real information that will help us  
10 make the case successfully.

11 VICE CHAIRMAN BeVIER: I have one question and one  
12 sort of observation. Let me make the observation and perhaps  
13 there is a question buried in here, too.

14 What I want to raise is an issue, writing reports,  
15 making recommendations that have behind them a solid  
16 empirical foundation, I do think that is the great strength  
17 of the Justice Gap Report, and I think the Justice Gap Report  
18 has an enormous amount of credibility behind it.

19 I think given what gives it its credibility, we  
20 should be very careful to make sure that the other statements  
21 we make in support of our recommendations are in fact

1 similarly supportive.

2 I would like personally to see the empirical data  
3 behind the second sentence on page four, "Reports show that  
4 nationally, one-third of all women will be a victim of  
5 domestic violence in their lifetime and 50 to 60 percent of  
6 women on Temporary Assistance..." It may be true, it just  
7 seems like an enormously high figure to me.

8 I would personally like to see the documents that  
9 support that and underlying data and how it was gathered.

10 I would also comment that "the working poor are  
11 among the victims," I think that is a very important point  
12 with respect to legal services generally.

13 I think one of the things that I've been very  
14 impressed with as we visited our grantees is how many of our  
15 services are made available to and are needed by the working  
16 poor. I think it is a terribly important aspect of making  
17 the case for what it is we do.

18 My question is a little bit like the Native  
19 Americans. Don mentioned veterans. I know certainly there  
20 are some huge unmet needs with returning veterans and  
21 particularly ones needing medical care, but there are lots of

1 other legal problems that they have.

2 I wonder if you could identify whether a similar  
3 kind of study is going on with respect to providing for  
4 veterans.

5 MS. SARJEANT: We actually run a veterans' legal  
6 services grant process for the Court of Veterans' Appeals.  
7 It is essentially a pass through. The money comes through us  
8 and we go through a process and give it out to a grantee who  
9 provides legal services to veterans.

10 In terms of an up-to-date new study on the  
11 developing need, I'm sure if one is not happening, it is  
12 being contemplated. We have had some very, very preliminary  
13 discussions about how to make sure our programs that are in  
14 fact in communities that are connected or very close to some  
15 of the military posts are making that connection so those  
16 returning veterans are just servicemen and families and women  
17 and families are able to get legal services through our  
18 funding.

19 That also is a special population that we need to  
20 look at.

21 VICE CHAIRMAN BeVIER: Just to follow up, the

1 veteran funding that we get, the Court of Veterans' Appeals,  
2 do we fund that or do they fund it?

3 MS. SARJEANT: They fund it.

4 VICE CHAIRMAN BeVIER: They fund it and we provide  
5 it. We are just a pass through, it's not part of anything  
6 that we ask for, we just do what that money is available for.

7 MS. SARJEANT: That is right. They actually asked  
8 us to be the pass through and administer the program for  
9 them.

10 VICE CHAIRMAN BeVIER: I am just thinking that we  
11 ought to be attentive to that as a need that is emerging.

12 MS. SARJEANT: Absolutely.

13 VICE CHAIRMAN BeVIER: So we can provide what we  
14 can.

15 MR. MCKAY: Sarah?

16 MS. SINGLETON: I have another question, and it  
17 really deals with the same sentences that Professor BeVier  
18 was looking at about domestic violence. Does anybody ever  
19 question why we labeled that one that there is so much money  
20 in VAWA that goes through the Department of Justice, to help  
21 these women with their legal services issues, at least as it

1 relates to domestic violence?

2 MR. JEFFRESS: Certainly, in our appropriations  
3 hearing, that issue came up. Our Appropriations Committee is  
4 the same Committee that suggests programs like VAWA.

5 While we say there is so much money, in fact, a  
6 number of our grantees do get grants from VAWA, many if  
7 perhaps most do not. The need as evidenced by the testimony  
8 before that Committee was such that Chairman Mollohan  
9 identified that as one of the very helpful things that is  
10 provided with legal aid resources through the LSC client.

11 Certainly in terms of the reaction in Congress, the  
12 belief that the VAWA money was insufficient was emphasized by  
13 Mr. Mollohan.

14 MR. CONSTANCE: The one other thing that we will  
15 certainly provide is the information that we based some of  
16 these statements on.

17 There are a number of different definitions out  
18 there of abuse, violence, and a variety of other things. One  
19 of the problems in this area is definitional in terms of how  
20 these things are reported. That is one thing that is clear  
21 in looking at the research.

1           One thing that is consistent throughout is the  
2 very, very large discrepancy between the general population  
3 and those in poverty and those who are suffering from this,  
4 which is in our prime population areas.

5           Some of the research in those areas, clearly 60  
6 percent seems to be an average in terms of women who are  
7 suffering from domestic abuse or violence in that community,  
8 and in some cases, some of the more recent research goes up  
9 as high as 80 percent.

10           There is a real clear need where I think a number  
11 of these programs are approaching it, but it is clearly far  
12 outstripping what the resources are.

13           MR. MCKAY: Charles, if I could ask you, I wanted  
14 to focus just a little bit on the M&A line item. As you  
15 know, I had a conversation with you and David Richardson last  
16 week, and you were very helpful in explaining to me that  
17 obviously this is a fairly significant increase from previous  
18 appropriations and previous requests.

19           Our current budget for M&A is \$14.6 million. That  
20 is the amount that was appropriated, plus the carry over from  
21 last year, plus interest that's accumulated. What you are

1 asking for is essentially a \$2.4 million increase, of which,  
2 as I understand, \$1.3 million is going to compliance.

3 I guess my question is where does the remaining  
4 \$1.1 million go?

5 MR. JEFFRESS: The remaining \$1.1 million, the bulk  
6 of that remaining goes to the Office of Program Performance,  
7 which is the group that works with grantees on quality  
8 assurance issues, on our performance criteria, on quality,  
9 leadership mentoring, LRAP, all of these efforts have been  
10 led through the Office of Program Performance.

11 As you say, the bulk of the money would go to the  
12 Office of Compliance and Enforcement to increase the on site  
13 compliance visits, to make sure every grantee is visited at  
14 least every three and a half years, and the bulk of the  
15 remainder would go to the Office of Program Performance for  
16 the quality assurance part of what we do.

17 The administrative portion of the Corporation,  
18 Human Resources, Finance, Information Technology, we are not  
19 looking for significant increases there. The big increases  
20 are for OCE and OPP.

21 MR. MCKAY: You say the bulk of the remaining goes



1 to Program Performance. Do you know offhand where the rest  
2 of it goes?

3 MR. JEFFRESS: There is a four percent increase per  
4 year for salary increases, upgrades, performance bonuses,  
5 whatever. There is some money in here for increases in  
6 operating expenses for supplies and what not that we  
7 purchase.

8 David, in putting the budget together for 2008 and  
9 our projection for 2009, has put in increases in operating  
10 line items commensurate with what we expect.

11 David, do you want to comment any further on that?

12 MR. RICHARDSON: Sure. For the record, my name is  
13 David Richardson. Actually, let me sort of back up and  
14 expand on the figures a little bit that we had presented to  
15 you.

16 The budget request is \$17 million for M&A but we  
17 anticipate interest and carry over. The budget that we are  
18 currently looking at is approximately \$18 million for 2009.

19 Just to correct, it is actually \$1.45 million  
20 increase for OCE, and it is \$1.150,000 to Office of Program  
21 Performance.

1           Additionally, included in that, certainly with the  
2 Board, there is a \$50,000 increase there also, anticipating  
3 maybe a changing of the guard maybe late in the year,  
4 additional meetings needed, just to make sure there is some  
5 money available for that, with the elections coming up.

6           As Charles said, there is four percent for salary  
7 increases. There is additional monies for the directors and  
8 officers' liability insurance, which is an issue that has  
9 arisen recently. Supplies costs, travel costs, consulting  
10 costs. All those are going up each year. We have had small  
11 increases in those particular lines also.

12           MS. SARJEANT: Mr. Chairman, since these two  
13 increases are in the offices that I have direct  
14 responsibility for, I would just like to say we are  
15 constantly looking at ways to improve our functions in both  
16 compliance and program operations.

17           These figures represent significant staff  
18 increases. We have larger programs. We think we need to do  
19 more with our programs and in terms of being able to respond  
20 on compliance issues, we need to be able to do it more  
21 quickly. That is a large part of what we are trying to gear

1 up to do, be more flexible in being able to assign staff to  
2 issues as they arise.

3 MR. MCKAY: I don't want my questions to be  
4 misinterpreted. It obviously was a significant increase and  
5 I wanted to ask questions about it. I am personally very  
6 pleased that a significant amount of this money is going into  
7 compliance and the rest in performance.

8 Compliance, of course, is very important. We have  
9 been focusing on quality. I just wanted to make sure we  
10 weren't building a wet bar in President Barnett's office. I  
11 have been assured that is not the case.

12 MS. SARJEANT: Not at all, and we are not buying  
13 Ohio State football tickets.

14 (Laughter.)

15 MR. MCKAY: I am personally very pleased with this.  
16 I am supportive of that line item.

17 Are there any other questions or comments?

18 MR. MEITES: I know I shouldn't ask this but I am  
19 going to anyway. We have a carry over each year; is that  
20 right?

21 MR. JEFFRESS: Yes.

1           MR. MEITES: Is the carry over about the same each  
2 year or is there a trend upward or downward, and if it is a  
3 trend, how do you explain it?

4           MR. JEFFRESS: I'll let David answer it with  
5 precise numbers.

6           MR. RICHARDSON: The last few years has been higher  
7 than normal, but it is starting to come down. Actually, if  
8 you recall, last year we had approximately -- I don't have  
9 the exact figures -- \$2.2 million in carry over, and we put  
10 \$1 million aside to help support the 2008 budget.

11           It looks like this year, we are going to have in  
12 the neighborhood of \$1 million carry over again.

13           It is trending lower. We certainly have more staff  
14 that has been hired this year. You are going to see higher  
15 spending this year and early next year because of this.

16           When we start looking at comparisons, we do look at  
17 comparative information month to month in our financial  
18 statements. You will see there is a trending for higher  
19 spending, therefore, we are going to need additional money in  
20 the future.

21           MR. MEITES: Thank you.

1 MR. MCKAY: Any other questions or comments?

2 (No response.)

3 MR. MCKAY: Thank you very much. Mr. Merryman? As  
4 Dutch is approaching the table, we are pleased to hear from  
5 Dutch Merryman in his first presentation as the IG.

6 MR. MERRYMAN: Acting.

7 MR. MCKAY: Acting IG.

8 MR. MERRYMAN: Mr. Chairman, members of the  
9 Committee, thank you very much for this opportunity to go  
10 over my budget very briefly for fiscal year 2009.

11 For the record, my name is Ronald Merryman. I am  
12 the Acting Inspector General.

13 Essentially, being in the acting position and with  
14 the Board moving very quickly to fill the IG, I felt it  
15 necessary to maintain basically a holding action, which is  
16 what our budget represents, four percent cost of living  
17 increase to take care of increases in employee benefits and  
18 salaries.

19 We are not looking for any increases in staffing.  
20 As a matter of fact, I am holding off on hiring at this point  
21 in time so I do not tie the hands of the new IG who may come

1 in with different ideas and a different perspective.

2 If we need additional people, we plan to do that  
3 through contracting of services so we can staff up if we need  
4 to and then staff down quickly.

5 Basically, it is just a four percent increase to  
6 take care of personnel costs.

7 MR. MCKAY: Thank you. Any questions or comments  
8 for our Acting IG? Sarah?

9 MS. SINGLETON: Four percent over what?

10 MR. MERRYMAN: It is four percent over the House  
11 number. We have a slightly different number on the Senate  
12 side. We have \$3.2 million. Evidently, there has been some  
13 change in that, but the information coming out of the Senate  
14 side was for \$3.2 million for 2008. We decided to use the  
15 lower figure, which is what we had requested on the House  
16 side, the \$3.041 million, and just run four percent on that.

17 MS. SINGLETON: How much is your carry over?

18 MR. MERRYMAN: Our carry over is going to be about  
19 \$800,000. I don't have the exact figures. Part of that is  
20 because last year, when we got approval to staff up, we did  
21 not receive the money until late in the year. There is a two

1 year plan that has been developed that we need to re-look at.

2 It will be somewhere in the \$800,000 range, I  
3 believe. I apologize for not having Dave here. He's out on  
4 family medical leave.

5 MR. MCKAY: Any other questions or comments?

6 (No response.)

7 MR. MCKAY: Thanks so much, Dutch.

8 I understand Deborah Hankinson is in the house. We  
9 will hear from SCLAID.

10 MS. HANKINSON: Mr. Chairman, thank you for taking  
11 me out of order and I apologize for being late. My  
12 information indicated the meeting started at 11:00. I  
13 thought I was here plenty early, but obviously I was very  
14 late, and I apologize.

15 MR. MCKAY: It was originally scheduled for 11:00  
16 and we changed it to accommodate some folks' schedules, so we  
17 apologize to you.

18 I just thought you were employing some of the wily  
19 tactics sometimes employed by attorneys in Texas by showing  
20 up to be the last presentation.

21 (Laughter.)

1           MS. HANKINSON: I appreciate you still be willing  
2 to hear from me.

3           I appreciate the opportunity to appear before the  
4 Finance Committee again this year to explain the ABA's  
5 recommendation for a fiscal year 2009 LSC appropriation  
6 request.

7           I want to begin by thanking the members of the  
8 Finance Committee and all the members of the LSC Board for  
9 their strong leadership on the appropriations issue over the  
10 past several years.

11           You have been courageous and bold. You have  
12 submitted appropriation requests that have gone far beyond  
13 the amounts recommended for LSC by the Administration and by  
14 many in Congress.

15           You have done the right thing because it remains so  
16 clear that LSC has been grossly under resourced for years. I  
17 know it has taken courage, however, for you to do what is  
18 right. It must have put you at odds with friends and long  
19 time allies who just don't understand.

20           Let me begin by thanking each of you for taking a  
21 stand for justice.



1           As you know, LSC's Justice Gap study showed that  
2 grantees are so resource starved that they are turning away  
3 over one-half of those who apply. Many people in need don't  
4 even bother to apply because they know it is fruitless.

5           LSC should make it a top priority to at least serve  
6 all those who apply. The best estimates of the true level of  
7 need, of course, indicate that the system today serves only  
8 about one-fifth of people in poverty with real serious legal  
9 problems.

10           It should be our long term goal to create a system  
11 that brings justice to all.

12           When the Justice Gap study was done, it showed that  
13 LSC recipients, because of lack of resources, could serve a  
14 little less than half of the eligible applicants seeking  
15 legal help. At that time, LSC had an appropriation of \$331  
16 million.

17           Using that set of circumstances as a yardstick, we  
18 calculated that the LSC appropriation should be approximately  
19 doubled to permit LSC recipients to serve all eligible  
20 applicants.

21           The short term goal was clear. LSC needed an

1 appropriation of approximately \$662 million. While we have  
2 urged you to set that amount as a near term goal, we also  
3 recognize that it would be impossible to reach that funding  
4 level immediately.

5           We have recommended an incremental approach,  
6 whereby you would seek to reach the \$662 million goal over  
7 the course of five years. We are now considering an  
8 appropriation request for the third year of that incremental  
9 approach.

10           According to our approach, that would mean seeking  
11 an appropriation of \$530 million, which is three-fifths of  
12 the difference between \$331 million and \$662 million. This  
13 is the amount, \$530 million, that we recommend you seek for  
14 fiscal year 2009.

15           I would like to offer a few additional comments on  
16 the recommendation. We realize our approach to developing a  
17 budget number is very inexact. It ignores the very real  
18 effects of inflation. It assumes a total need that is  
19 doubled the fiscal year 2005 appropriation when in fact the  
20 precise amount needed is probably closer to 55 percent more  
21 than what was available in 2005.

1           We do not mean to be cavalier in our approach, but  
2 merely to recognize this is an inexact science, and to  
3 suggest that sometimes for purposes of conveying a message,  
4 simpler is better.

5           We recognize that this is a very ambitious  
6 recommendation. We also recognize that you and advocates on  
7 the Hill must operate in a political environment that imposes  
8 certain constraints on what is feasible.

9           We will work with you to advocate for a more modest  
10 increase if your judgment is the amount we recommend is not  
11 realistic.

12           Our core recommendation is that you continue to  
13 convey the important message that the current appropriation,  
14 even with a significant increase likely to be achieved for  
15 fiscal year 2008, is simply not enough to allow LSC to do its  
16 job.

17           LSC has been starved for funds for many years.  
18 Poor people in this country who are in desperate straits  
19 because of legal problems are turned away every day because  
20 Congress has not provided enough funding. People remain  
21 homeless because they lack an advocate to deal with their

1 legal problems.

2 LSC is not asking for funding for some theoretical  
3 level of legal need. You have documented that more than a  
4 million people are turned away each year.

5 While we are all grateful for the strides that have  
6 been made in closing the funding gap, there is still a long  
7 way to go, because we do not have particular expertise in  
8 allocation of resources within the LSC infrastructure, for  
9 the most part, we do not offer recommendations in that  
10 regard.

11 We do urge, as in the past, LSC continue its  
12 admirable record of devoting only very modest amounts to  
13 management and administrative costs, and seeking an  
14 appropriation that is structured to devote as much as  
15 possible to funding field programs.

16 We are not asking LSC or Congress to be the sole  
17 resource to ensure access to justice. As you know, the ABA  
18 has been working very hard to set up a stable access to  
19 justice infrastructure that will draw in Bar leaders, judges  
20 and other stakeholders in each state.

21 We are doing our utmost to stimulate other

1 resources of funding and to make sure that programs are in  
2 place to provide service to all types of cases and clients.

3           There are currently 26 jurisdictions with formal  
4 access to justice structures and informal mechanisms in a  
5 number of other states also draw upon the Bar and the courts  
6 in seeking funding and advocacy for the legal aid system.

7           LSC is a central player in the access to the  
8 justice system, the piece that catalyzes and knits together  
9 all the others. It should remain the cornerstone and have  
10 funding to at least be able to serve all eligible applicants.

11           As in the past, the ABA will work closely with you  
12 to advocate for an increase in LSC's funding. Our  
13 Governmental Affairs staff will coordinate with you, your  
14 staff, and the staff and members of NLADA in lobbying  
15 efforts.

16           We will continue to make LSC funding a key focus  
17 when our Bar leaders come to Washington next April for ABA  
18 Day in Washington. This is the ABA's annual lobbying day  
19 when hundreds of ABA members come to D.C. to advocate for key  
20 association legislative authorities.

21           Thank you again for this opportunity to speak with

1 you about the LSC's fiscal year 2009 appropriation request,  
2 and thank you for your bold leadership in the past.

3 We look forward to working closely with you during  
4 the coming year and urge you to seek an appropriation that  
5 further expands the ability of LSC to serve the many eligible  
6 clients who are currently turned away by your grantees.  
7 Thank you.

8 MR. MCKAY: Thank you. Any questions for Judge  
9 Hankinson?

10 (No response.)

11 MS. HANKINSON: Thank you, Mr. Chairman.

12 MR. MCKAY: Thanks so much. Are there any other  
13 public comments?

14 (No response.)

15 MR. MCKAY: I propose we take a five minute break,  
16 and then we can begin our discussion.

17 (A brief recess was taken.)

18 MR. MCKAY: I call the Finance Committee back to  
19 order. I am assuming Frank will be joining us shortly, but  
20 let's try to keep on schedule, if we can.

21 Let's call the meeting back to order. Mr. Fuentes

1 and Mr. Meites, are you still on the phone?

2 MR. FUENTES: Yes.

3 MR. MCKAY: Tom?

4 (No response.)

5 MR. MCKAY: I wonder if we can call Tom Meites just  
6 to let him know we have resumed our discussions. Would you  
7 propose we wait?

8 VICE CHAIRMAN BEVIER: No.

9 MR. MCKAY: It is time to discuss what we have  
10 heard and to come up with our proposal. I would invite your  
11 attention to page 21 of our book. There is a resolution for  
12 consideration, which we would be proposing to the Board of  
13 Directors next month, but as I'm sure you all recall, our  
14 staff needs numbers by October 1, certainly before our  
15 meeting at the end of October, and we will come up with the  
16 numbers today, which will be subject to the approval by the  
17 Board in late October, but we can work from this resolution  
18 to come up with line items.

19 I am personally going to work from management's  
20 proposal on page five. Of course, we can make whatever  
21 changes we collectively agree upon. I will open it up for

1 discussion.

2 M O T I O N

3 VICE CHAIRMAN BeVIER: Mr. Chairman, I move that we  
4 recommend to the Board the adoption of the proposals by  
5 management on page five, that is basic field, \$445,200,000;  
6 TIG initiatives, \$5 million; loan repayment assistance, \$1  
7 million; management and administration, \$17 million;  
8 Inspector General, \$3,162,000, for a total of \$471,362,000.

9 MR. MCKAY: Do I hear a second?

10 MR. GARTEN: Second.

11 MR. MCKAY: Discussion? Herb?

12 MR. GARTEN: I have a question. I recall some  
13 conversation previously with respect to setting as a mark,  
14 that it is not in stone, but there can be adjustments to it  
15 as they come up in the future. I would like some  
16 confirmation on that.

17 MR. MCKAY: We will hear from Mr. Jeffress.

18 MR. JEFFRESS: Thank you, Mr. Chairman. As the  
19 Chairman indicated, the Office of Management and Budget has a  
20 process of putting together the President's budget and they  
21 request information from us and every other agency in October



1 for their consideration, as they decide what to put into the  
2 request.

3 Our budget request doesn't officially go to  
4 Congress until the 2nd of February. This would give a head's  
5 up to OMB as to what the Board intends to do, but the Board  
6 is free at any time up until it goes to Congress to modify  
7 that.

8 As you will recall, last year, after this meeting,  
9 you subsequently did modify the request before it went to  
10 Congress.

11 MR. MCKAY: Sarah?

12 MS. SINGLETON: Mr. Chairman, I am in favor of the  
13 motion that is currently on the floor, but I am still  
14 concerned about the Native American issue. I am wondering if  
15 procedurally after we act on the motion that is now on the  
16 floor, it would be in order to have another motion which  
17 would direct management to continue to look into the issue of  
18 Native American funding possibly in order to change the  
19 budget mark should we have hard evidence which supports such  
20 a change prior to it going to Congress.

21 In any event, if that is not possible, I think we

1 need to get a handle on that issue. Can we pass such a  
2 motion?

3 MR. MCKAY: Yes. I think that is a great idea,  
4 absolutely. We have another motion on the floor.

5 Any other questions or comments on the issue before  
6 us?

7 (No response.)

8 MR. MCKAY: I support this. As I indicated  
9 previously, I did focus on the M&A line item because it was a  
10 significant increase, but I support it because of where the  
11 money is going, and of course, as our budget grows,  
12 management and administrative costs necessarily go up, but I  
13 think it is within that four percent ceiling, which we kind  
14 of imposed on ourselves. I feel very comfortable with that.

15 I am going to support the motion as well. Do I  
16 hear a call for the question?

17 VICE CHAIRMAN BeVIER: Call for the question.

18 MR. MCKAY: All those in favor of the motion, say  
19 aye.

20 (Chorus of ayes.)

21 MR. MCKAY: Opposed?

1                   (No response. The motion to adopt management's  
2 budget proposals was passed unanimously.)

3                   MR. MCKAY: Sarah?

4 //

5   M O T I O N

6                   MS. SINGLETON: Mr. Chairman, I move that we  
7 recommend to the Board that the Board request that management  
8 investigate the issue of Native American funding and to  
9 report back to the Board at our January meeting if possible.

10                   MR. MCKAY: I propose we drop the "if possible."

11                   (Laughter.)

12                   MR. MCKAY: If they are not ready, we will at least  
13 hear where they are. I think it is a compelling issue.

14                   MS. SINGLETON: I accept the friendly amendment.

15                   MR. MCKAY: Thank you. Do I hear a second?

16                   MR. GARTEN: Second.

17                   MR. MCKAY: Discussion?

18                   MR. GARTEN: I would presume that the study would  
19 include the resources available from other programs that  
20 might be in existence.

21                   MS. SINGLETON: I would think that would be

1 appropriate to look at, funding available for Native American  
2 programs.

3 MR. MCKAY: All those in favor, say aye.

4 (Chorus of ayes.)

5 MR. MCKAY: Opposed?

6 (No response.)

7 MR. MCKAY: The motion passes.

8 (The motion on investigating Native American  
9 funding was passed unanimously.)

10 VICE CHAIRMAN BeVIER: Mr. Chairman, I am reluctant  
11 to offer this as a motion because I am not sure where  
12 everybody else is. I am interested in getting some  
13 information about the veterans and the support, the means  
14 that are available.

15 I'm not sure I want it to be a line item at a  
16 particular time, but I do think it is something that this  
17 Board ought to be looking at and perhaps setting something  
18 else up.

19 Perhaps what I'd just like to say is this is a  
20 Board member making a request to management and management  
21 has almost always been very responsive to Board member

1 requests, so perhaps that is something management could at  
2 some time soon bring before the Board or before this  
3 committee.

4           Perhaps we want to have it in the form of a motion,  
5 but I am willing to just indicate my personal interest in  
6 this as a member of the Board.

7           MR. MCKAY: Let me make sure I understand what you  
8 are asking for. Are you asking for a particular financial  
9 report, how much is being spent?

10           VICE CHAIRMAN BeVIER: No. I am asking for  
11 perhaps -- how much is being spent on veteran issues, and  
12 whether there are particular needs that can be identified  
13 that veterans have that are presently unmet legal needs, such  
14 as I think the veterans' medical claims and disability claims  
15 are in a state of horrendous back up, and they are very, very  
16 behind.

17           I think it is just something that the Legal  
18 Services' Board ought to know about. Maybe it should be a  
19 research project. I am not exactly sure what I'm asking for,  
20 but I have a feeling it is something we would do well to pay  
21 attention to.

1           MR. MCKAY: I agree. I am not sure that we need a  
2 motion. Do you folks have a pretty good feel for what is  
3 being asked for?

4           MS. SARJEANT: We do. We can do that research.

5           MR. MCKAY: Is there any way we could hear back  
6 from you at our meeting in October or is that too soon?

7           MS. SARJEANT: Too soon.

8           MR. MCKAY: Let's make that January as well. Thank  
9 you.

10          MR. GARTEN: I assume the study will also include  
11 what is available say through the Veterans' Administration  
12 and through other Government agencies, and also so I clearly  
13 understand it, we have been talking about the appeal process,  
14 which is totally different than legal services of the sort  
15 that Lillian is referring to. We should distinguish that one  
16 has nothing to do with the other.

17          MR. MCKAY: Great. Of course, the U.S. Court of  
18 Veterans' Appeals' funds is a separate item in the reports we  
19 get from David every month. We would like to hear more  
20 detail about the items that have been identified by Lillian  
21 and Herb.

1           With regard to the financial report we received, I  
2 just want to make sure everyone is receiving every month from  
3 Mr. Richardson a financial report. He is certainly available  
4 to answer any questions.

5           I know there is one item he wanted to address, if  
6 we could just hear briefly from David.

7           MR. RICHARDSON: Thank you. Again, for the record,  
8 I am David Richardson, Treasurer of the Corporation.

9           At the July meeting, you approved the revisions to  
10 the budget. There was one number that we did not have that  
11 you approved for the State Justice Institute for funding of  
12 the technology grants.

13           You approved the budget subject to an increase  
14 based on the money that we get from them. That money came in  
15 last Tuesday. It's not in the financial reports you received  
16 for July, but I just wanted to report to you that the money  
17 that we did receive from the State Justice Institute for the  
18 funding of the technology grants was \$336,379. That will go  
19 again to support the technology initiative for the coming  
20 year.

21           Last year, that figure was \$318,000. It is a

1 slight increase over what we received last year.

2 MR. MCKAY: We were not surprised by this number?

3 MR. RICHARDSON: Not at all.

4 MR. MCKAY: Questions or comments?

5 (No response.)

6 MR. MCKAY: We have actually slid into consider and  
7 act on other business. We have heard from David now on the  
8 financials.

9 I would like to raise a couple of other issues in  
10 that category, if I may.

11 You all may recall at our meeting a year ago, Mr.  
12 Fuentes raised the issue or question or concern about getting  
13 a larger or wider breadth of presentations at this meeting,  
14 not just from the folks who we received wonderful  
15 presentations from today, but he thought, and there were  
16 several of us who agreed, it would be good for us in many  
17 ways to hear from other groups.

18 It occurred to us about a week ago that we did not  
19 proactively reach out to some of those, and some of those  
20 folks, at least in the past, have been supportive of our  
21 mission, and two examples would be the Heritage Foundation



1 and the CATO Institute.

2 I don't think this requires action by the  
3 Committee, but I do want to confirm and get a sense from the  
4 Committee that we should this next time around, a year from  
5 now, I should say next July or so, that we actually in a  
6 proactive way extend invitations to groups that have  
7 expressed an interest in what we do or have expressed an  
8 interest over the years.

9 That we actually, in spite of the fact that we have  
10 it in the Federal Register, that we let them know we are  
11 having this meeting and are welcoming their input as we have  
12 welcomed everyone's input, and perhaps in a more specific  
13 way, management could work with me and any other member of  
14 the Finance Committee that is interested in helping develop  
15 that invitation list and make sure that we get the out to let  
16 folks know we are interested in hearing from them.

17 I see this as positive in several respects. One,  
18 it is good for us to get a breadth of information. It also  
19 gives us the opportunity to share with them what we are  
20 doing. I do see it as mutually beneficial.

21 I raise that as an issue. Mr. Fuentes, do you have

1 any other comments?

2 MR. FUENTES: No. I would just express my  
3 appreciation to the Chairman for your courtesy in following  
4 through on this matter. I do think it is important that we  
5 strive to avoid bias and that we seek the largest and  
6 broadest input possible.

7 MR. MEITES: I would also like to say I certainly  
8 support this. I think we have a story to tell and the more  
9 people that hear it and the more reactions we get from  
10 people, the better off we are, I think.

11 MR. MCKAY: Thank you. Sarah?

12 MS. SINGLETON: Are there any groups other than the  
13 Heritage Foundation and the CATO Institute that we should be  
14 reaching out to? I may be wrong. I think those are both  
15 fairly conservative groups.

16 Should we be reaching out to other public policy  
17 groups that are on a different side of the spectrum? Should  
18 we be reaching out to other Bars, besides the ABA? I don't  
19 know.

20 MR. MCKAY: Absolutely. What I am saying is  
21 perhaps in June or July of next year, that we maybe

1 collectively as a committee come up with that invitation list  
2 to make sure we all feel comfortable with it.

3 By using these examples, I did not mean it to be  
4 exclusive, but just simply as examples. I personally think  
5 it should be inviting the more, the better, for us, and I  
6 think for them.

7 VICE CHAIRMAN BeVIER: Mr. Chairman, I agree  
8 completely. I think the reason for focusing on Heritage and  
9 CATO was our sense is they were apprised of old news about  
10 LSC and based on old information, some of the issues that had  
11 been thought to arise ten years ago, they thought LSC was  
12 same old/same old.

13 I think it is very important that they understand  
14 that is not the case, and to my mind, it is important to have  
15 groups like that understand exactly what the mission is, why  
16 it is important, and what it is that the Legal Services  
17 Corporation is actually doing to try to address it.

18 That was the thought that generated the names of  
19 those two organizations.

20 MS. SINGLETON: I am sure we will get harangued by  
21 people from the other side for not being like it was ten

1 years ago.

2 VICE CHAIRMAN BeVIER: No question about that.

3 MS. SINGLETON: The idea is just to get as broad a  
4 spectrum of haranguing as possible.

5 VICE CHAIRMAN BeVIER: Yes.

6 MR. MCKAY: I think the meeting will be much more  
7 interesting. We might be able to charge admission.

8 (Laughter.)

9 MR. GARTEN: Why don't we invite some of these  
10 groups to Board meetings?

11 MR. MCKAY: Yes. I think that is a great idea.  
12 Maybe we should get that ball rolling. The reason we were  
13 focusing on this meeting is because we are here in  
14 Washington, D.C. It is easier for them to come.

15 Absolutely. I think that is a great idea. Maybe  
16 we should start working on the list now and get the  
17 invitations out, and maybe by next September, they will be  
18 really interested.

19 We will have a January meeting here in Washington.  
20 Maybe we can get some folks to come then.

21 Maybe we ought to start working on the list now. I

1 would be happy to work with management. When we have a  
2 working draft invitation list, we will circulate it to the  
3 Committee for advice and input.

4 Thank you. Any other comments on this subject?

5 (No response.)

6 MR. MCKAY: Thank you. Recently, I heard from  
7 Chairman Strickland who asked that we look into the issue of  
8 the president's salary. It is a salary that I understand has  
9 been in one category for a long, long time, and by comparing  
10 that salary with other comparable positions in Government,  
11 there is an initial sense that the president's salary needs  
12 some attention.

13 I was wondering, Vic, if you have that sheet that I  
14 had asked you to prepare?

15 MR. FORTUNO: I'm sorry. Are we talking about the  
16 salary comparisons?

17 MR. MCKAY: Yes. I was wondering if you have a  
18 document for the Committee that you can hand out. This is  
19 not for action. Obviously, it's not on the agenda.

20 Frank has asked that we become aware of the issue  
21 and the purpose of this is to invite the Committee's

1 attention to the subject, and propose that we begin a review,  
2 at least begin discussing the topic at our meeting in  
3 October. That is reviewing the president's salary.

4           Vic Fortuno has handed a document out to you which  
5 if you go to the second page, you will see a comparison of  
6 the president's salary with the Federal Government in  
7 general, that is level one through five, and Corporation for  
8 Public Broadcasting, which I personally feel is pretty close  
9 to us in terms of responsibilities and size of the budget,  
10 and other arguably comparable Federal entities.

11           It does raise the question that we should at least  
12 look at the subject of the president's salary. I think  
13 Frank's suggestion was a good one.

14           I would ask that with your approval, we place it on  
15 the agenda for October, not for action, but we could talk  
16 about it in a more substantive way to determine what kind of  
17 additional study, if any, should take place, and then take it  
18 from there.

19           I also think, and again, this is Chairman  
20 Strickland's suggestion, that we also as part of the topic  
21 review the Board compensation. As you know, we get a flat

1 payment when we come to these meetings. Perhaps with the  
2 thought of either tying that payment to the president's  
3 salary or some other review, we should do that as well.

4 In response to the Chairman's request, I am  
5 presenting it to you and ask for your comments. I am asking  
6 that we be able to place this on the agenda in October for a  
7 beginning of our discussion.

8 MR. GARTEN: Have you given any consideration to  
9 assigning this to an outside consultant?

10 MR. MCKAY: That is exactly the kind of thing that  
11 we should discuss in October. I feel uneasy about taking any  
12 action today because it wasn't on our agenda. That is  
13 exactly the kind of thing I think we should discuss in  
14 October.

15 MS. SINGLETON: I think we are lucky everybody  
16 doesn't go work for the U.S. Institute for Peace.

17 MR. MCKAY: A pretty profitable area, peace is.

18 MS. SINGLETON: Talk about a group that has not  
19 fulfilled their mission.

20 (Laughter.)

21 MR. MCKAY: We can add that to the agenda as well,

1 if you'd like. Do I hear an objection to placing this on the  
2 agenda for our meeting in October?

3 (No response.)

4 MR. MCKAY: Thank you. We will do that.

5 Let me just report to the Committee on a subject we  
6 discussed at our last meeting, and that is whether or not we  
7 should be hearing from Nancy Davis, our outside auditor,  
8 before our annual meeting in January.

9 You will recall when she appeared last January, she  
10 invited our attention to the fact that the standards that are  
11 imposed upon us via Sarbanes-Oxley and other standards, are  
12 changing. We are being held to a higher standard beginning  
13 really October 1, as it relates to our review of the budget  
14 at the end of the next fiscal year.

15 I called Nancy Davis and spoke with her and asked  
16 her should we be hearing from you, Nancy, on September 17th,  
17 should we be hearing from you in October, or is our scheduled  
18 meeting with you in January okay.

19 She reported to me that she thought her coming to  
20 your meeting in January 2008 will be just fine. She said  
21 these new standards regarding the Board's obligations do go



1 into effect on October 1, but it relates to the audit for  
2 this next fiscal year, that is October 1, 2007 to September  
3 30, 2008.

4 She thinks that the January meeting will be ahead  
5 of the game. I guess my thought is we should go ahead and  
6 maintain that schedule, unless the Committee feels otherwise.

7 Nancy did raise the question about the audit  
8 committee, something we have been talking about. Do we as a  
9 Board create a separate audit committee or should we simply  
10 assign the functions of an audit committee to an existing  
11 committee.

12 I raised the issue with Chairman Strickland in  
13 preparation for this meeting. He has asked or has assigned  
14 that subject to our Committee, that is to begin a review of  
15 the function of an audit committee and come up with a  
16 recommendation to the entire Board as to whether or not a new  
17 audit committee should be created, or if the functions of an  
18 audit committee should be part of an existing committee.

19 I propose to the Committee that we place that on  
20 our agenda as well, not necessarily for final action, but we  
21 begin our analysis of that subject, and then of course, we

1 would be hearing from Nancy Davis on that subject in January.

2 I think we will have some other reports coming in  
3 we can study. I do think it is important for us to start  
4 moving on that subject now.

5 Sarah?

6 MS. SINGLETON: I agree with all that. I also want  
7 at some point take up the issue of the timing of the audit.  
8 There have been some suggestions that the audit ought to be  
9 coming in quicker than it came in this year.

10 I am not sure when we need to deal with that in  
11 order to try to achieve that for this audit as opposed to  
12 waiting until 2009.

13 MR. MCKAY: We are not being held to these new  
14 standards. For what it is worth, I did have a discussion  
15 with Nancy about the delay last year and obtained an  
16 assurance from her it wasn't going to happen this year, and  
17 there would be a working copy circulated by the middle of  
18 December.

19 That doesn't really address your question, but it  
20 has been suggested that we as a Committee, as a Board, be a  
21 little more active in it. I am not opposed to us being

1 involved as kind of a dry run.

2 I am still not even sure what our new obligations  
3 are. For whatever it is worth, I did obtain an assurance  
4 from her that we would be getting a draft audit circulated by  
5 the middle of December.

6 MS. SINGLETON: Thank you.

7 MR. MCKAY: Thank you. That is all of my other  
8 business. Is there any other business from any other member  
9 of the Committee?

10 (No response.)

11 M O T I O N

12 MR. MCKAY: Consider and act on a motion to  
13 adjourn. Let me just make a quick comment.

14 Today, as part of the adjournment motion, today  
15 would have been the 69th birthday of a very good friend of  
16 mine, Norm Maleng, who was the King County prosecutor in  
17 Washington State. He served as the prosecutor for nearly 30  
18 years. He passed away in May.

19 I mention this because Norm was very active in  
20 supporting legal services for low income people on the civil  
21 side.

1           It was very helpful for us, for those of us who  
2 were involved in lobbying the legislature in Washington State  
3 and lobbying Congress to have a Republican prosecutor from  
4 the very beginning, he was a charter member of the Equal  
5 Access Committee of Washington State, to support legal  
6 services.

7           I am here at this meeting today, I wasn't able to  
8 be in Seattle to attend a celebration honoring his memory, so  
9 I thought it would be important to invite the Committee's  
10 attention to Norm's passing, but also there are a lot of Norm  
11 Maleng's around the country, people in public service who get  
12 involved to help this very important cause of providing legal  
13 services to low income people.

14           MR. MCKAY: I would consider a motion for an  
15 adjournment, but also in Norm's memory and all other Norm  
16 Maleng's around the country.

17           MS. SINGLETON: So moved.

18           MR. GARTEN: Second.

19           MR. MCKAY: All those in favor?

20           (Chorus of ayes.)

21           MR. MCKAY: Opposed?

1                   (No response. The motion for adjournment was  
2 passed unanimously.)

3                   MR. MCKAY: We are adjourned. Thank you.

4                   (Whereupon, at 11:51 a.m., the meeting was  
5 adjourned.)

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