

LEGAL SERVICES CORPORATION
BOARD OF DIRECTORS

MEETING OF THE
FINANCE COMMITTEE

OPEN SESSION

Friday, April 15, 2011

2:53 p.m.

The Westin Hotel - Richmond
6631 West Broad Street
Richmond, Virginia 23238

COMMITTEE MEMBERS PRESENT:

Robert J. Grey, Jr., Chairman
Sharon L. Browne (by telephone)
Martha L. Minow
Father Pius Pietrzyk, O.P.

OTHER BOARD MEMBERS PRESENT:

Charles N.W. Keckler
Harry J.F. Korrell, III
Laurie I. Mikva
Julie A. Reiskin
Gloria Valencia-Weber

STAFF AND PUBLIC PRESENT:

James J. Sandman, President

Kathleen Connors, Executive Assistant to the President

Victor M. Fortuno, Vice President for Legal Affairs,

General Counsel, and Corporate Secretary

Katherine Ward, Executive Assistant, Office of

Legal Affairs

David L. Richardson, Treasurer and Comptroller

John Constance, Director, Office of Government

Relations and Public Affairs

Stephen Barr, Communications Director, Office of

Government Relations and Public Affairs

Jeffrey E. Schanz, Inspector General

Laurie Tarantowicz, Assistant Inspector General and

Legal Counsel, Office of the Inspector General

Ronald "Dutch" Merryman, Assistant Inspector General

for Audit, Office of the Inspector General

David Maddox, Assistant Inspector General for

Management and Evaluation, Office of the

Inspector General

Joel Gallay, Special Counsel to the Inspector General,

Office of the Inspector General

Janet LaBella, Director, Office of Program Performance

Jeffrey J. Morningstar, Director, Office of Information

Technology

Michael A. Genz, Program Counsel III, Office of Program

Performance

Linda Perle, Center for Law & Social Policy (CLASP)

C O N T E N T S

OPEN SESSION	PAGE
1. Approval of agenda	Not done
2. Approval of minutes of the committee's meeting of January 28, 2011	17
3. Consider and act on the Revised Operating Budget for FY 2011	19
Presentation by David Richardson, Treasurer/Comptroller	
4. Presentation on LSC's Financial Reports for the first five months of FY 2011	24
Presentation by David Richardson, Treasurer/Comptroller	
5. Report on FY 2011 appropriations process	4
Report by John Constance, Director, Office of Government Relations and Public Affairs (GRPA)	
6. Report on FY 2012 appropriations process	33
Report by John Constance, Director, Office of Government Relations and Public Affairs (GRPA)	
7. Report on FY 2013 appropriations process	37
Presentation by David Richardson, Treasurer/Comptroller	
Report by John Constance, Director, Office of Government Relations and Public Affairs (GRPA)	
8. Public comment	46
9. Consider and act on other business	48
10. Consider and act on adjournment of meeting	48
Motions: 17, 24, 48	

1 PROCEEDINGS

2 (2:53 p.m.)

3 DEAN MINOW: All right. I would like to bring
4 us back to session, and I would like to turn the
5 proceedings over to the distinguished chair of the
6 finance committee, Mr. Grey.

7 CHAIRMAN GREY: Madam Chair, thank you very
8 much.

9 I'd like to ask David Richardson and John
10 Constance if they would mind taking a seat. And Madam
11 Chair, we've got a couple of -- one of them is
12 approving the minutes and a resolution. I'd like to
13 postpone them until one other person is available and
14 just move into information.

15 DEAN MINOW: Very good. Very good. May I
16 just check, is Sharon Browne on the phone?

17 (No response.)

18 DEAN MINOW: No. Okay.

19 CHAIRMAN GREY: Mr. Constance?

20 MR. CONSTANCE: Thank you, Mr. Chairman.

21 Just, first of all, to talk about FY 2011.

22 CHAIRMAN GREY: By the way, I'm sorry. We're

1 moving item No. 5 up to item No. 3, and then we'll take
2 the flow from there, just so that everybody can follow
3 what you're doing. The reason you're being called now
4 is to talk about the most recent activity and
5 circumstance facing the board. Thank you.

6 MR. CONSTANCE: Thank you.

7 CHAIRMAN GREY: We might have somebody just
8 joined us.

9 DEAN MINOW: Sharon, is that you?

10 (No response.)

11 DEAN MINOW: Who just joined the call?

12 (No response.)

13 CHAIRMAN GREY: No, no. We're not taking
14 any --

15 DEAN MINOW: We're just doing information.
16 We're not taking any action.

17 CHAIRMAN GREY: Thank you. That's why I said
18 we're waiting for one other.

19 MR. CONSTANCE: Thank you, Mr. Chairman. For
20 the record, I'm John Constance, director of Government
21 Relations and Public Affairs. And thanks for
22 clarifying that I wasn't just barging in there.

1 CHAIRMAN GREY: As you normally do.

2 MR. CONSTANCE: As I normally do. FY 2011,
3 the final CR for the remainder of the fiscal year was
4 passed by the House and Senate yesterday. It's being
5 signed by the President today -- is signed, for all we
6 know, but it will be in fact signed before midnight
7 tonight.

8 In terms of the final vote on H.R. 1473, just
9 as an FYI to the committee, the final vote on the House
10 was 260 to 167. Final vote in the Senate was 81 to 19.

11 And again, it brought to end the long chapter here,
12 obviously, in terms of getting to a budget for FY 2011.

13 Just a word about the process and just a word
14 about the effort of this committee and this board in
15 terms of getting us to where we wound up. Thank yous
16 are certainly in order to the board, to the American
17 Bar Association, to local bars, to the Conference of
18 Chief Justices, to the Ohio Attorneys General who wrote
19 to their delegation, to the Washington State Attorney
20 General, to Brennan Center, NLADA, Barbara Sampson,
21 CLASP, among others.

22 And it really, really was a coming together of

1 an awful lot of individuals that, either individually
2 or as a collective group, stepped up and provided their
3 feelings about LSC and about legal aid in the country
4 and, most importantly, about the needs of the clients
5 in this country to receive civil legal assistance.

6 Steve Barr on our staff did a terrific job, I
7 think, along with many of you in terms of getting the
8 word out to the New York Times, to the Atlanta
9 Journal-Constitution, to the Boston Globe, to the
10 National Law Journal, to other publications. And we
11 used all means we could, including Twitter, where we
12 now have over 1,000 followers; and in terms of pushing
13 the information from around the country out the door,
14 that was an important means of doing that.

15 We received very strong support from an
16 information standpoint as we were making our calls on
17 Capitol Hill from many of our programs around the
18 country, who were very, very helpful in coming forward
19 with timely information and data.

20 And by "timely," I mean by virtue of the poor
21 planning of the speaker here, we were getting ready to
22 walk in the door of a congressman from Alabama who is

1 on our appropriations committee, and just literally,
2 almost before we walked in the door, we placed a phone
3 call to Jimmy Fry, the executive director of the
4 Alabama statewide program, just before we walked in the
5 door, and talked to him about his needs. And I mention
6 this only because of the panel this morning regarding
7 domestic violence.

8 Jimmy Fry informed us that every day they are
9 making very, very tough decisions in Alabama about
10 domestic violence. And I said, "Well, how tough?" He
11 said, "We have to turn away two domestic violence
12 victims for every one we are able to serve, just by
13 virtue of our problems with resources down here." He
14 says, "We try to make referrals where we can, but," he
15 says, "we are literally making decisions, life and
16 death decisions and estimates every day about how we
17 triage those cases." So those cases, by many of our
18 programs around the country, are being unfortunately
19 triaged as well.

20 I think we owe a special indication to -- a
21 number of people have asked, what did it this time in
22 terms of being able to get to a point where we have a

1 \$15.8 million reduction and not the \$70 million
2 reduction that was in H.R. 1?

3 And I really think -- I hold a mirror up to
4 all of you and your colleagues around the country, who
5 really came and did what needed to be done and really
6 reached out to the community. So I think it's a good
7 outcome. It is in fact finished at this point, and we
8 move on to the FY 2012 challenges that I'll speak to in
9 a moment.

10 CHAIRMAN GREY: Questions?

11 MS. REISKIN: A comment. I'm Julie Reiskin.
12 I'm not on the committee, but I can't let this go
13 without saying, John, the tremendous job you and your
14 staff did, and Jim and all of you guys, with getting
15 good, clear, consistent, quick information out on a
16 regular basis. I mean, you guys made it so that it was
17 possible for others to response. And you were thanking
18 everyone, but I wanted to make sure that that was on
19 the record and recognized.

20 MR. CONSTANCE: Thank you, Julie.

21 CHAIRMAN GREY: Madam Chair?

22 DEAN MINOW: I, too, want to echo these

1 thanks. You did a just tremendous job, and you are
2 owed sleep, I think.

3 I have one question, which is based -- I know
4 you're going to talk in a moment about the next budget.

5 But based on the discussions about this
6 budget -- we're only talking about the half of the year
7 that remains, and so the allocation is
8 disproportionate. I'd be interested in your thoughts
9 about that.

10 But I'd also be interested to know what, if
11 any, conversations were made in the course of this to
12 give us a clue to the upcoming negotiations.

13 MR. CONSTANCE: A couple things. First of
14 all, on the specific impact of the allocation, we were
15 well aware of that all along and continued, as did all
16 my colleagues on the Hill in similar positions with
17 federal entities, continued to remind the process that
18 we were talking about the multiplier, given the fact
19 that this was going to be taken at the midyear.

20 Again, the process takes a while, and this
21 year's process broke all records in terms of that. I
22 would say that the one thing that's hard -- it's hard

1 to look forward to the 2012 and really inform it too
2 much from what has happened so far, only because this
3 2011 process was so far outside the norm in terms of
4 the way the process moved forward, up to and including
5 the fact that a lot of the people that were in the room
6 at many, many stages of this process are not the people
7 that we have the relationships with and that other
8 organizations have the relationships with.

9 This was being dealt with day in and day out
10 on a very, very high level, and literally not until the
11 last weekend of the process, last weekend, were the
12 people in the room that we normally work with that were
13 doing, really, the final negotiations.

14 And I would say that the combination of all
15 the communications and the combinations of all the
16 phone calls that you made and all of the efforts really
17 were extremely well-known by those four individuals
18 when they walked into that room. And I can promise you
19 that nothing was missed or lost on them by how many
20 people were watching our process at the end.

21 So I think David has done a great job, along
22 with John Meyer. We have gotten the information out to

1 all of our grantees at this point in terms of what the
2 impact is going to be, particularly the concern that it
3 is at the midyear. And you may want to say a word or
4 two about that, David.

5 MR. RICHARDSON: Yes. And for the record, my
6 name is David Richardson, the treasurer of the
7 Corporation.

8 As John was talking about, there is a 4
9 percent cut to the basic field funding line. We
10 figured the amount of the awards that -- the revised
11 awards that would be going out and provided it to the
12 field earlier this week, actually yesterday.

13 With the 4 percent reduction, because of the
14 multiplier, having to take it out over a seven-month
15 period, it's actually a 6.85 percent cut per month from
16 their funding. So a significant impact on their
17 funding; certainly not as much as it would have been
18 otherwise.

19 And again, just accolades to everybody who
20 worked on this, and congratulations on a great fight to
21 reduce it to the amount they did. And you might think
22 that's sort of odd, to thank everybody for only getting

1 a \$15 million cut. But when you were looking at \$70
2 million, it is certainly yeoman's work that was done by
3 John and the staff and the board members and Jim, of
4 course, going to the Hill and talking to everybody.

5 And the grantees that I've talked to in the
6 last day or so -- and there's been a few who
7 called -- have been very appreciative of all the work
8 that's been done.

9 MR. CONSTANCE: The only other thing that I
10 would add is that I noted in this process this time
11 that when the cuts came in terms of the recommendations
12 of H.R. 1, that was a certain level of activity in the
13 country to support us.

14 When the Duncan Amendment to zero out LSC
15 occurred, that level of activity jumped dramatically.
16 And I'll tell you, already today -- I mean, there's a
17 press story out there today about another such
18 recommendation, not by the Congress but by an
19 organization in the country. And we'll get that
20 information out to everybody.

21 The only thing that I would say is, when we
22 see those things, I think it's a different time than

1 the '80s or the '90s. I wasn't working this issue in
2 those years, and some of my colleagues that are in the
3 audience were here and working in that time. It is a
4 different time. I do think we have bipartisan, strong
5 bipartisan support. I don't think we should take one
6 bit of that bipartisan support, now or ever, for
7 granted.

8 But by the same token, some of those calls are
9 motivators and reminders, I think, only of the dividing
10 line between the past and the present, what was and
11 what is, what you saw as a panel this morning, which is
12 the reality on the ground for legal aid today. And it
13 gives us an opportunity to go out there and get
14 people's attention because we were mentioned in the
15 same breath with a number of other federal programs who
16 were supposed to be zeroed out.

17 And, you know, that became a pretty famous
18 list, and it got us phone calls from the New York Times
19 and others that we just might not have had if it was
20 only -- "only," euphemistically speaking -- a \$70
21 million cut.

22 So I'm not suggesting that we get a lot more

1 of those kind of amendments. But I'm also suggesting
2 that it's not the end of the earth. It is an
3 opportunity, as most of these things are, to tell our
4 story.

5 DEAN MINOW: Thank you. It's Martha Minow
6 again. John, I have a further question, then, that
7 follows up on that.

8 Do you have a sense of the kind of data that
9 was helpful in the advocacy that we didn't have or we
10 should be trying to get for the next round?

11 MR. CONSTANCE: I don't think we have enough
12 time right now for me to go down the whole list.

13 (Laughter.)

14 MR. CONSTANCE: But no, I do think there are
15 several things happened this time that were helpful.

16 Number one, when Jim Sandman came in and
17 recognized that -- what we were up against and the old
18 timeline of when we get data out, which in other
19 contexts was perfectly acceptable, were not going to be
20 acceptable this time, and Jim acted to get our 2010
21 data available to the process and available to him to
22 testify to Congress and to walk the halls of Congress

1 much more quickly than it's normally provided. So his
2 encouragement to our process, John Meyer's response to
3 that -- first of all, the data that we normally have
4 was a lot more forthcoming.

5 In terms of the other kinds of data elements
6 that we need, I mean, Jim again spoke to one of them
7 this morning about the challenges that we have with the
8 data that we have kind of buried inside of family law,
9 for example, and how much of that is domestic violence
10 and how much of it is -- again, there are these
11 subcategories that -- to try to get those that are
12 going to be very helpful.

13 Veterans -- again, another category that we
14 don't have good data on. Other kinds of things
15 regarding economic impact and -- those are more
16 long-range things that I think we're going to have to
17 develop and that this board can be very, very helpful
18 in working with us to look at that, in a longer
19 conversation, obviously, than this.

20 I do think we know what we need. We know what
21 people ask us, and economic impact and outcomes are
22 some of those kinds of things. Numbers in these

1 subcategories are another category that we really,
2 really do need. But a longer conversation.

3 DEAN MINOW: Well, this gives me the perfect
4 opening to say, Jim Sandman, this is baptism by fire
5 and we all thank you very, very much for jumping in
6 with two feet, two hands, two hearts.

7 And we welcome back Father Pius, and so I
8 think that means that we can actually have votes if we
9 need to do so, Mr. Chair.

10 M O T I O N

11 CHAIRMAN GREY: Thank you, Madam Chair. It's
12 probably appropriate, Father, that on page 79 we've got
13 the first matter for action, and that's the approval of
14 the minutes. So I would move.

15 Since they are before you, I would ask for a
16 second to that.

17 DEAN MINOW: Second.

18 CHAIRMAN GREY: All in favor say aye.

19 (A chorus of ayes.)

20 CHAIRMAN GREY: The minutes are approved.

21 I will make one observation. It's nice to be
22 in close proximity to LSC so that from time to time you

1 can get a board member up there to do things. And I
2 feel honored to be able to do that, quite frankly. But
3 I'll tell you this, and I think everybody knows this:
4 Having lobbied for many years, the key is preparation,
5 preparation, and preparation. And the it's
6 communication, communication, communication, which
7 equals credibility, credibility, credibility.

8 And we hit 100 percent on every one of those
9 criteria so that when it was over, this organization
10 stood very tall in the saddle among everybody else that
11 had to be reviewed under this process. And to that and
12 for that, the board thanks you abundantly because it
13 was well done.

14 And I want to sit next to Jim Sandman any time
15 it's time to testify.

16 (Laughter.)

17 CHAIRMAN GREY: I was gloating with his
18 testimony. It was good.

19 DEAN MINOW: Mr. Chair, it also helps to have
20 the career reputation of yourself to put on the table
21 and represent this organization.

22 CHAIRMAN GREY: You're very kind, ma'am.

1 MR. SANDMAN: Amen.

2 CHAIRMAN GREY: We have, interestingly enough,
3 been in our austerity, I think, giving ourselves a
4 chance to be very thoughtful about the distribution of
5 funds as it is now reflected in the amended
6 appropriations. I'm going to ask the treasurer to give
7 us the administration's response to what is now a
8 revised 2011 budget. Mr. Treasurer?

9 MR. RICHARDSON: Thank you, sir. I hope
10 everybody has the memo that's dated today, April 15th.
11 And it's titled, "Fiscal Year 2011 Consolidated
12 Operating Budget."

13 What I have done is laid out what the
14 committee and the board has passed at the January
15 meeting. We certainly had a budget of \$435 million
16 that was passed in January. The table shows the
17 reductions as a result of the appropriation. There was
18 one large reduction, \$15 million to the field programs,
19 and then each line received a .2 percent reduction in
20 funding. And I've laid that out in the table also. So
21 our appropriation, as a result of this, is
22 \$404,190,000.

1 One note of good news that came yesterday: We
2 were operating the U.S. Court of Veterans' Appeals
3 grant on \$1.82 million. I received word yesterday
4 morning that they were going to pass through to us
5 \$2.32 million. So there's a \$500,000 increase. All of
6 these changes add up to a \$420,165,545 budget. That is
7 reflected in the resolution and the attachments.

8 In addition to that, page 2 of the memo lays
9 out some internal budgetary adjustments that we made
10 and now we as a corporation responded to the reduction
11 that we had in management and grants oversight. We
12 received a \$34,000 reduction in funding for this year's
13 operations. The IG also received an \$8400 reduction.

14 Because of the open positions that we
15 currently have in the Executive Office, we are reducing
16 the Executive Office's budget \$34,000. It will not
17 hamper the operations in any way. And that way, we can
18 absorb the cut there.

19 In the IG's office, they are operating on a
20 two-year spend-down plan of their carryover. The other
21 operating line has a contingency fund included, so
22 they've instructed me to reduce that particular budget

1 line \$8400 to account for that.

2 The reduction in the -- I'll go back to
3 something that's not in the memo for a second. The
4 technology initiatives received a \$6800 reduction.
5 Grants have not been made for the 2011, so we will just
6 reflect the reduction in the amount of money that is
7 awarded later in the year.

8 And that also goes with the Herbert S. Garten
9 Loan Repayment Assistance Program. They're in the
10 process of making decisions of the new money. So there
11 will just be one less grant given to a recipient this
12 year. We heard how important that money was to the
13 field this morning, but it's unfortunate, like the
14 grant processes, we have to reduce that line to be able
15 to come within the budget.

16 In addition to the changes that were needed
17 because of the reduction of funding, the rescission,
18 and the overall appropriation, there's a few other
19 adjustments that came up as a result of decisions this
20 week. We had a very good planning session yesterday
21 with strategic planning, and we've hired a consultant.

22 We did not have money in the board budget for

1 that at that time, so we knew we would have to come
2 before the committee and the board and ask for some
3 money to be moved. So I've moved \$100,000 into the
4 consulting line to be able to fund this expense. The
5 contract is actually for \$75,000, but there may be some
6 other expenses. Since we had money, available I just
7 wanted to make sure that there was enough money there
8 sufficient to cover the expenses that the project may
9 incur.

10 That's not to say there may not be more.
11 Since the board is very active, I'm not sure if
12 there'll be additional consulting needs or additional
13 funding. That's something that we are going to end up
14 talking to you about in the next few months as far as
15 planning and what needs to be going on within the board
16 budget and the initiatives you're undertaking.

17 That money is available from two offices that
18 have open positions, Program Performance -- and I have
19 spoken to the director of both offices; they're that we
20 have reduced their funding this amount, and there is no
21 problem with the way they will continue to operate.

22 There was one other adjustment for adjustment for

1 Program Performance, and that was just to move \$20,000
2 from the personnel compensation line also down to
3 consulting to accommodate the hiring of some
4 consultants for the competition review panels.

5 This information is contained in the
6 resolution that's attached. And it's my hope that you
7 will consider adopting the resolution, with the
8 attachments to support it.

9 CHAIRMAN GREY: Is anyone on the phone?
10 Sharon?

11 (No response.)

12 MR. RICHARDSON: Just so everyone knows, I did
13 give Sharon a copy of the memo --

14 CHAIRMAN GREY: Oh, good.

15 MR. RICHARDSON: -- before she left and
16 explained this process to her. So she's got it.

17 CHAIRMAN GREY: Good. Thank you.

18 Mr. President, any thoughts about the
19 adjustments made?

20 MR. SANDMAN: I've discussed these with David,
21 and I recommend that the committee approve them all.

22 CHAIRMAN GREY: Any questions or comments?

1 (No response.)

2 CHAIRMAN GREY: Is there a motion?

3 M O T I O N

4 DEAN MINOW: So moved.

5 CHAIRMAN GREY: Second?

6 FATHER PIUS: Second.

7 CHAIRMAN GREY: All in favor say aye.

8 (A chorus of ayes.)

9 CHAIRMAN GREY: The motion is adopted.

10 All right. David?

11 MR. RICHARDSON: Page 84 of your board book.

12 I was privileged to meet with Mr. Grey and his office
13 on April 1st. We spent about two hours going through
14 the budget in great detail. And then we had a briefing
15 at 1:00 with many of the committee members available,
16 and a few other board members joined us also.

17 We are well within budget. I provided
18 additional detail for the committee in regards to the
19 grants, how much they were. We have five grantees that
20 were on short-term funding, and we have a number of
21 those that are now -- when you get the next reporting,
22 have been annualized.

1 We had a few small migrant grants -- one was
2 like \$2500; another one was \$3500; it seems like there
3 was one for \$8,000, and one for \$14,000 -- and we have
4 just merged those within the basic field programs.

5 We have two programs that will continue. We
6 certainly have the area of Louisiana that's under
7 competition, and we still have the migrant -- I'm
8 sorry, the American Samoa money available. I misspoke.
9 There's actually three programs. There's Nevada,
10 South Dakota, and Wyoming that had the migrant funding
11 that we put in.

12 The U.S. Court of Veterans' Appeals -- of
13 course, this information does not contain the new
14 money -- but we've given an award for \$1.82 million.
15 We will be revising that, just like we will have to
16 revise the basic field funding this month. So we're in
17 good shape there. We're under budget currently, and we
18 will just make sure the allocations will stay within
19 the budget.

20 The technology, as I mentioned before, we have
21 technology from last year that we awarded. Those
22 grants are now out and in the hands of the recipients.

1 There's a few other grants that will be recalled or
2 reduced --

3 CHAIRMAN GREY: Recovered.

4 MR. RICHARDSON: -- recovered in the future,
5 so we'll be taking care of those also. So it may
6 increase the amount of money that may be available in
7 the future.

8 Within the management and grants
9 administration, we're well within budget. I've laid
10 out on page 86 some of the key factors that are
11 involved with the large amount of variance. We
12 continue, because of the uncertainty of the
13 funding -- we had 107 positions budgeted, and we have
14 95 staff members currently. We also have three
15 temporary employees, but at this point we're well
16 within the money that is available to us.

17 The Executive Office, we have money there, of
18 course. And Program Performance, as I mentioned, there
19 was open positions there. We also have travel money
20 from the Executive. We have a travel budget for the
21 President when he speaks, goes to board meetings.

22 We actually have three people in the Executive

1 Office currently budgeted to travel to board meetings,
2 and we've got one at this point. That's the President.

3 Kathleen, who normally travels with us, her travel is
4 charged to the board's budget because she's here
5 supporting the travel of the board.

6 Certainly there's money in Program Performance
7 and Compliance for travel, and we will continue to be
8 using that during the summer. But there is a good
9 amount of the variance that is because of that.

10 I mentioned here the task force. We have
11 consulting money -- well, we just entered into a
12 contract, so the next reporting you're going to see
13 that gone down quite a bit because we now have two task
14 forces, with the fiscal task force and the strategic
15 planning consultant. So we'll be reflecting those in
16 the next budget.

17 But also, accolades to Vic. We are holding
18 down the outside counsel budget at this point of the
19 year, so we're in good shape there. And the Office of
20 Information Technology, they are using money to update
21 the Corporation's website and maintenance of the
22 computers, so there's some of that money left at this

1 point also.

2 The IG has provided me information in regards
3 to his carryover, \$150,000 because of open positions in
4 his budget. The 337 involved with the consultant line,
5 they do have contracts outstanding now of \$45,000. And
6 the largest variance was the 386, and of course,
7 that'll be reduced to \$8400 as a result of the
8 reduction of funding to that office with the
9 appropriation.

10 I know that's very quick. I know you've had a
11 little opportunity since we had our briefing in April.

12 But if you have any questions, I will be glad to
13 answer them.

14 CHAIRMAN GREY: Julie?

15 MS. REISKIN: Yes. If you went over this, I
16 apologize. Julie Reiskin. I remember you talking
17 about money being held for areas -- I'm blanking on the
18 area -- Samoa. And how is that affected, given the
19 cuts?

20 MR. RICHARDSON: it will just reduce the
21 amount of money that we have set aside for that funding
22 area at this point.

1 MS. REISKIN: And if the year ends, if we
2 don't spend it by the time the fiscal year ends, then
3 what happens?

4 MR. RICHARDSON: We will take next year's
5 appropriation, add this funding amount to it, and then
6 distribute it per the formula.

7 MS. REISKIN: Thank you.

8 CHAIRMAN GREY: I'd like to comment about what
9 David has done to recast some of the discussion in this
10 memo. Some of it was hard to understand, and through
11 his discussion with the committee, agreed to do some
12 modification and give us, I think, a clear
13 understanding of what these numbers mean, and
14 describing the categories in ways that I think are very
15 helpful to us to understand. I want to thank you for
16 your consideration and cooperation in that regard.

17 He has also made available backup information
18 that traditionally is not looked at to the committee.
19 And it is also helpful in understanding how we get to
20 the numbers that we arrive at, and again, thank you
21 again for offering to provide that additional
22 information.

1 Mr. President, any other thoughts about the
2 budget?

3 MR. SANDMAN: No, Mr. Chairman. I have
4 nothing to add.

5 CHAIRMAN GREY: Okay. Yes, Father Pius?

6 FATHER PIUS: There's only one item on the
7 budget where we're -- a variance that's -- we're over
8 budget. But I assume that that's under control, and
9 that's not going to continue for the rest of the fiscal
10 year, the capital expenditure budget?

11 MR. RICHARDSON: That's correct. We have the
12 one line because we purchased the --

13 FATHER PIUS: Purchasing this quarter?

14 MR. RICHARDSON: -- the videoconferencing
15 equipment all in this quarter. So it will even out
16 over the year.

17 CHAIRMAN GREY: Charles?

18 PROFESSOR KECKLER: I just have a very brief
19 question about the new money for the Court of Veterans'
20 Appeals program. Is it my understanding that that's
21 going to augment the current grant, and thus the money
22 is going to go out this year for that service?

1 MR. RICHARDSON: That's correct, sir.

2 PROFESSOR KECKLER: Okay. Thank you.

3 CHAIRMAN GREY: Laurie?

4 MS. MIKVA: Yes. I had a question. Something
5 about budgeted for salary increases. When might we be
6 taking that up?

7 MR. RICHARDSON: President Obama certainly
8 said that there would be a salary freeze. This budget
9 was -- our budget was prepared last July, before he
10 announced that freeze. We have the money in there for
11 that. There is some union contract negotiations that
12 will have to take place. So it's money that is still
13 available pending resolution of the first contract and
14 the decision-making as to if their raises will be
15 negotiated or included.

16 FATHER PIUS: We back in the summer approved
17 some salary increase based on locale. That's already
18 in the budget, or no?

19 MR. RICHARDSON: Yes. You actually approved
20 August -- actually, at the July meeting last year --

21 FATHER PIUS: July last year?

22 MR. RICHARDSON: -- the increase that was

1 retroactive to January 1, 2010.

2 FATHER PIUS: Oh, I forgot it was retroactive.

3 CHAIRMAN GREY: Any other questions?

4 (No response.)

5 CHAIRMAN GREY: All right. Let's go back to
6 the agenda.

7 MS. BROWNE: Excuse me. Robert?

8 CHAIRMAN GREY: Yes.

9 MS. BROWNE: This is Sharon Browne. Can I ask
10 a question, please?

11 CHAIRMAN GREY: Sharon. Welcome.

12 MS. BROWNE: I was just interested in the
13 OIG's budget. On page 87, you had mentioned that there
14 are some budget variances in compensation and benefits.
15 What happens to that money if the positions remain
16 open?

17 MR. RICHARDSON: Any carryover in the IG's
18 budget will go to support next year's budget. Because
19 it is a budget line, it has to maintain its
20 appropriation character. So it'll stay with the OIG
21 budget.

22 DEAN MINOW: It's a line item.

1 MR. RICHARDSON: A line item. Yes.

2 MS. BROWNE: It's a line item? Okay. Thank
3 you.

4 CHAIRMAN GREY: Thank you, Sharon.

5 Any other questions?

6 MR. CONSTANCE: Thank you, Mr. Chairman.

7 Moving on to our FY 2012 picture --

8 CHAIRMAN GREY: Hold on one second.

9 Thank you. Go ahead.

10 MR. CONSTANCE: -- to the name that I had
11 previously mentioned, Steve Barr, in terms of his
12 support and assistance on the press side for our 2011
13 effort, let me add a few names that should be noted in
14 terms of our preparation for the hearing and for our
15 efforts for FY 2012.

16 Treefa Aziz, Sean Driscoll, Wendy Burnette
17 Long, Marcos Navarro all contributed to our preparation
18 for our hearing and are certainly vital in terms of our
19 efforts moving forward, and I thank them. I want to
20 publicly recognize the hard work that they did to get
21 us to where we are.

22 In terms of FY 2012, back to Dean Minow's

1 question about the contrast or if there is anything in
2 terms of lessons to learn, while I don't know that
3 there are many lessons to learn, I do know that FY 2012
4 is going to be a very, very tough budget year. We
5 certainly have gotten all indications of that
6 nationally. We have gotten indications of that in
7 terms of the committee itself. And so we know that we
8 have our work cut out for us.

9 However, I would add to that that the one
10 thing about the battle over FY 2011, the efforts that
11 this board made to really set the bar for themselves
12 and for future boards at a higher level than ever
13 before in terms of reaching out and assisting in this
14 process I think will be helpful going forward. And we
15 look forward to working with all of you in this
16 endeavor.

17 In terms of trying to differentiate ourselves
18 moving forward, the \$450 million that is in the
19 President's budget for LSC for 2012 differentiates us
20 from the Administration perspective coming off the line
21 here. I mean, I think that that is clearly the case.

22 I'm going to ask Chairman Levi and I'm going

1 to ask others to help us reach out to the White House
2 and remind them of that differentiation, and remind
3 them that we will not be hurt if the Legislative
4 Affairs Office of the White House decides to go to the
5 Hill specifically on this account that they do on many
6 other accounts to support the President's budget. I
7 will not at all be offended by that assistance and
8 effort, and I think that they can be helpful this year
9 going forward for 2012, and we look forward to
10 reminding them of that.

11 And again, in all seriousness, thanks go out
12 to the Administration and to John and to a number of
13 folks that reached out and made that \$450 million mark
14 possible.

15 We did in fact have our hearing for the 2012
16 budget before the Subcommittee on Commerce, Justice,
17 Science, and Related Agencies before Chairman Wolf. I
18 want to start out by thanking, publicly, Chairman Wolf
19 for the record for holding the hearing. That is not a
20 guaranteed process any longer.

21 My old organization that was moving forward
22 with a similarly-sized appropriation this year for the

1 first time in memory did not get a subcommittee
2 hearing. So that is not any longer taken for granted
3 on the path that Chairman Rogers and the committee are
4 on to try to get all the business done and to get a
5 budget -- or to get an appropriation done in regular
6 order this year. So we start with that thank you.

7 To echo what Chairman Grey indicated earlier,
8 Jim Sandman did an amazing job at this hearing of
9 making the case, and I think he is certainly to be
10 commended for that. In my career, I've sat behind many
11 witnesses, and I put them in two categories: those
12 that I sit behind, and those that I would have sat
13 farther behind.

14 (Laughter.)

15 MR. CONSTANCE: And I would have been honored
16 to be where Robert was in this case because Jim just
17 did an incredible job in a short amount of time
18 absorbing a huge amount of information and delivering
19 it extremely well.

20 We will be going forward with a plan that we
21 will share with you in terms of the appropriate times
22 to reach out, the appropriate times to maybe make some

1 of those calls. No time like the present to at least
2 reach out and thank those who you talked to earlier
3 because I think the 2011 outcome, while it wasn't
4 exactly what we wanted, was certainly better than we
5 had feared at one point in time.

6 But we will be working towards a strategy and
7 letting you know what the right times in the process
8 would be. And I think that's the key. There will be a
9 subcommittee markup. There will be a full committee
10 markup. There'll be action in the House. There'll be
11 action in the Senate. We pray that we're back to
12 something close to regular order.

13 And if so, there'll be some very appropriate
14 times to call for your help and certainly to in turn
15 call for the help of the other organizations that
16 assisted us this time.

17 CHAIRMAN GREY: Thank you. Would the two of
18 you give us your overall thoughts on the 2013 process?

19 MR. RICHARDSON: Yes, sir. As John was just
20 talking about the uncertainty with 2012, what's the
21 baseline? We need to start thinking about what we're
22 going to ask for 2013.

1 Last year when we reported to OMB, they asked
2 us to back up a bit in providing them information
3 earlier. They've asked that we provide this
4 information to them by September 1st.

5 CHAIRMAN GREY: Of this year? September 1st
6 of 2011?

7 MR. RICHARDSON: That is correct. We operate
8 basically 15 months in advance.

9 So what I have done is I've already spoken to
10 Don Saunders and Terry Brooks, Don from NLADA and Terry
11 Brooks from the ABA, and asked them if they can provide
12 us some information in regards to their thought
13 processes in regards to the 2013 funding.

14 Additionally, we've talked a little bit
15 internally about what we're going to do as far as
16 gathering information and coming up with a budget mark
17 also. We've heard questions today about what data we
18 need to make this type of request. How are we going to
19 approach it? And there's a level of uncertainty there
20 now.

21 We've got to come up with some information
22 that will be thought-provoking, and we'll be able to

1 present our case to the Hill, whatever that information
2 may be as far what the impact to the community is.

3 John Levi has mentioned that he would like to
4 have a cross-section of folks come forward and talk
5 about how they operate with their LSC funding and the
6 impact of LSC funding on their operations. So he wants
7 somebody from an urban area, from a city; north, south;
8 a migrant component; and just trying to get as much
9 information to support our internal budget process and
10 inform the board as to the need that's out there.

11 Each one of these meetings we go to, we hear a
12 great deal about the need that is out there and how our
13 funding is used in their operations. And we want to
14 get as much information as we can to be able to support
15 this and put the best face forward when it comes time
16 to present our budget.

17 Internally we're going to be starting to work
18 very quickly. I actually haven't shared this with Jim
19 yet, but I've sort of adopted a little outline
20 internally that I'll share with him next week, trying
21 to get us to a point where we can make some decisions,
22 where we can maybe call on some grantees and get some

1 information from them, and perhaps get some of them to
2 come and testify before the committee in July.

3 And then after that, we're sort of at the
4 finance committee and the board's disposal as to how we
5 operate and how we pass a budget mark and get it to OMB
6 by September 1st.

7 CHAIRMAN GREY: John?

8 MR. CONSTANCE: Thank you, Mr. Chairman. The
9 only thing that I would add is that the process this
10 time might be a little uncertain. The need is clearly
11 not uncertain. We know that; it's just a matter, as
12 David said, of figuring out the most appropriate way to
13 quantify it at this point in time.

14 And I think, again, there are two things that
15 we need to look at. We need to look at the data. We
16 also need to look at the expectations of this committee
17 and the board in terms of the data that you need to be
18 informed. And there are a variety of ways that we can
19 approach that.

20 We'll be certainly working at a management
21 level to try to do that and to try to do that sooner
22 rather than later because again, 2013 is that next

1 step. And as I mentioned, we are in 2012 in terms of
2 the challenges to get the numbers that we hope we can
3 get right now.

4 We have a set of justifications that we have
5 provided. We have a set of justifications that we
6 provided to the White House last year, and therein lies
7 the \$450 million that is in the President's budget. So
8 we have somewhat of a track record here. But we need
9 more. We need some more refinement because we're in a
10 steeper climb than I think we have been in in the past.

11 So we look forward to working with the
12 committee and the board to meet your expectations so
13 that the proper decisions can be made.

14 CHAIRMAN GREY: Madam Chair?

15 DEAN MINOW: I'm wondering whether there's
16 some further information we need to give to grantees as
17 they make their budget planning and staff planning for
18 the coming year.

19 MR. CONSTANCE: One of the things that I
20 think -- and I don't know that Don Saunders and I can
21 take personal credit for this. But our program's
22 expectations are sufficiently lowered that -- and which

1 is an unfortunate outcome of the process that we've
2 just been through -- that I think that the vast
3 majority of these folks, good managers that they are,
4 have been very, very conservative in their estimates
5 and continue to be so.

6 We will do everything we can as we get
7 information through the process that I've described for
8 2012 to get that information out as quickly as we
9 possibly can to the grantees. They have been very
10 helpful in stepping up their game and getting
11 information in for us for 2010.

12 The least that we can do for them in terms of
13 returning that favor is, as the process moves forward,
14 be certain that they have as early information as we do
15 in terms of that. And using the web and using the
16 other means that we have officially through the
17 Corporation to do that, we certainly will.

18 CHAIRMAN GREY: Father?

19 FATHER PIUS: Actually, have we gotten any
20 feedback from the grantees? Are there any grantees in
21 which this cut is going to have a more devastating
22 impact than on others, where we're talking about

1 shutting down offices of a branch? Have we gotten any
2 kind of feedback on that at all?

3 MR. CONSTANCE: Possibly at public comment
4 moment that can be addressed here by some other
5 organizations in the room. But all I would say is that
6 the initial anecdotal evidence is that there is relief
7 out there. However, the range of programs, where in
8 some cases we are 86 percent of their funding and those
9 for which we are 18 or 12 percent of their
10 funding -- you know, there clearly is a differential.

11 It does mean, in fact, bodies. It does mean,
12 in fact, local offices being in peril. But that being
13 said, I mean, I think that trying to get that feedback
14 as quickly as we can to inform the 2012 process and the
15 2013 is part of our responsibility.

16 FATHER PIUS: As I'm sure you know, that kind
17 of information really helps in targeting congressmen,
18 that your program has been -- at least in your area,
19 has been more significantly targeted.

20 CHAIRMAN GREY: It just brings to mind the
21 idea that we know where those monies are going, and we
22 know the percentage that those offices are going to

1 get. Will you be doing an assessment to understand
2 those that will be more impacted than others, and to
3 know what they will have to do?

4 MR. CONSTANCE: Mr. Chairman, yes. We have an
5 overview that has been created now on a state-by-state
6 impact as well as a program-by-program impact. We have
7 provided that out to the programs to give them that
8 heads up. They know -- I mean, David and his folks,
9 along with John Meyer, have done an indication about
10 what that month-to-month check issue will be with them
11 and what that impact will be.

12 And I must also say, and this is, I think, in
13 some cases a very good outcome, that we are getting
14 indications or we are getting followup questions from
15 the press on just those very kinds of topics because
16 they have been following.

17 You know, it's both some national press as
18 well as the legal press that have been following this
19 very closely, and that's one of the things I think
20 you're going to see published within the next week by
21 them in terms of what these impacts are.

22 CHAIRMAN GREY: Madam Chair?

1 DEAN MINOW: I wonder if there's a connection,
2 then, with our earlier conversation about the changes
3 in the poverty population by state. So if we
4 anticipate incorporating those places that have had a
5 30 percent increase and those places that have had a
6 decrease along with what our record of the past means,
7 is there a way to forecast where the demand will be
8 even greater? I'm just wondering if that can be
9 included in this analysis.

10 MR. CONSTANCE: We certainly can make an
11 effort along those lines.

12 CHAIRMAN GREY: Questions?

13 PROFESSOR VALENCIA-WEBER: I would add
14 to -- Gloria Valencia-Weber. I would add to Dean
15 Minow's comment that I expect the greater impact will
16 be on those rural, isolated offices for whom we are the
17 funding.

18 And those offices are very helpful in
19 discussions with some of the congressional delegation
20 that doesn't quite understand until you present that
21 figure: These are your constituents, and they are
22 going to have to do without, totally. And these are

1 counties with no lawyers, in many instances.

2 What I would also ask if it's possible to
3 disaggregate information further than what we discussed
4 this morning where domestic violence is somehow hidden,
5 and its true impact, because the case is categorized a
6 different way.

7 I was asked during my calls -- because you
8 gave me a figure about the poverty and then the percent
9 or numbers of children in poverty. But I did get
10 questions about children as the primary parties or the
11 parties affected in our cases.

12 And again, I think children also escape, in
13 the same way that domestic violence does, even though
14 it comes in as whether it's an ejection or a domestic
15 case or what; if we could find a way to disaggregate
16 that. In my state there was a particular concern about
17 children as the direct beneficiaries.

18 CHAIRMAN GREY: Further comment?

19 (No response.)

20 CHAIRMAN GREY: Public comment? Gentlemen,
21 thank you very much.

22 MS. PERLE: This is Linda Perle from CLASP and

1 NLADA. Unfortunately, Don Saunders had to leave early,
2 and I think that Don probably has the most information
3 about the question that was raised before.

4 I'll give you an anecdote that Don -- Don sent
5 me an e-mail, forwarded me an e-mail from one of the
6 project directors after the bill was passed, and he
7 said he and his staff were dancing in the halls because
8 they had budgeted for an 8 percent decrease and they
9 thought they were being optimistic then. So they were
10 very pleased.

11 And what I have heard generally is that people
12 feel relieved, extremely relieved, that it wasn't a
13 much worse cut, and they're grateful for all the work
14 that this board and the LSC staff did on their behalf.

15 And they're willing to give you whatever information
16 they can that will help you in our efforts for next
17 year.

18 And I don't have anything more than just a few
19 anecdotes. But I think that everybody wants to give
20 their thanks to all of you for making it much less
21 dreadful than it could have been. Thank you.

22 CHAIRMAN GREY: That is much appreciated, as

1 well as your cooperation and continued communication
2 with us. So thank you very much.

3 Any other business? First of all, any other
4 public comment?

5 (No response.)

6 CHAIRMAN GREY: Any other business?

7 (No response.)

8 CHAIRMAN GREY: I'd consider a motion to
9 adjourn.

10 M O T I O N

11 DEAN MINOW: I so move.

12 FATHER PIUS: Second.

13 CHAIRMAN GREY: All in favor say aye.

14 (A chorus of ayes.)

15 CHAIRMAN GREY: The meeting is adjourned.

16 (Whereupon, at 3:53 p.m., the committee was
17 adjourned.)

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