

LEGAL SERVICES CORPORATION  
BOARD OF DIRECTORS

MEETING OF THE  
FINANCE COMMITTEE

OPEN SESSION

Saturday, April 17, 2010  
2:07 p.m.

Sheraton Tucson Hotel & Suites  
5151 East Grant Road  
Tucson, Arizona 85712

COMMITTEE MEMBERS PRESENT:

- Robert J. Grey, Jr., Chairperson
- Thomas A. Fuentes
- Martha L. Minow
- Hon. Sarah M. Singleton
- John G. Levi, ex officio

OTHER BOARD MEMBERS PRESENT:

- Sharon L. Browne
- Jonann C. Chiles (by telephone)
- Charles N.W. Keckler
- Victor B. Maddox
- Thomas R. Meites (by telephone)
- Laurie I. Mikva

1 STAFF AND PUBLIC PRESENT:

2 Victor M. Fortuno, Interim President and General  
Counsel

3 Kathleen Connors, Executive Assistant to the President  
4 Patricia Batie, Acting Corporate Secretary and FOIA  
Officer, Office of Legal Affairs

5 David L. Richardson, Treasurer and Comptroller, Office  
of Financial and Administrative Services

6 Mattie Cohan, Senior Assistant General Counsel, Office  
of Legal Affairs

7 Karen J. Sarjeant, Vice President for Programs and  
Compliance

8 Charles Greenfield, Program Counsel III, Office of  
Program Performance

9 Charles Jeffress, Chief Administrative Officer

10 Jeffrey E. Schanz, Inspector General

11 Joel Gallay, Special Counsel to the Inspector General,  
Office of the Inspector General

12 Laurie Tarantowicz, Assistant Inspector General and  
Legal Counsel, Office of the Inspector General

13 Thomas Coogan, Assistant Inspector General for

14 Inspections, Office of the Inspector General

15 Ronald "Dutch" Merryman, Assistant Inspector General  
for Audit, Office of the Inspector General

16 David Maddox, Assistant Inspector General for

17 Management and Evaluation, Office of the Inspector  
General

18 John Constance, Director, Government Relations and  
Public Affairs Office

19 Stephen Barr, Media Relations Director, Government  
Relations and Public Affairs Office

20 Alice Dickerson, Director, Office of Human Resources

21 Julie Reiskin, LSC Board Nominee

22 Gloria Valencia-Weber, LSC Board Nominee

Anthony Young, Executive Director, Southern Arizona  
Legal Aid, Tucson, Arizona

Don Saunders, National Legal Aid and Defenders  
Association (NLADA)

Robert E. Stein, Standing Committee on Legal Aid &  
Indigent Defendants (SCLAID), American Bar  
Association

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

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

2 (2:07 p.m.)

3 CHAIRMAN GREY: If it's okay, I'm going to  
4 start with some preliminary things, and then I think  
5 the board members should be on by the time we get  
6 started.

7 The composition of the finance committee has  
8 changed since the last published report of the  
9 committee. Tom Fuentes is on the committee. Martha  
10 Minow is on the committee. Vic Maddox is not on the  
11 committee. Sarah Singleton has taken his place. Is  
12 that correct, Chairman Levi?

13 MR. LEVI: Yes.

14 CHAIRMAN GREY: So with that, we have an  
15 agenda in the book that you are looking at behind the  
16 tab that says finance committee. It's page 72 in the  
17 book. It is the -- Mr. President, it is the agenda  
18 that was published, is it not?

19 MR. FORTUNO: Yes.

20 CHAIRMAN GREY: And so, without objection, I  
21 will accept that as the agenda for the committee.

22 We have minutes of the committee. They are on

1 page 74.

2 M O T I O N

3 DEAN MINOW: I move their adoption.

4 MR. FUENTES: Second.

5 CHAIRMAN GREY: Any corrections or additions  
6 to the minutes?

7 JUDGE SINGLETON: In the motions section, the  
8 second line, the word should be "meeting." See the  
9 motion section, second line, meeting.

10 CHAIRMAN GREY: Ah-hah. Not "meting."

11 JUDGE SINGLETON: Joint "meting."

12 CHAIRMAN GREY: Yes. Well, this is an LSC  
13 word.

14 (Laughter.)

15 CHAIRMAN GREY: The correction has been noted.  
16 The minutes, as corrected, are now subject to your  
17 approval. All in favor say aye.

18 (A chorus of ayes.)

19 CHAIRMAN GREY: Opposed, no.

20 (No response.)

21 CHAIRMAN GREY: How are we doing on our board  
22 members?

1 MS. BATIE: I've spoken to both of them. They  
2 may be on.

3 CHAIRMAN GREY: Tom, are you on? Jonann?

4 (No response.)

5 CHAIRMAN GREY: All right. Well, we'll  
6 just --

7 MR. LEVI: When they dial in, they dial in.

8 CHAIRMAN GREY: And we'll bring them up to  
9 speed on it.

10 The first item, No. 3, for our consideration,  
11 is a report on LRAP. And I'll turn it over to the  
12 chief administrative officer.

13 MR. JEFFRESS: Thank you, Mr. Chairman. This  
14 is Charles Jeffress.

15 At the January meeting of the finance  
16 committee, there was a request that we prepare a report  
17 for you on the total number of attorneys that we've  
18 assisted with the LRAP program, the funds that have  
19 been expended, and where we stand.

20 Page 79 of your board book, you have a  
21 memorandum from me that lays out what we have done with  
22 the LRAP funds since the inception of the program.

1 With the first million dollars authorized by Congress  
2 for FY 2006, we made loans to 84 attorneys. Let me  
3 jump ahead, then. With the next round of funding from  
4 Congress, we made loans to 80 attorneys. And with the  
5 most recent funding from Congress, we anticipate making  
6 loans to 94 attorneys. So over the course of these  
7 three series awards, we will have assisted 154  
8 attorneys with loan repayments.

9 The attorneys get \$5600 per year for up to  
10 three years, provided they remain in good standing with  
11 the program. Any year that they drop out of the -- and  
12 no longer work with the grantee without good reason,  
13 then they have to pay back a prorated share, whatever  
14 it is, whatever amount of loan that they received. And  
15 obviously, they don't get loans for future years.

16 So in addition to what we're appropriated by  
17 Congress, we did have some repayments from people who  
18 have dropped out of the program. We added that to what  
19 was appropriated this current year in order to make the  
20 loans to 94 attorneys this year.

21 At the time this was written last week, it was  
22 still in anticipation of loans to 94 attorneys. As



1       they will tell you, I think we are -- the decisions  
2       were made this past week, and that money is on its way  
3       out. I believe, by the time that money has been  
4       received and accepted and the obligations for the next  
5       two years for these attorneys, assuming they stay in  
6       the program for the next two years, we will have spent  
7       down to about \$100,000 balance in this program.

8               So I think we have -- in January it appeared  
9       we were somewhat behind with some excess funds in the  
10      program. We have used those funds to give loans to  
11      more attorneys this year, and we're about caught up  
12      with what we should be.

13             CHAIRMAN GREY: Any comments, Mr. Treasurer?

14             MR. RICHARDSON: Actually, after talking with  
15      some of the LRAP staff last week, there was a few that  
16      had been sent letters that they were not going to  
17      receive grants. Mr. Jeffress talks about \$100,000 that  
18      had not been spent at this point. They are going to  
19      try to identify --

20             MS. CHILES: (On telephone) Oh, there you are.

21             MR. RICHARDSON: They are going to try to  
22      identify some of those that they sent letters that they

1 were not going to be funded and see if they can spend  
2 some of the additional \$100,000 that is sitting there  
3 at this point that is uncommitted at this point.

4 Our hope is, in the future, now that we have  
5 the baseline reporting here, when you see the financial  
6 report, you're going to have this information each  
7 month as we come along. And then as we have our  
8 meetings, we will review with each quarterly meeting of  
9 the finance committee.

10 CHAIRMAN GREY: That's terrific.

11 Do we have board members on the phone now?

12 MS. CHILES: Yes. Jonann Chiles on the  
13 telephone.

14 MR. MEITES: Tom Meites is here.

15 CHAIRMAN GREY: Good. We're happy to have  
16 you. We just finished the first item on the finance  
17 committee agenda. It was a report on the LRAP loans,  
18 how many we had for the last three years, and a  
19 discussion is now in order from the board. Any  
20 questions?

21 MR. FUENTES: Mr. Chairman?

22 CHAIRMAN GREY: Tom?

1           MR. FUENTES: Just a matter of minor protocol.  
2       But this is our Herb Garten program. And there was the  
3       intent of the board that when we refer to it, that we  
4       acknowledge that. And I would just like to make sure  
5       that for future agendas, when it's titled, that we use  
6       its full name in recognition of its encourager, who we  
7       chose to recognize with that name.

8           And that's a very simple thing. All I'd like  
9       to do is see that it's listed as such when it's on our  
10      agendas.

11          CHAIRMAN GREY: Thank you. It's a good  
12      suggestion.

13          Sharon?

14          MS. BROWNE: This is Sharon Browne. I'm not  
15      a member of the committee, but as I was reading the  
16      report, I noticed that there were several LRAP  
17      recipients who have defaulted in the various years.  
18      Fiscal year 2006, there were 21 defaulted, and in 2008,  
19      four attorneys have defaulted and have not repaid the  
20      award.

21          Are we carrying forward those as some sort of  
22      liability on our balance sheet?

1           MR. JEFFRESS: Well, we are collecting from  
2 those attorneys who have defaulted. Some have, in  
3 fact, paid in full. Some are on payment plans and are  
4 paying over time. And I think there are still a few  
5 that we are in some dispute with about how and when we  
6 get the money from them.

7           DEAN MINOW: Can I understand what is the  
8 meaning of the word "default" in this context?

9           MR. JEFFRESS: It means they received funds  
10 and signed the agreement that they would stay with the  
11 program for the course of the year, and then they left  
12 before the year was up without --

13          DEAN MINOW: So it's an unusual use of the  
14 word default.

15          MR. JEFFRESS: Perhaps it's not quite  
16 appropriate to use the word default. Do you have a  
17 suggestion?

18          DEAN MINOW: This doesn't mean someone who has  
19 a loan and has failed to pay it. It means someone who  
20 has a contract and, under the terms of the contract,  
21 has not complied with the terms of the contract.

22          MR. JEFFRESS: Well, technically, we give

1 these as loans to these attorneys, and at the end of  
2 the year we forgive the loans. So it is in fact cash  
3 written to them as a loan.

4 DEAN MINOW: I see.

5 MR. JEFFRESS: And at the end of each year of  
6 the three-year period, we forgive the loan if they're  
7 in good standing. If they're not in good standing, we  
8 don't forgive the loan, so they technically owe us some  
9 money back.

10 DEAN MINOW: I see. I see. I guess another  
11 way to put it is, just as a statistical matter, we can  
12 predict that a certain number of these attorneys are  
13 not going to stay for the duration of the agreement.  
14 Is that correct?

15 MR. JEFFRESS: That's correct. And we in fact  
16 make a few more loans than we actually have money for  
17 based on that.

18 DEAN MINOW: Based on that. Which just makes  
19 the use of the word default somewhat misleading.

20 MR. JEFFRESS: Yes, ma'am.

21 MS. MIKVA: I have a question. How does that  
22 compare to the rate of leaving amongst a compatible

1 population?

2 JUDGE SINGLETON: Who don't get the loan?

3 MS. MIKVA: Who don't get the loan? Yes.

4 MR. JEFFRESS: Our Herbert S. Garten LRAP  
5 staff did an evaluation of the program last year. And  
6 the evaluation showed that people who received the  
7 loans stayed at a higher rate than those who did not  
8 receive loans. I don't remember those numbers right  
9 now, but I'll be happy to send that to you.

10 MS. MIKVA: I remember seeing it. I just  
11 don't remember what they were.

12 DEAN MINOW: But I don't know if Sharon's  
13 question was fully answered.

14 MS. BROWNE: I was just wondering --

15 MR. JEFFRESS: How do we carry that in the  
16 books?

17 MR. RICHARDSON: It is carried as a liability  
18 on the books.

19 MS. BROWNE: Okay. Thank you.

20 CHAIRMAN GREY: Any other questions?

21 MR. LEVI: Where did the 5600 come from?

22 MR. JEFFRESS: Initially, it was planned to be

1 5,000 per attorney. And that was a discussion amongst  
2 those in management that were administering the program  
3 deciding that, looking at the loan payments that people  
4 were repaying each year, that 5,000 per year was a  
5 reasonable amount.

6           Once they finally made the awards, folks said  
7 it really wasn't enough, plus there was money left over  
8 the first year. So after the first year, they  
9 increased the awards to 5600 per month. But it's more  
10 a function of how much money we had than it really is a  
11 scientific assessment of how much people may owe.

12           MR. LEVI: That people are paying a year?

13           MR. JEFFRESS: Right.

14           MR. LEVI: And do we have any current on that?  
15 Do we continue to look at that?

16           MR. JEFFRESS: Each time that we make awards,  
17 we have an application process, and folks list what it  
18 is that they owe and what they are paying per year. So  
19 we could produce that for you if you would like to know  
20 what the average payment per year is.

21           MR. LEVI: Well, I don't want to make work for  
22 people, but I think a little more information, if we

1 have that information --

2 MR. JEFFRESS: It's a pretty simple  
3 calculation, I think.

4 CHAIRMAN GREY: Charles?

5 PROFESSOR KECKLER: Yes. You mentioned that  
6 in what seem to be occasion cases, there's some dispute  
7 about the individuals that -- regarding their paying us  
8 back. What sort of recourse do we have or have we used  
9 in the past with somebody who is fully recalcitrant, if  
10 such a person were to exist?

11 MR. JEFFRESS: Our Office of Legal Affairs  
12 staff, under the direction of general counsel, sends  
13 letters, has communications with folks. And Vic, I  
14 don't know if you want to comment on -- here comes  
15 Mattie. Maybe Mattie could assist with that.

16 MR. RICHARDSON: Well, let me see if I can  
17 help, too, because we've just redrafted some of the  
18 agreements and so forth. As far as we are aware right  
19 now, there's only two that are completely in default  
20 who have not answered our letters for demand to repay  
21 their loans.

22 Others we are working with on a monthly basis.



1 We got agreement just the last couple weeks; somebody's  
2 paying back \$160 a month to pay the loan back. Others  
3 we've looked at. Some left because of downsizing of  
4 the grantees. Those loans were not forgiven right  
5 then, but we have reviewed those and there is going to  
6 be, if not all, a part of those loans forgiven.

7 One particular young lady worked for 11  
8 months, and because of downsizing of the grantee, she  
9 was let go, and she went to work for the Social  
10 Security Administration, another public service job.  
11 My assessment, in working with the OLA staff, is  
12 forgive the whole loan.

13 So we're working on those. We're looking at  
14 what the circumstances are with them leaving and making  
15 some decisions along those lines.

16 MS. COHAN: If I can also just follow  
17 up -- this is Mattie Cohan with Office of Legal  
18 Affairs -- for those where people who are indeed  
19 completely recalcitrant, we've looked into  
20 various -- the Office of Legal Affairs has looked into  
21 various options, whether that's actually bringing  
22 direct suit or going to a collection agency; finding a

1 collection attorney; reporting the person to the bar;  
2 reporting the person to credit agencies. We looked  
3 into a variety of options.

4 I believe what we are currently looking at is  
5 referring those cases to a collection agency. I have  
6 to ask Vic if that's correct because I turned that over  
7 to Linda.

8 MR. FORTUNO: And I'm looking at an e-mail  
9 message I got from the attorney who's assigned these  
10 matters, and she reports that all are now in repayment,  
11 or we have new fully executed and enforceable repayment  
12 agreements which are about to kick in. So we  
13 don't -- we no longer at this time --

14 MS. COHAN: Oh, good.

15 MR. FORTUNO: -- have any that are refusing to  
16 honor their obligation to us. But what Mattie was  
17 referring to was that in terms of recognizing that  
18 these are federal funds, appropriated funds, and that  
19 we have an obligation to ensure that they are properly  
20 handled, if someone is given a loan and fails to repay  
21 it, that we look at what the appropriate steps would  
22 be.

1           So we explored -- that is, considered -- all  
2     the various steps. Obviously, some of these make no  
3     sense for loans of this magnitude. And what was, I  
4     think, the recourse most seriously considered was  
5     referring to a collection agency. And the thought was  
6     that it was more the threat than anything else, that  
7     folks would want to avoid that.

8           But before anything like that would have  
9     happened -- not that it did -- the very serious  
10    consideration was given to the circumstances of the  
11    individual cases because in many of these cases, it was  
12    entirely appropriate to forgive the loan, and that was  
13    done. But it wasn't done without considering the  
14    specific circumstances.

15           And where the circumstances didn't warrant it,  
16    making clear that we could not just excuse the loan and  
17    would have to pursue it, in all cases, folks did the  
18    right thing.

19           MS. COHAN: And I will say that for the most  
20    part, the folks who have left and had to repay the  
21    loan, most of them have been pretty cooperative about  
22    paying it back and trying to work out terms on which

1 the loan is repaid. It's really only been a few people  
2 that we've kind of had to really dog to get them to  
3 agree.

4 MR. LEVI: Maybe we should threaten them with  
5 having to sit through a board meeting.

6 (Laughter.)

7 MR. FORTUNO: Cruel and unusual punishment.

8 CHAIRMAN GREY: We want them to pay it back,  
9 John.

10 Thank you, Mattie.

11 MS. COHAN: Thanks.

12 CHAIRMAN GREY: Mr. Treasurer?

13 MR. RICHARDSON: When I get ready to speak,  
14 let me hand out the attachment here.

15 MR. JEFFRESS: He's moving on to the next  
16 item?

17 CHAIRMAN GREY: No. 4, consider and act on  
18 revised protocol for the acceptance and use of private  
19 contributions.

20 MR. RICHARDSON: My apologies. I've jumped  
21 ahead. This one is for the next item.

22 When we set up the protocol for receiving

1 private funds, it was suggested that we set up a  
2 checking account, an interest-bearing checking account,  
3 for each gift that was received. We changed that at  
4 the last meeting that we would set up a checking  
5 account and we would put like-minded funds in it.

6           You all are aware that we have the president's  
7 discretionary fund that we've now set the fellowship up  
8 with. We received \$1150 in new money in the months of  
9 January and February to help supplement that particular  
10 program.

11           However, this year I think we've -- it's in my  
12 report -- but \$17 in interest. Interest, as you know,  
13 because of the IOLTA issue and the -- you know from  
14 their reporting, interest rates are practically  
15 nothing.

16           And then when we sent out an audit  
17 confirmation, they charged us \$24 for answering the  
18 audit confirmation. So it's costing us to have the  
19 separate interest-bearing checking account.

20           What we're asking today in this protocol is to  
21 tell you that we would like to close that account, add  
22 it with our regular interest-bearing checking account,

1 and account for the funds, as you see in the report  
2 this time, separately at each meeting. And if you'd  
3 like, I can even do it monthly, but I've been doing it  
4 at least quarterly.

5 I think that makes the most sense at this time  
6 because of what's going on with interest rates.

7 CHAIRMAN GREY: That's at page 82?

8 MR. RICHARDSON: That is at page -- the actual  
9 protocol is on page 80, and we have put a resolution  
10 forth that we ask that you approve to allow us the  
11 opportunity to do that.

12 M O T I O N

13 JUDGE SINGLETON: Mr. Chairman, I move that we  
14 recommend to the board that they adopt the resolution  
15 modifying LSC's protocol for the acceptance and use of  
16 private contributions to LSC.

17 DEAN MINOW: And I second.

18 CHAIRMAN GREY: Moved and seconded. All in  
19 favor say aye.

20 (A chorus of ayes.)

21 CHAIRMAN GREY: Opposed, no.

22 (No response.)

1           CHAIRMAN GREY: Thank you, Mr. Treasurer.

2           MR. RICHARDSON: And I say thank you for  
3 allowing me to do that.

4           CHAIRMAN GREY: We are really, really good to  
5 work with on things like that.

6           MR. RICHARDSON: Absolutely.

7           MR. FORTUNO: Especially after lunch.

8           (Laughter.)

9           CHAIRMAN GREY: No. 5, consider and act on the  
10 consolidated operating budget for 2010 and recommend  
11 the resolution to the board. Mr. Treasurer?

12           MR. RICHARDSON: There is not actually a  
13 resolution at this particular report. Beginning on  
14 page 83, I provide you information from our guidelines  
15 for the adoption, review, and modification of our  
16 consolidated operating budget.

17           The president has authority to make changes up  
18 to \$75,000 during the quarter. And when we come  
19 together at a meeting, then we report that to the  
20 board.

21           I've laid out in the memo the changes that  
22 we've made. Again on page 83, the second paragraph

1       there, the indented, talks about additional money for a  
2       temporary employee in the Office of Legal Affairs.  
3       That money is available through personnel compensation  
4       and benefits within that budget, so there's no increase  
5       or decrease to the legal affairs budget. It's being  
6       able to handle within.

7                 In the Office of Human Resources, with the  
8       activities that our director of human resources is  
9       handling in regards to the union issues and other  
10      issues, we've determined that we need an additional  
11      staff member to assist the office.

12                So we have moved some money there, \$40,000, of  
13      which 28 will be for the compensation and benefits of a  
14      new regular employee. And we had already hired a  
15      temporary employee during the first six months to help  
16      us with some of these special projects, and we've just  
17      determined that we need to fill the position. But we  
18      had to move some additional money to make that  
19      available.

20                And if I could pause there, I've given -- the  
21      handout that you got summarizes this information. Some  
22      people are more visual in looking at this. But you'll



1 see what I've done is I've basically faced what you got  
2 with management and administration. And you'll see  
3 that the changes for the offices, that's made there.  
4 And you'll see that there's the 40,000 that went to  
5 human resources.

6 There was 50,000 needed because of the new  
7 staff we are getting in. We're going to have to do  
8 some retooling, refurbishing of our office space to  
9 make offices available. This is an estimate of what  
10 that cost would be. We're working with an architect  
11 right now to hopefully be able to do this within the  
12 budget that we currently have.

13 The money is available because of the open  
14 positions we have in OPP and OCE. What I've done is  
15 I've looked at their budget, seen the open positions.  
16 I've moved 25,000 from each of their personnel  
17 compensation and benefits line to provide \$50,000, and  
18 then 20 in each of those for their consulting lines  
19 because it looks like at this point they're not using  
20 their consulting money.

21 Only did this particular sheet so that you  
22 could visualize what is going on here instead of just

1 looking at the memo.

2 The second sheet that's facing it shows where  
3 the monies come from -- personnel benefits, the  
4 temporary employee, the consulting, and then the  
5 capital as to -- capital's increased and temporary  
6 employee pay increased to accommodate those needs.

7 On the back page, you'll see that the  
8 inspector general also made a few changes within his  
9 budget -- a reduction of 33,400 for the compensation  
10 and benefits; he's reduced his other operating expenses  
11 26,600; and he also has some capital needs and some  
12 refurbishing of space to the tune of -- he's estimated  
13 \$60,000 to be able to do that.

14 CHAIRMAN GREY: Any questions? Any comments?  
15 Mr. Treasurer?

16 (No response.)

17 MR. RICHARDSON: Okay. Sarah will be happy to  
18 know that this report does not reflect the changes that  
19 we've just put forth here. I got caught on this one  
20 other occasion where changes were made, and I reflect  
21 them in the report, and then said, oh, let's go back to  
22 the drawing board a little bit.

1           It would have been in here at this point,  
2           since it's in the purview of the president. But  
3           unfortunately, we had to do the financial report, and  
4           then the follow-up review of the budget was done later.  
5           So instead of coming here with a whole lot of more  
6           paper with basically the same numbers, I chose not to  
7           do that.

8           CHAIRMAN GREY: Thank you.

9           MR. RICHARDSON: So what you have before you  
10          on page 86 -- and again, if people are visual, they can  
11          see the worksheet on 89 which provides a summary of it.

12          Our basic field funding has a budget of  
13          \$395,500,000. All of that money has been awarded  
14          except for two service areas. One is Wyoming, and the  
15          other is American Samoa, that we do not have a service  
16          provider at this point for that area. We keep  
17          searching, hoping to get somebody to come forth to  
18          provide the services for the area, but thus far, we  
19          have not been successful in that.

20          Somebody asked earlier what happens to that  
21          money from year to year where we've got this money set  
22          aside. If we don't get a grantee to come forward to

1 provide those services, a part of this money is then  
2 used to increase the basic field funding for next year,  
3 and is included in the allocation so it's awarded. So  
4 it doesn't just continue to grow.

5           The U.S. Court of Veterans Appeals grant:  
6 Again, when this was done, the grant had not been made.  
7 In the last week, there has been a grant made to the  
8 consortium for the year. And next report you will see  
9 that grant as an expense in the reporting.

10           The grants from other funds: We have an  
11 expense of \$300,000. This money is not appropriate as  
12 far as through the appropriation process. It is the  
13 grant recoveries for questioned cost, fund balances.  
14 If there is a building sold and with our interest in  
15 it, the money comes back to the Corporation.

16           And that is actually what is going on with the  
17 \$300,000 at this point. A building was sold in  
18 Florida. We received \$450,000. The grantee who took  
19 over the service area requested a grant for 300,000 to  
20 purchase a building, and we made that grant.

21           The rest of this money will sit there until we  
22 have an emergency. And certainly we have responded to

1       hurricanes.  We've responded to fires, loss of  
2       building, loss of property.  So this is set aside for  
3       special one-time grants or emergency grants.

4               MR. LEVI:  Can I ask a question?

5               CHAIRMAN GREY:  Mr. Levi.

6               MR. LEVI:  Who knows or how do we find out  
7       what buildings we have interests in?

8               MR. RICHARDSON:  Legal affairs has some of  
9       that information, also, the Office of Compliance and  
10       Enforcement.  After the last meeting, we did have a  
11       conversation.  I had a conversation with their  
12       compliance and enforcement folk.  And they're hopefully  
13       gathering the information because we anticipated the  
14       question so that we can provide you a report on that.

15               It is difficult to do because it's been so  
16       long, and in the last ten years we have actually tried  
17       to perfect those even better than in the first --

18               MR. LEVI:  You may want to -- we have  
19       reversionary interests?  Is that what it is?

20               MR. RICHARDSON:  It's a term of art.

21               MR. FORTUNO:  Folks tend to refer to it as a  
22       reversionary interest.  I'm not sure that it's quite

1       that because it was never ours to begin with to revert  
2       to us. But certainly we do have an interest.

3               What happens is when a grantee believes that  
4       it's more efficient to purchase some property rather  
5       than continue to rent, they can ask the Corporation for  
6       permission to use LSC grant funds for the purchase and  
7       to pay off the note.

8               And the Office of Compliance and Enforcement  
9       will review the request, ask for follow-up information,  
10      get all the necessary information to determine whether  
11      it's an appropriate expense, and then go ahead and  
12      approve it.

13              It comes to the Office of Legal Affairs for us  
14      to ensure that our interest is perfected. And we're  
15      talking about property in jurisdictions all over the  
16      country. And our interest is whatever the investment  
17      is.

18              So if, for example, in this instance \$300,000,  
19      assuming the purchase price is 600,000, and they put  
20      down 300 of LSC grant funds but are paying -- making  
21      their mortgage payments with LSC grant funds, then we  
22      have an interest in the entire property. But if they

1 put down 300,000 with LSC funds but they're paying off  
2 the balance with non-LSC funds, then ours would be a 50  
3 percent interest.

4 So that when the property is eventually sold,  
5 ours is 50 percent interest whether it's appreciated or  
6 depreciated. There was a time when people didn't  
7 recognize the possibility of real estate depreciating,  
8 but we've certainly come to terms with that.

9 In any event, when a program ceases to be an  
10 LSC grantee and they own real estate that was purchased  
11 in whole or in part with LSC grant funds, then what we  
12 have to work out is whether they will buy LSC's  
13 interest or, if they're going to sell the property,  
14 what our share of the proceeds are going to be.

15 That then goes into the emergency and other  
16 special grants fund account. The default is -- the  
17 preference is for that money to go back into the  
18 service area from whence it came. And so this, for  
19 example, is an instance of exactly that.

20 A former grantee sold the property. Our  
21 interest in it was \$450,000, which we recovered. The  
22 successor grantee felt that it could use 300,000 to

1 purchase a piece of property for that area. That was  
2 examined. We made the grant to them.

3 The remaining 150,000 remains in that fund so  
4 that when and if needed, it's available, and in all  
5 likelihood will be used for something like a natural  
6 disaster where an emergency grant is required. Those  
7 tend to be -- and David, you can correct me if I'm  
8 wrong -- they tend to be fairly small. We're talking  
9 30,000, \$40,000. So having 150, for example, in that  
10 account is meaningful.

11 But the question being how many properties  
12 across the country do we have an interest in, the  
13 Office of Compliance and Enforcement has the best  
14 available records. They did, because the Corporation  
15 has lost records. We used to have nine regional  
16 offices that were closed. All of this was handled out  
17 of the regional offices.

18 The records didn't always make their way back  
19 to Washington, so the state of the records was not  
20 ideal, shall we say. And what happened was the Office  
21 of Compliance and Enforcement has sought to identify  
22 where we have an interest. Oftentimes, that can be



1 done from the annual audit performed by the auditors of  
2 those grantees.

3 And they have tried to put together the best  
4 possible picture of what properties we have an interest  
5 in, and then, where there isn't sufficient  
6 documentation, trying to work with the grantee to  
7 ensure that the documentation is executed and that our  
8 interest is recorded so that, down the road, should  
9 there be a parting of the ways, the Corporation's  
10 interest is protected.

11 Long-winded answer, but hopefully it responded  
12 to your question.

13 MR. LEVI: It responded, and I feel sorry I  
14 asked the question.

15 (Laughter.)

16 MR. FORTUNO: Then I succeeded.

17 MR. LEVI: Well, in seriousness, though, I  
18 think this is -- I appreciate the fact that you're  
19 trying to get your arms around this because I think  
20 it's something that Congress would expect us to do, and  
21 part of our oversight function.

22 CHAIRMAN GREY: What's the time frame for

1 feeling like you can report on the --

2 MR. FORTUNO: Karen? I don't know if  
3 Karen -- do you have a better sense of when OCE is  
4 going to have a -- they can probably report at the next  
5 meeting. It may not be complete.

6 MS. SARJEANT: I was going to say I think they  
7 have that now and can give you a report on what we  
8 have.

9 MR. FORTUNO: Why don't we go ahead and pencil  
10 that in as a reporting item for next meeting.

11 CHAIRMAN GREY: That's a good idea.

12 DEAN MINOW: Mr. Chair, I don't want to  
13 belabor the issue. But I'm confused about what, if  
14 any, ownership vehicle there is. And is the LSC's  
15 interest recorded pursuant to state law?

16 MR. FORTUNO: It is now. When we started some  
17 years ago with the advent of state planning and program  
18 mergers and some programs ceased to be, and with the  
19 restrictions in programs deciding not to remain within  
20 the LSC family, something that had not been much of an  
21 issue but became more of an issue, and that is programs  
22 leaving the fold with property purchased with LSC grant

1 funds.

2           And so we had to come to grips with this, and  
3 we have developed paperwork to protect our interest and  
4 to ensure that it's recorded locally so that if anyone  
5 checks locally with whatever the appropriate office is  
6 in that jurisdiction, they will find that we have an  
7 interest that's recorded so that the property can't be  
8 alienated without our consent.

9           DEAN MINOW: Thank you.

10          CHAIRMAN GREY: Comment or question?

11          MS. COHAN: I just wanted to follow up to make  
12 sure that it's also clear that when grantees are given  
13 permission to go ahead and purchase property, they  
14 enter into a real property agreement with the  
15 Corporation. So we have that contractual agreement.

16           And it's part of the grant assurances that if  
17 they cease to be a grantee, that they have to follow a  
18 certain procedure to ensure that we are getting our  
19 interest back. That's in the grant assurances.

20           And the property acquisition and management  
21 manual, which was adopted some time in the last ten  
22 years -- I've now been at the Corporation long enough

1 that I can't quite peg things to a year -- the property  
2 acquisition and management manual also contains these  
3 provisions which spells this out very distinctly.

4 MR. FUENTES: Mr. Chairman?

5 CHAIRMAN GREY: Yes, Tom?

6 MR. FUENTES: David, you mentioned our friends  
7 in American Samoa. And I was hoping that maybe we  
8 could get a little update. That's one of my favorite  
9 topics with Karen. And it's not any place else in the  
10 agenda, so maybe you could just give us because it's  
11 brought up here?

12 MS. SARJEANT: What I can tell you is that the  
13 American Samoa service area is in competition this next  
14 competition cycle coming up. We are very hopeful that  
15 we will get an application from a qualified provider.  
16 We have a staff team that is working very hard.

17 We just did an additional posting to the  
18 American Samoa media and the bar associations there to  
19 let them know about the availability of the grant. And  
20 so we're working very hard to get in a place where we  
21 can fund a program there again.

22 MR. FUENTES: Have we ever had the startup

1       come from outside a community? I know this is a very  
2       unusual situation. It's so far away and it's isolated.  
3       It's an island, and all of those things. If we don't  
4       get somebody from inside, have we ever had a situation  
5       where --

6                MS. SARJEANT: Well, we certainly -- in the  
7       past we had an application that was in part done with  
8       the Legal Aid Society of Hawaii. And there were some  
9       reasons, not because of the Hawaii program but because  
10      of the American Samoa potential grantee, that that did  
11      not become a complete application.

12               But in terms of starting up, I think there are  
13      a lot of different ways that can be done. And so  
14      there's nothing that precludes an organization from  
15      outside the service area to work with representatives  
16      within the service area to help provide the  
17      infrastructure and support to start a new grantee.

18               We have not seen that happen yet, but it's  
19      very possible. And it's very possible in this  
20      situation.

21               MR. FUENTES: Because the bar is small there.  
22      Right?

1 MS. SARJEANT: It's very small.

2 MR. FUENTES: Thank you.

3 CHAIRMAN GREY: Any other questions?

4 Comments?

5 MR. JEFFRESS: I'm not sure that David  
6 finished his report completely.

7 CHAIRMAN GREY: Oh, I'm sorry, David. Go  
8 ahead.

9 MR. RICHARDSON: It's okay. We talked this  
10 morning to the audit committee about the TIG grants and  
11 the balance being \$2.7 million, almost \$2.8 million.  
12 This year, the grants, the money that's available is  
13 \$3.4 million. That's on the bottom of page 86. That  
14 process is underway. We hope to be able to make those  
15 grants some time late this summer so that everything  
16 will be completed before September 30th.

17 And I'd like to sort of back up and make you  
18 aware. When you look at the memo, you'll see that  
19 there's two boxes in regards to the financial statement  
20 itself. The first box we report on an annual basis, an  
21 annual budget, because their awards are given on an  
22 annual basis. So when you look at the budget of

1 395 million, we've given 394. The million dollars  
2 that's there is what's remaining for the year.

3           Unlike in the second box, when we look at  
4 management and administration, the inspector general,  
5 the Herbert S. Garten Loan Repayment Assistance  
6 Program, those expenses come during the year. So while  
7 we show you in the first column the annual budget, then  
8 we show you in the second column the actual  
9 expenditures through the period. And then we've got a  
10 5/12ths budget that's shown.

11           So the variance, the amount of under budget,  
12 is based on that 5/12ths budget so that we have a  
13 little better picture of the way we are operating. And  
14 as you see there, the MGO budget is \$20,500,000. The  
15 allocation for this particular period is \$8.5 million.  
16 We have spent 6.2 million. So we're basically  
17 \$2.3 million under budget.

18           A part of that is our contingency, money that  
19 we've got set aside for some expenses that could come  
20 about as a result of looking at the consultant/  
21 temporary employee situation. There has been some  
22 discussion about an annual conference. And of course,

1 if there's any other activities as a new board,  
2 something that you'd like us to undertake, something  
3 that you'd like us to study, there's money there for  
4 that particular need.

5 If you would back that out where we are  
6 currently 27 percent under budget, if you back out the  
7 contingency, as it states on page 87, the amount of  
8 money that we're under budget is 21 percent. So that's  
9 a little better comparison in looking at the expenses.

10 The LRAP money, the \$2,690,000, we have  
11 forgiven this year \$505,000 in loans. You compare that  
12 with the \$1.1 million in the five-month grant and we're  
13 under budget \$615,000.

14 At the bottom you'll see that there's some  
15 asterisks there. And currently, one is certainly to  
16 tell you that this is 5/12ths budget. We have \$60,000  
17 that we're showing as a receivable on our books now,  
18 the money that we've paid out that has not been  
19 forgiven. So that is what's on our books at this time.

20 The memo also makes you aware that during  
21 March, we have already written 60 renewal checks. And  
22 those checks, we are now funding half-year for the



1 LRAP, so those were \$2800. But we do owe \$5600 for the  
2 year for those.

3 There's an additional 100 loans that are in  
4 process. Six of those, I understand, are renewal, and  
5 approximately 94 are new grants or new recipients  
6 getting the money. And we hope actually to have that  
7 increase a little bit so that we can take of the other  
8 \$100,000 that we've identified that they can award.

9 I will expand the report on that in the next  
10 report to you. We're working with our TIG folk very  
11 closely, and a coordinator, to try to get better  
12 information so that we can give you a full and complete  
13 report. If you look at this, it would look like we're  
14 not spending all of the money. But, as we've talked  
15 about, we are. We're down to about \$150,000 that's not  
16 been spent which we hope to spend shortly. And we will  
17 make that known to you.

18 To go on with the inspector general, their  
19 budget, 5.9 million --

20 MR. LEVI: Wait, wait, wait.

21 CHAIRMAN GREY: Question, John?

22 MR. LEVI: So if I'm looking at the actual on

1       this -- I guess it's page 91.  So if I look at two  
2       lines, consulting and travel, is that -- 182 is not a  
3       monthly.  That's the year, actual?

4               MR. JEFFRESS:  That's the amount of spending  
5       through February.

6               MR. RICHARDSON:  For the five-month period.

7               MR. LEVI:  For five months, as against a  
8       budget of a million three?

9               MR. RICHARDSON:  A million three for the year.  
10       For the five months, 546,000, yes.

11              CHAIRMAN GREY:  Oh, for the five months it's  
12       540?  Okay.

13              MR. RICHARDSON:  Yes.  But as you see, that's  
14       66 percent under budget, just using the five-month  
15       budget.

16              CHAIRMAN GREY:  Any other questions?

17              MR. MADDOX:  I've got a question.

18              CHAIRMAN GREY:  Vic.

19              MR. MADDOX:  Not as a member of the committee,  
20       but as a board member.  David, the 27 percent variance  
21       that you have in that, has that been your experience in  
22       budgeting in past year, or is this year somehow

1 extraordinary?

2 MR. RICHARDSON: It's a little higher. It has  
3 been running in the 20 percent the last few years. The  
4 reason it's higher right now, the board approved that  
5 we hire ten new positions in OPP and OCE, and actually  
6 one in legal affairs.

7 We haven't quite been able to get them all  
8 hired. We've only hired -- oh, me. We just hired  
9 somebody in OLA that's starting middle of May. I think  
10 we've hired two in OPP, maybe one. And OCE, we're in  
11 the process of making some offers now.

12 So it's been a slow process, but we're pushing  
13 forward to get the people in and get them on board and  
14 get them working toward the mission of the Corporation  
15 at this point.

16 CHAIRMAN GREY: Vic and then Martha.

17 MR. MADDOX: Yes. I'm new to government  
18 accounting, but my experience or my impression is that  
19 somehow, in most government agencies the money that's  
20 budgeted somehow gets spent by September 30th.

21 And I'm wondering, barring contingencies and  
22 whatnot, what happens if you go along on this same

1 trajectory and at the end of the fiscal year, you're  
2 25 percent under budget? I mean, what happens to that  
3 money?

4 MR. RICHARDSON: Our money, as far as through  
5 the appropriation process and through Treasury, is  
6 fully obligated to us. It is ours until we spend it.  
7 So it does not go back into the Treasury. Last year we  
8 had a carryover of \$3.5 million.

9 And that is one of the reasons -- we're trying  
10 to prudently spend it, and when we make our hires, we  
11 realized that if we used all the money right up front,  
12 we wouldn't have enough money for the complete  
13 operations the next year.

14 So we anticipate a level of carryover to help  
15 us go into that new year. It's sort of a balancing act  
16 that we do to make sure that we have enough money to  
17 operate if we got a frozen appropriation and the  
18 carryover, so that we can continue move forward and  
19 continue the mission of the Corporation.

20 CHAIRMAN GREY: Further question?

21 MR. MADDOX: Well, just a follow-up, quickly.  
22 We had a \$3.5 million carryover into fiscal 2010. And

1 where does that show up on our budget for this year?

2 Is that somewhere in these numbers?

3 MR. RICHARDSON: It is in the total. And when  
4 you look at column 1, you'll see that 420 million is  
5 the budget for the Corporation. We received a  
6 \$420 million appropriation, so we had \$10 million in  
7 carryover throughout this process.

8 And I apologize. With the new board, I should  
9 have brought the makeup of the budget. I will make  
10 sure that you get that so that you can review that.

11 MR. MADDOX: That would be helpful. I  
12 appreciate that.

13 MR. RICHARDSON: Yes.

14 MR. JEFFRESS: Mr. Chairman, one further  
15 comment on that. When we adopt the budget every year  
16 with the board, we show how much is carry-forward, how  
17 much is appropriated, the other sources of funds, and  
18 then we budget the total across the Corporation as it's  
19 needed.

20 So the 3.5 million gets added to the total  
21 income and then budgeted. It doesn't survive the next  
22 year as an identified carry-forward. It's budgeted

1 with everything else.

2 The other point I would make: In terms of the  
3 exceptional amount of unspent money at this point, if  
4 you look at the bottom of page 90, the contingency  
5 fund, the last board put 1.575 million into a  
6 contingency fund, some of that for a liability in the  
7 event that an IRS determination goes against us, some  
8 of that in anticipation that a new board might have  
9 some new initiatives.

10 So of that unspent money, there's 1.5 million  
11 there that's not actually anticipated to be spent until  
12 this board so authorizes.

13 MR. MADDOX: Thank you.

14 CHAIRMAN GREY: Good questions. And I think  
15 next time -- I mean, we are sort of in the middle of  
16 the merry-go-round, and so we're getting the  
17 information as you would get it in the normal course.  
18 So sort of backing up to see what it looked like at the  
19 very beginning might be very helpful.

20 MR. RICHARDSON: Absolutely.

21 CHAIRMAN GREY: And we'll do that.

22 MR. RICHARDSON: Yes.

1           CHAIRMAN GREY: That's a good question.

2           Martha?

3           MR. RICHARDSON: If I could just say, the  
4 level of comfort that you need as far as background  
5 information, if you let me know, I will provide it.  
6 Most all the stuff, of course, is public anyway, but if  
7 you need additional information, you have a question  
8 any time between the meetings, please feel free to give  
9 me a call and I'll provide the information for you.

10          CHAIRMAN GREY: Martha and Sarah.

11          DEAN MINOW: Largely, my question has been  
12 answered. But I also assume -- tell me if I'm  
13 correct -- that this budget actuals accounts for the  
14 fact that we don't have a president or we don't have a  
15 general counsel, or whichever way we're handling that.  
16 Right?

17                 And so that's -- I don't know if you can break  
18 out. There's several items like that: that plus the  
19 ten approved positions that haven't been filled; that  
20 plus the contingency. It would be very helpful to have  
21 it made transparent so we can distinguish that from the  
22 operating budget that is currently being used.

1           MR. RICHARDSON: Right. And the other thing  
2 is, of course, there was 4 percent increase for staff  
3 that was projected in here. We've not made any  
4 adjustments to salaries this year across the board.

5           CHAIRMAN GREY: Yes. It may be -- all those  
6 are good suggestions, and I think the committee will  
7 get with the treasurer and get a snapshot, if you will,  
8 of where we are based on where we started so that we  
9 can distinguish what is being held in abeyance for  
10 whatever reason versus what is being spent in the  
11 normal budget cycle.

12          MR. RICHARDSON: Okay.

13          JUDGE SINGLETON: Two things, David. What you  
14 just said about the salary increases, would you explain  
15 that again? I'm sorry.

16          MR. RICHARDSON: When we asked the board to  
17 approve the budget, remember, we had money set aside  
18 for litigation, for travel, for consulting. We also  
19 set aside 4 percent for salary increases. None of that  
20 has been awarded at this point.

21                 We are, of course, looking at the process with  
22 the union and the negotiations there, so we have not



1 moved forward with those increases.

2 JUDGE SINGLETON: Oh, okay. Then the second  
3 thing, which might be helpful, is if you could give us  
4 a timetable for developing our budget for next fiscal  
5 year because I think if people knew, when they were  
6 getting that information, they would also get to see  
7 how everything sort of interlocks together.

8 MR. RICHARDSON: Yes. Okay. That was  
9 provided as part of the orientation materials to the  
10 new board members. It's in the wiki. But we'll be  
11 happy to give another copy as well.

12 MR. LEVI: You're going to do the inspector  
13 general, or are you done?

14 MR. RICHARDSON: The inspector general, I was  
15 just going to say, is under budget. There was -- back  
16 up to my notes here -- all the expenses are comparable.  
17 His budget is currently 40 percent under budget.  
18 That's all I was going to say at this point.

19 CHAIRMAN GREY: John?

20 MR. LEVI: And I'm not sure I know, and maybe  
21 others do here. How frequently did the other board  
22 finance committee meet? Just quarterly?

1           MR. RICHARDSON: Quarterly. But every month,  
2 a financial report went to the committee. I also  
3 submitted it to the full board, and there was a few who  
4 said, just take me off the mailing. But I try to give  
5 it to everybody once a month, and we try to get it  
6 out -- like if we close on the 30th, we try to get it  
7 out by the 25th of the next month so that we can keep  
8 everybody up to date as to what's going on.

9           CHAIRMAN GREY: Mr. Chairman, in furtherance  
10 of board fiduciary responsibility and oversight, the  
11 committee will meet once a month with the treasurer and  
12 CAO. And I want to make sure every board member gets  
13 the material as well.

14          MR. LEVI: Thank you.

15          CHAIRMAN GREY: Any other questions or  
16 comments?

17          (No response.)

18          CHAIRMAN GREY: Item No. 6, a presentation on  
19 LSC's financial reports.

20          MR. JEFFRESS: We just did it.

21          MR. RICHARDSON: That was the report we just  
22 did.

1                   CHAIRMAN GREY: And you're satisfied,  
2 Mr. Treasurer, that you've done all that you want to do  
3 there?

4                   MR. RICHARDSON: Absolutely. Yes, sir.

5                   MR. JEFFRESS: Mr. Chairman, I would have one  
6 comment. You'll note that this report that was  
7 delivered to you was for February, and this is the  
8 middle of April. We typically close out the middle of  
9 the month.

10                   So if your board meetings are normally at the  
11 end of the month, you'll get a more current report.  
12 But this report is February because this meeting is too  
13 early in April for us to have had March for you.

14                   CHAIRMAN GREY: Thank you. Gentlemen, any  
15 other questions for them?

16                   (No response.)

17                   CHAIRMAN GREY: All right. Let's move to item  
18 No. 7. Mr. Constance, appropriations process.

19                   MR. CONSTANCE. Thank you, Mr. Chairman.  
20 Congratulations on your new position. I think it's  
21 probably appropriate at this time in the day to remind  
22 everyone that congratulations are still in order.

1           To give you a rundown on where we are on the  
2   FY 2011 appropriations process, our board-approved 2011  
3   budget request was distributed at the January board  
4   meeting, and distributed to the Congress a day before  
5   the President's budget was filed for 2011.

6           It has been my habit to try to get our filing  
7   up there prior to the federal budget, for two reasons.  
8   One is to remind the appropriators that while we  
9   consult with OMB and the White House, we're not  
10  required to have our budget request approved by them  
11  prior to going forward. And we've also found that it's  
12  a little bit more quiet, and we have an opportunity for  
13  some one-on-one time with appropriations staff prior to  
14  the President's budget arriving, and so they're more  
15  than willing to accommodate that for us.

16          The overview numbers, just to remind you: Our  
17  FY 2011 request is for \$516.5 million. Our FY 2010  
18  appropriation is \$420 million. And the President's  
19  budget request is \$435 million for FY 2011. I will say  
20  a few more words about that later, and more than happy  
21  to answer any of your questions about it.

22          We have conducted staff-level briefings with

1 the majority and minority appropriations staffs; have  
2 made visits to the appropriations staffs of all the  
3 members of the House Appropriations Subcommittee. Vic  
4 Fortuno made a courtesy call with Chairman Mollohan of  
5 our House Appropriations Committee on February 3rd.  
6 That meeting I would describe as cordial. The chairman  
7 expressed his ongoing support for LSC.

8 I would say that the message portion of the  
9 meeting was his strong feeling that advocacy to repeal  
10 the restrictions had, as he put it, complicated the  
11 negotiations last year between the House and the  
12 Senate. He was disappointed that the House figure of  
13 \$440 million did not hold.

14 We certainly expressed our thanks for his  
15 support, his ongoing support, our understanding of the  
16 message, and the commitment to continue to provide him  
17 the evidence that he continues to request indicating  
18 what the unprecedented demand is as well as, as you  
19 have heard through the program visit this weekend, the  
20 unprecedented drop in non-federal funding that is  
21 ongoing.

22 The chairman, Chairman Mollohan, continued

1 those themes in a February 24th appropriations hearing,  
2 and went so far as to say at that hearing that he hoped  
3 to do at least what he did last year. And we take that  
4 to mean \$440 is a hoped-for goal.

5 The other theme of that hearing was an ongoing  
6 desire, I think it's appropriate to say, by the  
7 chairman and the members of the committee to get more  
8 and better information about the need for civil legal  
9 assistance across the country.

10 We have talked, I guess, informally with the  
11 board at this point on the need for better data, more  
12 complete data about the demand and the need. I think  
13 you have heard over the course of the last several days  
14 that this isn't so much always a creation of data as a  
15 harvesting of data by us to get better numbers from the  
16 programs as to economic impact, number of individuals  
17 affected by the cases that are closed by our grantees,  
18 and that kind of data.

19 I asked our ED here, Anthony, over the course  
20 of the last couple days, could you tell us, for  
21 example, how many children have been impacted by the  
22 cases you've closed? And the answer is yes. So it's a

1 matter of looking at the way we ask for data and  
2 working with the programs.

3 I know that Karen Sarjeant and her staff are  
4 looking at this in a general way. I know that there  
5 have been discussions about a research agenda. I only  
6 bring it up here because it has been expressed to me on  
7 several occasions by folks on both sides of the  
8 Congress that they really are desirous of getting those  
9 hard numbers and improving that.

10 CHAIRMAN GREY: Martha?

11 DEAN MINOW: The examples you gave just now  
12 were hard numbers of benefits or those served. Is  
13 there also an interest in hard numbers of those turned  
14 away?

15 MR. CONSTANCE. Yes. And one of the  
16 discussions regarding that at the hearing went along  
17 the lines of the following. And I don't want to take  
18 too long in answering your question; I'm aware of the  
19 time.

20 But one of the issues -- we have certainly  
21 relied very, very heavily on the Justice Gap report,  
22 the 2005 report, the update of that that we did for

1 2009. The good news about that is it has in some way  
2 defined that justice gap: For every one served, one is  
3 turned away.

4 The "Uh-oh" moment, and I'm sure there's a  
5 more eloquent way to put that on the record, but the  
6 moment of concern for me was the data showed in our  
7 2009 report exactly the same numbers as it had shown in  
8 2005. In the midst of the worst recession in American  
9 history, we're looking at the same numbers.

10 In going back to the programs and trying to  
11 explore that, there is a very reasonable explanation,  
12 and that is, we're not measuring those that don't come  
13 in or get in through the intake process. And that --

14 DEAN MINOW: Excuse me for interrupting, but  
15 that's why I'm asking the question. I understand that  
16 intake gets closed, and so there's not a way to capture  
17 those who are turned away.

18 And I'm wondering, is there a capacity,  
19 somewhat nimbly, to turn to the grantees and ask them  
20 to keep a record of those who are turned away, or  
21 inquiries, or some other mechanism? Because I had  
22 heard exactly what you just reported, and it suggests



1 to me that there's a real need to try to capture the  
2 unmet need, and simple anecdotes are not adequate.

3 MR. CONSTANCE. Right.

4 DEAN MINOW: And I would think that this is a  
5 moment where realtime data collection should be  
6 possible.

7 MR. CONSTANCE. And some of the programs are  
8 doing that and some of them are, in fact, providing it,  
9 but again, not in a uniform way.

10 CHAIRMAN GREY: Sarah?

11 JUDGE SINGLETON: It also occurs to me that  
12 when you just do raw numbers like that, you're not  
13 looking at people who are not completely served. So  
14 you count as one a person you give brief advice to, and  
15 they may in fact have needed full representation.

16 But that counts as a served, and when we were  
17 meeting with the people here, like I'm sure when we go  
18 other places, we will find the vast bulk of people are  
19 served through brief service or advice. And I am  
20 willing to bet the vast bulk of those people, if they  
21 had had money, would have gotten a lawyer to do a lot  
22 more for them.

1           CHAIRMAN GREY: One thing -- I'll make this  
2 observation because we've all had separate  
3 conversations with John -- I mean, he gets this. And  
4 I've had conversations with the CAO and others, as you  
5 have as well, everybody on the board.

6           But I think it behooves us to think about this  
7 very seriously. This is an underpinning of our  
8 appropriations. And in that regard, it is a reflection  
9 of our ability to provide the funding necessary for the  
10 service that is needed out there.

11           So this is probably one of the most critical  
12 areas for us to get right that we could do as a board.  
13 And so I know the chairman has indicated on more than  
14 one occasion that this is going to be one of our  
15 focuses, and each one of the board members, I can tell  
16 you, is interested in getting this right.

17           So John, thank you. And are there other  
18 questions?

19           MR. CONSTANCE. Let me just continue, just  
20 one --

21           CHAIRMAN GREY: Okay. We'll hold our  
22 questions. We'll let you get through the report.

1           MR. CONSTANCE. Just a little bit farther. I  
2 just wanted to say that we are continuing to do  
3 staff-level meetings on the Senate side right now. The  
4 reception has been good. We are certainly anxious to  
5 arrange for meetings for board leadership on the Hill  
6 to continue those conversations as the process goes on  
7 and on and on, as I'm afraid it will this year.

8           As an election year, the bottom line in terms  
9 of schedule is that no one's making any commitments as  
10 to how many appropriations bills are going to make it  
11 all the way through the wickets. And I think that the  
12 number 3 bills, as being the potential goal of the  
13 leadership, is the operating number right now.

14           So when we will mark up on the House side,  
15 when we will mark up on the Senate side, when we will  
16 have floor votes, completely open right now. But we'll  
17 keep the board completely informed and currently  
18 informed on that.

19           Other things I would like to say, just very  
20 briefly, is that we are aware of the fact that there is  
21 a "Dear Colleague" letter from Senator Harkin that was  
22 issued on April 6th and has a deadline of April 23rd

1 for signatures on the Senate side. It is recommending  
2 \$440 million. I think the American Bar Association has  
3 been working with bar presidents to provide the kind of  
4 communication that they provided last year. I don't  
5 have up-to-date information on that, but we will, I'm  
6 sure, before ABA Day.

7 And I would also like to publicly thank, as I  
8 always do, my colleagues from the American Bar  
9 Association, NLADA, CLASP, and UAW for their ongoing  
10 support and their ongoing willingness to go to the Hill  
11 and bang on doors on behalf of the Corporation and our  
12 grantees, and make the points that we're making. They  
13 are reliant on our information, as is the Congress. So  
14 thank you.

15 CHAIRMAN GREY: Charles, Tom, and Martha, if  
16 you want to follow up again.

17 PROFESSOR KECKLER: John, one just sort of  
18 follow-up. You mentioned an earlier figure of  
19 435 million?

20 MR. CONSTANCE. That is what is in the  
21 President's budget for 2011.

22 PROFESSOR KECKLER: Could you explain the

1       significance of that vis-a-vis our budget request, or  
2       to what extent that figure comes up?

3               MR. CONSTANCE. We consult -- let me just -- I  
4       will begin to answer that. The reason I asked Charles  
5       to remain with me here is that he has taken, I think,  
6       one of the best practices that I have experienced in my  
7       previous life, is that one portion of the Corporation  
8       talked to OMB and the other portion of the Corporation,  
9       in this case myself, talked to the Congress. We  
10      consult and work closely together. But there is a  
11      separation there about that.

12              But I would only say this, that our  
13      consultation with them has been complete. We've  
14      provided them the same information as we have the  
15      Congress. And I'll let Charles describe it from there.

16              MR. JEFFRESS: The 435 million which the White  
17      House requested is the same amount that they had  
18      requested the previous year. Since we only received  
19      420, they viewed it as, in fact, an increase for LSC.  
20      They continue to be supportive of what we desire.

21              We provide to OMB what the board's action is  
22      in September or October each year in terms of what the

1 board intends to request and what the board's rationale  
2 is, and work with them to get that number as high as  
3 possible. And this is where we are this year.

4 CHAIRMAN GREY: Tom?

5 MR. FUENTES: Mr. Chairman, I wonder if the  
6 inspector general could come forward. The issue of  
7 how -- you stated it so well -- how we stand and fall  
8 based on these numbers served and the import of the  
9 Justice Gap report is so significant.

10 The Office of the Inspector General has  
11 resources in it that should be viewed as a tool of this  
12 board independently to do our job, to get the job done  
13 as best we can. And at the time of the publication of  
14 the Justice Gap report, there were issues raised by  
15 some about the means and technology and way that they  
16 got at the numbers in the Justice Gap report.

17 And I suggested at that time that the board  
18 utilize the independent tool of the inspector general  
19 to give us credibility for those numbers. But no, we  
20 didn't do that. We didn't take that opportunity at  
21 that time.

22 I think that we should consider that resource

1 and tool, and I'd like to have the inspector general  
2 tell the board a little bit about what kind of digging  
3 capability he has at his disposal, that means it's at  
4 our disposal.

5 MR. SCHANZ: Well, thank you for your  
6 confidence, Mr. Meites.

7 MR. FUENTES: Wrong Tom.

8 MR. SCHANZ: Fuentes, I'm sorry.

9 MR. FUENTES: I've been accused of worse.

10 (Laughter.)

11 MR. SCHANZ: I'm hoping Mr. Meites is still on  
12 the line. That was intended as a compliment to both of  
13 you.

14 The one caution I would suggest related to  
15 your statement is that, by statute, the IG cannot cross  
16 into management's function. We can certainly provide  
17 information. We can certainly provide data. We can  
18 certainly drill down a little bit further.

19 I would have to use a consultant for what  
20 you're suggesting because I don't have those staff  
21 resources. That is a very sophisticated study that I  
22 believe should be peer-reviewed before presented,

1       that's how seriously I take the numbers that we would  
2       be presenting in this situation.

3                So it would have to rise to the level of  
4       empirical evidence, not anecdotal evidence, which I see  
5       a lot of occurs in LSC as a lot of stories and not  
6       necessarily peer-reviewed modalities that I believe we  
7       would have to do to follow up on your suggestion,  
8       Mr. Fuentes.

9                That being said, I'd welcome the opportunity  
10       to take on a task like this because it would serve the  
11       board, it would serve the Corporation, it would serve  
12       the American taxpayer, and most of all, it would serve  
13       the client community because there may be more  
14       resources available.

15               MR. FUENTES: Thank you. I just want to bring  
16       that as an input to the board at this point in time.

17               MR. MADDOX: Can I -- I'm sorry. Can I just  
18       follow up on that, Tom?

19               MR. FUENTES: Sure.

20               MR. MADDOX: Say if there's a continuum of  
21       anecdotal evidence versus peer-reviewed empirical  
22       evidence, is there understanding among management or



1 among those who were on the board previously about  
2 where on that continuum the earlier Justice Gap report  
3 fell, I mean, to what extent it relied on something  
4 like peer-reviewed data versus something like largely  
5 anecdotal data, and to the sort of information that I  
6 think Martha was suggesting, which we didn't have, I  
7 think we obviously didn't have?

8 That would be helpful for me because there's a  
9 lot of reliance on this report, I think, and I've heard  
10 about it at every meeting so far, although my own  
11 understanding of it is -- I mean, I've looked at it  
12 online, but it's largely impressionistic, I think. I  
13 don't really have a full appreciation for what it  
14 really means for us.

15 MR. CONSTANCE. If I could respond to that, I  
16 would say this, that one of the things about the  
17 Justice Gap report is it has not relied solely on  
18 self-reported data from the programs. There were  
19 actually three methodologies that had been within the  
20 Justice Gap report.

21 One of them was a sampling of what we have  
22 called "unable to serve." Essentially, these were the

1       turn-downs, one for every two who were served.

2               The second element of the Justice Gap report  
3       were state legal needs studies that were really  
4       administered under guidelines that had been provided  
5       early on by the American Bar Association based on some  
6       studies, peer-reviewed studies, that they had done  
7       earlier.

8               And there is a growing body of information and  
9       knowledge coming out of those state legal needs  
10       studies. This is where the only 20 percent of the  
11       civil legal assistance or the civil legal needs of the  
12       poor are being met, on an average, in most states. So  
13       this was the second kind of affirming piece.

14              And the third was a ratio between civil legal  
15       aid attorneys per thousand population as opposed to  
16       civil attorneys comparative to the full population of  
17       the country.

18              So essentially, there were those three  
19       methodologies within there. And I would say, again,  
20       while they were self-reported, the "unable to serve"  
21       piece clearly had an inherent flaw.

22              It doesn't measure the folks that don't get

1 through on the busy phone lines, the folks, as I saw at  
2 the program yesterday -- I had the opportunity, going  
3 out to take a phone call, to see something I don't know  
4 whether everybody here saw, and that was every single  
5 chair in the waiting room filled, every single seat  
6 next to a professional's desk in that office filled  
7 with a client, and two people standing out in the hall.  
8 I only wondered to myself what happened when the third  
9 person came to stand out in the hall, and how long were  
10 they going to be there.

11 So it does not measure the demand outside the  
12 door, and inherently, therefore, has that problem. And  
13 it was certainly an eye-opener for me that here we were  
14 in the midst of this recession with essentially going  
15 forward with the same data as we had in 2005. It  
16 looked to be conserve data in 2005 based on state legal  
17 needs studies, but nevertheless, the same data.

18 CHAIRMAN GREY: Martha?

19 DEAN MINOW: Well, it's following on the same  
20 line. I'm just wondering whether in addition to or  
21 instead of the resources that the IG may have to help  
22 here, with some of the monies that are still in the

1 budget unexpended, whether it makes sense to actually  
2 get some professional help in two respects.

3 One is in identifying what is the kind of  
4 peer-reviewable data collection that would be helpful  
5 here, and the second is in setting up a kind of data  
6 gathering in a common form that grantees would all use.  
7 And I think that in the shorter rather than the longer  
8 term, this would be a very wise use of money.

9 MS. CHILES: Mr. Grey?

10 CHAIRMAN GREY: Yes, Jonann?

11 MS. CHILES: Hi. I'm not a member of the  
12 committee but I just want to tell you I'm loving this  
13 discussion about getting some real, hard data to  
14 support the idea of the justice gap.

15 I will tell you I voted against adoption of  
16 the Justice Gap report in part because I was not  
17 comfortable that the methodologies that were used were  
18 reliable, and also because I had an experience on the  
19 Hill talking to a legislator, and I went in with my  
20 Justice Gap report and started to cite figures from it,  
21 and he scoffed and said that he found the report to be  
22 unreliable. And it was embarrassing.

1           So I would love to see this report shored up  
2           and validated. Thank you.

3           CHAIRMAN GREY: Thank you, Jonann. Tom?

4           MR. FUENTES: Thank you. Another point that I  
5           would make -- I do have another substantive  
6           point -- but another point I would make is that in my  
7           private practice, I do market development work,  
8           practice development work for attorney firms. And that  
9           means bringing clients to my clients, the attorney  
10          firms.

11          And if I bring or introduce five clients and  
12          make introductions and we go to lunches and like that,  
13          more than not the attorney firm says, no, we really  
14          don't want that client. That's not a case that we want  
15          to handle.

16          And so I've always had difficulty seeing how  
17          we give the credibility that we give to this one-to-one  
18          ratio. I would have like to have stopped at the  
19          Jacoby & Meyers office underneath the offices that we  
20          visited and to ask them if they had folks sitting in  
21          their lobby room, how many they accept. Is it one to  
22          one, or is it different?

1           It just seems to me that the evaluation and  
2     the weight that we give to this figure, there's a lot  
3     of ways to look at it, and we haven't adequately looked  
4     at it. But that's an opinion. Let me move on to  
5     another point.

6           We have heard some numbers here presented,  
7     which is at the core of the responsibility of the  
8     finance committee. To say that we're asking 516  
9     million --

10           CHAIRMAN GREY: Before you go there, just so  
11     we clear this topic.

12           MR. FUENTES: Sure.

13           CHAIRMAN GREY: Are there any other comments  
14     or suggestions about the Justice Gap report?

15           MR. MADDOX: I actually do have one,  
16     Mr. Chairman.

17           CHAIRMAN GREY: Vic?

18           MR. MADDOX: And that is, to follow up on your  
19     comments, John, you said in the first component of the  
20     three methodologies you used was a sampling of the  
21     underserved number.

22           MR. CONSTANCE. Right.

1           MR. MADDOX: Was that sampling conducted by  
2 the staff? I mean, what were the criteria or the  
3 parameters for that sample? How was it conducted?

4           MR. CONSTANCE. I can give you --

5           MR. MADDOX: It seems to me that that would --

6           MR. CONSTANCE. Yes. I can give you a fuller  
7 response, in fact, the report itself, that lays out in  
8 some detail each of the three methodologies, in fact,  
9 far more eloquently than I can here. But it is a  
10 self-conducted three-month sample that was the core of  
11 that.

12           MR. JEFFRESS: Can I respond a little more in  
13 detail? It's actually two months, from March 15th to  
14 April 15th (sic). Every person who walked in the door  
15 during that two-month period was queried to determine,  
16 A, were they financially eligible for services, and B,  
17 did they have an issue which was within the priorities  
18 of the legal aid program and something that needed  
19 attention.

20           So there is a name actually with every one of  
21 those two million people -- excuse me -- a name  
22 associated with every one of those people that came in

1 during that two-month period. Half of those cases were  
2 taken by the grantees. Half of those cases were not  
3 taken.

4 JUDGE SINGLETON: Of the people who met those  
5 two criteria.

6 MR. JEFFRESS: Of the people who met those --

7 JUDGE SINGLETON: So that the other people  
8 were excluded from the count altogether.

9 MR. JEFFRESS: Right. This one turned away  
10 for every one accepted is in fact only people who met  
11 the criteria and only people who had an issue within  
12 the priorities of the grantee.

13 DEAN MINOW: And the sample is simply method.  
14 It was everyone within a two-month period. It wasn't a  
15 sample.

16 MR. JEFFRESS: Everyone. There is a name with  
17 every one of these --

18 JUDGE SINGLETON: It's a partial year, is  
19 what --

20 MR. JEFFRESS: Yes. The sample refers to the  
21 fact that it was two months. We then extrapolated,  
22 multiplied times six, essentially, to get an annual



1 estimate of this one million turned away. But it  
2 wasn't a sampling of who walked in the door. Every  
3 person who walked in the door while intake was -- or  
4 called in while intake was open.

5 The issue with not recording everybody who  
6 needed help has to do with the fact that 10:00, a lot  
7 of these folks have all the cases they could possibly  
8 take for the next month, and they simply shut down the  
9 phone lines and people can leave a message. There are  
10 folks that come to the door and say, I'm sorry. We  
11 can't take any more cases.

12 So the people turned away are turned away  
13 because intake was no longer open. One of the issues  
14 with getting a complete count of everybody who  
15 comes -- who finds their way to the office with a case  
16 that is eligible is that means our grantees would have  
17 to keep intake open. A fair amount of resources on a  
18 daily basis to keep intake open, and frankly, to take  
19 information from people that they have no hope of  
20 serving.

21 So there are some issues associated with  
22 trying to get a complete count of everyone who needs

1 help. But I didn't want to leave you with the  
2 impression that it was a selective sample or it was in  
3 any way anything other than an actual count of every  
4 person who physically got through the intake process  
5 during that two-month period.

6 MR. CONSTANCE. I would add one thing,  
7 Mr. Chairman, that being true to what our programs  
8 across the country have told us also is that the word  
9 of mouth in the poverty -- in the community is a very  
10 effective way also of suppressing demand. You don't  
11 have to send too many people back out the door before  
12 word of mouth in any community that we all live in  
13 spreads rapidly to say, they can't help you down there.  
14 Don't, you know.

15 And so what our programs have also told us is  
16 that, A, they have a crushing demand; but B, that they  
17 feel, and we heard about referrals from housing -- we  
18 heard about some referral suspension from public  
19 organizations here at the program, reports of that. So  
20 you get a combination of word of mouth in the community  
21 as well as other referral sources not bothering as much  
22 to send clients.

1           CHAIRMAN GREY: Any other comments? You know,  
2     it occurs to me that as we consider this, we might want  
3     to start with notion of methodology before we start  
4     adding or figuring out what the gaps are in the gap  
5     report, and try to assure ourselves that whatever  
6     methodology is used is one that is going to be  
7     credible, that those who have, as Tom said, who have  
8     eyes on this can say to themselves or to us, yes, I  
9     think that's the correct methodology and you should go  
10    forward with that.

11           And then I think we stand in better stead of  
12    finding what it costs to execute on that methodology  
13    because it's one thing to say that's the right thing to  
14    do; it's another thing to say, let's pay for it. So I  
15    think it's a phase process. But it's certainly one  
16    that begs our attention at this time.

17           Martha?

18           DEAN MINOW: Well, again, I just want to  
19    reiterate this is well worth the investment of hiring  
20    the advice, competent, professional advice. There are  
21    people who are professionals in this business, and we  
22    should get that kind of advice and, with the stages of

1       what is the gold standard of the research, but then  
2       also, what are the scalable forms of questions that can  
3       be put out in the field and gathered in an opportune  
4       moment.

5                Because you can do the gold standard and we  
6       won't hear back for ten years. So then there's the  
7       question, using the most rigorous methodology, what are  
8       the kinds of questions that it's fair to put out in the  
9       field and still get back something that is worthwhile?

10               And again, I just think, while we've done many  
11       important things in our two days of meeting, this is  
12       the single most important thing that we are talking  
13       about.

14               CHAIRMAN GREY: Charles.

15               PROFESSOR KECKLER: Well, I think this maybe  
16       moves beyond what this -- moves beyond the committee.  
17       I completely agree that it's very important. What I'm  
18       wondering is, are you suggesting that we sort of get  
19       advice and input about how to set up a research  
20       contract?

21               DEAN MINOW: Maybe.

22               CHAIRMAN GREY: Well, I think this has been

1 partly a board discussion, and I think we're going to  
2 digest it. And then I think that, Mr. Chairman, I  
3 think we'll be guided by your -- which committee ought  
4 to consider this and that kind of thing.

5 MR. LEVI: We'll have to figure that out.

6 CHAIRMAN GREY: But I do think that it has  
7 been very helpful. I mean, I really do. For the first  
8 time, I think we've sort of gotten, as you say, under  
9 the covers a little bit about what this is supposed to  
10 do for us and where it's lacking.

11 MR. MADDOX: Mr. Chairman, I want to echo  
12 Martha's comments. I mean, I can't really imagine a  
13 better use of either the contingency funds that we have  
14 set aside or the over-budget that we've got. I mean,  
15 it sounds to me like we could probably put together a  
16 pretty good request for less than we have available.

17 And especially in light of Jonann's comments  
18 and the overall discussion, I think it would be very  
19 important.

20 MR. LEVI: Could I just know, Vic, what  
21 committee, if any, was engaged as it related to the  
22 first Justice Gap report?

1 MR. FORTUNO: I don't know that it was --

2 MR. FUENTES: The full board.

3 MR. LEVI: The full board? Well, okay. It  
4 doesn't have to be that way, but is what it was? Or  
5 was it management --

6 MR. FORTUNO: It wasn't anything that was  
7 charged -- one with which any single committee was  
8 charged. That's not to say that it ties our hands.

9 CHAIRMAN GREY: Well, one thing that we could  
10 do today is to get a report -- or not a report, but to  
11 get --

12 DEAN MINOW: Assessment.

13 CHAIRMAN GREY: -- an assessment of what an  
14 RFP would look like for what you're talking about. And  
15 that would be helpful to us because then we could  
16 noodle on that and say, does it cover this? Does it  
17 cover that? What about this and what about that? And  
18 then have others comment within the organization about  
19 whether we're seeing the right thing for the right  
20 reason. So that would be helpful, I think.

21 MR. LEVI: I do, too.

22 MR. SCHANZ: If I could add to that, if you

1 want to do it under the auspices of the independent and  
2 objective inspector general's office, I'd be more than  
3 happy to start down this path.

4 CHAIRMAN GREY: Thank you. Okay. We'll,  
5 Mr. Chairman, take your direction, but you've got our  
6 advice to you.

7 MR. LEVI: Any other -- oh, Tom had another  
8 point.

9 MR. FUENTES: My last point is that the  
10 treasurer presented to us some numbers, and also John  
11 has presented to us numbers. And just to give a little  
12 perspective, we're asking for 516 million. We've heard  
13 from the Congress 440, maybe. We've heard from this  
14 White House 435, maybe.

15 And yet we're in another pattern that LSC has  
16 been in for some time, a lot of discussion and debate  
17 in times past, that we reach for the stars for the 516  
18 number, and we get our ears boxed back and we get a  
19 lesser number.

20 And I'm not asking for any action on this.  
21 I'm just saying we've got to start thinking about, is  
22 that really a good strategy, to go and lose all the

1 time? Or should we be a little more realistic? And I  
2 don't think we've been realistic.

3 CHAIRMAN GREY: Okay. I guess, as we consider  
4 this approach, John, you've been informed by an  
5 approach that we'll ask you to comment on at another  
6 time.

7 MR. CONSTANCE. My only comment today would be  
8 I take whatever number this board provides to me, and I  
9 take my experience, and sally forth. So I'm happy to  
10 work with you, and look forward to working with all of  
11 you in the weeks and months ahead.

12 CHAIRMAN GREY: Well, we're not going to  
13 really let you off quite that easy. But it was a good  
14 try.

15 (Laughter.)

16 MR. CONSTANCE. I wasn't suggesting that you  
17 e-mail me the number.

18 MR. LEVI: He was about to present you with an  
19 award.

20 CHAIRMAN GREY: If there are no other  
21 questions or comments from the staff, and I'll ask them  
22 if they have anything else to say?



1 (No response.)

2 CHAIRMAN GREY: If there are no other  
3 questions or comments from the board, then I will open  
4 it for public comment. Julie?

5 MS. REISKIN: I just could not keep my mouth  
6 shut listening to that.

7 DEAN MINOW: Identify yourself.

8 MS. REISKIN: Julie Reiskin, board nominee.  
9 What you were all saying was really interesting. But  
10 first of all, it's important that whatever research you  
11 undertake, that you get the people to actually care it  
12 out who are part of the population because a lot of  
13 poor folks don't talk -- when researchers come around  
14 and talk to us, we don't necessarily -- we say whatever  
15 we think it is you guys want to hear.

16 And that's just how it is because no one ever  
17 knows what the purpose is or motivation. And so I  
18 think that's really important, to have someone that's  
19 trusted in the communities.

20 And one of my friends recently said, being in  
21 poverty is like a leaf blowing in the wind. You're  
22 just kind of lumped into -- wherever things are going

1 is where you end up falling. And you don't  
2 really -- people feel like they don't have control.

3 So I think a lot of people don't ever go and  
4 try and get legal help where they think they can; or  
5 they're afraid that if they speak out, they're going to  
6 get retaliated against. Like don't fight the landlord  
7 or you're going to have nowhere to live; it's better to  
8 live in a place with holes in the wall or whatever.

9 The other thing, though, is -- and so whenever  
10 I hear about like studies and peer review, I get a  
11 little nervous just because it's so far removed from  
12 the world that our folks live in. But there is a  
13 method that does work and that is -- it's not as  
14 probably rigorous, as academic, as you guys might want  
15 it, but it is accepted by the federal government.

16 And I don't know all the details, but it's how  
17 they do -- how they account for homeless funding. And  
18 they do a study every year where they count homeless  
19 people, and it's done that way where they get other  
20 homeless peers to help do the counting. And it is  
21 somewhat scientific.

22 Again, I don't know all the details, and I

1 don't know if it's through HUD or SAMHSA. I think it  
2 might be a collaborative. But the homeless advocates,  
3 I'm sure, know, and I could certainly find out.

4 So that might be something -- especially if  
5 you want to do something quickly for this year's  
6 budget. To engage in that kind of like street -- that  
7 kind of sampling might get us a more accurate number,  
8 and it won't take as long as like a full study.

9 So I don't mean any disrespect. I'm just  
10 saying that a lot of times, research projects happen,  
11 and I see a lot of disconnect.

12 CHAIRMAN GREY: Thank you. Any other  
13 comments, public comments?

14 (No response.)

15 M O T I O N

16 MR. FUENTES: Move to adjourn.

17 CHAIRMAN GREY: We have one other comment.

18 MR. FUENTES: Oh, I'm sorry.

19 MR. RICHARDSON: It's okay. At the last  
20 actually audit committee, and we had audit and finance  
21 both, we got the audit report. I handed out a copy of  
22 the 990 report. We have since revised it somewhat.

1       Instead of mailing it to everybody -- I got it this  
2       week -- I do have copies of it here.

3               I've only done the first 11 pages, so if you'd  
4       like to look at it. Our 990 is like 60 pages long. So  
5       if anybody would like to have a copy, I have it. It's  
6       available. If you'd like to look at the whole 990, I  
7       have that available, too.

8               CHAIRMAN GREY: Mr. Treasurer, you are so  
9       thorough. We appreciate that. Thank you very much.

10              JUDGE SINGLETON: Is there somewhere you could  
11      put that where we could link to it so we wouldn't all  
12      have to either carry paper or print it off?

13              MR. RICHARDSON: It is still in draft. There  
14      are still three little issues that I've got to work  
15      with. We did get an extension to May 15th. Once we do  
16      get it finalized, yes, we will get it up on the  
17      website.

18              It's something we've not done in the past.  
19      But we've committed to be more transparent, so we will  
20      do that.

21              CHAIRMAN GREY: Any other comments?

22              DEAN MINOW: I second Tom Fuentes' motion to

1 adjourn.

2 CHAIRMAN GREY: You second it?

3 DEAN MINOW: I do.

4 CHAIRMAN GREY: All in favor say aye.

5 (A chorus of ayes.)

6 CHAIRMAN GREY: Opposed, no.

7 (No response.)

8 CHAIRMAN GREY: We are adjourned.

9 (Whereupon, at 3:41 p.m., the committee was  
10 adjourned.)

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