

LEGAL SERVICES CORPORATION
BOARD OF DIRECTORS

MEETING OF THE
BOARD OF DIRECTORS

OPEN SESSION

Tuesday, April 16, 2013

8:51 a.m.

Legal Services Corporation
McCalpin Conference Center
3333 K Street, N.W.
Washington, D.C. 20007

BOARD MEMBERS PRESENT:

John G. Levi, Chairman
Martha L. Minow, Vice Chair
Sharon L. Browne (by telephone)
Robert J. Grey Jr.
Charles N.W. Keckler (by telephone)
Victor B. Maddox
Laurie Mikva
Father Pius Pietrzyk, O.P.
Julie A. Reiskin
Gloria Valencia-Weber
James J. Sandman, ex officio

STAFF AND PUBLIC PRESENT:

Lynn Jennings, Vice President for Grants Management
Rebecca Fertig, Special Assistant to the President
Richard L. Sloane, Chief of Staff & Special Assistant
to the President
Patricia Stinneford, Executive Assistant to the
President
Victor M. Fortuno, Vice President for Legal Affairs,
General Counsel, and Corporate Secretary
Kara Ward, Assistant General Counsel, Office of Legal
Affairs
Atitaya Rok, Staff Attorney, Office of Legal Affairs
Rricha Mathur, Law Clerk, Office of Legal Affairs
Katherine Ward, Executive Assistant, Office of Legal
Affairs
Jessica Baker, Intern, Office of Legal Affairs
David L. Richardson, Comptroller and Treasurer,
Office of Financial and Administrative Services
Jeffrey E. Schanz, Inspector General
Laurie Tarantowicz, Assistant Inspector General and
Legal Counsel, Office of the Inspector General
David Maddox, Assistant Inspector General for
Management and Evaluation, Office of the
Inspector General
Carol Bergman, Director, Office of Government
Relations and Public Affairs
Janet LaBella, Director, Office of Program
Performance
Lora M. Rath, Deputy Director, Office of Compliance
and Enforcement

STAFF AND PUBLIC PRESENT (Cont'd):

Traci Higgins, Director, Office of Human Resources
Peter Campbell, Chief Information Officer, Office of
Information Technology
LaVon Smith, Office of Information Technology
Eric R. Jones, Office of Information Technology
Thomas Smegal, Non-Director Member, Institutional
Advancement Committee
Frank B. Strickland, Non-Director Member,
Institutional Advancement Committee
Robert E. Henley, Jr., Non-Director Member, Finance
Committee
Allan J. Tanenbaum, Non-Director Member, Finance
Committee (General Counsel, Equicorp Partners)
Paul L. Snyder, CPA, Non-Director Member, Audit
Committee (retired KPMG Midwest area manager)
Richard B. Teitelman, Chief Justice, Supreme Court
of Missouri
Zoe W. Linza, Executive Director, Bar Association
of Metro St. Louis
Thomas G. Glick, President of the Board, Legal
Services of Eastern Missouri
Robert V. Racunas, Executive Director, Neighborhood
Legal Services Association, Pittsburgh
Sheila Hubbard, Executive Director, Boston Bar
Association
Don Saunders, National Legal Aid and Defenders
Association (NLADA)
Terry Brooks, American Bar Association
Dominique Martin, Law99.com

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CLOSED SESSION

18. Approval of minutes of the Board's closed session meeting of January 26, 2013
19. Briefing by Management
20. Briefing by the Inspector General
21. Consider and act on General Counsel's report on potential and pending litigation involving LSC
22. Consider and act on motion to adjourn meeting

Motions: Pages 6, 6, 52, 56, 57, 59, 69

1 PROCEEDINGS

2 (8:51 a.m.)

3 CHAIRMAN LEVI: We have a quorum, and I want
4 to call the meeting to order, the regularly scheduled
5 quarterly meeting of the Legal Services Corporation,
6 and ask that we rise -- and who's going to lead the
7 pledge today? Laurie Mikva.

8 (Pledge of Allegiance.)

9 CHAIRMAN LEVI: Can I have a motion to approve
10 the agenda?

11 MOTION

12 MR. GREY: Move it.

13 CHAIRMAN LEVI: Second?

14 FATHER PIUS: Second.

15 CHAIRMAN LEVI: All in favor?

16 (A chorus of ayes.)

17 CHAIRMAN LEVI: Can we have a motion to
18 approve the minutes of our last meeting?

19 MOTION

20 MR. GREY: Move it.

21 CHAIRMAN LEVI: Second?

1 FATHER PIUS: Second.

2 CHAIRMAN LEVI: All in favor?

3 (A chorus of ayes.)

4 CHAIRMAN LEVI: I want to give a very brief
5 report this morning, in view of our time. I want to
6 discuss a couple of things.

7 First, to say that while the dates are not
8 firmly set because of scheduling issues, we will be in,
9 next year -- of course, as you know, our July meeting
10 will be in Denver and our October meeting will be in
11 Pittsburgh.

12 Then in January we will be in Austin, Texas.
13 And in April my view is that we will be here, and open
14 our 40th anniversary in April in Washington. Then in
15 the summer, in July, we will be -- Becky, which order
16 did we decide? In Albany, New York, and --

17 MS. FERTIG: I'm sorry. Des Moines.

18 CHAIRMAN LEVI: In Des Moines, Iowa. In Des
19 Moines, Iowa. And then in the fall, in October, we
20 will be in Albany, New York.

21 And again, for scheduling purposes, I think

1 the Board ought to -- we will probably add a day and
2 drop down to New York City because that's in the middle
3 of our 40th year. And I think that there will be a
4 reason to go to New York in conjunction with that. So
5 that is a scheduling item. We will have the dates
6 firmed up in the next two weeks, and they will then be
7 sent out to everybody.

8 Secondly, I want to thank all of the board
9 members, who have really been working hard in between
10 board meetings. Most of the committees have been
11 meeting, many more than once. I know how busy you all
12 are, and I'm so grateful to you for making the time.

13 I also know we've been keeping the staff busy,
14 and we couldn't be having this meeting -- particularly,
15 I have to single her out; she is here even though she's
16 somewhat under the weather. Becky Fertig has been
17 nothing short of remarkable, and I want to have her
18 stand.

19 (Applause)

20 CHAIRMAN LEVI: The Pro Bono Task Force
21 implementation crew has been busy at work. And

1 although they didn't know this -- it isn't on the
2 agenda -- I thought we could have a minutes update as a
3 part of the Chairman's report in a second.

4 So they can think about what they might want
5 to say, I'll go to my third item, which is to say that
6 we are trying in Denver, it looks like, to have a
7 workshop related to the Pro Bono Task Force.

8 Other places out in the country, as a part of
9 the 40th anniversary, we're going to try to have
10 appropriate events and to put together an honorary-type
11 committee. If any of the folks here or on the line
12 have suggestions of individuals they think would
13 contribute to having a successful recognition of that
14 year and its milestone, please let us know.

15 I also want to say that I think all of you
16 know, but in case somebody didn't get the notice, the
17 forum today at the White House is beginning at 1:00,
18 not 1:30. So that is a half an hour earlier than had
19 been originally scheduled.

20 So with that, I'm going to see if Robert or
21 Vic could just give a little update on the Pro Bono

1 Task Force implementation committee, which did meet a
2 couple of times since we've together in January, and
3 have that now.

4 MR. GREY: Mr. Chairman, thank you. Vic
5 Maddox and I are doing our very best to keep up with
6 you and your schedule.

7 I've got to tell you, Lynn Jennings from the
8 LSC staff has been the conduit between us and the
9 wonderful folks at DLA Piper, Annie and Lisa Dewey.
10 And what they've done is to take the task force report,
11 organize it for us by identifying the committees that
12 were part of the study, and we've done a little
13 consolidation but reworked the committees in a way that
14 we think allows us to functionally address the
15 recommendations in the task force report.

16 We took the time to identify two board members
17 for each committee, and at the same time identified two
18 volunteers that served on the task force to also
19 co-chair each committee. We then put together a work
20 plan through Lisa, Annie, and Lynn for each committee.

21 I actually came up to D.C., and Lynn and I went over

1 to DLA Piper and actually worked through some of those
2 recommendations to develop a work plan.

3 In addition to each work plan, there is a time
4 schedule giving us the opportunity to look at what we
5 can do in a year, recognizing we want to report during
6 the 40th year, recognition of LSC's work.

7 All of the committee chairs, Mr. Chairman, had
8 an opportunity to talk about this process prior to the
9 board meeting. And the plan going forward will be that
10 Vic and I will work with each of the committees, and
11 have an individual call with each chair and the members
12 of that committee to review the work plan, to look at
13 the time schedule, to answer any questions that they
14 might have, and then put them on a regular call for a
15 progress report and to implement the recommendations of
16 the task force.

17 And I'd ask my co-chair to add anything else.

18 MR. MADDUX: I can't really add too much to
19 that. I think that the subcommittee structure is going
20 to be very effective, and I think that they're going to
21 get off to a quick start, and that we'll be working for

1 a timeline consistent with next year's celebration.

2 CHAIRMAN LEVI: Thank you very much.

3 Any questions? Laurie?

4 MS. MIKVA: I wonder -- maybe we already have
5 it -- but if we could get a list of the subcommittees
6 and who's on them. I'd really appreciate that.

7 CHAIRMAN LEVI: I'm sure we have that, and
8 Lynn, maybe we could just email that around.

9 MS. JENNINGS: Yes.

10 CHAIRMAN LEVI: Thank you very much.

11 Anything that they or we missed, Lynn? Lynn
12 Jennings.

13 MS. JENNINGS: No. That was a great report.

14 CHAIRMAN LEVI: Good. Members' reports?

15 (No response.)

16 CHAIRMAN LEVI: Hearing none, Mr. President?

17 PRESIDENT SANDMAN: Thank you. Good morning.

18 I'd like to start by introducing our new Chief
19 Information Officer, Peter Campbell, who's seated in
20 the front row. Peter joined us on January 2nd, but
21 this is his first LSC board meeting.

1 He's off to a terrific start, helping us
2 internally and doing great outreach to our grantees as
3 well. Peter, could you stand and take a bow?

4 (Applause)

5 PRESIDENT SANDMAN: I have a PowerPoint
6 presentation, and five points I'd like to cover on my
7 agenda.

8 First, I'd like to provide an update on the
9 status of our work under the Public Welfare Foundation
10 grant; next, give an update on our work in implementing
11 the recommendations of the Fiscal Oversight Task Force;
12 then review improvements that we're making this year in
13 our grant application and review process.

14 I'll then go over a summary of information
15 we've received from our grantees -- they reported on
16 their 2012 results, and we have organized that
17 information in a way to give you an overview of their
18 results last year.

19 And finally, I'd like to report on a new
20 project that's being funded by the Public Welfare
21 Foundation and the Kresge Foundation to improve

1 communication around the subject of civil legal aid in
2 the United States.

3 In going through my agenda items, I'll try to
4 tie each of them to the three goals of our strategic
5 plan. We are working internally to be mindful of the
6 goals of the strategic plan, and to tie all of our
7 day-to-day work to achieving those goals.

8 The Public Welfare Foundation work is one of
9 the most important things that we're doing to pursue
10 the first goal of the strategic plan, that is, to
11 maximize the availability, quality, and effectiveness
12 of the legal services that the programs we fund
13 provide.

14 There are materials in the board book on the
15 work under the grant. There is a calendar of project
16 milestones at pages 83 to 84, and the biographies of
17 the principal consultants we're using at pages 73 to 80
18 of the board book.

19 Our consultants are iScale, Innovations for
20 Scaling Impact, and Keystone Accountability, two firms
21 that have extensive experience in the nonprofit world

1 in doing assessments and evaluations. I think they're
2 very impressive, very high-quality people, and I think
3 we're going to get great results with them.

4 They have to date inventoried LSC's internal
5 data collection practices and reports. They've
6 interviewed a number of people within LSC headquarters
7 who are involved in data collection and evaluation of
8 programs.

9 We formed a working group of seven people to
10 advise LSC and our consultants on the project. The
11 working group consists of Alan Houseman, Executive
12 Director of the Center for Law and Social Policy;
13 Colleen Cotter, Executive Director of the Legal Aid
14 Society of Cleveland; Bonnie Huff, who is with the
15 Administrative Office of the California Courts and is
16 responsible for overseeing a project in California to
17 evaluate the work of legal aid programs under a special
18 appropriation from the California legislature; Ramón
19 Arias, Executive Director of Bay Area Legal Aid, an
20 LSC-funded program; Betty Balli Torres, Executive
21 Director of the Texas Access to Justice Foundation;

1 Robert Barge, Executive Director of Rhode Island Legal
2 Services, an LSC-funded program; and Anthony Young,
3 Executive Director of Southern Arizona Legal Aid, an
4 LSC-funded program.

5 We, in assembling the working group, tried to
6 bring together people who have experience in using
7 data, and to have participation from other funders,
8 particularly Bonnie Huff and Betty Torres, because we
9 think that it's important that we collaborate with our
10 funders, not duplicate or complicate their work, and be
11 mindful of the fact that, on average, LSC is a minority
12 funder for the programs that we support.

13 We held a strategy session in Washington all
14 day on March 29th that brought the working group
15 together in person here with our consultants. I think
16 we got off to a great start. Some people in the
17 working group had, initially, some concerns and maybe
18 skepticism about the project, but I think that our work
19 that day left them energized and enthusiastic and
20 optimistic about the work that we're going to do
21 together.

1 My impression was that we sent off seven
2 goodwill ambassadors, who understand that this project
3 is ultimately about improving client service, and that
4 the clients of the programs we fund will be better off
5 as a result of the work we do.

6 The next steps in the milestones are for our
7 consultants to do interviews of 30 leaders in legal
8 services and experienced users of data. They'll use
9 the results of those interviews to prepare a survey
10 that they will then distribute electronically to all
11 134 of the legal aid programs that LSC funds.

12 Lynn Jennings is responsible for overseeing
13 the implementation of the recommendations of the Fiscal
14 Oversight Task Force, and has been hard at work. She
15 has completed individual meetings with every person in
16 the Offices of Compliance and Enforcement, Information
17 Management, and Program Performance.

18 She is now holding functional meetings with
19 each of those groups to get a full understanding and
20 discussion of the work they do, and how their work
21 relates to the work of each of the other offices.

1 She and Becky Fertig have been undertaking a
2 benchmarking project to talk to other grantmaking
3 organizations that undertake functions similar to ours,
4 that make grants and do oversight, to see what we can
5 learn from them about how they integrate their
6 practices.

7 They have met with or talked to people at the
8 Department of Justice, the Department of Labor, the
9 Corporation for National and Community Service, the
10 Hewlett Foundation, and the Gates Foundation. Lynn
11 anticipates that her work on the reorganization that
12 we're undertaking and implementation of other
13 recommendations of the task force will be completed
14 within the next four to six months.

15 We are simultaneously undertaking improvements
16 in our grant application and review process. This is
17 related to the recommendations of the Fiscal Oversight
18 Task Force. This year, for the first time, our grant
19 application will be completely automated using the LSC
20 grants database. And that will give us a comprehensive
21 and auditable record of our decision-making process.

1 We previously had information in different
2 places, some of it kept in paper form, other
3 information online. This will provide one place where
4 everybody within LSC can go to get information about
5 the grantmaking process. This is also, I think,
6 consistent at least with the spirit of recommendations
7 that the GAO made about how we might enhance our
8 grantmaking process.

9 We have expanded a questionnaire that we send
10 to all grant applicants involving their fiscal
11 practices. And our fiscal review this year will be
12 fully integrated into the LSC grants database and not
13 kept apart from it, as has been the case in the past.

14 Finally, we're undertaking some enhancements
15 to ensure the objectivity of the application review
16 process. This is following up on recommendations from
17 the L&L Consulting firm that I reported on at the last
18 meeting of the Board.

19 Our practice up until this point has been that
20 the personal principally responsible for reviewing
21 grant applications is the Office of Program Performance

1 liaison for the particular program applying, somebody
2 who has experience in dealing with the program day to
3 day.

4 The consultants recommended, I think quite
5 appropriately, that it would be good to have other sets
6 of eyes on the applications to have some objective
7 assessment from someone who might not deal with the
8 program regularly.

9 And we're going to try to bring that
10 objectivity in two ways -- first, to have additional
11 in-house reviews so that program counsel who are not
12 the day-to-day liaisons participate in the review of
13 applications; and second, we will be retaining, on a
14 contract basis, some outside reviewers to assess 15 to
15 20 percent of the grant applications that are in
16 competition this year.

17 We received at the end of February reports
18 from our grantees on their activities in 2012. And I'd
19 like to go through some highlights of their reports.

20 MR. GREY: Mr. President, could I ask you
21 something?

1 PRESIDENT SANDMAN: Yes.

2 MR. GREY: In the process of examining
3 competitive analysis for grant applications, have we
4 thought about the idea of being more proactive in
5 asking for organizations to consider being a part of
6 the grant application process by making -- just because
7 I think we've got a new set of yardsticks and
8 benchmarks and people to participate in this. It might
9 be more attractive to organizations that traditionally
10 haven't thought about it.

11 Has that been considered at all? Or is there
12 a feel deep enough to consider that at all?

13 PRESIDENT SANDMAN: Do you mean to solicit new
14 applications?

15 MR. GREY: Well, to do a better job of
16 advertising what the opportunities are to be part of
17 the grant process. Just thinking about it, you start
18 to build a view of LSC after years of being in the
19 field. And this is sort of a new opportunity for us to
20 come out with sort of a new and improved product, it
21 seems to me.

1 And I wonder if we do a service to the field
2 by making that known in a way that might be attractive
3 to other folks interested in participating with us. I
4 don't know.

5 PRESIDENT SANDMAN: Well, we do undertake
6 fairly substantial publication of the opportunities
7 that we have. I think people who are already in the
8 legal services field --

9 MR. GREY: Understand?

10 PRESIDENT SANDMAN: -- understand, and
11 understand what the process is. But I think your point
12 is a good one. I think we should always be thinking
13 about trying to expand the pool. We don't have a lot
14 of competition for our grants.

15 MR. GREY: I understand.

16 PRESIDENT SANDMAN: We call the process a
17 competition process, but for the overwhelming majority
18 of our grants, there's one applicant.

19 MR. GREY: Well, in that regard, rather than
20 to create a misnomer about what we're doing, another
21 way to do it is to say what it is. It's a selection

1 process. It is a opportunity for those to participate
2 to be selected as a grantee, as opposed to compete.
3 Maybe part of what we ought to do is to tell people
4 what we're doing. Just a thought.

5 PRESIDENT SANDMAN: Thank you. Any other
6 questions?

7 (No response.)

8 PRESIDENT SANDMAN: The slide on the screen
9 shows the number of cases closed from 2008 through
10 2012, year by year. And as you can see, there was a
11 significant decline in the number of cases closed in
12 2012.

13 The next slide tries to correlate number of
14 cases closed to funding for each of those years. The
15 blue is cases closed in thousands. The green bars show
16 funding, both LSC funding and other funding, in
17 millions for those years.

18 And as you can see, there is a rough
19 correlation between funding and cases closed. When
20 funding goes up, typically cases closed go up; when
21 funding goes down, cases closed go down. But there's

1 not a clear ratio there.

2 This is an issue that comes up every year when
3 the Finance Committee is doing its work to try to
4 assess what our budget request to Congress should be.
5 What is the correlation between funding and service
6 provided? If we ask for additional money, what might
7 we be able to deliver for it? This is a question that
8 Sharon Browne asked, quite properly, last summer.

9 So this is one rough measure of the
10 correlation, but you don't see a consistent ratio
11 between dollars of funding and cases closed. Keep in
12 mind that these are cases closed for LSC purposes.
13 They don't capture other work undertaken with money
14 provided by other funders that the programs might be
15 doing.

16 Interestingly, pro bono cases were up last
17 year. The number of cases closed pro bono hit a high
18 over the last five years of 80,209 cases. I think this
19 is interesting and in some respects counter-intuitive
20 because the conventional wisdom is that legal services
21 programs have to have infrastructure support for pro

1 bono lawyers. They have to be able to do intake,
2 screen the cases, provide training and mentoring for
3 the lawyers.

4 I think what this shows is that
5 notwithstanding the significant financial pressure
6 they're under, they recognize the benefits of
7 leveraging their internal resources with outside pro
8 bono help.

9 The next slide shows, in percentage terms, the
10 number of cases closed pro bono over the last five
11 years. And the number is now up to about 10 percent,
12 whereas it was only 6.5 percent in 2008.

13 I think we have more work to do in this area.

14 I think that as the Pro Bono Task Force recognized, we
15 could be getting even more pro bono assistance from the
16 private bar.

17 So I hope that these numbers might increase in
18 the future. But we do need to be mindful that with
19 reductions in funding and the increasing stress on the
20 necessary infrastructure, we may not see this trend
21 continue.

1 These pie charts show the mix of cases, the
2 principal categories of cases, that our programs have
3 handled over the last four years. And as you can see,
4 the mix of cases really hasn't changed very much. It's
5 held pretty constant.

6 Family law from year to year always holds
7 steady, around 35 percent, as the largest single
8 category of cases. Housing next at 26, 25 percent.
9 Income maintenance at 12 percent. Consumer cases at 11
10 to 13 percent. So a fair amount of consistency in the
11 case mix over time.

12 This slide, I think, is very important. It's
13 a way of capturing the type of service provided to
14 clients. And as you can see, the big blue section of
15 each pie is cases closed with counsel and advice.

16 The next biggest category, the red, is limited
17 action. And those two categories combined in 2012
18 accounted for 77.2 percent of all case closures,
19 whereas extensive services, the little green band, was
20 only 3.1 percent of cases closed in both years.

21 I think we need to keep in mind the nature of

1 the services that our programs are providing when we
2 consider measuring outcomes, evaluating programs. In
3 many instances, even finding out what the outcome of a
4 case was can be difficult in circumstances where a
5 program provided advice and counsel over the telephone.

6 They may have limited ability to follow up
7 with the client to find out what happened; and even if
8 they can, to establish a cause and effect relationship
9 that a particular result was attributable to the advice
10 and counsel provided, that could be tricky.

11 So we share this information with our
12 consultants. I think it's an important factor for them
13 to consider in deciding how we go about assessing and
14 evaluating programs -- what data we look at, what data
15 the programs look at, in managing their work.

16 MR. MADDOX: Jim, just a question. So we've
17 got settlement with litigation or agency decisions, and
18 then we have extensive services.

19 PRESIDENT SANDMAN: In other categories, yes.

20 MR. MADDOX: So those extensive services do
21 not involve litigation?

1 PRESIDENT SANDMAN: Well, it's a
2 separate -- yes. As a general matter, I would -- it
3 doesn't involve litigation that's captured in one of
4 the other categories in the pie chart.

5 This graph shows the trend in staffing between
6 2010 and 2012. The numbers are as of December 31st in
7 each of the past three years. And what it shows is
8 that total number of staff have declined by 1,097
9 people between December 31st of 2010 and December 31st
10 of 2012. The lawyer count is down 449.

11 This slide shows the mix of funding, both LSC
12 and non-LSC funding, reported by grantees for the last
13 five years. Because of the decline in LSC funding over
14 the last few years, in 2012, on average, LSC provided
15 only 39.9 percent of the total funding of its grantees,
16 down from a high in recent years of 43.6 percent in
17 2010. As you can see, the non-LSC funding held steady
18 between 2011 and 2012 after having declined between
19 2010 and 2011.

20 This slide shows the breakdown of the sources
21 of non-LSC funding over the past four years. You can

1 see IOLTA, which is the third block from the bottom on
2 each of the bars, continues to decline. It's gone from
3 \$84.9 million in 2009 to \$51 million in 2012. The big
4 dropoff, I believe, was between 2007 and 2009. That
5 number used to be much, much higher.

6 State funding, which is the second block from
7 the bottom on each of the bars, seems to be recovering,
8 having increased from \$122.8 million in 2011 to \$138.2
9 million in 2012.

10 This graph shows the spread among our programs
11 of the degree of their dependence on LSC for funding.
12 Thirty-one percent of the programs that LSC funded last
13 year were receiving less than 30 percent of their total
14 funding from LSC. At the other end of the scale, 32
15 percent of the programs funded were getting more than
16 50 percent of their funding from LSC.

17 Keep in mind that back in 1980, LSC funding
18 accounted for 88 percent of the revenue of the programs
19 that LSC was supporting. So over time, there's been a
20 lot of diversification of funding.

21 I believe that diversification is a healthy

1 thing. It decreases dependence on any single source of
2 funding. I do think it's important to keep these
3 numbers in mind when we think about our relationship
4 with our grantees. Your relationship with a grantee is
5 one thing when you're providing 88 percent of their
6 funding. It's another thing when you're providing less
7 than 20 percent of their funding.

8 Nevertheless, we're dealing with federal
9 dollars, taxpayer money, and I'm confident that
10 Congress's expectations of us in overseeing those funds
11 do not vary, depending on the degree of dependence a
12 program has on LSC. A dollar of taxpayer money is a
13 dollar of taxpayer money.

14 I wanted to illustrate one other kind of
15 information that we gather from grantees that we're now
16 trying to do a better job of sharing. We get, in their
17 annual reports to us, information about their use of
18 technology -- what systems they use, what capacity they
19 have.

20 We now for the first time are posting that
21 information and sharing it with grantees so that they

1 can get a sense of what others are doing. Here's just
2 one illustration of this.

3 The pie chart on the left shows the number and
4 percent of grantees using particular case management
5 systems, so that if a grantee is interested in
6 acquiring a new case management system, they can see
7 what the general practice is out there, what the most
8 popular program is, and can use it to follow up.

9 We got a suggestion at the TIG conference this
10 year that we make this information available, that
11 legal services programs are interested in finding out
12 what the trends are, what the state of the art is,
13 trying to get a sense of whether they're behind or
14 ahead of other programs.

15 This is just an example of the mountain of
16 data that we sit on here that if we can do a better job
17 of sharing it and making it available and accessible,
18 people could make good use of. So our people in our IT
19 department put a series of slides together on this that
20 are available to programs on our website, and that we
21 highlighted in an email alert to grantees a few weeks

1 ago.

2 Finally, I want to report on a new project
3 being funded by two foundations, the Public Welfare
4 Foundation and the Kresge Foundation, both of which
5 support civil legal services.

6 They are, unfortunately, relatively unusual
7 among major foundations in providing financial support
8 for civil legal services. And they understand that one
9 of the biggest challenges that the legal services world
10 faces is the invisibility of our mission, lack of
11 understanding of what it is we do, and why it's
12 important.

13 Mary McClymont, the President of the Public
14 Welfare Foundation, has been trying to approach other
15 foundations to get them more interested in funding
16 legal aid, and often finds that even sophisticated
17 foundations don't understand what legal aid is or, if
18 they do, think it's unrelated to what their missions
19 are. And they don't see that it's really just a tool
20 in the toolbox to address many of the issues that they
21 regard as their core focus areas.

1 So they, Public Welfare and Kresge, are
2 working to fund a communications initiative, which I
3 think is related to our second strategic goal, which is
4 for LSC to become a leading voice for access to justice
5 in the United States.

6 This is not an LSC project, but it's something
7 that I think we could benefit from the results of.
8 They are currently using consultants to get an
9 understanding of what the public currently knows about
10 legal aid, how they perceive legal aid, and to figure
11 out how best to articulate the message.

12 Their hope is that the work that they do, that
13 the research that they fund, will be available to those
14 working in the access to justice community to help them
15 better articulate their messages.

16 That concludes my report. I'd be happy to
17 answer any questions.

18 MR. MADDUX: Jim, I just have one question.
19 Going back to your slide about state funding or non-LSC
20 funding, do you have any insight into why some states
21 have so little funding? Like I just looked at our fact

1 book. Vermont and Connecticut both provide 8 percent;
2 so in other words, 92 percent of the funding for LSC
3 grantees in Vermont and Connecticut is LSC.

4 Is there just a different -- is there some
5 different policy agenda in place? Why don't they
6 provide more money? I mean, Kentucky, for goodness
7 sakes, provides 60 percent, and it's thought of as a
8 backward sort of place. I mean, what did Mark Twain
9 say?

10 CHAIRMAN LEVI: It produced you.

11 MR. MADDOX: Mark Twain said he wanted to be
12 in Kentucky when the end of the world came because it's
13 always 20 years behind.

14 (Laughter.)

15 MR. MADDOX: But it has filing fees, and it
16 provides a lot more money. So how do we get states
17 like -- there's a lot of them that have 30 percent or
18 less, 25 percent or less. What do we do?

19 PRESIDENT SANDMAN: Well, the numbers you were
20 citing from Vermont and Connecticut aren't state
21 funding of legal aid. That's for those particular LSC

1 programs. There are other programs in those states.

2 MR. MADDOX: Right.

3 PRESIDENT SANDMAN: And the states don't
4 distribute their funding, necessarily, within the state
5 in the same way that LSC distributes its funding. So
6 they make case-by-case decisions, and they might decide
7 that because there's already public support for a
8 particular program from LSC, that they're going to
9 invest less of state resources in that particular
10 program than they might another that doesn't have any
11 public federal support.

12 But there is, nevertheless, wide variation
13 across the country in the extent to which states
14 support funding of legal aid. There have been some
15 states that in recent years, as IOLTA funds have gone
16 down and as LSC funding has gone down, have increased
17 their funding fairly dramatically.

18 New York is doing that largely, I think almost
19 entirely, because of the personal advocacy of Chief
20 Judge Lippman in New York. Texas has been doing the
21 same thing, where there is also a very supportive

1 Supreme Court under the leadership of Chief Justice
2 Jefferson, who will be on one of the White House panels
3 along with Judge Lippman this afternoon.

4 But there are states in the deep South and in
5 the mountain West that provide very little support.
6 And I don't quite understand it because I would have
7 thought that access to justice was an American value, a
8 national value, and that you wouldn't see wide
9 variations in the degree of state support across the
10 country.

11 I contrast the situation in the United States
12 with Canada, where there is a robust public defense and
13 legal aid system funded principally at the provincial
14 level. There is federal support, but most of the
15 funding comes at the provincial level.

16 Across the 13 provinces of Canada, you see
17 much more consistency of funding than you do across the
18 50 United States. There's some aberrations; I believe
19 Alberta is the biggest funder of legal aid, but that's
20 a rich province. They have energy resources there.

21 I don't understand it. I don't have a good

1 explanation for it.

2 CHAIRMAN LEVI: One other, or a couple of
3 questions, in the same vein. Where LSC is not the
4 principal funder -- in terms of the percentage it's not
5 above the 50 percent line -- it still appears to be, in
6 most places, the single largest funder. Am I reading
7 that correctly?

8 PRESIDENT SANDMAN: That may vary. I'm not
9 sure in all -- in most places, yes, but I don't believe
10 that's true everywhere.

11 CHAIRMAN LEVI: And other than that LSC and
12 its oversight, do those states that provide significant
13 funds have an oversight apparatus with respect to their
14 grants?

15 PRESIDENT SANDMAN: Typically, they do. In
16 Texas, for example, the Texas Access to Justice
17 Foundation, that Betty Torres is the executive director
18 of, definitely has an oversight role. They are the
19 state equivalent of LSC in terms of oversight there.

20 In some places, though, bar foundations or
21 access to justice foundations will piggyback on the LSC

1 reporting practice. They'll ask for identical data
2 from their grantees, even though they're not
3 LSC-funded. So we indirectly influence the oversight
4 process in that way.

5 CHAIRMAN LEVI: So do we collaborate in those
6 circumstances with the state oversight groups? Do we
7 work together or are we working at cross purposes? Do
8 we have any sense of that?

9 PRESIDENT SANDMAN: We collaborate informally.
10 We do get information from other state funders so that
11 if, for example, a state oversight body were to uncover
12 problems with an LSC-funded program, we have
13 communications lines in place to alert us to that. But
14 it's not formal, and we have been working in the last
15 few years to try to increase our collaboration.

16 My view is, LSC is in the same business as the
17 state funders of legal aid that are providing funding
18 and doing oversight, and that we should try to
19 eliminate duplication and overlap, eliminate
20 duplicative burdens or inconsistent burdens on
21 grantees, see what we can learn from them, and

1 streamline the process. That's one of the reasons that
2 we have Betty Torres participating in our data project.

3 And I go to the meetings of the IOLTA funders,
4 which the name is something of a misnomer. The IOLTA
5 funders are often bar foundations, access to justice
6 functions, that are responsible for disseminating,
7 distributing, all significant state-level funding,
8 including state appropriations.

9 I found attending those meetings helpful to
10 find out what's going on out there, and useful in
11 building relationships with others that are in the same
12 field that we're in.

13 CHAIRMAN LEVI: So then further to Robert's
14 observations, when the grant is up for renewal, are we
15 made aware of any issues that a state oversight group
16 would have had with that entity? Are they a part of
17 the process, number one?

18 And number two, somewhat related to this but
19 thinking further about Robert's question, as a part of
20 the new and evolving grants process, do we inquire
21 extensively into the internal controls of the grantee?

1 PRESIDENT SANDMAN: I'll answer your last
2 question first. Yes. The revisions to our
3 questionnaire to add fiscal questions are directly
4 related to that, to getting more information about
5 internal controls.

6 And we do have questions in there about
7 whether this year, for the first time, about whether
8 problems have surfaced with other
9 grant-makers -- whether there have been any special
10 grant conditions imposed or fiscal problems that other
11 funders have uncovered in their work.

12 Janet, did you want to add anything about any
13 other formal input that we have from oversight of other
14 funders?

15 MS. LABELLA: Janet LaBella, the Director of
16 the Office of Program Performance.

17 During the competition process, the grantees
18 or the applicants are required to submit any reports
19 that they have received from other funders. So as part
20 of that process, we get reports that -- if the IOLTAs
21 have gone out there, we would get those reports. So

1 there is that formal mechanism as part of the
2 competition process.

3 CHAIRMAN LEVI: And finally, as it relates to
4 Robert's question, do you have any insight into how we
5 can stir up more interest in competition? If we
6 believe that competition spurs innovation and better
7 performance, our Board is very concerned about having
8 each of the 134 programs that it funds be the best.

9 MS. LABELLA: Each year we do, as Jim said, a
10 fairly wide publication of the competition process, and
11 approximately one-third of the service areas are in
12 competition each year. And so for those that are in
13 competition, there is a fairly broad publication. It
14 goes to bar journals, it goes to newspapers, and that
15 sort of thing.

16 I think that it's often difficult to pinpoint
17 a particular organization that would be a recipient of
18 LSC funds. Now, there are some areas that have lots of
19 different legal services organizations, and that's
20 where you might stimulate more competition, rather than
21 a startup.

1 I think, realistically, it's difficult for a
2 startup to have the resources to be a really viable LSC
3 recipient.

4 CHAIRMAN LEVI: But then do we have a kind of
5 a gold standard, and here's where you measure up in
6 these categories as against our gold standard? And if
7 you're going to get the re-award, this is the gap we
8 want you to close, and we'll be watching to see that
9 you do. Do we do something like that?

10 MS. LABELLA: Yes, we do. We will frequently
11 have special grant conditions, which are applicable if
12 there's any major deficiency. We also, as I think you
13 know, have what we call the post-PQV RFP.

14 (Laughter.)

15 PRESIDENT SANDMAN: You need to translate.

16 MS. LABELLA: Do I have to? PQV is the
17 program quality visit, and the RFP, of course, is the
18 request for proposals. And for the last couple years,
19 we have the grantees who have had a program quality
20 visit respond to the tier 1 recommendations in their
21 funding application and also in their renewals. So

1 it's a way for us to keep track of how they have
2 followed up and implemented the recommendations.

3 CHAIRMAN LEVI: Well, Robert, you wanted, I
4 think, to --

5 MR. GREY: This is probably -- it might be
6 overkill, but in areas where there might be
7 competition, where there are more than one service
8 provider available and interested, I wonder if -- I
9 don't know whether we do -- I take it all of this is
10 done through correspondence, that we sent an RFP.
11 People respond to the RFP. All that's done based on
12 our being here and their being there.

13 Do we or have we ever thought about being on
14 site to talk about the RFP and to conduct a
15 conversation and discussion about what it is we expect,
16 what we're looking for, as another way of generating
17 interest by us showing interest by being on site?

18 MS. LABELLA: I guess my question back is, on
19 site at --

20 MR. GREY: The location where these providers
21 reside.

1 MS. LABELLA: We have not done anything like
2 that. I think you would have to really clarify what
3 the site is. In other words, let's say you're going to
4 a resource-rich area that has many providers, which are
5 typically urban.

6 What would the site be there? Would it be a
7 bar event? Where would you actually go?

8 MR. GREY: Something we'd create. It would
9 have to be a facility that would allow us to entertain
10 the recipients' counsel --

11 MS. LABELLA: Right.

12 MR. GREY: -- or discussion. But that could
13 be anywhere. It could be the bar association. It
14 could be a hotel. It could be a university, a law
15 school.

16 But I was just thinking that in this new era
17 of connectivity and of being close to the people we
18 want to see participate with us, that opportunities to
19 actually have face-to-face meetings and to talk about
20 the expectations and standards that we have sometimes
21 lends itself to more in-depth analysis and

1 opportunities for us to connect to the field. So just
2 a thought.

3 CHAIRMAN LEVI: Any other questions? Laurie
4 Mikva. And also, anybody online have a question?
5 Charles? Sharon?

6 (No response.)

7 CHAIRMAN LEVI: Laurie?

8 MS. MIKVA: This is different. This is back
9 to measurement. Is there any measurement or attempt to
10 measure the -- call them matters, the non-case
11 activity?

12 PRESIDENT SANDMAN: Yes, there is. We call
13 that "other services," and we do keep count of things
14 like education programs and other forms of outreach
15 like that. Yes. And those are reported in the Fact
16 Book every year.

17 I think that's critically important, actually,
18 because in an era of limited resources, sometimes
19 effective education, know your rights-type programs,
20 can be one of the best things a legal services program
21 does. It doesn't get captured in cases closed.

1 Sometimes advice clinics that don't result in
2 the establishment of an attorney-client relationship
3 can be very valuable, and that's an area where, often,
4 pro bono lawyers can really make a contribution.

5 I participate in a program here in D.C., a
6 Saturday morning clinic, that runs twice a month, where
7 volunteer lawyers show up and you meet with people for
8 20 minutes, half an hour, and I think can often provide
9 very significant help.

10 But it's the provision of information, not
11 traditional legal advice. And that would not -- the
12 program I do it with is not the LSC-funded program.
13 But that wouldn't count as a case closed in the
14 LSC-funded world.

15 But I think it's important that we capture
16 that, and if we can capture it better without further
17 burdening the programs we fund, I think that would be a
18 good thing to do.

19 MS. MIKVA: I guess I was thinking also in
20 terms of funding. It could be, as case closings go
21 down, those things go up.

1 PRESIDENT SANDMAN: That's a very good point,
2 and that's something that we're looking at with the new
3 data that we have.

4 CHAIRMAN LEVI: Julie?

5 MS. REISKIN: Do we have any data on, with the
6 drop in cases, how many programs are -- I know that
7 we've discussed a little the difficulty in capturing
8 what isn't happening. But do we know how many are
9 keeping a waiting list versus just saying, "We're
10 full," or any data on the turning away of people?

11 PRESIDENT SANDMAN: We don't.

12 CHAIRMAN LEVI: Thank you, Jim.

13 Mr. Inspector General?

14 MR. SCHANZ: Yes, sir. Good morning, Mr.
15 Chairman. Thank you, and members of the Board.

16 I'd like to provide a little bit of
17 information on two things we just discussed. When it
18 comes to state funding, the state auditors are very
19 active in looking at state funds, much like a federal
20 IG does. In the states, it's not usually an IG; it's
21 usually a state auditor that would provide the internal

1 control coverage and some of the questions that you
2 were asking.

3 There is something -- and I'm going back in
4 time here -- it's called the Joint Financial Managers
5 Information Project, where the state auditors will have
6 an annual conference which federal representatives go
7 to also and talk about internal controls and common
8 cross-cutting issues, much like the CIGIE community
9 does for the federal government. So you get some level
10 of coverage that way.

11 I did also want to put the cart before the
12 horse and follow up a little bit on the Audit Committee
13 discussion yesterday of questioned costs and how the
14 interplay between OCE and the IG works.

15 First off, we communicate and meet with Lynn
16 Jennings, the AIGs in my staff -- the AIG for audit,
17 you know, Dutch Merryman; the AIG for investigations,
18 who you'll hear from a little bit later, Tom Coogan;
19 and whomever Lynn chooses to bring to those meetings.

20 One thing that didn't come out yesterday is
21 Jim and I meet biweekly on a very candid, one-on-one

1 basis, head of agency/head of IG, to discuss any issues
2 that are percolating. Now, of course, as you'll hear
3 from our closed session investigation report, there are
4 some things that are in progress, not completed.

5 But I wanted to make sure and state for the
6 record that with Jim on board and with his new hires,
7 we meet on a regular basis, Jim and I biweekly, the
8 others -- and as necessary. We're one floor away, for
9 Pete's sake. So we walk up or down the stairs as
10 necessary to discuss issues.

11 And this gives me an opportunity to segue into
12 my three C's, which I haven't deviated from for the
13 five years that I've been here. And as long as that's
14 taking root, then I think the communication flow is
15 working as well as it can be.

16 It's reflected by Jim's new hires. We get
17 along great with them. I think we have information to
18 share. I asked Jim at our last meeting that I would
19 like a seat at the table on some of these discussions
20 that they're having.

21 I'm not only an Inspector General, but I also

1 have many years of management and government experience
2 that I think could add value to some of the task
3 forces. In fact, I meet with every consultant that Jim
4 has brought on board and spend as much time with them
5 as they want to.

6 So I think the interplay is what I didn't get
7 out of yesterday's discussion. And I want to make sure
8 that the record states that we are meeting regularly at
9 all levels of our organization, and including, I guess,
10 the prime example would be the fraud vulnerability
11 assessment that Jim asked for.

12 We were happy to accommodate that, depending
13 on our schedule. And we did it in a timely manner and
14 gave Jim the information he needs to help protect his
15 assets from the Management side, and I did my duty as
16 an IG to make sure that the assets are being protected.

17 So that being said, I did want to mention that
18 we will talk a little bit later about what we're
19 planning for some of the audits, internal audits, of
20 Jim's shop. We're going to follow up on a couple of
21 our previous audits.

1 And the way the process works, yes, we submit
2 recommendations. They either accept or deny the
3 recommendations. But what about the implementation of
4 those recommendations?

5 So in my past career, and I'm bringing that
6 practice with me here, is we're going to follow up and
7 take a look at how the consultants are being hired.
8 That was one of our first internal jobs, consultant
9 contracts.

10 And then we want to see how the TIG process is
11 working, which is part of what came up in the
12 discussion yesterday with the Idaho program. We're
13 seeing how it's being implemented in the field.

14 We will have more opportunity to talk about
15 individual cases in the closed session. But I would be
16 remiss if I didn't go on record to say what a pleasure
17 it's been to know Victor Fortuno and to work with Vic
18 as General Counsel.

19 Our general counsels are very skilled lawyers,
20 and they discuss things candidly and openly. And while
21 reasonable minds may disagree, we do have the benefit

1 of talking with Management's general counsel and of
2 course the IG general counsel.

3 One of the examples you'll see from that
4 collaboration, which is not one of the three C's, is
5 the alternative sanctions. I think that is a huge
6 benefit for fiduciary responsibility for the Board, for
7 President to be able to manage his grantees, and that
8 was a collaborative effort between IG general counsel
9 and Management general counsel.

10 I value those because at the end of the day
11 I'm going to think, yes. We got along pretty well, and
12 we're moving the ball forward, and we're making LSC a
13 better place so that Congress has the to say, sure, we
14 can give you money.

15 So with that, I would like to go on record in
16 saying this Inspector General really enjoyed working
17 with General Counsel Victor Fortuno, and he'll be
18 sorely missed in this Corporation.

19 CHAIRMAN LEVI: Thank you.

20 Questions for the Inspector General?

21 (No response.)

1 CHAIRMAN LEVI: Thank you for your report,
2 Jeff, and for your good and solid work. We appreciate
3 it.

4 All right. The Promotion and Provision
5 Committee report. Who's going to give that?

6 FATHER PIUS: This is Father Pius. Not much
7 of a report today; most of you were there.

8 We had actually a very good presentation, I
9 think, on some of the attempts to gauge what the legal
10 needs are, legal needs assessment of particular
11 grantees. We had a wide variety of members make that
12 report, and I thought that was very informative. I'm
13 hoping to follow up on that a little bit more in the
14 future.

15 Then we have a very good presentation by our
16 local grantee. And I think what it just points out is
17 how varied some of our grantees can be in terms of the
18 environment in which they work and the way in which
19 they adapt themselves to the circumstances, and this
20 grantee specifically, who knows the city well and has
21 adapted to that extremely well.

1 And we went over our reviews, and that's the
2 extent of our report.

3 CHAIRMAN LEVI: Questions?

4 (No response.)

5 CHAIRMAN LEVI: Mr. Grey, the Finance
6 Committee?

7 M O T I O N

8 MR. GREY: Mr. Chairman, thank you. The
9 Finance Committee met yesterday and considered as an
10 action item the Consolidated Operating Budget for FY
11 '13, and recommends the resolution that's in the board
12 book for adoption.

13 CHAIRMAN LEVI: Since it's a resolution, does
14 it even need a second?

15 MR. FORTUNO: No.

16 CHAIRMAN LEVI: I don't think so. So it's up
17 for a vote. Any comments, questions, about the
18 resolution?

19 (No response.)

20 CHAIRMAN LEVI: All in favor?

21 (A chorus of ayes.)

1 CHAIRMAN LEVI: Opposed?

2 (No response.)

3 CHAIRMAN LEVI: Thank you.

4 MR. GREY: Mr. Chairman, there was further
5 discussion presented by the Office of Government
6 Relations through Carol Bergman about the ongoing
7 process for appropriations. We were brought up to date
8 about the continuing resolutions and the discussions
9 that Congress is engaged in.

10 We also suggested that it is time to CR the
11 schedule for looking at FY '15 and the budget process.

12 There is a proposal on dates that will be circulated
13 to the board members for consideration. We ask that
14 any comments be made with regard to that in light of
15 the timeline, holidays, and just Board opportunities to
16 meet.

17 And with that, the Finance Committee concluded
18 its business.

19 CHAIRMAN LEVI: And I'm assuming that that
20 timeline proposal will be consistent with the --

21 MR. GREY: Opportunities.

1 CHAIRMAN LEVI: -- the opportunity for the
2 Board to thoughtfully consider?

3 MR. GREY: And public discussion. Yes, sir.

4 CHAIRMAN LEVI: Thank you.

5 Any questions for the Finance Committee?

6 (No response.)

7 CHAIRMAN LEVI: Ops & Regs? Charles, are you
8 on the phone?

9 MR. KECKLER: Yes, I am, John.

10 CHAIRMAN LEVI: Okay. You're up.

11 MR. KECKLER: Okay. Thank you, Mr. Chairman.

12 The Operations and Regulations Committee met
13 on Sunday afternoon, and considered a series of items.

14 We first examined a request for information
15 that involves our rulemaking on the criminal defendants
16 in tribal courts. No Board action is required; that
17 request for information was approved, with slight
18 modifications, and will be sent out.

19 However, the suggestion arose during the
20 committee meeting that a panel be convened for either
21 the Committee or for the Board in Denver to solicit

1 other input on this issue from a variety of
2 stakeholders. And so we're examining that, and we're
3 open to all suggestions regarding how to proceed with
4 that.

5 The next item of business was that we
6 considered a rulemaking workshop for the PAI changes,
7 potential changes in our regulations, following up on
8 the Pro Bono Task Force report. And during discussion,
9 the Notice of Rulemaking Workshops -- we're planning on
10 two of them -- was approved, with some slight changes
11 to the notice.

12 The first rulemaking workshop was designated
13 as occurring coincidentally with the Denver meeting.
14 So we've accumulated lots of time in Denver coming out
15 of Ops & Regs.

16 MR. KECKLER: The notice for the rulemaking
17 workshop is a board action. So the Committee has voted
18 to recommend that the Board authorize that Notice of
19 Rulemaking Workshop to be published in the Federal
20 Register. It will be finalized in terms of date and
21 time over the next few weeks, presumably, as it's

1 integrated with the board meeting.

2 CHAIRMAN LEVI: Anything else?

3 MR. KECKLER: Well, okay. We can take action
4 on that. There's one more --

5 CHAIRMAN LEVI: Oh, do we need to take action
6 on that?

7 MR. KECKLER: Apparently we do. That's the
8 interpretation from OLA from the rulemaking protocol,
9 is that the Board needs to authorize that Notice of a
10 Rulemaking Workshop.

11 CHAIRMAN LEVI: So I think there wasn't a
12 resolution.

13 DEAN MINOW: It's a motion.

14 CHAIRMAN LEVI: So therefore, are you making
15 the motion, or do we need a motion?

16 M O T I O N

17 MR. KECKLER: Yes, I am.

18 CHAIRMAN LEVI: Second?

19 MS. REISKIN: Second.

20 CHAIRMAN LEVI: All in favor?

21 (A chorus of ayes.)

1 CHAIRMAN LEVI: Opposed?

2 (No response.)

3 MR. KECKLER: Thank you, John.

4 Then the final item was that the Committee
5 moved to open rulemaking on Part 1626 of our
6 regulations to conform our various document
7 requirements and other items involving the assistance
8 that the Corporation can give to immigrants with the
9 existing statutory authorizations.

10 M O T I O N

11 MR. KECKLER: There's no document that we
12 would be approving with that. The Committee has simply
13 recommended that the Board authorize the initiation of
14 rulemaking in this area.

15 CHAIRMAN LEVI: Any questions for the
16 Committee? We need a vote on that as well. And that's
17 a resolution. So all in favor?

18 (A chorus of ayes.)

19 CHAIRMAN LEVI: Opposed?

20 (No response.)

21 CHAIRMAN LEVI: Okay, Charles. Anything else?

1 MR. KECKLER: That concludes the report of the
2 Operations and Regulations Committee. Thank you for
3 phoning it in.

4 CHAIRMAN LEVI: Well, at least you're not
5 mailing it in.

6 The Governance and Performance Review
7 Committee?

8 DEAN MINOW: We had a good report about our
9 progress in implementing GAO recommendations. Just
10 about the only ones outstanding are intertwined with
11 internal employment performance review matters, and are
12 on their proper course.

13 We also had a very good report from Jim about
14 the progress of the Public Welfare Foundation grant and
15 research, and are very encouraged about that; and a
16 report on the evaluation of the LSC Comptroller. And
17 that was the extent of our meeting.

18 CHAIRMAN LEVI: Questions? Anything that
19 needs action? No.

20 The Institutional Advancement Committee met,
21 and we had the pleasure of meeting for the first time

1 in person our new Chief Development Officer, Wendy
2 Rhein. And she, while not formally on board until May
3 6, came to the meeting and was a big hit immediately,
4 and we were thrilled at that.

5 The second thing is that we discussed
6 our -- we've been meeting by phone every two weeks. We
7 will be continuing to meet in that format. Many of
8 those sessions, as we were getting organized and
9 discussing names of potential funders and potential
10 individuals to be maybe on honorary committees, have
11 been closed sessions or briefings. But I think you
12 will see that more of those meetings will have open
13 pieces to them.

14 The third thing was that we in fact, as a part
15 of that meeting, did distribute some fundraising
16 objectives that would be guiding our efforts of the
17 Committee, and those the Committee actually
18 distributed.

19 And I thought we were going to have them to
20 pass out here today so that the Board could -- do they
21 have them on their -- no? Well, anyway, you did have

1 them given to you the other day. I think we were just
2 putting numbers in them to adjust an observation made
3 by Martha Minow, where the two paragraphs look like
4 they -- the opening paragraphs made it seem like the
5 document was only about the 40th celebration.

6 CHAIRMAN LEVI: But it in fact is not. It's a
7 series of fundraising objectives for the Committee.
8 They're being handed out right now. And our Committee
9 would like them to be approved by the Board. So if I
10 could hear a motion?

11 M O T I O N

12 MS. REISKIN: So moved.

13 FATHER PIUS: Second.

14 CHAIRMAN LEVI: Discussion?

15 (No response.)

16 CHAIRMAN LEVI: All in favor?

17 (A chorus of ayes.)

18 CHAIRMAN LEVI: Opposed?

19 (No response.)

20 CHAIRMAN LEVI: That concludes our report.

21 And I think, in fact, item number 14 on the

1 agenda is a resolution that was notationally voted.
2 But, in fact, it's an opportunity for our Board once
3 again, in formal and open session, to recognize the
4 distinguished service --

5 MR. MADDOX: An Audit Committee report?

6 CHAIRMAN LEVI: Oh, what happened? Oh, I
7 skipped it.

8 DEAN MINOW: Just checking to see if you were
9 paying attention.

10 CHAIRMAN LEVI: That's good. Well, go back to
11 10 and do your Audit Committee, and I'll start over.
12 That's fine.

13 MR. MADDOX: I don't care about the order.

14 CHAIRMAN LEVI: No, I care about the order.

15 MR. MADDOX: Well, thank you, Mr. Chairman.

16 CHAIRMAN LEVI: I think I was so worried about
17 Charles being on the phone that I skipped your report.

18 MR. MADDOX: Worse things have happened.

19 CHAIRMAN LEVI: Yes.

20 MR. MADDOX: The Audit Committee met yesterday
21 and we had a good meeting with, I think, a frank and

1 sometimes spirited discussion that went into overtime
2 and was eventually called by the ref.

3 (Laughter.)

4 MR. MADDOX: And it was a productive session.

5 We received a good report from Traci Higgins
6 regarding the 403(b) plan performance, which is doing
7 well.

8 We received a briefing from the Inspector
9 General, during which we discussed the report by the
10 Inspector General of the Idaho TIG grant audit that
11 they had recently conducted in which they questioned
12 \$215,000 of costs out of a \$511,000 grant.

13 It seems much of that had to do with
14 documentation for personnel or time records. There was
15 an exchange between OIG and the grantee, and the
16 grantee suggested that LSC guidelines for documentation
17 were perhaps ambiguous and might need to be changed.
18 That questioned cost has been submitted on to OCE for
19 followup by LSC Management, and I expect we'll get a
20 report on that at our next meeting.

21 We had a report on the audit and

1 implementation of findings and recommendations by the
2 OIG and external auditors in compliance with the
3 restrictions of 45 CFR Part 1612.

4 President Jim Sandman gave us a report and
5 advised us that all of the OIG TIG audit
6 recommendations have been closed; that all but three of
7 the fraud awareness review by the OIG, items have been
8 closed.

9 Apparently those related to documentation of
10 high credit card limits, reconciliation of the bank
11 process, and aspects of the fidelity insurance program.

12 I think I've gotten that right, Jim. And everything
13 seemed to be on track.

14 We received a report from David Richardson
15 regarding the check voiding process, which has been
16 further defined and streamlined. And that seemed to be
17 a positive development.

18 And we received a very informative report from
19 Lora Rath, Director of OCE, regarding her office and
20 the processes they follow. That led us to some
21 discussion about some issues having to do with CFR 1612

1 and the processes that we follow in evaluating grantee
2 compliance with that. And I think that we'll probably
3 hear some more about that at future meetings.

4 David Hoffman made a suggestion that we need
5 to provide email updates to both him and Paul Snyder,
6 who are non-board member committee members regarding
7 developments such as OIG reports that are received by
8 the Board. And I hope that we can put into place some
9 process whereby they get timely notice of those things.

10 CHAIRMAN LEVI: Is that an issue for the
11 Finance Committee, that has non-board member members as
12 well? Do we know? Are they getting?

13 MR. MADDOX: I don't know. I don't know, Mr.
14 Chairman.

15 CHAIRMAN LEVI: Robert, I don't know? Are
16 they getting the timely -- the answer is going to be
17 yes. Your non-board members who are members of the
18 Finance Committee getting timely updates?

19 MR. RICHARDSON: Absolutely. Every meeting
20 that we have -- we're trying to have monthly Finance
21 Committee meetings --

1 CHAIRMAN LEVI: Yes.

2 MR. RICHARDSON: They are involved, and they
3 get al the reports.

4 CHAIRMAN LEVI: Thank you.

5 MR. RICHARDSON: And actually, I copy all the
6 Board on that, too. If there's any time that you would
7 like to join us in those meetings, you're welcome to.

8 CHAIRMAN LEVI: Okay. So this is -- Martha?

9 DEAN MINOW: I think the notices have been
10 perfect. But I think a question was raised in the
11 meeting about actually when particular reports are
12 posted, letting the non-member members of the committee
13 know of that because they don't, for reasons that
14 escape me, check every day the website of the Legal
15 Services Corporation.

16 MR. MADDOX: I think that's right.

17 We to some extent deferred our discussion of
18 future management process reports. Paul Snyder had
19 some helpful suggestions regarding the need to focus on
20 the more critical aspects of the manager process in our
21 future reviews, and I'm sure we'll take those into

1 consideration.

2 Otherwise, there was no action by the
3 Committee that requires Board action today. And that
4 completes our report.

5 CHAIRMAN LEVI: Thank you.

6 As I said, item 14 has already been voted.
7 But I think it's appropriate. This is, in fact, the
8 last meeting of the Board that our General Counsel, 30
9 years at Legal Services, will be in his office.

10 And I think it's appropriate to stand for a
11 second to recognize his many years of service to the
12 Corporation, need to his own spirit on behalf of
13 low-income Americans, his dedication to public interest,
14 his support of LSC through thick and thin, and his
15 friendship for all of us which means the world to us.
16 Thanks so much.

17 (Applause)

18 CHAIRMAN LEVI: And I'll leave the mike open
19 if you'd like to say something.

20 MR. FORTUNO: I know that we're pressed for
21 time. So I'll say only that it's truly been an honor,

1 a privilege, and indeed a great pleasure. So I thank
2 you all from the bottom of my heart, and will always be
3 available if you need me for anything. You need only
4 pick up the phone or fire off an email messages,
5 especially if it's got a catchy subject lines. Thank
6 you very much.

7 CHAIRMAN LEVI: Thank you. Thank you, Vic.

8 Public comment? I see Don Saunders coming to
9 the -- now, a few years ago I would have wondered who
10 was coming up. But now I know.

11 MR. SAUNDERS: Thank you, Mr. Chairman. Don
12 Saunders, Vice President of NLADA.

13 I too wanted to take one moment on behalf of
14 NLADA, CLASP, and the field of many of your grantees
15 who have benefitted from the career of Victor Fortuno.

16 I think the record should reflect not only the strong
17 support of this Board, his colleagues, and the
18 Inspector General, but what a role he has played for
19 the legal services community, as you noted.

20 Alan Houseman, Linda Perle, Chuck Greenfield,
21 certainly myself, we have benefitted from a very, very

1 close working relationship with Vic and his entire
2 staff. Through that 30-year career, all the homilies
3 you heard yesterday have proven true to us. He's been
4 open. Even on issues with what we disagreed, he was
5 always warm and considerate of our views.

6 I think the point that Vic made last evening
7 about the consistency in transition, to have Vic
8 through so many different administrations, is a real
9 solid factor to have.

10 I probably personally have known and worked
11 with Vic as much as anyone in this room -- as long, at
12 least -- and I also found his professionalism and his
13 deduction to be a really remarkable asset to the
14 community.

15 He's also a very good and close friend, and we
16 at NLADA and CLASP, partially, wish him all the best in
17 the future. So thank you, Mr. Chairman.

18 CHAIRMAN LEVI: Thank you, Don.

19 Any other public comment? Tom Smegal.

20 MR. SMEGAL: Tom Smegal, former board member
21 and Chair of Friends of the Legal Services Corporation.

1 I was here last night. I think anyone
2 mentioned, in all of the accolades thought Vic
3 received, that back in 2002, when we were able to
4 obtain the title to this building, Vic then proceeded
5 as a volunteer for many years -- we had no staff -- and
6 Vic was the staff, and continued to be the staff until
7 he was fired by Congress.

8 And we are greatly indebted to him. We now
9 have paid staff, and at some point, Mr. Chair,
10 hopefully during my lifetime, I would be able to expect
11 to be able to hand the building to the Corporation with
12 no encumbrances on it. Thank you.

13 CHAIRMAN LEVI: Thank you, Tom.

14 Any other public comment?

15 (No response.)

16 CHAIRMAN LEVI: With that, could we consider
17 and act on any other business?

18 (No response.)

19 CHAIRMAN LEVI: Then do I hear a motion to go
20 into closed session?

21 //

1 M O T I O N

2 DEAN MINOW: So moved.

3 FATHER PIUS: Second.

4 CHAIRMAN LEVI: All in favor?

5 (A chorus of ayes.)

6 CHAIRMAN LEVI: Now, you'll have to redial
7 into a different line.

8 (Whereupon, at 10:15 a.m., the Open Session of
9 the Board was adjourned to Executive Session.)

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