

RETURN TO CORPORATION
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1
2 LEGAL SERVICES CORPORATION

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4 Meeting of the Board of Directors

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6 Room 405

7 Marvin Center

8 George Washington University

9 21st & H Streets, N.W.

10 Washington, D.C.

11 - - -

12 Thursday 4 November 1976

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14 IN ATTENDANCE:

15 Legal Services Board Members:

16 Glenn C. Stophel

17 Samuel D. Thurman

18 Thomas Ehrlich, President

19 Roger C. Cramton, Chairman

20 J. Melville Broughton

21 ~~Marlow W. Cook~~ (not present)

22 Rodolpho Montejano

23 Glee S. Smith, Jr.

24 Robert J. Kutak

25 ALSO SPEAKING:

Alice Daniel, General Counsel of Legal Services Corp.

Robert Sable, Program Director

Charles Jones, Legal Services Corporation staff.

Denison Ray, Program director

Bernard Veney, National Clients Council

NEAL R. GROSS

COURT REPORTER

261-4445 - Harwood, Md.

1 Also Speaking (Cont.)

2 Richard Carter, Legal Services Corporation staff
 3 Nelson Rios, Legal Services Corporation staff
 4 Alan Houseman, Legal Services Corporation staff
 5 E. Clinton Bamberger, Executive Vice-president,
 6 Legal Services Corporation
 7 Mary Lanier, member of the public
 8 David Wechsler, member of the public
 9 Stephen Kass, Community Action Legal Services.

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7 I N D E X

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P R O C E E D I N G S

9:40 a.m.

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3 MR. CRAMTON: The meeting will come to order. It
4 is now apparent that a quorum of the members of the board
5 are present, Mr. Thurman, Mr. Kutak, Mr. Stophel, Mr. Monte-
6 jano, Mr. Smith, and Mr. Cramton.

7 The tentative agenda is before you. The first item
8 of business is the adoption of the agenda.

9 MR. THURMAN : I so move that.

10 MR. MONTEJANO: Second.

11 MR. CRAMTON: Mr. Bregar moves and Mr. Montejano
12 seconds the adoption of the tentative agenda as the agenda
13 of the board.

14 MR. : I'll second Mr. Bregar.

15 MR. CRAMTON: Sam Bregar, Mr. Thurman.

16 (Laughter.)

17 MR. CRAMTON: Is there a discussion?

18 (No response.)

19 MR. CRAMTON: All those in favor, please say aye.

20 (Aye responses.)

21 MR. CRAMTON: Those opposed, no.

22 (No response.)

23 MR. CRAMTON: The agenda is adopted. The next item
24 on the agenda is the approval of the minutes of the September
25 17 and 18, 1976 meeting.

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MR. : I so move their adoption.

MR. : Second.

MR. CRAMTON: Are there any suggestions, corrections, amendments before the question is put?

(No response.)

MR. CRAMTON: If not, all those in favor of the adoption of the proposed minutes, please say eye.

(Aye responses.)

MR. CRAMTON: Those opposed, no.

(No response.)

MR. CRAMTON: The minutes are adopted. We now come to committee reports, and first is the report of the committee on regulations. Mr. Kutak.

MR. KUTAK: Thank you, Mr. Chairman. For the board to get its focus on the regulations before it, let me first scope the picture and give you a chance to gain some perspective. The items, 1611 and 1620, really are one and the same regulation, as previously brought before the board, and therefore we can consider 1611 and 1620, in effect, together, albeit that the -- that we concluded upon reflection and upon recommendation that one portion of the previous 1611 should be spun off into a new regulation.

The third agenda item is one that would not receive or require, I believe, much deliberation, for it is here only to be approved in final form.

1 Likewise, 1618 on enforcement procedures.

2 And finally, the fifth regulation before you is one
3 which we're going to request be remanded to the committee for
4 further deliberation and revision. And therefore, really
5 today we have before us, rather than a lengthy list of regu-
6 lations to plow through, really, in effect, one.

7 However, this one happens to be probably as impor-
8 tant a regulation as this board itself will consider, and
9 this corporation will rely on. It may be, in many respects,
10 the -- I'm about to use a Latin phrase, but that's a no-no
11 in our regulations committee, but it really the sine qua non
12 of our operation.

13 The -- I come to the board first with some outline
14 of its history. This is not the first time we have looked
15 at eligibility. As a matter of fact, this regulation has
16 been before us -- before your committee on regulations -- for
17 some time. We have had at least two full meetings at which
18 we have "rassled" with the implications and the consequences
19 of any such regulations, and have done an enormous amount of
20 homework in anticipation of its final promulgation.

21 As a matter of fact, I hope you have read -- but I
22 know you will want to have called to your attention -- the
23 excellent little memorandum that our counsel has prepared in
24 your papers briefly commenting on the comments received with
25 respect to the proposed eligibility regulation. And you will

1 see from that memorandum that we have had at least 52 written
2 comments received from a wide variety of sources, including
3 governors' offices and legal aide associations, and indeed
4 program directors, and happily, in fact, even one state ad-
5 visory council.

6 So we -- in the first instance -- received a tre-
7 mendous amount of input from the field with respect to this
8 regulation as it has been circulated for comment, and it is
9 not, therefore, written in a vacuum.

10 Those comments, incidentally, were enormously valu-
11 able to us, and have helped considerably shape the ultimate --
12 or at least the proposed -- form of the regulation for you.

13 After our first hearing we -- it became very, very
14 evident to us that we really needed to focus on the large
15 issues. This was a very subtle area and a very complex area,
16 and it has an enormous amount of literature and thinking that
17 lies behind what may constitute -- ought to constitute --
18 eligibility, which in turn is really what should constitute
19 the scope of our legal services program.

20 And therefore, we ask our counsel likewise to pre-
21 pare for us -- and of course for you -- a memorandum focusing
22 on the major policy questions presented by this regulation.
23 We thought if we could get a handle on those issues we could
24 better get a handle on the form, and indeed the substance, of
25 the regulation itself.

1 And I hope again this is one document you have also
2 read in anticipation of this meeting, for it really has been
3 -- it would be essential to see how the regulation flows
4 together and works together. There is no -- and in a minute
5 we'll get into the merits.

6 But three basic issues, of course, are identified.
7 One, of course, is what is or ought to be the maximum income
8 level. A great discussion is to whether it should be the
9 so-called poverty line, it should be something in excess of
10 the poverty line, it should be indeed something below the
11 poverty line, and if the -- either of the last two, how far
12 above or how far below.

13 The second issue which is and must be appreciated
14 right along side of it -- because these three policies, ques-
15 tions have to be focused on simultaneously, or you get off,
16 really, onto a wrong track and into an intellectual quagmire
17 -- and that is if we had a poverty line -- if we had, I
18 should say, not a poverty line, but an income level estab-
19 lished, should that be a sole and exclusive criteria, or
20 should there be other factors considered in quoting the cele-
21 brated test issue called an income disregard for people who
22 have received support from other sources that nevertheless
23 should not disqualify them from eligibility in the program.

24 And that whole panoply of questions are focused on,
25 and I think very comprehensively covered.

1 The third and really equally important issue, and
2 we fit into place each with the other, is whether or not --
3 should there be a -- some income level established, a maxi-
4 mum income level established that has indeed some other con-
5 siderations to be recognized and allowed? Then, of course,
6 what kinds of priorities should we address? For while we do
7 have a mandate to serve, in the words of some legislative
8 history writer, the poorest of the poor, we have the legiti-
9 mate question to say if we go beyond that level for income
10 criteria, what other categories or priorities ought to be
11 established, and if so, by whom?

12 These issues have to be read together, have to be
13 thought of together, and the materials have to be read to-
14 gether so that one does not, as I say, get off on the wrong
15 beat and hang up on one issues, and all of them, happily,
16 have been focused on and considered by our committee, and
17 indeed, by our counsel in the drafting of the question.

18 I think it's a very exquisite balancing of interests
19 and a very beautiful reconciliation of conflicts, so that we
20 do have a -- perhaps, and indeed I would not argue -- a per-
21 fect solution to the problem, but at least an auspicious
22 start for a program in itself is resource short, and is need
23 heavy, and has to reconcile these two interests.

24 A brief report, Mr. Chairman, before I yield the
25 floor, on a rather useful and extremely enlightening discus-

1 sion which you missed, I think, the first ones you have missed
2 in all of our hearings and all of our meetings, that was held
3 in Chicago on October 18th.

4 After having a considerable amount of background
5 material, and having a considerable amount of input from the
6 field and from the staff, and having waded through -- and I
7 mean that in a non-facetious sense, just that it was so
8 voluminous -- an enormous amount of exhibits and documents
9 and memoranda, we came down to a focusing on a draft and had
10 the considerable input from three loyal standby groups,
11 amicus curiae, if you will, of our committee, the PAG, the
12 NLADA, and the clients council.

13 And we heard them speak, and they gave their views
14 on our proposed regulation, in light of their excellent
15 prior memoranda and exhibits, and it came really down to
16 this: obviously the definition of an eligible client, as
17 found in the statute, and as necessarily focused on by this
18 board and our corporation, is really any person financially
19 unable to afford legal assistance.

20 Now that is a very broad mandate. That doesn't,
21 obviously, include the welfare poor. That could indeed.
22 This is a question for you to decide today. Whether that
23 ought to include the working poor, by that reading -- and
24 that is a very large mandate -- it can include, I would sug-
25 gest, the entire middle class, as we practicing lawyers know.

1 Many, many people in the middle class are financially unable
2 to afford legal assistance.

3 But of course the middle class -- whatever that
4 term means or envisions -- is not to be contemplated by the
5 coverage or the scope of the legislation, and therefore our
6 regulation.

7 But it does certainly mean that the eligibility
8 level will certainly be commensurate, or approximately com-
9 mensurate, to the poverty line in each community. But that
10 is itself an abstraction, and that is -- itself is a diffi-
11 cult thing to grasp hold of, particularly when you say pover-
12 ty line in each community, because as our communities have
13 different colorations and characteristics, so do -- and so
14 does, I should say, the poverty line.

15 But by all means we envision by this regulation to
16 include those in, under, and around the poverty line. But
17 can we, and if we can should we make other priorities and
18 include categories beyond the poverty line?

19 There are two schools of thought. One is, of
20 course, to make that maximum income level as high as possi-
21 ble consonant with the concerns and the constraints of the
22 corporation. The reason for that is that the argument as
23 we heard from our witnesses, and as we found in the exhibit,
24 is that it -- there is a very misleading nature to this dol-
25 lar figure, and if you focus on a dollar figure you focus on

1 a confusing and almost elusive fact.

2 Second of all, the working poor may need legal
3 services as much as the welfare poor. Indeed, that's not a
4 disputable fact.

5 Thirdly, the argument goes that it is beneficial
6 in terms of the kinds of legal services our lawyers can pro-
7 vide, and indeed the kind of impact that our legal services
8 program can have by varying the eligible beneficiaries, that
9 if we focus on variety we are able indeed to -- and enrichen
10 the mix -- we are able to upgrade the not only tone of the
11 services, but the thrust and impact in our community.

12 And lastly, of course, because there are differing
13 problems, because there are differing conditions in differ-
14 ing localities, we should allow the recipients themselves to
15 establish their own standard, or at least have a wide flexi-
16 bility in which to do so.

17 Those are the arguments we heard. I hope I haven't
18 done them an injustice, and at least short-changed, if you
19 please, their thrust.

20 What was the argument on the other side? Very sim-
21 ply, we have to bite the bullet. In fact, we even drew that
22 picture on the blackboard, that --

23 MR. CRAMTON: Biting the bullet?

24 MR. KUTAK: Yes. And they heard me say it enough
25 that Tom finally just got up and drew the bullet on the black-

1 board and said, "Somebody please bite it."

2 We -- the first argument there is that if we pass
3 the buck, if you please, to make these hard choices on the
4 recipients, we are really not focusing on the -- on our own
5 responsibilities. We ourselves should at least in the thresh-
6 hold instance remove the critical pressure that would be
7 placed on our recipient by making some threshold decisions
8 ourselves, and assume the responsibility, rather than leave
9 it to them.

10 One reason for that is we do not want to create a
11 rising tide of expectations only to be dashed by income al-
12 location. There are enormous budgetary constraints on us,
13 and until we can at least reach the level of our broad man-
14 date of two lawyers per 10,000, then to be effusive with our
15 mandate only to be very tight with our resources is cruel,
16 and deceiving, and we should, very frankly, recognize that
17 our resources are very restricted, and be constant to that --
18 and guard that very closely.

19 Finally, because our resources are short, it doesn't
20 mean, however, that there are always going to stay this way,
21 and as we fulfill our broad mandate of two lawyers per 10,000,
22 and as we build up the programs that are in existence, we
23 are able to look at that thing again. We are not casting our
24 formula in any stone. We are not locking ourselves into any
25 irreversible position.

1 As our programs rehabilitate themselves, so to
2 speak, by greater resources, and as our own corporation gets
3 more resources -- excuse me -- with which to grow, we can of
4 course change our formula and loosen up our levels.

5 There is perhaps a fourth consideration which ought
6 to be mentioned, and that is at least in our early years an
7 adherence as closely as possible to the Congressional man-
8 date so that we are not faulted by being -- by seizing on
9 the terms and reading too much into them before we really
10 have the capacity to begin.

11 And therefore, my colleagues, recognizing these
12 various arguments and various issues we -- and incidentally,
13 the merits to them all -- we attempted to work out a regula-
14 tion that I think makes eminent good sense. It is one that
15 sets the maximum poverty level -- sorry, the maximum income
16 level at 125 percent of the poverty line as defined by OMB.

17 However, it is not rigid, and it allows, where
18 appropriate -- but I presume it will be on a very guarded
19 basis -- some latitude by the corporation if a recipient can
20 make that case.

21 It likewise allows the certain exceptions within
22 that program to serve individuals whose income may be above
23 that program. Therein lies the famous income disregard test
24 from all others.

25 And lastly, we call upon the programs themselves,

1 technically in this group -- in this regulation called reci-
2 pient, to determine their own priorities with the certain
3 guidelines and tests that we are -- we set out for them to
4 follow.

5 We think, in other words, that we have done as
6 conscientious a job as we can, not to answer all the questions,
7 and certainly not to solve all of the needs, but to start in
8 a responsible way that will build a very logical and reasona-
9 ble program for our recipients, and expect that as our pro-
10 grams grow, and as our resources develop we are able to
11 improve the lot of our alternate clientele.

12 In the meantime, we have, I believe, given the kind
13 of flexibility this corporation characteristically has at-
14 tempted to preserve and promote in leaving a bulk of the
15 responsibility to the recipients under a proper test of
16 home rule.

17 With that, Mr. Chairman, which I hope I have not
18 belabored too much, I would call upon our council to afford
19 any expansions or corrections to our thinking, and then to
20 my colleagues for their comment.

21 MR. CRAMTON: Well, thank you for that enlighten-
22 ing, illuminating, and extremely brief summary of the criti-
23 cal issues.

24 Ms. Daniels?

25 MS. DANIELS: Well, I can hardly, and certainly

1 can't improve.

2 (Laughter.)

3 MS. DANIELS: So I think I'd just like to comment
4 on the structure of the regulations for a minute or two, and
5 then just be available to answer questions that the board
6 may have.

7 The structure of the regulation remains the same as
8 it was in the last draft that was submitted to the board in
9 June, and it's dictated, in large part, by the statute it-
10 self, that really divides responsibility between the corporation
11 and the recipients to establish eligibility and maximum in-
12 come standards.

13 The definition of income and total cash receipts
14 used here is the one that is taken from the Community Ser-
15 vices Administration definition that accompanies the working
16 up of the official poverty line, and that is the one that is
17 finally adopted by OMB.

18 Consistent with the Act, the regulation establishes
19 a maximum income level by the corporation, and then requires
20 each recipient to adopt its own maximum income level within
21 the maximum established by the corporation. We do not ex-
22 pect -- and the regulation does not permit -- a recipient
23 automatically to set its level at the maximum authorized by
24 the regulation.

25 Before choosing any level the program is required

1 to consider its own resources and the number of clients who
2 can be served with those resources. The population would be
3 eligible at alternative income levels, and the availability
4 and the cost of legal services provided by the client in that
5 area.

6 As Bob pointed out, once a recipient --

7 MR. KUTAK: That would be Chairman Kutak.

8 MS. DANIELS: As Chairman Kutak has pointed out,
9 having established a maximum income level the program may --
10 but need not -- permit one -- I'm sorry, three exceptions, or
11 any one of the three exceptions set forth in 1611.4.

12 The first of those is an exception that's required
13 by the statute. The statute says that a program should look
14 at individual factors before determining eligibility so that,
15 for example, a person comes into the office who appears to
16 be over income may be discovered to be eligible after the
17 program makes inquiry to determine whether there are unusual
18 medical expenses or child care expenses, fixed debts and
19 obligations, other factors that might affect the ability to
20 provide private legal representation.

21 The third exception is the one that Bob explained,
22 that permits a program to serve a person whose income is over
23 the maximum if the person would be eligible, but for receipt
24 of benefits from a governmental income maintenance program.
25 As Bob explained, it appeared to the committee that the over-

1 whelming consideration here was the desirability of consisten-
2 cy with the federal policy of disregarding certain sources of
3 income enjoyed by recipients of public assistance programs,
4 so that without an exception of this kind it might happen
5 that a person who was on welfare and then supplemented, that
6 welfare income, -by employment, would because of the employ-
7 ment be rendered ineligible.

8 1611.5 lists the factors which should be considered
9 by our program, and not an exclusive list -- that is programs
10 used by other factors that would be relevant.

11 In terms of the manner of determining eligibility,
12 the regulation follows a legislative history in requiring
13 that it be done in a manner that promotes trust between attor-
14 ney and client. The Senate report particularly indicated
15 that it would be inappropriate for lawyers to ask a client
16 to sign a poverty affidavit, for example, and it's not con-
17 templated that clients will be asked -- that the corporation
18 would not approve the procedure that required that kind of
19 proof.

20 As in the former draft, the 1611.70 of the changing
21 circumstances, if a client who was initial financilly eligi-
22 ble becomes ineligible because of change of financial cir-
23 cumstances, and if the change is sufficiently likely to con-
24 tinue, so the client could afford private legal assistance,
25 the program should discontinue representation if it can do

1 so consistent with its professional responsibilities, under
2 the code of professional responsibility.

3 At that point I think I would like to stop and
4 answer any question you might have.

5 MR. THURMAN: May I ask, to what extent would you
6 say that these regulations depart from -- because we've got
7 a past history of what's been done over a period of ten years
8 with legal services programs.

9 MS. DANIELS: They're pretty consistent with past
10 practice, insofar as I've been able to determine from com-
11 ments received from programs. A number of the things that
12 we put in regulation never were in regulation form before,
13 but in fact, for example, the consideration of individual
14 factors, that's a process apparently the programs always
15 went through.

16 The section dealing with representation of groups
17 is almost identical to that under OEO. The only difference
18 that programs pointed out was that in particular areas pro-
19 grams found that the maximum authorized would be lower than
20 the one that they had been following, or that they thought
21 was appropriate for the geographic area.

22 The regulation does permit a program to seek spe-
23 cial exception to set a higher income level if it can show
24 that that is needed for the area. For example, because of
25 very high cost of living, or because of the past history of

1 the program, and for a program to suddenly have to really drop
2 its income eligibility might jeopardize its relationship with
3 the client community and cause it to be viewed with mistrust,
4 and so on.

5 But those would be regarded as special situations,
6 and would not be automatically permitted under the regula-
7 tion.

8 MR. STOPHEL: Did I miss, or is there a definition
9 of family unit?

10 MS. DANIELS: Well, there's one that's partially
11 suggested in the definition of income because income is
12 defined to mean "The actual current total cash receipts, be-
13 fore taxes, of all persons who are resident members of and
14 contribute to the support of a related family unit." And we
15 have to --

16 MR. STOPHEL: So that's anyone in the house.

17 MS. DANIELS: Anyone in the house who -- right,
18 who was related.

19 MR. THURMAN: But you've got family unit in that
20 again. That's what we're asking about, what the definition
21 is of family unit.

22 MS. DANIELS: Yeah.

23 MR. STOPHEL: I'm really asking because it's come
24 up at the local level, of which I'm aware, and it's a very
25 difficult -- sometimes a difficult decision to make, because

1 there are all sorts of relatives extending out to -- we used
2 to call them ad nauseum, but I'm sure that's not a good term
3 -- to many degrees. And I don't know whether we should
4 cover it, or leave it open, but I think it will cause a pro-
5 blem if we don't refer -- related family unit, I guess, was
6 my question, because as you know there are -- in today's
7 modern world there are many people in what I guess would be
8 loosely referred to as a family unit that are not related.

9 MS. DANIELS: Right, I guess we -- and we can put
10 this in. I think that the way we have been thinking of and
11 defining family unit is a group of related individuals living
12 in the same house. Related --

13 MR. STOPHEL: But a group of other individuals that
14 were simply living from a common fund wouldn't be a related
15 family unit for this purpose.

16 MS. DANIELS: That's right, because of the lack of
17 legal responsibility for each other's support.

18 MR. STOPHEL: Have they got to be married?

19 MS. DANIELS: Well, under this definition I suppose
20 that that would be true. Marriage kind of creates a rela-
21 tion recognized in law.

22 MR. STOPHEL: In the income section we have elimina-
23 ted or excluded receipts from or gain upon the sale of pro-
24 perty. Could you give me a little insight as to why we
25 limit -- why we restrict that?

1 MS. DANIELS: Oh. Well the reason that we restric-
2 ted that was because we had to keep our definition of income
3 the same as that that's used by the OMB in setting the pover-
4 ty threshold, otherwise our definitions of income -- because
5 we are adopting their definition of the threshold we would
6 have to also adopt their definition of income, and as I
7 understand it, the rationale for that is that if a person has
8 no regular income, has some assets, and is living -- support-
9 ing him or herself by the sale of those assets, that because
10 of his dwindling source that would not be regarded as in-
11 come.

12 However, it would be regarded as assets that should
13 be -- that is that property --

14 MR. STOPHEL: We don't tell them how to consider
15 those assets. We just say we should consider them.

16 MS. DANIELS: That's correct, but I think that in
17 -- my intention in setting forth the comment is to deal with
18 that in a little more detail.

19 For example, following the statute, the regulation
20 only requires a program to look at liquid net assets, but
21 many programs have also looked at the value of real estate,
22 including the home over a certain income, the equity of a
23 home over X amount of income, and the regulation would not
24 prohibit a program from continuing to impose these more re-
25 strictive requirements as the program determined that that --

1 that they should.

2 MR. STOPHEL: This is a part of the OMB poverty
3 level computation, and that's why we're leaving it in.

4 MS. DANIELS: Right.

5 MR. CRAMTON: Mr. President?

6 MR. EHRLICH: On the definition of family unit we
7 have in the past, and I think would expect in the future, to
8 allow programs a fair degree of flexibility in working out
9 their own arrangement in terms of local needs and local
10 mores that would include -- a family unit could well include
11 more than husband and wife and children, though legally re-
12 lated in that sense. If there's common-law relation that too
13 would be included.

14 MR. : Well then you need to remove the
15 word related.

16 MR. STOPHEL: I was concerned about the word re-
17 lated, frankly, Tom. I think that this perhaps restricts
18 what the local group could do.

19 MR. EHRLICH: I think that's a good point.

20 MR. STOPHEL: And that perhaps by simply referring
21 to family units the local board says a family unit is those
22 people cohabiting in a local place, then they could do so.
23 But if we put the word related, seems to me that's somewhat
24 restrictive.

25 MR. EHRLICH: That's a good point.

1 MS. DANIELS: Uh-huh.

2 MR. CRAMTON: Robert?

3 MR. KUTAK: Yeah, the committee would accept that
4 term I'm sure.

5 MR. STOPHEL: I'm going to ask several questions,
6 and I appreciate the hard work of the committee, obviously,
7 because I have read a substantial amount of material, Bob,
8 not nearly all of it, and I recognize the tremendous judgment
9 calls that have been put in here. They somewhat remind me
10 of the ones that our committee's going to be faced with in
11 the use of investment income, which is another difficult area
12 that we'll have to get to.

13 But these are questions that struck me, and I hope
14 you'll forgive me for belaboring --

15 MR. KUTAK: Oh, indeed --

16 MR. STOPHEL: Perhaps belaboring a point.

17 MR. KUTAK: Other than that, I would hope that you
18 would, because I think you're going to have to really be the
19 ultimate defender of them when you stand before the Appropri-
20 tions Committee. I want you to understand it thoroughly.

21 MR. STOPHEL: Yes, I think so too. Okay.

22 In section 1611.4 I'd like to discuss briefly the
23 exceptions that we've authorized, and some perhaps little
24 more detail than we have, and I guess the particular one --
25 skipping over for a moment those that are allowed under

1 1511.5(b), because we'll get to those, but 4(b). As I under-
2 stand OMB's position, they suggested that we permit a reci-
3 pient to represent clients with regard to the loss of govern-
4 mental benefits only if the loss of those benefits would re-
5 duce them below the maximum income level.

6 We opted not to put that restriction on, but any
7 loss of governmental benefits could be represented. Could
8 you give me a little bit of our philosophy on that?

9 MS. DANIELS: Part of the philosophy is based on
10 history that this category of cases is one that's always
11 formed a major part of the case load of legal services pro-
12 grams, and it's the area of law in which they have the great-
13 est expertise.

14 A person who needed legal representation with
15 respect to loss -- or in order to obtain such benefits would
16 be unlikely to be able to afford private representation, part-
17 ly because of the degree of complexity of the regulatory
18 scheme makes these relatively expensive cases for the private
19 bar to handle, although legal services program can do them.

20 And to some extent this was a judgment call, so to
21 speak, by the committee in response -- in large measure -- to
22 the comments it had received from the field and PAG and
23 NLADA, who urged us to recognize that these are areas in
24 which a person who was seeking for example public housing or
25 Medicaid or Medicare would be considered -- might be consi-

1 dered poor by any standard, or if it would be considered
2 poor by the standard of that entity, it's been urged that we
3 also consider him poor for the purposes of getting legal
4 assistance.

5 I think that was correct to say that.

6 MR. STOPHEL: I'm a little concerned about that in
7 that if you had a person who was slightly above the 125 per-
8 cent margin and working and earning all of his income -- this
9 is a point made in the materials, I believe -- and for exam-
10 ple lost his employment, he couldn't be represented in seek-
11 ing a return of his employment, probably, if his earnings
12 were sufficiently high, or perhaps he had been demoted, or
13 something else, and he couldn't get representation.

14 On the other hand, the same amount of income to a
15 person who's on the governmental program, and who loses, or
16 is about to lose, a part of that governmental program, is
17 entitled to representation, as I understand it. And I'm just
18 a little concerned about that.

19 I think that at an appropriate time we'll move that
20 this be amended to provide that only if the loss of benefits
21 would result in lowering it below the maximum level would we
22 represent them automatically.

23 MR. CRAMTON: Mr. President?

24 MR. EHRLICH: Bob and the committee -- I certainly
25 worried about this issue a good deal, and I must say that my

1 own initial instinct was the one you articulated, Glenn, for
2 I think the reasons you suggested, a matter of equity. Why
3 in this case but not in that case?

4 I myself was persuaded, and not just, frankly,
5 marginally persuaded, but very now strongly persuaded for
6 not just the historical reasons, although I do think that's
7 an important one. There is a very substantial group of
8 clients of programs, existing clients, who might be cut off
9 in a way that I think would be very troublesome, not only in
10 terms of expertise, but -- and there is very real expertise
11 in an area where -- legal services lawyers I don't think
12 have a monopoly of it, but in fact, they are the ones who
13 have been The Lawyers in this field over the past years, and
14 they are the only ones, on the whole, with that kind of know-
15 ledge.

16 But also, because as a practical matter there would
17 be very few cases, I think, where given the arrangement you
18 suggested the result would be any different. Now you can
19 say, "Well doesn't that cut in favor of putting in as in f
20 favor of putting it out?" And the next step I come to is
21 the kind of problem that an individual program is faced in
22 trying to figure out, now let's see, the income is here, and
23 when you add the potential benefit that we might get here,
24 but subtract it from this one with the loss that might be
25 expected there, it is sufficiently complicated set of deter-

1 minations that given the fact that in most cases -- I don't
2 think it would make any difference, it seems to me, at
3 least -- it simply was not worth that kind of exception, given
4 the other very strong benefits behind it.

5 And at least I was persuaded by talking to a number
6 of programs that the problem of --

7 MR. : Administration.

8 MR. EHRLICH: -- and an honest effort to make that
9 exception, as you stated it, work would be a much more com-
10 plicated computation than I had originally thought, and in
11 most cases it would end up the same way anyway.

12 All that combined with the very strong forces led
13 me to think that.

14 MR. STOPHEL: Okay.

15 MR. CRAMTON: Ms. Daniels?

16 MS. DANIELS: Also in most cases a person who lost
17 employment would be income eligible, unless the person's
18 previous income had been so high that he or she had been able
19 to accumulate savings, and that on the basis of those savings
20 would be ineligible, but upon becoming unemployed, the person
21 would have no current income, the program --

22 MR. STOPHEL: Or unless you had two members of the
23 family unit working, and that combined income was higher than
24 the income of only one that was lower.

25 MS. DANIELS: Right.

1 MR. STOPHEL: Or was slightly at the level, per-
2 haps, of 100 percent, but not 125 percent of the maximum
3 level.

4 MS. DANIELS: Although the program would not be
5 able to represent the person with respect to regaining his
6 job, it could represent him with respect to getting unem-
7 ployment benefits.

8 (Laughter.)

9 MR. STOPHEL: Okay. You may have persuaded me on
10 the administrative regulations. I know that that is a pro-
11 blem.

12 I'm interested in the section 1611.5(b) factors,
13 which are pretty much statutory, and I'm just interested in
14 why we expanded the statutory language. It seemed to me
15 that they created enough ambiguity, and I'm not sure why we
16 ought to add to it.

17 For example, I don't think the statute included
18 seasonal variations, did it? And I'm just not sure how you
19 would administratively handle that.

20 MS. DANIELS: In some sense you can determine the
21 seasonal -- adding the word seasonal is a redundancy, but it
22 was put in for emphasis, because we discovered a number of
23 points where sometimes redundancy is essential in order for
24 the regulation to be understood.

25 The point there was to emphasize that a program

1 should not -- forgive me -- annualize the current income. If
2 a person comes in and shows a paycheck for X amount of dollars
3 it should not be assumed that the person's annual income is
4 52 times that paycheck, because there are, as we know, many
5 seasonally employed people who would -- looking at the total
6 year's income -- be eligible.

7 So it was to emphasize that point that the word
8 seasonal was added.

9 MR. THURMAN: Doesn't that make sense, Glenn? It
10 seems to me that a fellow making good money in the fall could
11 be broke by the spring.

12 MR. STOPHEL: Well, I'm not sure that our regulation
13 gets to that point, though, does it? I had down, "What
14 period is the income determined on?" And I don't think we've
15 said, have we, in the regulations? Have we said to the pro-
16 gram what period of income they review?

17 MS. DANIELS: Well, the regulation talks in terms
18 of an annual income.

19 MR. STOPHEL: Yeah, but what annual?

20 MS. DANIELS: And it would be prospective, rather
21 than retrospective, but I think we should define the account-
22 ing period, and that is a period --

23 MR. STOPHEL: I do too. I really -- I don't know
24 if we're looking at W-2 income for the prior year plus bene-
25 fits, or whether we're looking to a projected financial state-

1 ment, or exactly what we're looking to, and I'm not sure how
2 we could use projections in this circumstance.

3 MS. DANIELS: What we're really concerned about is
4 the current resources of the person --

5 MR. STOPHEL: Right.

6 MS. DANIELS: -- from all sources. The past income
7 would not be relevant, except insofar as it would be reflec-
8 ted in the assets that the person has in terms of bank ac-
9 counts or other property that a program would be asked to
10 look at.

11 So what is relevant is to look at the present in-
12 come, and then to inquire as to whether there's a reasonable
13 expectation that that income will continue for the foresee-
14 able future for the next year.

15 MR. CRAMTON: Wouldn't it almost be better to phrase
16 it as you've really done, to phrase it as the current income
17 prospects of the individual, taking into account seasonal
18 variations, a predictable series of seasonal variations.
19 That points them to what you really want. I'm not sure if
20 you can or want to define a kind of accounting period. It
21 may vary. On some people it may be retrospective, and in
22 others it may be prospective, and you sort of look at them as
23 of the time they come in, and in terms of their current econo-
24 mic situation as of that time, and that takes them -- you
25 look at the past, because it's an index of the future, but if

1 the past is not an index to the future because now they're
2 unemployed, or the situation has changed, or there's seasonal
3 employment that they did used to get that they're not going
4 to get because of some trend that's happened in the economy --
5 I mean it's where they are right then, isn't it?

6 MR. STOPHEL: Yes, but we do have --

7 MR. CRAMTON: Why don't you say that?

8 MR. STOPHEL: -- to look prospectively. For exam-
9 ple, the company employee who's company has been on strike,
10 for example, for six months, I mean the guy may really need
11 services. But the strike may be settled next week and he
12 goes back and we've got that problem of either representing
13 him during the interim or not representing, and also if he
14 does go back to work he probably -- becomes ineligible. We
15 have the problem of bowing out, which is also a difficult
16 problem.

17 That's why I don't really know a good solution.

18 MR. CRAMTON: Next in terms of current income pros-
19 pects as a way of dealing with --

20 MR. STOPHEL: The only income prospects may be a --

21 MR. CRAMTON: The current income prospects of the
22 individual, taking account of seasonal variations. Do you
23 like that?

24 MR. SABLE: Yes, but I mean that's the way it's
25 done. The person comes in and you inquire about the stability

1 of his job, and sometimes people will say, "Well, I'm about
2 to be laid off," and you know, you sort of -- if it's been in
3 the papers at all that more people are going to be laid off,
4 that's one thing, and if he just has a hunch, then he's not
5 eligible.

6 MR. CRAMTON: The reporter has just reminded me
7 that we have to be more careful in asking members of the
8 public to identify themselves when they speak.

9 MR. SABLE: Excuse me. I'm Robert Sable, represent-
10 ing the Project Advisory Group.

11 MR. CRAMTON: Does the committee --

12 MR. KUTAK: Yes, surely again, Glenn, what we
13 have done throughout this regulation, and indeed happily
14 throughout all of the regulation, is read in a heavy note
15 of practicality to them, and so we don't get down into some
16 sort of audit procedure that is both counterproductive and
17 frequently demeaning.

18 And I think, however, that kind of an amendment
19 would be perfectly acceptable, because that was the spirit
20 and that is the sense of the regulation, and if my committee
21 would concur, let us read into 1611.5(b), one and all, the
22 new language, "Current income prospects of an individual,
23 taking into account the -- " and then track.

24 MR. CRAMTON: I guess the way it reads you can
25 leave out "of an individual," because you have stated that.

1 MS. DANIELS: Yeah.

2 MR. CRAMTON: It's supposed to be obvious on all
3 that?

4 MR. KUTAK: All right, "Current income prospects --

5 MR. CRAMTON: Current income prospects --

6 MR. KUTAK: -- comma, taking into account --

7 MS. DANIELS: I should point out that there are --

8 MR. KUTAK: You like that?

9 MS. DANIELS: Oh yes, I do. I think that that's a
10 good clarifying term.

11 MR. STOPHEL: We need to recognize that it is at
12 this point that we have our private bar -- not problems, but
13 we get very close to the people that the private bar is look-
14 ing to for support and payments, and while we would like to
15 represent the maximum number of people we can represent with
16 the money given us, and which we give out to the programs, I
17 think that we need to -- as is referred to many times in the
18 materials -- represent those who most need the help, and who
19 are least able to afford it.

20 And I have many people tell me -- and I'm sure all
21 the practicing lawyers at this table have people tell them
22 quite often, who are earning good incomes, that they can't
23 afford a lawyer. That doesn't mean that they can't afford a
24 lawyer. It simply means that they don't want to pay a lawyer
25 to do what he's supposed to do for them.

1 MR. KUTAK: I hear that every time I send out a
2 bill.

3 MR. STOPHEL: Yes, me too. Sometimes not in just
4 that language.

5 MR. KUTAK: Some of them can't afford you.

6 (Laughter.)

7 MR. KUTAK: By the way, Glenn, in regard to your
8 concern, that is picked up in the new regulation, 1620, and
9 which we do send out a procedure by which we would establish
10 the priorities and contemplate including in that not only
11 the prospective clientele, but also the interests and indeed
12 the views of the public department.

13 MS. DANIELS: Also I think that the committee
14 recognizes that there will be many questions that would come
15 up in the process of determining eligibility over a period of
16 time of the program, but the regulation doesn't ask that that
17 we -- and this regulation does not come without a history,
18 as Sam pointed out. The programs have a lot of experience in
19 administering the guidelines that they have received under
20 CSA, and many of these kinds of -- to the extent that the
21 structure permitted us to, basically, we felt that we'd leave
22 it to the programs to make this kind of practical day-to-day
23 decisions that have to be made, or to have an equitable ad-
24 ministration up there under the political guidelines.

25 MR. STOPHEL: In many respects I hope that every

1 program will not rely on its CSA history, but will reevaluate
2 its entire set-up with regard to these regulations. I think
3 this is needed in the field, and I know that it's just as
4 difficult for the local program to do this as it is for us,
5 but it's something that must be done, and I think that we
6 ought not make it easy to go back and rely on past history in
7 that respect, but to examine this regulation carefully and
8 come up with their own manual, so to speak. --

9 MS. DANIELS: Right.

10 MR. STOPHEL: -- on accepting clients in accordance
11 with these regulations.

12 In the group representation, 1611.5, I'm interested
13 in what a small fraction is in the determination of those
14 that are not qualified within the group. I think it says
15 that a -- is that a 1611.5?

16 MS. DANIELS: I think it's --

17 MR. STOPHEL: Oh was it?

18 MR. CRAMTON: Primarily composed.

19 MR. STOPHEL: Primarily composed.

20 MR. CRAMTON: Where are you reading?

21 MR. STOPHEL: That means a major fraction, doesn't
22 it?

23 MS. DANIELS: Yes.

24 MR. CRAMTON: I would think so. Where are you
25 reading?

1 MR. STOPHEL: 1611.5(d)(1), the group primarily
2 composed.

3 MR. KUTAK: And we agonized considerably over the
4 correct phraseology and terminology --

5 MR. STOPHEL: Yes.

6 MR. KUTAK: -- on that, Glenn.

7 MR. CRAMTON: IN the open-endedness of paragraph
8 two, do you really need the -- couldn't you leave out the
9 "primarily" and have the one alternative even "solely" or --

10 Isn't it paragraph two that gives the flexibility
11 and by opening up one aren't you running the possibility of
12 groups that --

13 MR. KUTAK: 51 percent composed?

14 MR. CRAMTON: Well, that have people that have
15 substantial resources?

16 MR. STOPHEL: We had a situation where a group in
17 a community wanted to fight a rezoning petition, and it was
18 a neighborhood that was changing its composition, and a num-
19 ber of the folks there were probably eligible for services,
20 but a number were in high middle class.

21 And the local group had the problem of "Is this a
22 group we can represent?" You almost have to identify number
23 and each individual's income status, and so forth, because
24 many times you really can't determine it.

25 MR. KUTAK: Our rationale was that first of all

1 it's discretionary, and second of all, you've got to get a
2 sense of the situation and it's conceivable, theoretically,
3 that you could have a very close-to-the-line judgment call
4 as to whether it's sixty percent against forty, or 75 and
5 25, and nobody would want to have to again get into that
6 administrative quagmire.

7 We wanted to communicate the fact that of course
8 it's discretionary as to whether it would be done, and the
9 test is only that it's certainly a substantial -- and I
10 believe -- I think that was one word we used originally --
11 and then we traded off substantial for primarily and felt
12 that we were giving them enough direction that they, within
13 their own resource allocation, could use their best judgment.

14 MR. CRAMTON: That was before an alternative got
15 opened up. It was very broad to take care of the community
16 development corporations, and so on.

17 MR. STOPHEL: What about if we used "and"?

18 MS. DANIELS: Well, whether the group is one that
19 comes within sub (1) as being primarily composed of persons
20 who are eligible, or under sub (2), as having its primary
21 purpose, in any event it must satisfy (3) by providing infor-
22 mation showing that it lacks and has no practical means of
23 obtaining funds to retain private counsel.

24 Now to make the change that would require that a
25 group either be a hundred percent composed of eligible per-

1 sons, or have its primary purpose, it seems to me would open
2 up possibilities that -- frankly, we're just not sure about,
3 because this has been out for comment in this form. It is
4 sometimes difficult to determine what the, quote, "primary
5 purpose" of a group is.

6 Neighborhood groups, for example, I find, frequent-
7 ly don't have the constitution or by-laws that states what
8 their purpose is, and yet they are composed perhaps over-
9 whelmingly of persons who are eligible.

10 Another reason for keeping the hedge there, saying
11 "primarily composed," is that many of the people who are
12 basically clients of legal services programs are people with
13 fluctuating income who can be eligible one week and not the
14 other, and go up and down in this way. And to have to show
15 that every member of a group is currently eligible for legal
16 services I think just would be an overwhelming burden and
17 would really terrifically hamper groups that validly are
18 entitled to receive legal services from receiving them.

19 MR. MONTEJANO: The point -- I really think you
20 have the position you want in (b)(3), "The group must provide
21 information that it has no means of obtaining private coun-
22 sel." Once that test is met --

23 MR. CRAMTON: But that test is so subject to mani-
24 pulation, and it seems to me that the mere statement by a
25 group that the free rider problem exists, and if you've got a

1 group that's composed forty percent of middle class people
2 and sixty percent of low income groups, all of which are com-
3 bining together to fight an income group, it's just a constant
4 effort of going around trying to raise the money, and because
5 of the free rider problem some people may think other people
6 will carry the burden for them, means it's going to be dif-
7 ficult to raise the money.

8 All right, that satisfies (3). That's something
9 that's always the case, even when the association is composed
10 of Glenn Stophels, Kutaks, and Glee Smiths, okay?

11 I just think it means nothing. ~~at all means nothing.~~

12 MR. MONTEJANO: Well, but also, you know, many of
13 these community groups are born and exist and survive and
14 become effective because they are able to obtain broad com-
15 munity support, and to deny groups like this, that are pri-
16 marily either composed of eligible clients, or organized for
17 the purpose of helping eligible clients, to deny them access
18 to legal services, through the corporation, merely because
19 they now have the sophistication to obtain broad-based sup-
20 port in the community, I think really inessence tends to
21 destroy or discourage organizing these groups, and frankly,
22 we're learning that the better organized we are, the more
23 results we get, and if you change this regulation I think you
24 tend to discourage or destroy the ability of the eligible
25 clients who would otherwise not have an effective voice in the

1 government, or the process, to deny them that access.

2 And I think this particular portion of the regula-
3 tion is extremely important for that reason. I suggest that
4 we not -- we should not discourage, and rather we should
5 encourage the formation of these typesoof groups.

6 MS. DANIELS: Also --

7 MR. SMITH: But --

8 MS. DANIELS: I'm sorry.

9 MR. SMITH: But couldn't you really just leave out
10 (d)(1), because actually any group would meet the test of
11 (d)(2), wouldn't they? If they were going to be eligible.
12 I really don't see for sure how they could eligible under
13 (d)(1), which then says, "Or (d)(2)." I don't see how they
14 could meet the test unless they were eligible under (d)(2).

15 MR. KUTAK: Well, there may be a group that is
16 not -- that does not have its primary purpose, but does
17 certainly have a composition of persons, primarily.

18 MR. SMITH: But it's going to have to have the
19 purpose of "furtherence of the interests of persons unable
20 to afford legal assistance," isn't it? Or else it isn't
21 going to have any purpose to justify --

22 MR. KUTAK: Well, the question is whether that
23 would be its primary purpose, or whether that would be a
24 related purpose. We wanted to be sure, again, and backing
25 up but not losing sight of our broad goal here, is to set

1 some realistic guidelines, and give the greatest degree of
2 flexibility consonant with the constraints that the legisla-
3 tion imposes on us.

4 We were not trying to tie people down so that it
5 becomes sort of a slide rule calculus that needs determination,
6 but needs a lot of computation to figure out whether you can
7 move, or whether or not you are within some broad spirits of
8 serving the poor, either by composition, by purpose, and by
9 inability to obtain.

10 MR. SMITH: Well, I think if we leave (d)(1) in we
11 need the word "primarily," then.

12 MS. DANIELS: I think that (1) and (2) really
13 should be retained. With (d)(2), for examples, programs are
14 called on from time to time by a group that for example wants
15 a legal assistance in setting up a cooperative childcare pro-
16 gram within the neighborhood, and perhaps needs advice about
17 how -- what regulations they'd have to meet in terms of faci-
18 lities, or legal liabilities for injury to child -- or what-
19 ever.

20 It would be hard to say whether a group like that
21 had as its primary purpose furtherence of the interests of
22 persons unable to afford legal assistance. In one sense,
23 perhaps, anything that is of interest to poor people would
24 come within (2), but in another sense there's such a broad
25 reading of (2) that we really wouldn't want to rely on that.

1 As far as (1) goes, the "primarily composed," we
2 really have to think about the problems of programs in ad-
3 ministering regulations, and also to recognize one of the
4 important functions that regulations serve. I've discovered
5 that as we get inquiries and complaints from time to time for
6 members of the public or members of the bar about activities
7 by legal services programs, that if we are able to say that
8 the program has not violated our regulation, that is usually
9 accepted as a complete and satisfactory answer.

10 The concern frequently is not necessarily with
11 what the program's doing, but whether what the program is do-
12 ing is authorized by the corporation.

13 Now, to require that 100 percent of the members be
14 eligible would be to create a standard that would be so hard
15 for the program to administer than programs would be constantly
16 subject to the criticism that they had violated that part of
17 the regulation.

18 MR. KUTAK: We certainly don't want to convert our
19 legal service lawyers into a mass of Philadelphia lawyers
20 reading an indenture. You know, that's the thrust of this
21 thing. And to give them some direction, and certainly some
22 constraint, but not to be so tight-knit that we are really
23 frustrating an honest and legitimate purpose that they in
24 their discretion feel that they ought to serve if it meets
25 these broad litmus tests.

1 MR. SMITH: Well, if you required unanimous compo-
2 sition being poor people then you would foreclose a lot of
3 groups of accepting valuable contributions of a person of
4 means, a public spirited person, public service oriented per-
5 son, who might contribute a lot to the group, and should be
6 allowed to without his very presence, just one person, making
7 that group therefore ineligible.

8 And I think that would be a foreclosure that would
9 be damaging to a lot of good groups and organizations.

10 MR. STOPHEL: It creates a lot of problems on the
11 basis, though -- you know, you've got for example a member of
12 the board who's gone on to be a wealthy individual, and the
13 Legal Aid Society represents it, it represent the group in
14 some way, and this gets in and you've got -- it seems to me
15 that it's just an unnecessary controversy.

16 I realize that group representation is a major pro-
17 blem in any way you go at it, and I don't have any real -- I
18 have written down that perhaps we could limit the legal ser-
19 vices to be rendered to those that would further the purpose
20 as in (d)(2), but I'm not sure that alleviates the problem,
21 necessarily.

22 MR. SMITH: Well, what I was thinking of a while
23 ago, about dropping (d)(1) and changing (2) to read "has one
24 of its primary purposes," so that it wouldn't have to be "the
25 primary purpose." But a group can have more than one pri-

1 MR. STOPHEL: Well, we can see how this operates,
2 I guess.

3 MR. SMITH: I really think after all the discussion
4 that I prefer it like it is, leaving the word "primarily" in
5 there.

6 MR. STOPHEL: I think it sounds all right to me.

7 MR. EHRLICH: This is one regulation that I think
8 we can be sure will be subject to fairly organized committee
9 review six months or a year from now. I think it's fair to
10 say everyone will be potentially subject to review, but I
11 would assume that this one -- whatever else -- you're going to
12 really want to look at.

13 MR. KUTAK: I think to the degree that Glenn keeps
14 delivering the goods, we're going to have to keep reviewing
15 this regulation.

16 MR. STOPHEL: I guess when you get to the nuts and
17 bolts of the regulation on this it has to do with the maxi-
18 mum income level.

19 As I understand the materials that we received, the
20 pverty line would mean that we had approximately 24 million
21 eligible clients, and 125 percent of the pverty line would
22 mean approximately 36 million eligible clients.

23 MS. DANIELS: 34.6.

24 MR. STOPHEL: 34.6.

25 MR. CRAMTON: Mr. President?

1 MR. EHRLICH: The figure of 24 million is at best
2 a rough estimate. The more recent figures we saw would in-
3 dicate that it's now higher than that, but it well may not
4 be, and -- I don't want to keep emphasizing this. We'll get
5 to it when we talk about figures generally -- no one from
6 the 1970 census to the next full census can say I think exact-
7 ly what those figures will be.

8 MR. STOPHEL: Well the point I was going to make
9 was, given the resources available today, to this corporation,
10 and in the near future, I question that we ought to broaden
11 the number of eligible clients until we have at least raised
12 the level of services available to those who are eligible
13 under the poverty line, given flexibility to the corporation
14 to permit programs to use higher than the poverty line. I
15 realize that I'm simply suggesting a reduction in the stan-
16 dard, but leaving the flexibility to permit increases above.

17 I looked at the charts that we have, and of those
18 programs surveyed it appears that only seven were above 115
19 percent of the line, for example.

20 We're not dealing with that large number of pro-
21 grams, and it seemed to me that we're lending some credibi-
22 lity to ourselves if we limit ourselves in the number of
23 eligible clients until we can say we're doing a better job
24 of serving those who are eligible, instead of opening to ten
25 million or nine million, or whatever else it is, other people

1 that we also can't serve very well.

2 MR. THURMAN: Along that line, which is our primary
3 directive here? The statutory section that says the eligible
4 client is any person financially unable? Now that's a much
5 broader one. I can see how that could fit in the 125 percent.
6 Or was it the section that said persons least able are to be
7 given preference?

8 Now, can we justify the 125 percent under that
9 second directive?

10 MR. STOPHEL: That's really the question I'm get-
11 ting to, because I think that though they are somewhat in-
12 congruous, until we have a sufficient financial base to move
13 beyond the least able to afford class -- and I realize that
14 there are good strong well-developed arguments for even a
15 higher than 125 percent, and I read those and found myself
16 quite impressed with them. And yet you come back to the fact
17 that we're not doing -- we keep referring to the inadequacy
18 of our representation in our budget submission and other
19 places, and I'm just wondering if perhaps we ought not draw
20 back until we have sufficient funds to move into the higher
21 thing.

22 MR. KUTAK: I think, Glenn, the -- and of course
23 you're absolutely right in saying that this is the pivotal
24 question, the fundamental question the committee has strug-
25 gled with, heard an enormous amount of testimony on, and

1 listened at really great length to what was submitted.

2 The basic idea here was -- I don't think it could
3 have been more eloquently stated than it was by one witness
4 representing the National Clients Council at our October 18th
5 meeting -- that it is really important for the welfare of
6 the corporation and the cause that it serves that we do not
7 constrict efforts to serving only the welfare poor, albeit
8 that the welfare poor need our services, that if we set our
9 sights because our resources were limited to just that cate-
10 gory we would be counterproductive in the effort to attend
11 to the differing communities of the poor, all of whom are
12 really helpful in broadening the kind of practice and the
13 kind of force and influence this organization exercises in a
14 community.

15 Were we to simply say because we don't have enough
16 money we should only consider the poorest of the poor we
17 hurt the capacity of our program really to help the poorest
18 of the poor. It's rather a paradox, but it is -- it really
19 is a very revealing insight. At least I felt it was one of
20 the more insightful observations made.

21 Your argument has such appealing rationality to it
22 that we all, I think, started from the same premise. As we
23 got into the realities of the program operation we found that
24 it was needful to have the recognition taken, and therefore
25 the standard sufficient, that this concept of the poor is very,

1 very elusive, and that if we simply guided ourselves by pre-
2 sent shortages of resources we would be really hurting our
3 capacity to serve a varying kind of poor in the community
4 that would not only have benefit to our program by being
5 able to do different things, but it would have a really -- by
6 being able to reach different constituencies of the poor we
7 would be able indeed to help the poorest of the poor by
8 broadening that perspective.

9 It was a very insightful observation, and I must
10 say that it was as telling as any argument made to us as to
11 the good logic to recognizing the experience and the practi-
12 cality of the situation out there in the field.

13 MR. CRAMTON: Mr. Montejano?

14 MR. KUTAK: Rudy -- excuse me, Mr. Chairman. I'm
15 acting like the regulation committee here.

16 MR. MONTEJANO: Just following up on that point,
17 I think we have to be careful not to let this appropriation'
18 become just another poverty program. I think it's important
19 that we look at it as the unique program offering high
20 quality unique services to a very needy group.

21 If we're not careful then we fall into this pover-
22 ty program mentality, and that's how we're going to be, and
23 I don't think that's what we want to be. I don't think
24 that's what we're going to be.

25 The poverty program mentality I think leads to a

1 lessening of the respect and dignity not only that we have
2 for ourselves, but especially for the clientele, and the
3 clientele deserves as much respect and as much dignity as
4 the clientele coming into our private offices, so if we're
5 not careful -- and one of them is -- we do see the level of
6 eligibility -- I think will put us into a box that we'll have
7 difficulty breaking out of.

8 I don't think that's what we want. I know that's
9 not what the clientele wants out of the communities. They
10 want to be serviced by high quality attorneys, high quality
11 facilities, high quality everything, and we're not going to
12 do it if we consistently take a look at ourselves as just
13 another poverty program.

14 Now on your point, Sam, as to unable, or least
15 able, I think you have to take a position that beyond a cer-
16 tain point everyone is least able. That's -- if we draw the
17 line at 7500.00 or wherever, everyone beyond that point, or
18 lower than that point, is least able. They all fall within
19 that definition. I don't think we can have a sliding scale.

20 Someone making \$3,000.00 I don't think is any less
21 poor than one making 4,000.00 when it comes to affording
22 legal services. They are both equally unable, and both equal-
23 ly least able. They're poor. There really is no such thing
24 as "the poorest of the poor" after a certain point. You are
25 poorest, and when you draw the line at 150, 125, or 100, it

1 doesn't matter. They are so poor they can no longer afford
2 services, and it doesn't matter whether you pick (a), (b), or
3 (c), because one makes a thousand, one makes two thousand,
4 one makes three thousand, they are the poorest of the poor,
5 all of them, so I think we have to take a look at that type
6 of concept, otherwise we'll start with those making minus
7 dollars per month, and then we'll take those first, and then
8 take those who make \$1.00 per month, and then \$2.00 per month,
9 and that just isn't realistic.

10 We know at a certain level some people are absolute-
11 ly poor and cannot afford services, and they are all equally
12 poor. I think that's probably a more realistic way of ap-
13 proaching it.

14 MR. STOPHEL: We're a unique program in the use of
15 government funds in that at some level -- and I'm not sure
16 what the level is either -- we are in competition with the
17 private enterprise that renders the same service.

18 MR. MONTEJANO: At some --

19 MR. STOPHEL: Which is unique, and not like the
20 typical government-supported program.

21 MR. THURMAN: Isn't it the same with medical?

22 MR. STOPHEL: I don't know, Sam. In certain pro-
23 grams there might be specifically -- you go to the private
24 physician who perhaps is reimbursed or compensated by Medi-
25 care, or some other way, but I don't think that we're the

1 same as the government-employed doctor, of which there are a
2 few, I suppose.

3 MR. MONTEJANO: It may differ by regions, but I
4 find more in our area, and I see more of it because of my
5 own background. Our problem is not the competition from the
6 Legal Services Program, it's the inability of the Legal Ser-
7 vices Program to handle the people that come into my office.
8 I can only do so much free work, or reduced fee work, and
9 after -- beyond a certain point I can't do any more, and many
10 members of the bar won't take those cases, so you find a tre-
11 mendous amount of people that simply are without legal ser-
12 vices.

13 They have no access either to my office, because I
14 can't do any more free work. They can't get into the large
15 law firms. They can't go down to the legal aid programs, so
16 the problem, I think, in our area -- and in most of the urban
17 areas, probably -- is not competition with the bar, it's
18 frankly people who just can't get service at all.

19 MR. STOPHEL: That's true to a much higher income
20 level than any we've talked about. Certain kinds of cases
21 you just can't get representation for an amount you can af-
22 **ford** because it's an expensive type of litigation. And of
23 course this greatly depends on the local program's view of
24 what kind of services they should render, and we get into the
25 priority or resource allocation, which each of them has to

1 make some hard decisions on.

2 So it is a difficult decision. But the -- I guess
3 millions of people are probably at or near the minimum wage,
4 which for a family of four, if there's only one worker in
5 the family, would mean the person earning minimum wage would
6 be eligible for our services, so I think that includes mil-
7 lions of people who are employed and who are not dependent
8 solely on governmental benefits.

9 MS. DANIELS: In addition to the statutory defini-
10 tion of an eligible client, and the directive to give priori-
11 ty to those least able to afford legal assistance, there are
12 other statutory provisions that have to be given considera-
13 tion.

14 The statute requires that geographic differences
15 in cost of living, and urban and rural differences, be taken
16 into account in establishing maximum income levels, and as
17 we learned from Betty Mahoney, the current poverty level
18 does not measure differences in geographic cost of living,
19 and there is no measure that does. So it is essential, and
20 the Senate report indicated it was contemplated by Congress
21 that some responsibility would be put on the programs to
22 assess local circumstances and to set the standard that would
23 be roughly commensurate with the poverty line in the area.

24 Our experience in the past, and the letters that
25 we've gotten, indicate that the programs are pretty sensitive

1 to the importance of not taking on more than they can manage,
2 so to speak. The head of the Atlanta Legal Aid Society wrote
3 and said, "Well, I don't care what maximum the corporation
4 sets, our program will not go above 75 percent of the poverty
5 line, because right now the population in Georgia below that
6 line is just so tremendous."

7 We did get fourteen letters from program directors
8 in other parts of the country who said that they thought 125
9 would be too low, is less than they now are serving. In other
10 areas of the country the experience of programs is consistent
11 with what Rudy says, that programs are criticized by the bar
12 for not handling clients who in fact are not income eligible,
13 and yet can't afford private legal services.

14 MR. STOPHEL: Can't we handle that by a specific
15 request by programs? I mean we're doing that. As to 125
16 percent, you're saying you're at the 125, but you can ask for
17 a higher authority. All I'm saying is why don't we look at
18 those above the poverty line and let them request? If they
19 can establish a need, fine, the corporation grants it.

20 I just think that we're -- if we're going to grant
21 permission above 125 we can certainly grant permission above
22 the poverty line. We would simply be granting more permis-
23 sions. But we would look at --

24 MR. CRAMTON: The difference to the public that want
25 to address this subject, and Charles Jones --

1 MR. STOPHEL: Well, unless they're going to persuade
2 somebody besides the committee members, who have heard them,
3 I don't --

4 (Laughter.)

5 MR. STOPHEL: I just don't think we particularly
6 need to hear them.

7 MR. JONES: Mr. President, my comments really went
8 to your issue of incongruity, if you will, of saying on the
9 one hand that you didn't have sufficient funds to serve.

10 I think it's important to keep in mind that alloca-
11 tions are made to programs on the basis of a hundred percent.
12 A program may set its eligibility up to 125 percent now.
13 It's already suggested that very few, in fact, do, but I
14 think it's important to keep that flexibility for programs
15 without the necessity of having to come to the corporation
16 for an exception, because there may be circumstances where
17 it is necessary for a program to provide representation up
18 to 125 percent.

19 I think the important thing, again, is that all of
20 our allocation decisions are based upon the hundred percent
21 figure. That then permits some variation by program, but
22 then it becomes a question of how the community identifies
23 its priorities.

24 An example may be that the community has decided
25 in a particular area that housing isn't particularly a pro-

1 blem, and they ought to have flexibility to deal with people
2 up to that 125 percent if that is their choice.

3 The reality is -- as has been suggested repeatedly
4 -- that the problem that most programs have, even at a hun-
5 dred percent, in terms of representation of clients, is a
6 continuing problem for them. I understand the concern for
7 the local bar, and having the bar feel that the program is
8 competing with them, but I think in fact more recently our
9 experience suggests that we get calls from the bar saying,
10 "Why don't you handle this person whose income is such-and-
11 such?" And so we're -- in a way, we're between a rock and
12 a hard place, but I do think 125 percent allows for sufficient
13 flexibility.

14 Your concern in terms of the hundred percent is, I
15 think, met in terms of the fact that our allocation is based
16 upon that. It's not an easy thing, but I think you should
17 get some comfort by the fact that there are very few pro-
18 grams who as a general rule go to 125 percent.

19 MR. STOPHEL: In my area we're not going to have
20 the problem, because nobody's anywhere near this level. I'm
21 not concerned about that.

22 But what I would like for this corporation to be
23 able to say upon a request is we reviewed the materials these
24 folks submitted, and they were obviously entitled to a higher
25 standard. Okay?

1 And at what point do you do that? We're suggest-
2 ing, the committee is suggesting 125. I'm suggesting we go
3 to the poverty line, and that there be a submission as to
4 everything above that, because then we have compelled the
5 program really to examine why they want to go higher, and if
6 they submit it and we approve it -- and I'm talking staff
7 approval -- then we have it in our documentation and I think
8 that it is the point at which -- I don't think the corpora-
9 tion's going to have any difficulty, in many of these areas,
10 going higher.

11 MR. JONES: But you know, the interesting thing
12 about that, what that may compel is all programs coming in
13 and asking for 125 percent. My judgment is that they can
14 justify it in terms of local differences, or at least those
15 programs that they move.

16 The reality is that most situations may, in fact,
17 be that under certain circumstances, or particular kinds of
18 cases, they want the flexibility to go to 125. I would hate
19 for us to have to approve in effect each time they wanted
20 to go to a case. They would hate it, and I suspect that what
21 they would do is all try in these areas where the cost of
22 living does in fact vary, I would suspect that most of them
23 would come in and request a waiver. And most of the time not
24 use it at all.

25 I think for a variety of reasons, including very

1 practical reasons, we're probably much better off allowing
2 the flexibility suggested here, rather than seeking approval,
3 or rather granting approval or program by program.

4 MR. CRAMTON: Excuse me, the stenographer needs to
5 know who's talking. He introduced himself as Mr. Charles
6 Jones.

7 My plan was to take a coffee break at about this
8 time. As I understand it, we're in a general discussion among
9 members of the board of this proposed regulation. There may
10 be -- no proposed amendments or changes have been made as yet.
11 I think we will have an opportunity for public discussion,
12 but I think first it might be desirable if members of the
13 board have questions and express their views, and we went
14 through that process, and then opened up a period of public --
15 if that's agreeable to members of the board -- of public
16 discussion of some of the same issues.

17 MR. STOPHEL: I only wanted to make one other point
18 with regard to the confidentiality of the material, and per-
19 haps I'm thinking of our audit function to the Comptroller's
20 office, and I think that the form signed by the client should
21 waive the confidentiality of that material as to employees
22 of this corporation, as well as employees of the recipient.

23 MS. DANIELS: The statute would really prohibit
24 that. The statute says that neither the corporation nor the
25 Comptroller General shall have access to information protec-

1 ted by attorney-client privilege.

2 MR. STOPHEL: Well now wait a minute. What finan-
3 cial information as to determine eligibility is privileged
4 under the attorney-client?

5 MS. DANIELS: Oh, I'm sorry. We will see the finan-
6 cial eligibility information, but we will not see it in a
7 form that identifies the particular client. In other words,
8 I think the form that's envisioned is one that might have
9 carbon copies, and that the name and identifying information
10 of the client might be in a part that did not go through to
11 the second sheet, which listed all the financial -- the as-
12 sets or financial eligibility questions, and those we would
13 have access to. But we would not know the name or any other --

14 MR. CRAMTON: Well, I'm not particularly concerned
15 about names.

16 MS. DANIELS: Yes.

17 MR. CRAMTON: But all the information with regard
18 to eligibility would be there.

19 MS. DANIELS: Oh, definitely.

20 MR. CRAMTON: Okay.

21 MR. THURMAN: Mr. Chairman. A rather basic ques-
22 tion. I recall when the OEO programs first started that per-
23 haps the most common complaint you got around the country
24 was that well, "You're taking bread out of our mouths. You
25 are handling clients that could be fee generating."

1 Either that, or they feared that. Now did I gather
2 that the objection now -- and I'm concerned that we take a
3 look at how the practicing bar takes a look at what we're do-
4 ing. Am I envisioning now the situation of more complaints
5 that we aren't handling enough, such as Rudy was making?

6 MR. MONTEJANO: I think that depends on the area.

7 MR. STOPHEL: It's not the general practice's idea
8 of the thing, I don't believe.

9 MR. MONTEJANO: I think probably it depends on the
10 area, and then on the type of case.

11 Now we have to be sure that the corporation does
12 not take a fee generating case -- personal injury I think is
13 a classic example of that.

14 MR. STOPHEL: We have other regulations that take
15 care of that.

16 MR. MONTEJANO: And I think there are unfounded
17 fears that the corporation would take away paying clientele.

18 I think experience has borne out that that's not
19 really the case, and in fact in many cases --

20 MR. THURMAN: But what's the bar's perception on
21 what we're doing? Has anybody got a feel on that?

22 MR. MONTEJANO: Not of the bar. I could tell you
23 experiences with private attorneys who because of the nature
24 of their practice come into contact with more of these type
25 of clientele than many other members of the bar who never

1 even see, or even know they exist. Now I'm talking about the
2 ones who have to deal with them, and --

3 MR. KUTAK: I think that perception is pretty much
4 corrected, and I think really when you hear that argument
5 today it's being raised because of the effectiveness of the
6 legal services program, and they'll throw any argument up in
7 order to block it or obstruct.

8 Those -- the regulations are clear with respect to
9 the actualities of it, and we do really have a fee-generating
10 case it's taken care of elsewhere. Those who raise that
11 argument are against legal services, and they're throwing
12 this up as an argument, but it just doesn't stand scrutiny,
13 much less --

14 MR. STOPHEL: I wouldn't use that broad a category,
15 Bob, that "they" are against legal services if they --

16 MR. KUTAK: Well, the fact is it's really just the
17 contrary, because anybody that needs those legal services we
18 know could -- just are not getting them today, and so when
19 they raise that argument they're really -- they're -- I say
20 "they." When their argument is heard it normally is because of
21 the effectiveness of the program, not because of the depriva-
22 tion of legal services by the private party.

23 MR. SMITH: I certainly feel that in my area of
24 the country all of the complaints, really, that I hear are
25 that Legal Aid isn't doing enough, and that they should be

1 doing more, and I don't hear any complaints from the private
2 bar saying that legal aid is taking away clients.

3 MR. KUTAK: But when they get started you hear
4 those kind of things.

5 MR. SMITH: No, I really don't. I hear a lot of
6 agitation for more programs and more service, more help,
7 because private bar doesn't think enough is being done, and
8 certainly I never heard of any instance that the private bar
9 thinks they're losing clients.

10 MR. KUTAK: We did. When the Legal Services Pro-
11 gram got started in Omaha those shibboleths were raised, My
12 God, this is hurting the private bar.

13 MR. SMITH: Philosophical, yeah.

14 MR. KUTAK: As you say, once the legal services
15 program got into operation the bar dropped those arguments,
16 and you never heard them except when, of course, they had no
17 other arguments to raise against the legal services corpora-
18 tion when they were being effective in representing the poor
19 client in that community.

20 MR. CRAMTON: What about a coffee break, first?

21 MR. MONTEJANO: Let me make just one point, okay?

22 MR. CRAMTON: All right.

23 MR. MONTEJANO: Let me -- I have an example. In
24 Orange County, almost two million people --

25 MR. : Now there's a typical county.

1 MR. MONTEJANO: Right.

2 (Laughter.)

3 MR. MONTEJANO: A high --

4 MR. STOPHEL: Strong Republican area.

5 MR. MONTEJANO: Unfortunately. A high Mexican-
6 American population, very, very high. Not affluent. When I
7 first got there there were two Mexican-American attorneys,
8 one other fellow and myself. Now we have maybe eight, nine.
9 Never once have any of those Mexican-American attorneys ever
10 complained about the legal aid program, but if anyone would
11 it would have to be us, because we're the ones who would be
12 dealing in this area. We've never heard one Mexican-American
13 attorney in that area say that we're taking away business
14 from our practice.

15 If we're not complaining, I don't see why Melville
16 and Meyer, or anybody else would or should complain.

17 MR. CRAMTON: We will recess for no more than ten
18 minutes, take a stretch and coffee, and then proceed until
19 12:30 when we'll break for lunch.

20 MR. STOPHEL: I'd like the corporation to start
21 furnishing a Goke break for those non-coffee drinkers.

22 (Whereupon, a brief recess was taken.)

23 MR. CRAMTON: -- and perhaps to have amendments to
24 the proposed regulation that would be embodied in that regu-
25 lation, proposed, and those -- they raise specific issues to

1 open up the opportunity for public discussion on those speci-
2 fic issues.

3 MR. KUTAK: Well, Mr. Chairman --

4 MR. CRAMTON: Mr. Kutak?

5 MR. KUTAK: First of all, I move that we make two
6 technical amendments -- in fact, three that I can think of.
7 One on section 1611.2, the definition of income, to delete
8 the word "related" before "family unit." 1611.3, notice that
9 we have actually three -- two C's, and the second of the C's,
10 of course, should be (d), and then on 1611.5(b), one in the
11 hole, before the -- insert the words "Current income pros-
12 pects, taking into account the," and then tracking up.

13 I first move that those technical amendments --

14 MR. CRAMTON: I'm sorry, Bob. Give me that one
15 again. 1611.5(b)?

16 MR. KUTAK: (b), when in the hole. Insert the
17 words, "current income prospects, taking into account -- "

18 MR. CRAMTON: Okay.

19 MR. KUTAK: "-- the -- "

20 MR. CRAMTON: I've been advised by some people who
21 are sitting in the back that they're having great difficulty
22 hearing members of the board, and -- because we're talking
23 too much to each other. Try to -- let's all try to project
24 a little bit so that the members of the public can hear us.

25 MR. KUTAK: Any trouble hearing me?

1 (Laughter.)

2 MR. STOPHEL: Shall we assure them they aren't
3 missing much?

4 MR. KUTAK: At any event --

5 MR. CRAMTON: Is there -- have you finished your
6 motion?

7 MR. KUTAK: I move those three technical perfecting
8 amendments be adopted.

9 MR. MONTEJANO: Second.

10 MR. CRAMTON: Well, can we adopt those by unanimous
11 consent, or --

12 MR. KUTAK: Okay, that's --

13 MR. CRAMTON: All right, those are --

14 MR. KUTAK: Then, Mr. Chairman, I would move the
15 adoption of regulation 1611. It would be, of course, in our
16 usual form, adoption to -- I guess the technical would be
17 to publish in a final form as we have just amended them for --
18 I guess just publish them in final form.

19 MS. DANIELS: To become effective thirty days after
20 being --

21 MR. KUTAK: To become effective thirty days there-
22 after.

23 MR. CRAMTON: Fine. Is there a second?

24 MR. MONTEJANO: Mr. Chairman, I will second the
25 motion, with a brief comment. It was my position at the com-

1 mittee meetings -- and still is -- that the income level
2 should be at 150, and I think that there are very good argu-
3 ments for that position, and they're laid out in the General
4 Counsel's manual.

5 I won't go into them in detail. It was my posi-
6 tion further that if there was not substantial support for
7 the 150, then I would fully support the position of the
8 committee. I do not sense any substantial support --

9 (Laughter.)

10 MR. MONTEJANO: -- for the 150, and therefore I
11 wholeheartedly second, endorse, and recommend the 125.

12 (Laughter.)

13 MR. : Do I hear 140?

14 (Laughter.)

15 MR. CRAMTON: Mr. Kutak's motion has been seconded,
16 and regulation part 1611 is before you for discussion. Are
17 there amendments?

18 MR. STOPHEL: Although it appears I've been a
19 Devil's advocate this morning, I'm strongly in support of
20 legal services being provided.

21 (Laughter.)

22 MR. : We know that.

23 MR. STOPHEL: I do, however, think that we need to
24 maintain a form of review, if you will, over those programs,
25 particularly those in new areas which we hope to be able to

1 fund with the new budget proposal in areas where they are not
2 now programs, and therefore, I believe that it would help us
3 in some of those areas to be able to say that we're at the
4 poverty line, except when this corporation has reviewed and
5 approved a higher standard.

6 Therefore, I move that the words "125 percent of,"
7 in section 1611.3(b), be deleted.

8 MR. CRAMTON: Is there a second?

9 (No response.)

10 MR. CRAMTON: The motion fails for want of a
11 second.

12 MR. STOPHEL: All right. The only other amendment
13 that I would propose is in 1611.4(b), and relates to the
14 loss of benefits section, and the specific wording would --
15 after the word "poor," just before the semicolon, add "pro-
16 vided that the loss of such benefits will result in the per-
17 son's total gross income falling below the maximum income
18 level established by the corporation."

19 I move the addition of those words as an amendment.

20 MR. CRAMTON: Would you read it again, Mr. Stophel.

21 MR. STOPHEL: Yes. "Provided that the loss of such
22 benefits will result in the person's total gross income fall-
23 ing below the maximum income level established by the corpor-
24 ation." This is the point that I made earlier, the fact
25 that I thought that if the loss of benefits would reduce them

1 below the maximum, then they should be represented, but not
2 an automatic representation, regardless of whether it was
3 below.

4 MR. CRAMTON: Is there a second?

5 (No response.)

6 MR. CRAMTON: I'm in the curious position of in-
7 clining to favor this amendment. I'm disinclined to parti-
8 cipate because of my role as chairman.

9 MR. [REDACTED]: I'd suggest you let the president as-
10 sume the chair

11 MR. SMITH: I don't think your role as chairman
12 limits your participation one bit, voting, discussion, mo-
13 tion, or seconding. Not a bit.

14 MR. [REDACTED]: I would agree.

15 MR. CRAMTON: Well, I will second the motion in
16 order to get it on the floor and allow it to be discussed.

17 MR. SMITH: You made some statement, Glenn,
18 about providing automatic, doesn't the word "may" appear to
19 prevent that from being automatic?

20 MR. STOPHEL: Well, it establishes automatic eli-
21 gibility. In other words, the program is the one that says
22 may, if it elects, but this establishes an automatic eligi-
23 bility for a specific prospect as client.

24 MS. DANIEL: The program would still have to look
25 at the individual factors listed in 1611.5, and I'd just like

1 to point out one effect of that amendment, which might lead
2 to -- you to want to expand the amendment, but at any rate,
3 if we were to make the change that you suggested in (b), and
4 retain (c) as it is, you'd have the curious situation that
5 a person who is receiving benefits from the program would
6 be entitled to legal assistance with respect to any issue
7 except loss of those government benefits.

8 MR. STOPHEL: My next motion, if this one is adop-
9 ted, will --

10 MS. DANIEL: It might be.

11 MR. STOPHEL: -- will take a look at subsection (c),
12 but I didn't think it was any use to bring that up at this
13 point.

14 MR. KUTAK: Well, I think the board has heard from
15 me and the committee probably enough on this point, and is
16 familiar with the arguments. The thrust, however, of our
17 case is that we are cutting out a reasonable jurisdiction for
18 the recipient to operate in with a minimum of administrative
19 morass and with a maximum of flexibility, looking forward to
20 the time when the program can and hopefully -- with Glenn's
21 able directions -- will grow to respond to an increasing
22 constituency.

23 We are not suggesting that these authorized excep-
24 tions will become the theme or the thrust of the day, but we
25 do -- what we're trying to do is avoid as many hard, diffi-

1 cult, counterproductive delineations, and build a foundation
2 on which we hope as the program grows we can level out and
3 remove the distinctions and invidious comparisons between
4 income groups.

5 Therefore, it really seems to us that in the in-
6 terest of giving the local program, within its own priorities,
7 and among its own criteria, enough flexibility not to be
8 hamstrung by another constraint that will -- I think --
9 create counterproductive differences.

10 MR. SMITH: In my experience too -- we're talking
11 about a very limited number of situations in a highly spe-
12 cialized field where I find the private bar doesn't want to
13 be involved. They don't want to serve this kind of situation.
14 It's small in number, highly specialized, and not very lucra-
15 tive at all, to say the least. And the private bar doesn't
16 want it. And so I think we might leave these people in a
17 position of not being able to really get service because the
18 private bar doesn't want them and the legal aid couldn't
19 take care of them.

20 MR. CRAMTON: Is there further discussion? Are you
21 ready for a vote on the amendment?

22 (No response.)

23 MR. CRAMTON: All those in favor of the amendment
24 please say aye.

25 (Aye responses.)

1 (Laughter.)

2 MR. : Do you wish to change your vote?

3 MR. CRAMTON: All those in favor of the amendment
4 please say aye.

5 (Aye response.)

6 MR. CRAMTON: All those opposed, no.

7 (No responses.)

8 MR. CRAMTON: The amendment is defeated.

9 MR. STOPHEL: Well -- Mr. Chairman you're going
10 to have to stop explaining the votes.

11 (Laughter.)

12 MR. THURMAN: Before we leave (b), just as a mat-
13 ter of grammatical clarity, at first blush, when you read
14 this thing it says "seeking legal assistance to obtain or
15 present." Now they seem the opposite if you say they're
16 modifying the loss of benefits. I know what's meant here.
17 I think we should have a comma after "obtain" and a comma
18 after "loss of."

19 MR. CRAMTON: Well, I would suggest that you --
20 Ms. Daniel is our stylist -- that the word secure be substi-
21 tuted for "obtain or prevent the loss of." It surely applies
22 to both, and its much -- obtaining or preventing the loss of.
23 It's much simpler. The grammar here bothers me. If that's
24 acceptable, she will just --

25 MR. THURMAN: No problem, no problem.

1 MR. CRAMTON: That's in place of "obtain or pre-
2 vent the loss of."

3 MR. KUTAK: We get paid by the word.

4 (Laughter.)

5 MR. CRAMTON: Are there further amendments to be
6 proposed?

7 MR. STOPHEL: In 1611.5(b), which relates to those
8 mandatory factors that must be considered, have we covered
9 all of those that in the statute? For example, the cost of
10 living in the locality, is it covered here?

11 MR. CRAMTON: That's in 2.

12 MR. STOPHEL: I'm sorry.

13 MR. CRAMTON: That's in 1611.3.

14 MR. SMITH: Incidentally, did we formally adopt
15 the change in language of (b)(1)? We talked about it, but
16 did --

17 MS. DANIEL: Yes we did.

18 MR. SMITH: So we've got -- I see. That's inter-
19 esting.

20 MR. CRAMTON: I might raise a question in connection
21 with 1611.3(c) that I would like to have included, and this
22 has to do with income in kind, or transfer income. There are
23 increasing indications that income in kind is a major part of
24 the effective income that's available to many low income
25 people in some parts of the country, and less so in other

1 parts of the country.

2 It's estimated, for example, in New York City some-
3 where between 15 and 25 percent of the effective income of
4 lower income persons is transfer income, and when you add it
5 to the cash benefits from welfare programs, and so on, the
6 kind of floor is now approaching \$10,000.00 for a family
7 with two children.

8 It seems to me -- I can understand why transfer
9 income, or income in kind, was left out of the definition of
10 income, because it's so difficult to value rent, housing
11 subsidies, food stamps, and the like. In other words, there
12 are very good administrative reasons for not doing so, but I
13 don't understand why it's left out of the assessment that a
14 program is supposed to make under 1611.3(c) of relevant fac-
15 tors that may determine the eligibility level in a community.

16 Transfer income and income in kind varies more from
17 New York City to Alabama than cost of living does, probably.
18 It is highly relevant, and tends to operate in the opposite
19 direction, as places where the cost of living is higher, more
20 transfer income is available, and vice versa.

21 And it seems to me that it's a relevant factor, and
22 I wonder why we don't include it in as something a program
23 should consider, as perhaps in paragraph (2), under cost of
24 living, which could say "sources of income in the locality,
25 including income in kind."

1 MR. STOPHEL: I think that's a good point.

2 MS. DANIEL: One problem in the administration of
3 that would be that not every person within that area who
4 might come to a program would be eligible. On the whole
5 this would tend to favor welfare recipients who by virtue --
6 I mean as a sort of piggy-backing effect to some extent.

7 That is, the working poor in a high cost area need
8 the benefit of a higher maximum income level in order for
9 them to be eligible. They may not be receiving the kinds of
10 -- for example Medicaid or Medicare or the public rents, the
11 public housing or rent subsidy -- that becomes available as
12 part of a package, so to speak, that is available to welfare
13 recipients, so that if programs in New York set its level low
14 enough to compensate for the in-kind benefits enjoyed by
15 some people, it would be excluding many working people who
16 did not receive those benefits.

17 MR. STOPHEL: I would think the factor fits better
18 under 1611.5(b), Mr. Chairman, because in the maximum --
19 setting the maximum income level --

20 MR. CRAMTON: There's an individual variation that
21 is --

22 MR. STOPHEL: -- it seems to me a very good point
23 that it is a general -- and here we're dealing with a specific
24 individual and he is receiving in-kind benefits of \$10,000.00.

25 MR. CRAMTON: Could add it to seasonal variations,

1 under seasonal variations and income in kind.

2 MR. STOPHEL: Yes, it seems to me that it fits
3 better there that if that individual is receiving those sub-
4 stantial amounts then perhaps he is not an eligible client,
5 but it doesn't effect the --

6 MR. CRAMTON: Right.

7 MR. STOPHEL: -- whole morass of --

8 MR. KUTAK: But we still need it taken out to con-
9 sider the total cash receipts.

10 MR. STOPHEL: Yes, we're not including it as a
11 factor in determining what his income is, but if his income
12 is at or near the maximum that we're talking about, and he
13 has several thousands of dollars worth of in-kind benefits,
14 they certainly should be considered.

15 MS. DANIEL: Yes, I think that 1611.5 to some ex-
16 tent implied that that would be, that is we were saying dur-
17 ing the break that one individual might be entitled to some
18 special consideration because of unusually high medical ex-
19 penses, but a person who is on Medicaid or Medicare would
20 not have the advantage of having the value of those services
21 deducted.

22 So I think in a negative way the value of in-kind
23 benefits is included, but --

24 MR. CRAMTON: Well the really important ones, hous-
25 ing and food, though, are not mentioned.

1 MS. DANIEL: Housing and -- yeah, food stamps.

2 MR. CRAMTON: Right.

3 MS. DANIEL: Housing --

4 MR. CRAMTON: Rent subsidies is the biggest.

5 MS. DANIEL: Or public housing, but I don't know
6 how you're going to value public housing.

7 MR. STOPHEL: It seems to me that's one of the
8 easier ones to value.

9 MR. CRAMTON: Well, would there be any problem in
10 adding it to seasonal variations? Current income prospects,
11 taking into account seasonal variations and income in kind.

12 MR. KUTAK: Aside from the measurability side of
13 it I think there would -- I find some inner inconsistency
14 here. We -- not including food or rent in lieu of wages,
15 in determining the cash receipts of an eligible client, and
16 yet we would determine, on the other hand, some factor, if
17 we could, in determining his eligibility, and I just -- I
18 just -- it --

19 MR. CRAMTON: Because it's not administratively
20 feasible in every sense.

21 MR. KUTAK: Well, if it's not administratively
22 feasible, then why should we consider it as a criteria?

23 MR. STOPHEL: Perhaps Roger and I are a little
24 more sensitive, because we were hit with this before one of
25 the appropriations committees when one of the Congressman

1 said, "Well, you're aware that we just passed a bill that I
2 understand in New York is going to allow -- " I think he
3 used the -- "14,000 dollars as a rent supplement, for a fami-
4 ly of four."

5 And he was aghast that that was true, and of course
6 he was venting his spleen, perhaps, on us, but I think it is
7 a factor that a program in that situation should take into
8 account.

9 MS. DANIEL: Well, if the person is receiving rent
10 subsidy, then that is cash received from program -- from
11 government agency. That would -- that can be counted and it
12 would be counted as income. But if it is --

13 MS. STOPHEL: It's not paid to him, is it? Isn't
14 it paid to the housing authority?

15 MS. DANIEL: No, I --

16 MR. STOPHEL: In our situation that's -- his rent
17 is simply reduced.

18 MR. CRAMTON: We could specifically say rent is
19 not.

20 MS. DANIEL: Rent in lieu of wages is not paid.

21 MR. STOPHEL: It could be rent in lieu of wages.

22 MS. DANIEL: But for example, if a person is re-
23 ceiving public housing under, you know, a housing project or
24 something like that, and is receiving Medicaid or Medicare,
25 I don't know how the program would begin to value those kinds

1 of benefits.

2 MR. CRAMTON: Well there no motion that's been
3 made, and perhaps this is just a meandering discussion that
4 we ought to terminate by moving back to the -- unless some-
5 one desires to --

6 MR. KUTAK: I would recommend that we not move in
7 this direction, Mr. Chairman, on the theory that we -- I'm
8 worried about a very neatly balanced and thought-through
9 regulation, and this injects a whole new factor that I would
10 -- I'd like to frankly, if I were going to, try to reevaluate
11 throughout the entire regulation for fear it would throw
12 something else out of kilter.

13 And I'm just -- I would recommend that we leave it
14 as is, not make any such -- or take any such course of
15 action..

16 MR. SMITH: I'm ready for the question.

17 MR. : Mr. Chairman?

18 MR. SMITH: I call the question.

19 MR. CRAMTON: The main motion is -- would you like
20 to hear from the public before we --

21 MR. : I'm ready to vote.

22 MR. : I'm ready to vote.

23 MR. CRAMTON: I said earlier that they would have
24 an opportunity to briefly express themselves. Mr. Ray?

25 MR. RAY: Thank you. The committee may well have

1 addressed itself at this point, but I am concerned about the
2 apparent discriminatory effect against the working poor by
3 the use of gross income rather than net income levels. I do
4 realize that in 1611.25 the program can consider taxes, but
5 it does not establish prima facie eligibility, and working
6 with actual figures the 125 percent of the poverty line be-
7 fore a low income family of four is \$6875.00.

8 Supposing that a program adopts \$6,000.00 as its
9 family of four eligibility line. If a family is earning
10 \$7200.00 not only are they substantially over the \$6,000.00
11 eligibility standard adopted by this program, but they're
12 of course over the maximum under the guideline of the regu-
13 lation.

14 Yet that program that's earning -- that family
15 that's earning \$7200.00 could easily have twenty percent of
16 its income deducted for taxes and bring in \$6,000.00 cash.

17 The person on public assistance who has \$6,000.00
18 as net realizable income. Now the working family under that
19 example would prima facie be ineligible, although you could
20 look at the tax factors in trying to determine whether they're
21 eligible or not, even though they have no more money with
22 which to retain a private lawyer than does the family that
23 receives public assistance, unless I'm misreading the --

24 MR. KUTAK: Well, the response to that is there is
25 an authorized exception under 1611.4(a), which refers to an

1 allowance of that on the basis of one or more of the factors
2 set forth in 1611.5(b), and one of them is 16.5(b)(6) in the
3 whole, which -- in your case it could be any one of them.

4 MR. CRAMTON: Three, on taxes, taxes deducted from
5 the amount.

6 MR. KUJAK: So I think --

7 MR. RAY: In understand you can work around it. I
8 wondered why we simply didn't deal with the net income reali-
9 zable cash to begin with so that there would be at least an
10 introductory equity between the working family and the non-
11 working family.

12 MR. CRAMTON: Well, I think the answer is that the
13 poverty line is in terms of gross income.

14 MS. DANIEL: That's right. I mean since we're
15 adopting the official poverty line that looks at gross in-
16 come, we've been entirely -- our figures would be entirely
17 out of kilter with theirs if we did not also use the gross
18 income.

19 But Roger, this focused my attention on what I
20 think perhaps should be a technical change. Looking at
21 1611.4, since the statute now mandates that a program con-
22 sider the factors that we have set forth in 1611.5, I think
23 that 1611.4 should say, "A person whose income exceeds the
24 maximum income level established by a recipient shall be
25 provided with assistance under the Act if -- " and then our

1 (a) would follow.

2 And then it would say "and may be provided legal
3 assistance under the Act if -- " and then (b) and (c) would
4 follow that.

5 That is it's mandatory that, for example, liquid
6 assets and fixed debts and obligations be considered, but
7 it's permissive, discretionary to consider the other things.

8 MR. CRAMTON: I think that's correct under the
9 statute.

10 MR. SABLE: Excuse me. I'm not certain that that
11 might not require a program to take on a whole line of
12 income eligible people who otherwise it wouldn't want to take.
13 For example, if they determine that the private bar is hand-
14 ling divorces cheaply, and therefore said that for divorce
15 they were going to establish different income eligibility.
16 Could this be read to require them to take those people on
17 the higher end of income eligibility? It think it would have
18 to still leave the local program with discretion for that
19 kind of decision.

20 MS. DANIEL: Well, what these say is that you
21 should take -- you have to look at these factors, and then
22 if a circumstance that's considered under 5(b) --

23 MR. STOPHEL: Well, the statute doesn't require
24 that they be made eligible. It simply requires that they
25 determine eligibility on the basis of these factors, and we

1 have said that they sha-1 consider those factors.

2 MS. DANIEL: Yeah, I was just concerned that the
3 shall in 1611.5 is inconsistent with the may in 1611.4.

4 MR. CRAMTON: No, I think it is. They have to con-
5 sider.

6 MS. DANIEL: Yeah, okay.

7 MR. STOPHEL: But they may allow --

8 MR. CRAMTON: They may allow.

9 MS. DANIEL: Okay.

10 MR. CRAMTON: Well, are there further amendments?

11 (No response.)

12 MR. CRAMTON: Are you ready for the question and
13 the main motion?

14 MR. : Right.

15 MR. CRAMTON: The main motion is the adoption of
16 part 1611, dealing with eligibility standards.

17 All those in favor of the adoption of the regula-
18 tion, please say aye.

19 (Aye responses.)

20 MR. CRAMTON: Those opposed, no.

21 MR. STOPHEL: No.

22 MR. CRAMTON: The regulation is adopted, but we
23 should have a show of hands for the record, since it was not
24 a unanimous vote.

25 All those in favor of the regulation, adoption of

1 regulation, please raise your hand.

2 Mr. Thurman, Mr. Kutak, Mr. Montejano, Mr. Smith.

3 Those opposed? Mr. Stophel.

4 MR. KUTAK: The next regulation I'd like to focus
5 the board's attention on is regulation 1620. 1620 really is
6 old 1611.8, which is just simply been split off into a
7 separate regulation of the recommendation, and -- made at our
8 hearings, and upon reflection by the committee it simply sets
9 out the process by which the recipient shall go forward with
10 setting the priority for the services that it shall provide,
11 of course, within the income constraints that exist.

12 And it insures that there will be a participation
13 in that process by the clients and the employees and the
14 recipient, and by the members of the public who are interested.
15 And it sets out factors to be considered in establishing of
16 priorities, and it is a language and in fact and form as you
17 have seen it previously.

18 It's simply set out as a separate regulation. I
19 move its adoption.

20 MR. CRAMTON: Is there a second?

21 MR. SMITH: Second.

22 MR. CRAMTON: Mr. Smith seconded the motion. Is
23 there discussion?

24 (No response.)

25 MR. CRAMTON: Are you prepared for the question?

1 Mr. Veney has asked for permission to address the board.

2 Does he have consent?

3 Mr. Veney, of the National Clients Council. V-e-
4 n-e-y.

5 MR. VENEY: Just one suggestion, and that is that
6 priorities be reviewed in conjunction with any submission
7 for funding, and that is to insure the corporation that a
8 program has looked at its priorities, looked at its resour-
9 ces, in the context of its request for refunding; rather
10 than periodically it might be annually, or whatever you de-
11 cide the refunding cycle should be.

12 MS. DANIEL: But as written 1620.2(a) says "prio-
13 rity shall be reviewed periodically." That sentence, I
14 think, refers to review by the program to determine that its
15 priorities are still current, but it could be added to that
16 that as part of the consideration on an application for re-
17 funding the corporation should examine that.

18 MR. KUTAK: Why don't you just make that as a part
19 of the act?

20 MR. SMITH: That would just be an administrative
21 procedure. It doesn't have to be in the regulation. That
22 would just be something we'd do.

23 MS. DANIEL: Charles?

24 MR. JONES: My comment comes the other way.

25 MR. CRAMTON: Mr. Jones?

1 MS. DANIEL: I'm sorry.

2 MR. JONES: Charles Jones. I'm sorry. My comment
3 comes the other way, Bernie. It seems to me that -- I don't
4 have any real objection, if you want to insure that the pro-
5 gram reviews its priorities at least as may be appropriate
6 to review them periodically, or at least annually. I don't
7 think it -- as a practical matter we are asking programs to
8 review their priorities. We are looking at the priority-
9 setting process.

10 I don't have any strong objection, and we're going
11 to do it administratively, but if this gives you more comfort,
12 then -- but I wouldn't want it to be just -- there may be
13 circumstances where it may be more appropriate --

14 MR. KUTAK: I think we're--- we felt the word
15 "periodically" would be sufficient and all-embrasive for the
16 guidance of the recipient. If there is some concern or
17 desire that it be said "periodically and at least annually"
18 I have no problem with that.

19 MR. SMITH: I'm in favor of greater flexibility,
20 leaving it like it is. I think the mistake often is to
21 structure too tightly the administrative procedures. I'd
22 rather leave more flexibility, frankly.

23 MR. CRAMTON: Well, I heard no motion or amendment
24 or further discussion on part 1620.

25 MR. : Question.

1 MR. CRAMTON: You're ready for the question. All
2 those in favor of the adoption of part 1620, please say aye.

3 (Aye responses.)

4 MR. CRAMTON: Those opposed, no.

5 (No response.)

6 MR. CRAMTON: It's a unanimous voice vote, and so
7 no show of hands or division is necessary.

8 The next regulation --

9 MR. KUTAK: Regulation is 1617, class actions. Now
10 that was not in your book because the motion here is -- well,
11 first, for the information of the board, is that the -- this
12 regulation was published in the Federal Register on September
13 23rd, and the comments received on it, if any, have not war-
14 ranted any change in form, and we now move to -- that the
15 regulation be republished in final form without change to
16 become effective thirty days thereafter.

17 MR. : Second.

18 MR. STOPHEL: There were no, or insignificant com-
19 ments? Is that what I understood?

20 MR. KUTAK: Yes sir.

21 I move --

22 MR. CRAMTON: Any discussion or -- let me refresh
23 my mind that 1617. 4, the standards for approval, basically
24 follow the formal opinion, I believe, does it not?

25 MS. DANIEL: That's right. Yes.

1 MR. KUTAK: Glen, also for your edification, if
2 you look back at your minutes, on page 2, this regulation was
3 substantially discussed at our last meeting. We reviewed the
4 background and the form of it, and you at that time had made
5 certain -- a motion which was adopted, and it is incorporated.

6 Likewise, Mr. Bregar made a motion which was
7 adopted and is incorporated.

8 MR. CRAMTON: I'm giving you an opportunity to
9 refresh your memory by looking at the regulation which is
10 circulated in the Federal Register form to you this morning.

11 MR. KUTAK: And better yet, if you'd look at your
12 minutes you'll refresh your recollection --

13 MR. CRAMTON: That's right.

14 MR. KUTAK: -- as to the discussion at the last
15 meeting.

16 MR. CRAMTON: Are you prepared to -- for a vote?

17 MR. : We'll have your question.

18 MR. CRAMTON: All those in favor of the adoption of
19 part 1617, dealing with class actions, please say aye.

20 (Aye responses.)

21 MR. CRAMTON: Those opposed, no.

22 (No response.)

23 MR. CRAMTON: Part 1617 is unanimously adopted.
24 No division is necessary.

25 Part 1618 --

1 MR. KUTAK: 1618, Mr. Chairman, the same motion is
2 made. You're committee moves that the regulation be published
3 in final form to become effective thirty days thereafter.
4 Again, this regulation was discussed at our last meeting, as
5 reflected in the minutes. And at that time it was approved
6 without change on a voice vote.

7 And since that time there have been no comments
8 made that would require us to amend and bring to you any
9 changes in its form.

10 MR. : Second.

11 MR. CRAMTON: Would you like to take a minute to
12 refresh your recollection on the regulation? Since it was
13 not part of the bound book which you got in advance.

14 Were there no comments on this?

15 MS. DANIEL: No.

16 MR. CRAMTON: I gather the comment period has run,
17 and that all comments, or the few comments that were received,
18 were considered by the committee at its recent meeting.

19 MR. KUTAK: Correct.

20 MR. CRAMTON: Mr. Sable has asked for permisstion
21 to address the board. Mr. SABLE.

22 MR. SABLE: Yes, there was one minor point that was
23 brought up at the last meeting, which isn't reflected here.

24 Some of the projects were concerned. Any suspen-
25 sion or termination of employees is likely to be a messy

1 situation, and in the course of that there are likely to be
2 a number of reasons claimed on both sides why the person is
3 being terminated. And it didn't seem necessary or desirable
4 to draw the corporation into all of those, and so it was
5 suggested -- although perhaps it could be handled by the
6 comment -- that 1618.4(c) should have some sort of proviso
7 that primary reason was a violation of the Act.

8 If it was simply one of a number of reasons, if
9 the person was essentially being fired because of excessive
10 absenteeism, it did seem necessary to involve the corporation,
11 even though it might also be alleged that he had violated
12 some other regulation as well.

13 MR. STOPHEL: I'm not sure we need (c) at all.

14 MR. CRAMTON: I argued against it in the committee
15 meeting, but was outvoted.

16 MR. STOPHEL: Well let's find out how Marshall
17 Thurman would vote on this.

18 (Laughter.)

19 MR. STOPHEL: You can't outvote us, but you can
20 tie us.

21 MR. CRAMTON: I guess it would have to stand,
22 wouldn't it?

23 MR. MONTEJANO: Weren't we trying to establish
24 some uniformity nationwide to avoid the problem of a program
25 in Arizona applying just a totally different standard --

1 MR. STOPHEL: Exactly.

2 MR. MONTEJANO: -- and unreasonable standard, from
3 the one in North Dakota, so just checking in, I think, would
4 insure that there be some consistency, and it would be equi-
5 table to all of the boys, and all of the boys would be re-
6 cipients throughout the country.

7 MR. STOPHEL: Yeah, headed by General Counsel's
8 office.

9 MR. CRAMTON: An attempt has been made to meet
10 your question by an inclusion of language, "suspension or
11 termination for violating a prohibition of the Act," not
12 for any reason, just for violating a prohibition of the Act.

13 MR. MONTEJANO: Perhaps the comment could just
14 clarify that then be there.

15 MR. CRAMTON: Are you prepared to vote on the
16 motion to adopt 1618?

17 (Affirmative responses.)

18 MR. CRAMTON: All those in favor of part 1618
19 please say aye.

20 (Aye responses.)

21 MR. CRAMTON: Those opposed, no.

22 (No response.)

23 MR. CRAMTON: Part 1618 is adopted. Does that com-
24 plete the work of the -- report of the committee?

25 MR. KUTAK: On your agenda, Mr. Chairman, as I

1 made earlier reference to, regulation 1619 regarding public
2 disclosure of recipient policy, we are withdrawing -- there
3 have been a number of very substantial comments that deserve
4 the committee's further consideration, and I think at this
5 time it would be better to hold back that regulation and
6 bring it up at our next board meeting.

7 For the purposes of the information of the commit-
8 tee -- and if I have the board's leave -- we will withdraw
9 that regulation for further work.

10 Your committee proposes to meet again in early
11 December to consider the regulation just mentioned, regula-
12 tion 1619. Also, to relate to a number of others, the appli-
13 cation for denial of refunding, the -- the one I mentioned,
14 suspension and termination proceedings, the client's griev-
15 ance procedures, and public disclosure of recipient poli-
16 cies.

17 These four regulations will be on our agenda, and
18 we hope to have them in shape for this board to consider at
19 its next meeting.

20 Sometime, Mr. Chairman, sometime I hope in the not
21 too distant future, we will have worked through all of our
22 regulations, and will have exhausted our assignment -- if
23 not your patience -- and have -- be able to come to the
24 point where we can bring together a final synthesizing of
25 all regulations processed and have them ready for a final

1 editing and consideration as a package for the board.

2 MR. CRAMTON: Well, the committee's done an out-
3 standing job, assisted by our General Counsel, and we're very
4 grateful to you. Maybe that you can start revising the re-
5 gulations at the point at which you completed the first go-
6 round.

7 MR. KUTAK: Do you have the date and day of that
8 meeting?

9 MR. CRAMTON: Yes, would you announce the date of
10 the --

11 MR. STOPHEL: Commission three.

12 MS. DANIEL: Friday December 3rd --

13 MR. CRAMTON: Friday December 3rd, in Washington
14 at the corporate headquarters?

15 MS. DANIEL: Yes.

16 MR. KUTAK: At ten o'clock.

17 MR. CRAMTON: So that the next meeting of the
18 committee on regulations will be Friday December 3 at the
19 offices of the corporation in Washington at ten o'clock in
20 the morning.

21 MR. KUTAK: And that completes the report of your
22 committee on regulations.

23 MR. CRAMTON: Mr. Stophel, the other two members of
24 your committee are expected after lunch. Do you think we
25 should go ahead and consider the report of the appropriations

1 and audit committee at this point, or should we --

2 MR. STOPHEL: Well, let me briefly discuss --

3 MR. CRAMTON: Or perhaps we could take up another
4 item, some other information items first, if that's desirable.

5 MR. STOPHEL: Perhaps that might be appropriate.

6 Our report will be more in terms of a staff submission to the
7 full board, which will the comments from the board will then
8 be taken by our committee, which will meet tomorrow to con-
9 sider these, and hopefully refine some of the materials that
10 are in these.

11 Our committee has not had an opportunity to meet
12 since the staff submission was prepared on the '78 budget,
13 or on the staff's ideas and thoughts along the lines of the
14 using of the investment income, which are the two major items
15 to be considered.

16 So that I would suggest that we perhaps discuss
17 another information item at this time, and then commence on
18 the audit and appropriations report following lunch.

19 MR. CRAMTON: Do -- are you prepared to give your
20 report on behalf of the committee of provision of legal ser-
21 vices, Mr. Thurman?

22 MR. THURMAN: Oh, I believe so.

23 MR. CRAMTON: With unanimous consent of the board
24 I suggest we skip 3.b, the report of the committee on appro-
25 priations and audit, and go to the report on the committee

1 on provision of legal services, and then returning to the
2 appropriations and audit committee report after lunch.

3 Mr. Thurman.

4 MR. THURMAN: You have in your looseleaf the pro-
5 vision of legal services material, and it sets for the selec-
6 tion of the grantees for the delivery system study.

7 I've been advised this morning that pursuant to a
8 discussion between our president, Mr. Ehrlich, and me there
9 is a meeting scheduled for December 16th of the panel, the
10 advisory panel, and this proposal is that it meet on Thurs-
11 day beginning at 9:30 a.m. in the corporation's Washington
12 office, and Tom, has anything been done with reference to
13 this, so far as the advisory panel members are concerned?

14 MR. EHRLICH: Sent a note to all the members of
15 the panel setting as the meeting date -- we had some concern
16 expressed by a number of panel members in the past that we
17 hadn't given enough notice, and it's a fair criticism. So
18 we're going to give as much notice as we can this time.

19 MR. THURMAN: And the other two members, Mr. Bregar
20 and Mr. Ortique, are not here. Is either one planning to
21 be here at this meeting?

22 MR. EHRLICH: No, Revius is sick, and Marshall
23 could not be here.

24 I might add one specific point that I know Sam is as
25 concerned as I am. We're very eager to find as many ways as

1 we can to involve as large segments of groups outside the
2 corporation as early as we can, particularly the organized
3 bar, and we have some letters to every state and local bar
4 group in which one of the 19 projects selected exists asking
5 for their comments, ideas, help, and suggestions.

6 We also heard, naturally, from the over 80 unsuccess-
7 cessful applicants for these limited funds. Some of them
8 were very worthwhile projects, and could not be chosen simply
9 because they didn't fit into an overall study scheme that
10 could, in our view, find insights in delivery of legal ser-
11 vices, but we -- by not choosing them didn't mean to imply
12 anything as to their quality, except in terms of the way they
13 fit into the study.

14 We will be doing another round of grants this com-
15 ing year, and hoping at least some of those may be able to
16 be included. But I do emphasize that -- the importance of
17 our involvement as much as we can, and board members' help
18 in furthering that.

19 MR. STOPHEL: Paul, could you give us a general
20 view of how we're doing in the process of getting these under
21 way? I assume that all the contracts have been signed, and
22 I don't know whether you can be general about the way they're
23 getting wound up and ready to go.

24 MR. EHRLICH: We have a task force, as you know,
25 in the corporation that's charged with responsibility for

1 seeing to it that the actual specifications for the project
2 are worked out in compliance not only with the statute and
3 regulations, but also the overall study design.

4 And a section of that is a monitoring section to
5 be sure that they're monitored in a review. The first step
6 is the working out of specifications.

7 Linda Perl of our staff is primarily in charge of
8 that. Each project is now working with her to prepare the
9 detailed contract of specifications. Our schedule calls for
10 beginning operations by or before the 1st of January, each
11 one of them.

12 In general terms, most of them seem to be going
13 pretty well. There are a couple there which do have ques-
14 tions in terms of structural -- organization and design,
15 where some of them think, "Gee, we really hadn't realized
16 that your statute requires this, or you have to do that."
17 They will take more time, and at this point say no more
18 than as far as say every one of the nineteen should be set
19 and ready to go by the first of January.

20 And in my judgment, each one is a good project
21 that will perform valuable service quite apart from the in-
22 formation for the study.

23 MR. STOPHEL: I know that some would not involve
24 organization, and so forth. For example, if we're contract-
25 ing with a law firm I suppose it would not, but those that do

1 involve organization, are they required to meet our other
2 regulations with regard to projects, such as the make-up of
3 the board?

4 MR. EHRLICH: Yes sir.

5 MR. STOPHEL: And just all the usual things.

6 MR. EHRLICH: Yes. And it makes -- in our own
7 view -- no sense on merits not to meet all of those require-
8 ments, quite apart from the fact that the statute says that
9 they are there, and if we're talking about long-term study
10 of delivery of legal services, consistent with the statute,
11 it again would not make sense to give exceptions at this
12 stage, all of which MTS --

13 MR. KUTAK: Sam, what's the -- what are you getting
14 by way of a picture from this operation? Is it so structured
15 that you will have interim reports, or periodic reactions
16 from the various grantees, and to the substance of their
17 effort and the -- so you can begin to have a report emerge, or
18 some sort of profile emerge, even before the final effort is
19 over?

20 How do you contemplate evaluating this legal deli-
21 very system study while it's in process?

22 MR. THURMAN: Well it's a good question, Bob. The
23 -- we've had some reaction, of course, from those that didn't
24 get the board accepted. It was reported at the September
25 meeting that we had over a hundred proposals received by the

1 September 7th deadline, and the decision made to fund nine-
2 teen of these.

3 Tom, do you have any further observation on that?

4 MR. EHRLICH: We will have, within field services,
5 under Charles Jones, an evaluation scheme worked out to look
6 at not only the nineteen, of course, but on-going staff attor-
7 ney programs both to judge them on themselves, and in com-
8 parative terms, purposes.

9 The question is what's going to emerge in the July
10 report to the Congress and to the President.

11 I can give a preliminary picture, if you want. It
12 will be certainly possible to provide in that report a good
13 deal of information about what seems feasible and doable in
14 the light of all the work that has gone on in the project,
15 delivery system project, over the past month. We found out
16 a lot already. For example, how hard it is to set up a
17 voucher system. We know a good deal more than we did about
18 that, already.

19 We know a fair amount more than we used to about
20 performance criteria. We won't gain a lot of information in
21 those months about the actual operations of these demonstra-
22 tion projects. WE'll gain some preliminary insights, but we
23 didn't have any question that in terms of the overall opera-
24 tions it would take a year, at least, before we could go back
25 to Congress, as we certainly expect to do the next year,

1 and even years following, about their operations.

2 I don't want to minimize the importance of what
3 we've learned already and what we'll learn in developing
4 specifications for these projects from the study in and of
5 itself. That will all be in the report to the Congress that's
6 due in July of '77, that Steve Walters and I, as well as the
7 Task Force, will start working on early in the spring.

8 MR. STOPHEL: Will the committee and the task force
9 that was set up at your level participate in any way in get-
10 ting reports from the staff, and this sort of thing, on the
11 monitoring efforts?

12 MR. EHRLICH: Yes. We plan to regulate -- involve
13 the advisory committee, which includes, of course, all mem-
14 bers of the board committee, but even more fully, each mem-
15 ber of the board, and it's the primary responsibility of the
16 board, and those are the ones we've contacted this week.

17 MR. THURMAN: The disappointed groups that -- have
18 used this language, such as "we were dismayed by the Legal
19 Services Corporation decision, very disappointed." We have
20 a letter from November 1st of a community's loss of offices,
21 to Roger.

22 Are we going to give any opportunity for any of
23 these --

24 MR. STOPHEL: Looks like California had a good
25 lobby. They got five out of nineteen. That's doing pretty

1 good.

2 MR. : Is that all?

3 (Laughter.)

4 MR. CRAMTON: I don't think that the board really
5 can become a quorum for discontented grantees, or applicants,
6 unless it points to general policy that are on the board's
7 agenda that I'd like to hear.

8 Does that complete the report of your committee?

9 MR. THURMAN: I think so, unless the other members
10 here want to raise any questions here.

11 MR. CRAMTON: Well, they have raised a number. I
12 think the President has a few items that he would briefly
13 report on before lunch, and we would return then to the re-
14 port of the --

15 MR. THURMAN: Do you want to get your motions in?

16 MR. CRAMTON: -- committee on appropriations and
17 audit. You might as well wait for the committee for that.

18 Mr. Ehrlich?

19 MR. EHRLICH: A few report items. One report,
20 indicated by its resolution last meeting, but I need not
21 report on support centers unless there was something to re-
22 port. At the same time, I agree that if I thought there was
23 anything significant to report I certainly would report it.
24 I do think there's enough that's happened over the past six
25 weeks that I would like to give a very brief report on the

1 support centers.

2 First, the remaining three contracts that are out-
3 standing at the last meeting have now been executed, and they
4 were executed shortly after that meeting, so all thirteen of
5 the support centers are now operating under contracts. Those
6 contracts were signed for a one-year period. They expect to
7 put them into an arrangement where they will go through the
8 end of the calendar year, '77, to match the same arrangement
9 that is true for programs generally as part of the overall
10 effort which we were able to do and discussed in one of the
11 previous board meetings.

12 We're now planning to have all grants for all pro-
13 grams on a calendar year basis, not to have the staggered
14 arrangements that caused not only board members, but many
15 others, a good deal of concern. We want to have the support
16 centers on those same arrangements, as well.

17 Overhead rates to universities was an item of
18 significant concern to a number of us who did negotiate
19 through our regional office with the University of California
20 in Berkeley for the housing support center, the economic de-
21 velopment support center, to reduce their rates, and they
22 have now agreed to a five percent rate as of the beginning
23 of the contract period, and that does result in significant
24 savings for the projects.

25 We are negotiating with UCLA and USC, and we hope

1 for the National Health Law project and the National Senior
2 Citizens will follow their lead.

3 We're also, through our regional office, actively
4 monitoring support centers. They have just completed their
5 first quarterly narrative report, which is in the regional
6 offices. The regional offices are out to -- in the course
7 of the next six weeks -- six to eight weeks, I guess -- to
8 do their on-site visits to each one of the support centers
9 to have their report in the corporation, which of course will
10 be available to anyone who wants it, of their activities in
11 the support centers.

12 That's all I have, on those.

13 MR. STOPHEL: Are we going to zero-budgeting on
14 our grant making?

15 MR. CRAMTON: I guess so.

16 (Laughter.)

17 MR. STOPHEL: I understand that's a concept that's
18 now in vogue, and I just wondered if you were going to apply
19 it.

20 MR. CRAMTON: People running for office like to talk
21 about it, but I've never seen it employed anywhere.

22 MR. STOPHEL: I'm not sure how you would do it,
23 Roger. I was trying to get some information in case I needed
24 to use it.

25 Charlie, are you going to use zero budgeting?

1 MR. JONES: If we do, anticipate that we will be
2 in hearings for the rest of our life, because -

3 (Laughter.)

4 MR. JONES: -- of the regulation and the Act which
5 provides for hearings if you in any way reduce funding of
6 the program for that purpose.

7 I would hope that even if we do that we won't talk
8 in those terms. Maybe we can find another way to say it.

9 MR. STOPHEL: Did we contract with both of the
10 juvenile law centers, or to two of those?

11 MR. EHRLICH: Yes. They do, I must say, more dif-
12 ferent things than I had first thought. When I initially
13 looked at them I thought they were essentially doing much
14 the same things. In fact, they're not. It still is a desire
15 to merge efforts, if we can, but at least for the first per-
16 iod the focus of the work is sufficiently different, so the
17 recommendations from Tony Mandelo and from both regional
18 stands, was not to do that, and --

19 MR. : I don't think we have anything
20 further.

21 MR. EHRLICH: No, and we haven't seen an evaluation.

22 MR. STOPHEL: Obviously I don't want to press you
23 for details on any of these, because I don't expect you to
24 know the details on every one, but I'm interested in what the
25 education center is going to typically involve itself with as

1 a support center, the kinds of cases.

2 MR. EHRLICH: Why don't I send you the report,
3 quarterly report, that shows exactly what they've been doing.

4 MR. STOPHEL: Would you, please? I appreciate
5 that.

6 MR. EHRLICH: The second report item, briefly, one
7 of our major efforts of the corporation as a whole, and the
8 board, I hope, in particular has been to involve organized
9 bar and private lawyers. As I mentioned before the meeting,
10 and meeting in two weeks with the president-elect of the
11 American Bar Association and his advisory committee, and have
12 some hopes that they would high -- if not highest -- on their
13 agenda involvement of private lawyers in the delivery of
14 legal services generally, and help in support of legal ser-
15 vices, any particular ideas you have of things that the ABA
16 can do would of course be much appreciated.

17 Third, we are just about to enter into a short-term
18 arrangement with Leonard Goodman, whom some of you know, for
19 help in designing a study -- which I mentioned in our last
20 meeting -- of the variables in the cost of delivering legal
21 services. We discussed this with PAG, clients groups, and
22 others, then Goodman is going to help us in preparing speci-
23 fications for a study that we could let out to bid early
24 next year that would show us -- if it can be shown -- how we
25 can refine the concepts of the cost of delivering services,

1 what are the key variables involved in rural versus urban
2 areas and other parts of the country.

3 I don't want to pretend that I'm sure that we're
4 going to come up with great insight, but everybody in legal
5 services agree -- as far as I know, at least -- that the study
6 is worth doing it, and Goodman is going to help us get the
7 material together.

8 Third, you have a memorandum concerning dates for
9 the next meeting, and you mentioned particularly the one in
10 New Orleans, because logistically, for the corporation, when
11 we meet out of town it's sometimes a little more difficult
12 if anything -- arrangements, special arrangements, have to be
13 made for anyone.

14 MR. CRAMTON: Will we be at the _____ Fair-
15 mont hotel? And you were meeting at the Cregar Fields Fifth
16 Circuit Court House facility, I gather.

17 MR. EHRLICH: Just Ruth Felter, whom I think all
18 of you met, will be working with me, and with Peggy ^{Bell} ~~How~~ on
19 board liaison, and has not yet gotten the final confirmation
20 from the hotel. They gave oral confirmation, and that's why
21 we haven't been able to -- I hope by the end of the day to
22 be able to tell you the hotel arrangements.

23 I would like to mention further the possibility,
24 at least, that if the board thinks well of having a meeting,
25 another meeting this year outside of Washington, we have been

1 invited for a May or July meeting -- July being preferable --
2 to meet at an Indian reservation in Window Rock. We've been
3 invited by the director of the board DNA there. For myself,
4 for what it's worth, I think seeing the particular problems
5 of native Americans, seeing the operation of the program in
6 part of the country many of us haven't been in, is frankly
7 a very good thing to do.

8 If we do do it, we will have to start making the
9 arrangements very shortly, so I'd appreciate it at least to
10 get informal if not formal board judgment on this.

11 MR. THURMAN: On this matter of future meetings,
12 we came awfully close today to not having a quorum. I think
13 -- I don't know how you guard against this, if that can be
14 done, but at least in future meetings it seems to me that --
15 I think it would be good today to remind us of what these
16 meetings are.

17 MR. SMITH: The best way to guard against it is to
18 schedule several months in advance, as he's doing.

19 MR. : Can we ask the people at the table
20 to please speak up so we could -- I mean we in the audience
21 can hear?

22 MR. SMITH: Sorry.

23 MR. CRAMTON: Thank you, Mr. Kirk. Sorry, we've
24 been talking to ourselves too much.

25 Are there any further items before we break for

1 lunch?

2 MR. KUTAK: If you wanted a reaction, I would sim-
3 ply say that idea is an exciting one. You know my hope that
4 sometimes summer meetings become a retrospective, and kind of
5 an evaluative session, as well as a business session. I mean
6 it's a time when we -- in fact, I'd prefer it to be almost
7 entirely a time in which we -- once a year we pull back and
8 see where we're going and where we've been, and it would be
9 a very remarkable environment in which to hold such a kind
10 of think-tank program.

11 But certainly being out in the field, exposing our
12 thoughts and dreams, if you will, with the field is a very
13 exciting idea, and I think there couldn't be a more interest-
14 ing location.

15 MR. THURMAN: Getting to Salt Lake City is very
16 simple, compared with getting down to Four Corners. The
17 board has got to realize that that is a problem of logistics
18 there.

19 MR. : How do you get there?

20 MR. KUTAK: You have to go to Gallup, and then
21 over --

22 MR. : How do you get to Gallup?

23 (Laughter.)

24 MR. : It's an hour from Gallup.

25 MR. : Charter a plane.

1 MR. KUTAK: It means that once you're there, you
2 always have a quorum.

3 MR. : Let's don't have any hasty motions
4 on this. Let's think about it during lunch, at least.

5 (Laughter.)

6 MR. CRAMTON: We will now adjourn for lunch, and
7 will reassemble at two o'clock. The board does not plan to
8 hold an executive session during lunch.

9 (Whereupon, at 12:30 p.m. the meeting was adjourned
10 for lunch.)

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AFTERNOON SESSION

2:00 p.m.

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3 MR. CRAMTON: The meeting will reconvene. We're
4 expecting Melville Broughton momentarily. He is coming in
5 at this time from North Carolina, and we had understood that
6 Mr. Cook was going to be here also at this time, but he's
7 not, so we will proceed and hope that the two arrive momen-
8 tarily.

9 The report of the committee on appropriations and
10 audits. Mr. Stophel.

11 MR. STOPHEL: Thank you, Mr. Chairman. Members of
12 the board, you have under your tab the 1978 budget request.
13 You'll recall at our last meeting we needed to make at least
14 a preliminary staff submission to OMB, which they were in the
15 process of preparing the administration's budget.

16 At that time we approved as simply a sum of money
17 that would be requested, \$178,350,000.00 for fiscal '78. In
18 your packet of materials today you have an expansion of that
19 material that was given with the last board meeting, a 45-
20 page document prepared by the staff, and our committee has
21 not reviewed this in detail as a committee.

22 We received it, as you did, before this meeting, but
23 we would like to request that this board consider this docu-
24 ment and the components of it, and give us your thoughts and
25 suggestions for either conceptual or specific details, mat-

1 ters within the submission, because before our next meeting
2 it will be necessary that we have this in pretty much a final
3 draft form for submission to Congress as our request for fund-
4 ing.

5 MR. : When is it submitted, Glenn?

6 MR. STOPHEL: I believe we submit that formally
7 to the Congress in January, do we not?

8 MR. EHRLICH: Yes, we will have a draft for dis-
9 cussion with staffs of committees the first part of the year,
10 right after Congress reconvenes, then soon thereafter submit
11 it to the Appropriations Committee. Then before them we will
12 give the total figure, which we've already given on a prelim-
13 inary basis to OMB for inclusion as an appendix of the pre-
14 sent budget submission. We still have the board budget
15 submission, of course.

16 MR. STOPHEL: Our request goes directly to Congress,
17 but it is required to be -- OMB must be made aware of our
18 request for their review, so that OMB is already aware of
19 the total sum, and -- but our submission will be made direct-
20 ly to Congress.

21 And then we will appear before the Appropriations
22 Committee -- Committees for consideration of our request.

23 MR. KUTAK: Glenn, don't you think it's a bit
24 thick to start off with an example from Georgia?

25 (Laughter.)

1 MR. STOPHEL: Well, I don't think I'll comment on
2 that.

3 MR. KUTAK: I just thought -- it couldn't have
4 been coincidental.

5 MR. STOPHEL: That's true. The staff is going to
6 take the lead in discussing this, but I think that perhaps
7 the most descriptive way that you can see the dollars is on
8 page 9 of this submission, which lists the request and the
9 summary of changes, which I think will enable you to begin
10 with our present budget of 125 million, and we did not begin
11 with zero budgeting and attempt to go back and break all of
12 that down, but we begin with our current year's budget and
13 add to that, as you will see down through the list, coming
14 up with \$178,350,000.00.

15 I'd like to ask the -- ask Tom Ehrlich to begin
16 our discussion.

17 MR. CRAMTON: Mr. President.

18 MR. EHRLICH: I think it's clear what this document
19 is designed to do. It's designed to be the basis for this
20 submission to the Congress. It is not, though, a draft of
21 that document. That document will need of course a good
22 many examples from the allocations done in 1977, which we
23 have.

24 There will be a discussion of the real needs for
25 legal services in terms of human beings, and so forth, just

1 as we did in the preceding year. That information is well-
2 known to board members, so we didn't think it had to be done
3 here. It will have to be done before the Congress.

4 There is a -- in this document, primarily, of
5 course, a great deal more detail and analysis of the various
6 items, as opposed to the summary sheet you received at the
7 last meeting.

8 I might suggest -- because by all odds the most
9 significant cluster of funds, in terms of increased requests,
10 are for expanding into areas not now served, and for improv-
11 ing existing programs -- that we start there and go through
12 each of the items there. We'll turn to Buck Hennigan, to
13 Charles Jones, to Dick Carter and others on the specific
14 items, and to Alan Houseman on the Research Institute, and
15 so forth.

16 But the document that we gave you today, which is
17 a summary sheet of the overall four-year plan, as the board
18 has seen -- discussed that plan before, gives a sense of
19 where we are now in that plan and where we think we can be
20 at the end of 1978, as well as '79 and '80.

21 The key to the formal set of proposals for field
22 services in an effort in 1978 to shift away from the concept
23 that the board and many of the others found unsatisfactory,
24 of a dichotomy between covered and uncovered areas, unsatis-
25 factory because so many of those areas theoretically, quote,

1 "covered" in fact had no real service at all.

2 We shift instead to a notion that we'd already
3 talked about a good deal before, of minimum access, minimum
4 defined as the equivalent of two lawyers for 10,000 poor;
5 people, just as we defined it in our 1977 budget. We are say-
6 ing that in any particular area we're going to test the mini-
7 mum adequacy of delivery in terms of that standard, recogniz-
8 ing -- as I said this morning -- that there is a study going
9 on that will give us some further details on the cost varia-
10 tions.

11 But for these purposes, I think, using that as a
12 minimum standard, we look at areas where there are programs,
13 and see to what extent is there minimum access for how many
14 peoples. In areas without coverage, how far is there to go?
15 For 1977, assuming we go forward with this budget, and if it
16 is approved by the Congress, we would in areas which had
17 existing programs go forty percent of the way toward provid-
18 ing minimum access.

19 In 1979 we would go thirty percent. In 1980, the
20 final thirty percent.

21 Similarly, in areas totally without service in
22 1978 we would go forty percent of the way; '79, the next
23 thirty; for 1980, the final thirty.

24 This effort, this two-pronged approach in terms of
25 areas with programs and areas without, both aimed at by the

1 end of 1980 consisting of a four-year plan providing at least
2 that minimum, the equivalent of two lawyers for 10,000 poor.

3 This plan will also, in 1980, insure that existing
4 programs provide at least that minimum access to 65 percent
5 of the poor people in their areas.

6 It illustrates again, we will have at the end of
7 '78 a good ways to go, but this plan over the course of the
8 following two years will get us there.

9 MR. STOPHEL: The basic question that has to be
10 asked is how do we arrive at the \$35,000.00 figure you use
11 for arriving at the cost of two attorneys per ten thousand?

12 MR. EHRLICH: What we tried to say was what is
13 absolute minimum that it can be said to cost for a lawyer
14 and necessary support for that lawyer to operate, meaning
15 staff support, secretarial help, library facilities, and that
16 adds up on a national average, as I say, to a minimum of
17 \$35,000.00 from the investigation that Al Corbet and others
18 did.

19 We don't say for a minute that \$35,000.00 is ade-
20 quate. Indeed, we don't say that there aren't some varia-
21 tions, but there's that study, and that study ought to give
22 us a better handle on that, but at least in terms of our
23 talk with program people around the country.

24 Charles, I think, is well-satisfied -- as am I --
25 that that is a reasonable minimum to go. It is not conceiv-

1 able fairly that it would be less than that. There has been
2 a good -- there have been, rather, a good many projects who
3 say that is too low. It really ought to be higher. But given
4 pressures on our resources it seemed to us that that was the
5 figure to start with.

6 MR. THURMAN: The '76 figure too is not mentioned.

7 MR. EHRLICH: Yes. It does not --

8 MR. THURMAN: Does not include increases since
9 then.

10 MR. EHRLICH: And it isn't to say that the board
11 wouldn't say '79 or '80 you really ought to increase that.

12 MR. STOPHEL: Well what we did, as I understand it,
13 then, is to assume certain costs which when added to an at-
14 torney's compensation would result in \$35,000.00.

15 MR. EHRLICH: Right.

16 MR. STOPHEL: We estimated those costs in terms
17 of library, secretarial assistance --

18 MR. EHRLICH: Secretarial assistance.

19 MR. STOPHEL: -- office expenses, and so on.

20 MR. EHRLICH: Right.

21 That's the basic concept, the concept that we think
22 is both reasonable in terms of it comports with reality in
23 a better way than the covered-uncovered dichotomy of before,
24 but it is not inconsistent with that approach, either. And
25 it also, very frankly, is reasonably explainable in a rela-

1 tively brief time to busy Congress people. That's important.
2 They can understand it in terms of their own districts.

3 Against that background, what I suggest is that we
4 talk about expansion to new areas, the criteria there, im-
5 provement of existing programs, criteria there, program sup-
6 port functions, and the other items that are listed in the
7 summary on page 9.

8 Have you raised any questions that you want me to --

9 MR. MONTEJANO: My question I think goes to the
10 new areas, and really brings in the discussion of the in-
11 vestment income, but I don't know how to approach it.

12 Basically, my feeling still is that new areas ought
13 to improve those areas which are presently considered covered,
14 but we know there are gaps in those covered areas. And I
15 just question -- certainly I could have no objection, of
16 course, to areas not covered right now, those should receive
17 assistance. But it seems to me that we should make an
18 equal effort to cover other areas which are considered co-
19 vered, but in fact have no services available.

20 And my suggestion is that we take a major portion
21 of the investment income and that we then use it to cover
22 those areas which are uncovered areas so that we can have
23 some equalization immediates, since the moneys are avail-
24 able, rather than waiting for some time in the future.

25 I just -- like I say, I have no objection, and

1 would be fully supportive of having 27 million go into new
2 areas that are uncovered, but for those people that are not
3 being serviced in so-called covered areas, I don't think
4 that's equitable to them to let them wait a year or two or
5 three when in fact there are moneys available.

6 MR. THURMAN: What would your criteria be? To
7 spread it everywhere?

8 MR. MONTEJANO: Well, as much as humanly possible
9 with the resources available.

10 I'll give you an example -- and only because of
11 experience, not because of priority -- there's a county in
12 Southern California which is larger in area than your entire
13 northeast of this country, with a large population, that
14 has no services at all.

15 Next door to it, forty miles away, is an existing
16 program, a good program, that with a minimum of money could
17 be expanded over. These are the type of things you could do
18 without having to aim at the wheel, all over.

19 Now, if we had to start a brand new program in an
20 area that is just totally behind the ability to expand into,
21 then that area would probably have to take a second place.
22 I realize we can't cover everything and everybody, and I
23 realize that if moneys were finite then we have to, I suppose,
24 go into those areas that in the past have had no coverage
25 at all, on a regional basis. But there seems to be some

1 discretionary money available to us that I think could be
2 used, and it's a question of highest priority. I know there's
3 a need for capital improvement, and some money probably could
4 go into that.

5 I know there's a need to obtain good attorneys, and
6 I'm sure some moneys could go into that. And I know there
7 are many other uses for the income money.

8 But I think we have to first consider the people
9 that need services. Those have to come first. And I make
10 that thrust right now, and I don't know whether it would be
11 well received by the rest of the board, but I think it ought
12 to be seriously considered.

13 MR. CRAMTON: Well, it need not be discussed only
14 in terms of the investment income. As I understand it, the
15 commitment that's made in the first few pages of this draft
16 statement would commit the corporation -- if it, Congress,
17 responded to the corporation -- to distributing the money on
18 the allocation scheme that was followed this year. That is
19 the vast proportion of it would go to the south and southwest,
20 in which legal services is -- got started not at all, or
21 later, and very, very little, or none at all, to -- except
22 for the inflation increment, to either say existing programs
23 in the New York City area, or certainly to areas of upstate
24 New York that had no legal services at all, or the areas of
25 California that had no legal services, except in very, very

1 small amounts, which are capable of perhaps one new program,
2 or something like that.

3 MR. EHRLICH: No, this proposal does suggest that
4 some \$20 million -- \$20.61 million of increased appropriations
5 be provided to existing programs. It also suggests that
6 \$27 million be provided for program expansion to new areas.

7 Of the \$20 million which goes to existing programs,
8 of course this year programs -- existing programs received a
9 great deal more than uncovered areas. Of that 20.61 million
10 we would expect that as in the past the least well-funded
11 programs would receive the most substantial amounts. They
12 would use that to provide that minimum access to more people.
13 Then they could. They would do as Rudy said, be able to
14 reach a good many areas that maybe they theoretically cover,
15 but don't in fact.

16 That's a major priority for 1978, and that's just
17 what we would expect them to do.

18 MR. CRAMTON: But it's on this equilization formu-
19 la, and not in terms of reaching out to a new county. In
20 San Bernardino County there isn't any service now, right?

21 MR. STOPHEL: I'm not sure that's true, Roger. If
22 we follow the basic premise that's here on page 10 that the
23 27 million will provide normal access for 3.9 million who
24 reside outside geographical areas served by legal services
25 program, determining the geographical area that's served by

1 an existing program is what you're really talking about, be-
2 cause if the county that he's talking about were deemed not
3 to be part of the geographical area of the adjoining program
4 then I don't know any reason that there couldn't be a part
5 of these expansion funds used there.

6 MR. CRAMTON: Except that those are going to be
7 allocated, according to this formula, based upon the location
8 of the unserved poor, and it turns out the numbers of those
9 are going to be larger in the south and southwest, so they're
10 going to get the vast amounts that --

11 MR. STOPHEL: Well, if these population figures are
12 right, I'm not sure that there will be all that much.

13 MR. EHRLICH: If you want to focus solely on the
14 expansion funds they would be allocated. With the funds
15 this year, of course, south and southwest are still behind
16 the northeast -- there's no question about it -- and behind
17 most states in the northeast.

18 But they are closer and there would be proportion-
19 ally more funds available in the other regions of the country
20 than there were this year.

21 Remember, our goal over those three years is to
22 serve all of those throughout the country.

23 MR. CRAMTON: I guess what bothers me about it in
24 part is this kind of -- the somewhat arbitrary nature of it,
25 without regard to the quality of particular applications or

1 the merits of particular proposals, or the productivity of
2 particular legal services projects.

3 I mean it just seems as if we might just ladle it
4 out wherever the poor people are, whether or not the appli-
5 cant is in the best position -- compared to other applicants
6 elsewhere in the country -- of best serving poor people.

7 MR. EHRLICH: Every program is carefully reviewed
8 by field services offices before the funds are provided.
9 If they're new --

10 MR. CRAMTON: I know they have to meet minimum
11 standards. I'm not suggesting that they don't meet minimum
12 standards, but it's not a comparative judgment of the best
13 programs, the best applicants, without regard to geography
14 being -- getting money.

15 MR. EHRLICH: Well, the purpose is, of course, to
16 serve clients, and the reality is that where we can have the
17 greatest impact in terms of service is what we want to do.
18 I think Charles will tell you that from all over the coun-
19 try we received enormous numbers of applications for very
20 impressive enterprises which -- if this works -- we will be
21 able to get to over a three-year period.

22 One has to say, "How do you decide what comes
23 first, given very well qualified groups applying?" And the
24 way we've done it is by saying we want to serve the maximum
25 number of people where we possibly can as quickly as we can.

1 If there is a better way to do that we will be
2 delighted to know it, and I do again say that people in New
3 York and in California will be served with expansion programs.
4 But still, I don't know how to come up with a neutral prin-
5 ciple for allocating funds, a non-political principle, except
6 by saying how many can you serve, how effectively?

7 MR. MONTEJANO: But assuming, then, that you're
8 presently encumbered funds are headed in that direction, what
9 about then the possibility of going to the interest income?

10 MR. EHRLICH: WELL, we can certainly discuss that
11 right now.

12 MR. CRAMTON: Why don't we separate that until
13 later, really. I don't think it is -- because there are other
14 questions about that, and deal with the appropriation --
15 1978 appropriations first, and come back to it in the other
16 context.

17 MR. MONTEJANO: I'm not making the pitch for the
18 state of California. We have been well taken care of, ob-
19 viously. But I think that if you take a look at the entire
20 country --

21 MR. : Could you talk a little louder?
22 Excuse me.

23 MR. MONTEJANO: Yes. I'm sorry. I think that if
24 you take a look at the entire country, I think even with the
25 present moneys that are anticipated in next year's budget

1 that there may be some reallocation possible that will ob-
2 tain additional funds for those presently, quote, "covered"
3 areas that have gaps in them where people just are not being
4 served.

5 And there should be an effort made to possibly re-
6 allocate some moneys so that some of those people will re-
7 ceive some benefit, especially where you can expand into the
8 area. I distinguish from starting brand new with a new pro-
9 gram with high overhead and whatnot, but if you can expand
10 from a good, well-run, efficient, existing program, con-
11 ceivably there may be ways of leveraging the money, even with
12 the existing moneys.

13 MR. EHRLICH: That's fair, and I think and Roger
14 both are urging that we not be so locked into a mathematical
15 formula that we aren't taking maximum advantage of very high
16 quality proposals that could in fact reach large numbers of
17 people who need.

18 MR. MONTEJANO: That's all, really.

19 MR. EHRLICH: And so stated, we will certainly do
20 that the best we can. I've got to tell you too that there
21 are an awful lot of very, very good proposals that come in
22 from all over, and in fairness to the people they are trying
23 to serve, it's not as though some of them were just terrible,
24 they really are, quite frankly.

25 MR. KUTAK: You're not contemplating any impact of

1 Sam's alternative delivery system in this budget. In other
2 words, all of the programs would be of the kind that are now
3 in operation, and it will be yet another year before you
4 would envision allocating funding to different kinds of
5 programs.

6 MR. STOPHEL: Well, there are I believe \$5 million,
7 or something like that, Bob that --

8 MR. KUTAK: They'll have to continue these programs
9 that are so --

10 MR. STOPHEL: -- that we have in here to go into
11 the development of the alternative systems, which means fund-
12 ing those that are going to be placed in existence, and I
13 would assume that perhaps some of the grant proposals for
14 expansion into other areas may be from other than staff pro-
15 grams.

16 MR. EHRLICH: I understood, at least, Bob to be
17 asking -- we have gained insights from the delivery system
18 study soon enough that you could put those into -- back in the
19 allocation of the '78 funds. And their answer is probably
20 not many of them. It may be that some insights about use of
21 paralegals, or some particular techniques for rural areas
22 would be available that quickly, or by next summer, but we
23 doubt very much that it's firm enough to want to make that
24 kind of decision that it will be available until the follow-
25 ing year.

1 MR. THURMAN: I thought it was the financing he
2 was talking about. Is that reflected in the '78 budget here?

3 MR. EHRLICH: No, I'm sure that is. No, I was
4 thinking about continuing the experimentations. It's the
5 utilization of the knowledge developed that would be able to
6 restructure some of your program allocation funding.

7 MR. KUTAK: It gives you a sense of urgency,
8 though.

9 MR. CRAMTON: Where are we now? We've been talking
10 about the two-figure -- 27 million -- 20.6 million for the
11 extension -- program extension.

12 MR. EHRLICH: They were arrived at, again, to keep
13 a balance, forty percent, gap closing in both the existing
14 programs with their minimum coverage, and the new areas with
15 that minimum floor reached 65 percent for existing programs.

16 MR. THURMAN: I gather these figures were arrived
17 at without even considering the politics of the situation,
18 of who's in OMB and who's in the White House, and that kind
19 of --

20 MR. STOPHEL: Well, yeah, that's basically -- yeah
21 we just -- the basic thing, Sam, goes according to our four-
22 year plan --

23 MR. THURMAN: Yeah.

24 MR. STOPHEL: -- and to the extent that we're set
25 back from year to year then we have to modify our -- either

1 the term of our plan, or the implementation of it, but it
2 was just a part of that four-year plan, and did not take into
3 consideration any other factors.

4 MR. EHRLICH: It's closely allied to that -- as one
5 can imagine -- are the support functions that have to be
6 in operation in order to make both expansion to new areas and
7 certain improvement of existing programs or work, that's the
8 particular products of Dick Carter, to do called work. There
9 will be a good deal of increased training because of the
10 large numbers of new lawyers that will be needed for those
11 programs, as well as technical assistance, the help in setting
12 up new programs, something that before this year hadn't been
13 done in close to a decade.

14 MR. KUTAK: Tom, do you -- that just triggers a
15 thought, and I hope it doesn't sound political -- but do
16 you -- your training program, do you look for lawyers that
17 are going to be career lawyers, or do you look for lawyers
18 who are going to serve for three, five years and then perhaps
19 graduate on into other public service or the private bar or
20 things of that kind?

21 What is the pitch that is made to young lawyers
22 today?

23 MR. CRAMTON: There are only 300 programs, and some
24 may follow one model and some another.

25 MR. JONES: Right. The only real hiring the cor-

1 poration does, or that any grantee of the corporation does,
2 is the original _____ fellowship program.

3 The answer to your question will depend upon how
4 individual programs, the 280 programs or so, hire. My guess
5 is that -- consistent with what anybody else would do --
6 they would look for people who would at least give some in-
7 dication that they're going to stay some period of time in
8 the program, but I think the reality is that -- particularly
9 over these years where our funding has been so low -- all of
10 us have been dependent upon a certain measure of attrition,
11 or we can't maintain a program, given a fixed -- that was
12 certainly true during the past four years.

13 And then there is certainly a feeling in legal
14 services that attrition -- at some point, and I don't know
15 that anybody would say with any certainty how long a period
16 of time -- but at some point probably is good, because there
17 is some turnover, some new ideas, creativity, et cetera. And
18 like on any issue there are people who will disagree with
19 that.

20 But I don't know that anyone has any precise an-
21 swer, and in the past we haven't been able to control the
22 attrition because our salaries have been so low.

23 What will happen if we continue to have increased
24 funding, and increased availability of jobs, et cetera, I
25 don't think anyone knows at this point in time.

1 But maybe Dick can give you --

2 MR. EHRLICH: Something -- we do have a national
3 recruiting effort that's now being worked on. Did you want
4 to say something, about that?

5 MR. CARTER: Well, I'd like to say in relation to --

6 MR. CRAMTON: This is Richard Carter of the corpora-
7 tion staff.

8 MR. CARTER: In relation to turnover among lawyers,
9 one of the things that we have been trying to gun for is
10 some increase in stability, because the reality three years
11 ago, when we conducted a survey of those who had been trained
12 through the old training program, was that during the first
13 two years about 75 percent of lawyers left legal services,
14 and that the real -- one real push that we're making is to
15 try to make it more attractive to at least build the stabili-
16 ty to last two, three, or four years in legal services.

17 But in other words, those we had trained who were
18 new, about 75 percent of them were gone a year and a half
19 later, whereas those who stayed there for two to three years,
20 about 65 to 70 percent of those people were still hthere.

21 If we could make -- help them go through that first
22 hump, and make it more attractive to be there and give them
23 the kind of support that makes the jobs more attractive, and
24 their ability to offer services to clients better, to help
25 them get past that one hump is a terrific problem because

1 we're training a hell of a lot of new people over and over
2 and over again.

3 MR. CRAMTON: Are there any further comments?

4 MR. EHRLICH: What about lawyer recruitment? The
5 effort that you propose to start on lawyer recruitment?

6 MR. CARTER: Well our effort will be in two parts.
7 Of course the hiring will still be done by the local pro-
8 grams, the hiring decision will be made by the local program
9 (inaudible). One of the efforts will be to help them recruit
10 nationally, and particularly to help them in the recruitment
11 of minority attorneys and attorneys with special interests
12 and special abilities where they need those.

13 Sometimes a program needs a particular kind of
14 attorney, or someone who's interested in following a parti-
15 cular course because of the specialization of their practice,
16 or because they represent mostly farm workers or some other
17 particular clientele that needs a specialized practice.

18 The other part of it is a job exchange program, not
19 so much to recruit new people as to make it more attractive
20 to keep people and to help programs identify people who have
21 built up some specialty. A lawyer may be in a six-lawyer
22 program who wants to develop a specialty in housing, and there
23 may be a program in Baltimore or Philadelphia or what have
24 you where this specialized unit that works on housing.

25 Right now, to make a connection between those two,

1 it's mainly a matter of word of mouth. Of course the national
2 programs, that's not very successful, and so one feature of
3 the job recruitment and replacement program is a job exchange
4 program for lawyers who are -- which we hope will also go
5 along with training in other supports, making it more attrac-
6 tive to stay there, for instance stay in legal services work,
7 if not necessarily in that same program, for more than fifteen
8 months or so.

9 MR. CRAMTON: How would this \$1,065,000.00 be
10 spent?

11 MR. CARTER: I'm sorry?

12 MR. CRAMTON: Is that figure of -- oh, it's actual-
13 ly an increase. I don't know what the total amount would be,
14 but \$1,650,000.00 increase is proposed for training and
15 management assistant activities.

16 MR. CARTER: Well, only a very small part of that
17 will be for personnel. We're projecting the increase.

18 MR. CRAMTON: For positions.

19 MR. CARTER: For positions. You must keep in mind
20 that that's within the whole program support operation. This
21 includes the clearinghouse operation in Chicago, which has
22 had no increase in personnel since 1970, no increase at all,
23 except for a physician that is partially paid by a CEDA
24 grant, which was one way we were able to increase that staff
25 by one person.

1 Another part of that increase will be in the re-
2 cruitment program. A big part of the overall funds increase
3 would be in the recruiting program, which has been funded at
4 a very small level, because we're just getting that off the
5 ground this year, and then the increase in training to do
6 two things. One is the training in support services for new
7 programs, the expansion programs, which of course are not
8 reflected in past projects. And then for some increase in
9 the amount of training and support services that are avail-
10 able generally.

11 You see, we're operating now at about the same
12 level as was offered through the four centers that were ter-
13 minated, the macrocenter study. So there really has been no
14 substantial significant increase in funds available, and of
15 course we'd like to move into some new areas and substantive
16 areas and some training areas and discussing also some trial
17 training with the National Institute of Trial Advocacy.

18 And so it's an expansion of service, that is not
19 reflected in the current budget.

20 MR. EHRLICH: The text on page 35 through 38
21 spells out some of the things that would be going on and get
22 some program support if Dick Carter runs.

23 MR. KUTAK: I know this must be a giveaway of my
24 mentality, but are we -- have we reached a point, Tom, where
25 in expanding operations, or in supporting existing operations,

1 the economy of any material kind would be affected by having
2 our own GSA? That is to say a common procurement source, for
3 typewriters, or desks, and supplies and -- you know, it would
4 seem to me that with this kind of a budget you're beginning
5 to be able to buy in large quantity, or at least in the aggregate
6 the organization is buying in large quantities, and are
7 you -- things like yellow pads and typewriters and things of
8 that sort, just bought locally by the legal services supply
9 store? Or is there any assistance of pooling in that regard?

10 MR. EHRLICH: Nelson Rios has been looking into
11 both the use of the real GSA, and if that didn't work, of
12 using their own.

13 Nelson?

14 MR. RIOS: Well, with respect to purchases the
15 corporation makes, we in fact utilize the GSA supply schedule.
16 In addition to that, because GSA pricing is not always what
17 people think it is, the actual savings is minimal, in opposi-
18 tion to what most people think it does.

19 WE also negotiate with private vendors to buy in
20 bulk, and where we can beat GSA pricing with private vendors,
21 why we do it with private vendors.

22 There's -- with respect to typewriters and that
23 kind of equipment, we buy through the GSA schedule, which
24 gives us reduced price. Beyond that, there's been some dis-
25 cussion and some thought given towards applying that same

1 principle to grantee operations. That is in its very infancy
2 at this point, and to be very honest about it, I'm not neces-
3 sarily optimistic about it.

4 Some of our vendors, including Xerox and IBM, have
5 threatened the corporation itself with a loss of GSA pricing,
6 where this is clearly something that we're entitled to.
7 We're trying to extend beyond the corporation to the grantee
8 and trying to get grantees purchasing on GSA schedules,
9 which is going to be even more difficult. It's something that
10 we intend to work for, and something that we will continue
11 to develop.

12 But I think it's going to be a long negotiating
13 process with the vendors to allow grantees to get on GSA
14 schedules. At the present time it's a patchwork effect.
15 Some grantees are purchasing on GSA schedules simply because
16 their local vendors are lying to them so. Other grantees
17 have been refused that right and are being kicked off of GSA
18 pricing.

19 What we're trying to do now is to come up with some
20 strategy to get IBM and Xerox -- both vendors are very inde-
21 pendent -- to agree to allow our grantees to purchase on
22 GSA price schedules.

23 MR. EHRLICH: The next item is the --

24 MR. CRAMTON: One comment in terms of presentation.
25 I would find this a little more helpful if some of the dollar

1 figures were related to particular kind of subactivities,
2 rather than just in connection with a whole office.

3 For example, 35 to 38, describing the office of
4 program support just has this 7.1 million this year, increased
5 proposed, 8.165 million next year. It describes four or five
6 subactivities, but no indication of the relative magnitude,
7 I gather.

8 In fact, the recruitment part in the Reginald Heber
9 Smith program is responsible for over fifty percent of that.

10 MR. EHRLICH: Yes, that's right.

11 MR. CRAMTON: It's just a -- I don't know whether
12 you want to get into that detail, but I think at least the
13 people who present it to the Appropriations -- the Appropria-
14 tions Committee will want it, and the people who present it
15 are going to have to have it.

16 MR. STOPHEL: I think we ought to -- and the commit-
17 tee will get into more detail on the -- this section of it,
18 but is the --

19 MR. CRAMTON: But the same thing is applicable
20 throughout.

21 MR. STOPHEL: -- staff's thinking -- as to the
22 staff's thinking of should or is the staff thinking of con-
23 sidering continuing the Reginald Heber Smith section of the
24 recruitment, or thinking it over? I think this is something
25 that has to be considered, because I think that it is a sig-

1 nificant -- as you pointed out, it's a significant portion
2 of this section of the budget.

3 MR. CRAMTON: Which is a significant portion of the
4 total budget, once you get up to \$8.2 million.

5 MR. STOPHEL: Administration.

6 MR. EHRLICH: Do you want to have comments now?

7 MR. STOPHEL: If any other board member, other than
8 committee members -- I know that the committee will go into
9 this, but if any other board member wants to comment we'd
10 be glad to have it.

11 MR. CRAMTON: What's next?

12 MR. EHRLICH: The delivery system study itself, and
13 the activities relating to the overall study. We will con-
14 tinue the service to all the clients served by the nineteen
15 projects funded by the demonstration projects this year, but
16 of course not necessarily with the same form of project we
17 started off with.

18 We will also, with a second round of grants, fill
19 in the gaps in '77 that we weren't able to do this year.
20 WE'll have to continue in those projects as well in 1978, and
21 continue the overall process of trying to work with crew
22 delivery. And by that time I'm, at least, quite convinced
23 that we will have a number of new insights we can put into
24 effect. That requires the continued evaluation effort of
25 the corporation to be sure that not only we meet the statutory

1 obligation of evaluating every program, but that we have an
2 effective system for doing that, and I think Charles' field
3 services office has developed a sound design that sees to it
4 that the project recording system will be in place, have a
5 continual flow of quantifiable information about each pro-
6 gram, and if any sudden changes occur in that information
7 that will trigger an immediate look at the program, and
8 each program will be visited regularly by regional staff,
9 monitoring visits.

10 The plan is to have every program visited I think
11 at least four times.

12 Hello, Mel.

13 MR. CRAMTON: The record should indicate that Mr.
14 Broughton has joined us. Welcome.

15 MR. BROUGHTON: Thank you.

16 MR. EHRLICH: And there will be signed evaluations
17 for programs whenever there is an indication of any kind that
18 there are the kind of problems that ought to be looked at
19 more by an outside group.

20 That, together, I think will provide us with a
21 flow of information on how to improve the program to be sure
22 that you are evaluating continually, not just spasmodically,
23 what's going on in every program.

24 It does, as you can see, cost money.

25 I might go to two other items now in the budget,

1 that I think deserve particular attention. One is the re-
2 search institute on legal assistance, and the director is
3 here. You might like to hear about his plans.

4 And the other is administrative expenses generally,
5 and Nelson Rios is here to talk about those, if that meets
6 with your approval.

7 Alan, why don't you come on up and talk a little
8 about your plans with the research institute.

9 MR. CRAMTON: Alan Houseman of the corporation
10 staff.

11 MR. HOUSEMAN: The institute is beginning to set
12 its priorities, and that process involves first, publicizing
13 the institute widely within legal services, within the pri-
14 vate bar, and the academic community; secondly, surveying
15 the type of research which has been already undertaken in
16 the past within legal services or within other research en-
17 tities that focus on legal services to the poor; and getting
18 and surveying and having an understanding of the kind of
19 plans which those research entities have for the next couple
20 of years.

21 That's done to make sure that whatever is done by
22 the institute does not duplicate work that's already begun,
23 and we can build and supplement what's already begun.

24 Finally, we are affirmatively seeking out and dis-
25 cussing with experts in the substantive poverty law areas

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23 and we can build and supplement what's already begun.

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25 cussing with experts in the substantive poverty law areas

1 that legal services is involved with. We're affirmatively
2 seeking out projects and areas of research which the institute
3 should undertake. That process should be completed by Decem-
4 ber, and the full priorities of the institute -- hopefully
5 based on a fairly thorough review -- will be set.

6 In general, I think the institute will focus on
7 several areas, fairly obvious and fairly general areas.
8 First, we will seek to fill in the gaps which exist today in
9 research in substantive poverty law areas. In some areas
10 there has been significant amount of research done by the
11 backup centers or others. In other areas there has been very
12 little.

13 And yet, a number of programs and large numbers of
14 clients are faced with problems in which there is little
15 guidance, and little serious policy and academic analysis.

16 Secondly, the institute will analyze problems that
17 pose serious consequences to the poor, and continue work
18 that's already begun in those areas.

19 A third general purpose will be to review, to ana-
20 lyze agencies which provide benefits to the poor, and seek
21 to improve the procedures which they use in administering
22 those programs, and the procedures that exist for people who
23 have complaints about those programs.

24 MR. MONTEJANO: Excuse me. How would you do that?
25 Would we go directly to the agency, review and evaluate its

1 procedures, and then recommend to them and advise to them
2 what they could be doing better?

3 MR. HOUSEMAN: I think, now, not precisely that.
4 There's -- legal services has had contact with a number of
5 agencies, like welfare agencies, public housing, Social
6 Security Administration, and a number of suits have been
7 brought which address the inability of that agency to deliver
8 services consistent with its statutory mandate, or the in-
9 ability of that agency to provide grievance mechanisms that
10 work.

11 What the role would be, to try to analyze how ef-
12 forts which are already going on could be improved, and to
13 help legal services programs focus the kind of work that
14 they're already doing in a way that will assure implementa-
15 tion of some of the goals that they're doing.

16 Let me give you a simple example. Most welfare
17 agencies have a statutory mandate to provide assistance to
18 people within thirty or forty-five days. Many lawsuits have
19 been brought which sought to implement that federally created
20 statutory right, and yet very little was ever done, other
21 than the bringing of the lawsuit, to assure and to work with
22 the agencies to actually implement the right, once it was
23 established.

24 And some -- an analysis of the problem, in attempt-
25 ing to help legal services focus on that problem, would be

1 the role of the institute.

2 Now, it might be that there would be some involve-
3 ment with agencies, but I think our role would be much more
4 analytic and much more removed from any actual involvement
5 with the agencies. We'd attempt to set out areas that should
6 be looked at and observed, and help the programs in their
7 efforts at working with agencies.

8 That's what it is. It's a much more removed,
9 much more analytic, reflective kind of approach.

10 There's of course a large body of law that exists.
11 What we haven't done in legal services is apply that body --
12 not of law. There's a large body of knowledge about agencies.
13 We have not utilized that and effectively applied that in
14 the representation that has gone on, and that's sort of the
15 role that the institute would play.

16 MR. KUTAK: Do you see yourself eventually absorb-
17 ing the work of the support centers?

18 MR. HOUSEMAN: No. I think that the work of the
19 support centers focuses on actual representation that is
20 going on, and in the past was involved, of course, with the
21 development of manuals and some more generalized research.

22 I think that the institute will essentially take
23 over the role of more generalized research which the support
24 centers did some in the past, and -- but it will not really
25 interfere in any way. It will supplement or build upon, but

1 not in any way take over the major effort of the support
2 centers, which has always been in representation and in as-
3 sisting local program representation.

4 MR. STOPHEL: Mr. Houseman, do you see --

5 MR. HOUSEMAN: It's a more reflective, more removed
6 kind of focus on --

7 MR. STOPHEL: Do you see your role as responding
8 to the needs expressed by the programs, or in seeking out
9 areas in which the programs are not working that they ought
10 to be working in?

11 MR. HOUSEMAN: Well, I think it's a combination of
12 both. One thing I've tried to do is to contact all the pro-
13 grams through written and oral communications, and I met
14 with a number of project directors to find out from them
15 what areas they think the institute should focus on.

16 There are areas that programs feel something should
17 be done, but they don't know quite what, and in a sense we
18 would help set and do some work to help them understand the
19 problems in that area.

20 For example, a number of people think about energy
21 problems, but no one's really sat back and analyzed the im-
22 pact that a number of energy decisions which are being made
23 have on the poor, and programs are in many areas just at a
24 loss as to how to deal with this.

25 Now I'm not saying we would do that. That would be

1 determined upon setting up of our priorities, but some areas
2 -- may get involved in some areas that don't really arise out
3 of immediate program requests, or immediate program concern,
4 but where people have suggested that there are problems, and
5 nobody really has thought them through.

6 So it's really a combination of both. I don't know
7 if I can -- I can't really be any clearer. Most of the areas
8 that we'll be working in, and most of the projects that we'll
9 be doing, will arise out of, or be a part of the -- will have
10 originated from suggestions that came from program people.
11 That doesn't mean that all the people will be working for
12 the institute will be program people. We hope to attract
13 the most capable people we can to help in this.

14 But I would think that most of the areas that we
15 would be focusing on would really arise out of suggestions
16 from program people.

17 MR. STOPHEL: You may work up the basis for a law-
18 suit and send it out there and have one of the programs to
19 find somebody to file it, right?

20 MR. HOUSEMAN: No, that's not what we're doing.
21 It's much more removed.

22 MR. STOPHEL: Okay.

23 MR. EHRLICH: Much more theoretical.

24 MR. HOUSEMAN: Much more theoretical. I -- let me
25 explain. It would be very helpful to me, I think, either

1 now, or maybe if you have the time to reflect on this a bit,
2 to give me your thoughts about the areas you think the insti-
3 tute should pursue, specific projects that you feel deserve
4 some attention, and even suggestions of people who would be
5 good for the institute to consider hiring, either as part-
6 time, or consultants, to work on specific research projects.

7 I'm attempting to get as many ideas as possible,
8 and I certainly welcome the ideas of board members on all of
9 those three areas.

10 So far, the ideas that I've received have helped
11 a lot in helping set priorities, and in providing a better
12 understanding of the problem.

13 MR. CRAMTON: Have you explored the notion of try-
14 ing to use the sabbatical leave program from universities to
15 get highly qualified scholars who have perhaps a background
16 or interest in poverty law, or poverty law questions, to
17 spend their sabbatical year leave in full-time research at
18 the Legal Services Corporation?

19 You said -- you might be able to get extraordinari-
20 ly highly qualified people for one-half of their normal
21 cost, and yet that would be a very attractive program for
22 many scholars. They would like to spend a year in Washington,
23 and in full-time research and writing in areas of their in-
24 terests.

25 MR. HOUSEMAN: Yeah, well I've begun that. I've

1 met with -- at least with the law school context -- the AALS
2 newsletter will contain some information. I hope to attend
3 the AALS convention and meet with people. I've begun -- at
4 least informally -- discussions with some faculty members
5 that I know about this, and I probably will send out a letter
6 to deans in addition to the AALS.

7 Finally, there is a mailing going out to a number
8 of law professors who teach in areas that are related to
9 poverty law; civil rights, poverty law --

10 MR. CRAMTON: Welfare law.

11 MR. HOUSEMAN: -- social legislation, welfare law,
12 Constitutional law, urban legal problems.

13 And I've used the AALS mailing list to help iden-
14 tify those people, and a letter is going out to them.

15 That's the effort, at least initially, that I've
16 begun to try to attract those kind of scholars.

17 MR. CRAMTON: The institute can perform a lot of
18 middleman information exchange and communication functions
19 between the support centers, the clearing house, the field
20 program as they develop problems, and then working them up
21 and researching them, providing ultimately the staff attor-
22 neys with better tools.

23 MR. KUTAK: It would be kind of interesting to
24 bring in some of the lawyers in the programs for that.

25 MR. CRAMTON: Yes.

1 MR. HOUSEMAN: Well that's clearly being contem-
2 plated.

3 MR. CRAMTON: That's clearly contemplated.

4 MR. STOPHEL: Not small suits, just tools.

5 MR. HOUSEMAN: I should say that I think most of
6 the staff will be people who take some time off to either
7 come in, or stay where they are, and do some work at the
8 institute, and we will be having, in addition, some seminars
9 of people who will always involve field legal services at-
10 torneys, to discuss problems that result -- come out of --
11 arise out of the work that the institute does, or that help
12 set the work that the institute will do.

13 So I see a large amount of involvement of field
14 people, as well as people from the academic community and the
15 private bar.

16 MR. CRAMTON: Well, by comparison with some other
17 parts of the budget, which are funded at much higher levels,
18 the amount being spent on the research institute strikes me
19 as very -- a very modest beginning.

20 Now maybe we ought to make it just a very modest
21 beginning until it's proven itself, and I gather that's the
22 philosophy that we're following. We're going to start some-
23 thing, we start out on a relatively small scale, but the
24 250,000.00 this year and the 250,000.00 next year is a very,
25 very small operation indeed, and --

1 MR. EHRLICH: Well that isn't for your salary.

2 (Laughters.)

3 MR. CRAMTON: I thought it was, but --

4 MR. EHRLICH: Budget indeed has been discussed with
5 the committee. In really do think in the long run the amount
6 that we are projecting next year for research generally is
7 just too small in comparison to our overall budget in terms
8 of the kind of operation we're running, which comports to
9 be, at least, in the forefront of technique for providing
10 legal services generally.

11 The reality is, given the pressure for direct funds
12 to programs, providing direct services, we don't think we can
13 do any more, but at least over time we hope we can increase
14 that research budget.

15 MR. CRAMTON: Has any thought been given to a
16 direct approach to some foundations now to try to get some
17 matching funds for this aspect of the program? Research
18 funds are very thickly in areas like this. I think they're
19 understandably difficult to get out of taxpayer funds, but
20 there are a number of foundations that have tremendous inte-
21 rest in public interest law, and have poured in massive
22 amounts of money on it, and maybe that for some aspects of
23 this -- like bringing scholars on a sabbatical leave, and
24 so on, to work in poverty law areas, and integrate some of
25 the activities with the support centers and so on -- that the

1 corporation could get a kind of grant that would double the
2 funds available in this area.

3 MR. KUTAK: Also, Roger, I hope that the institute
4 could serve as a -- would have a liaison function, very
5 frankly, with so many of these other activities. I would
6 hope that the center -- or the institute would have a liaison
7 center with the support centers, I mean a liaison function
8 with the support centers, at least for the components that
9 interact.

10 Likewise, I would hope it would have a very close
11 liaison with the demonstration projects, and the evaluation.
12 Because frankly, they are the extensions of the kind of re-
13 search that presumably you'd want to design and eventually
14 develop evaluation tools for, and I would hope, therefore,
15 that the -- that you'd have enough manpower to be able to be
16 on top of all of the things which are being funded outside
17 of your institute, that however will ultimately be absorbed
18 by it. Or at least be governed by it.

19 MR. EHRLICH: I'm pushing with foundations on two
20 fronts. I won't describe them, but begin by saying unfor-
21 tunately there are not many foundations that care very much
22 about law. A few. McConnell, Clarke is probably the largest
23 that do, but not a great many.

24 And those that do often have staffs with quite
25 fixed ideas of the kinds of things that they would like to

1 do, and they might like to help -- have us join them, but not
2 always the other way around.

3 Two kinds of things are, one, some projects -- such
4 are you're describing, where there really is a community of
5 interests, and where we can double the funds going to an eff-
6 fort by joining with the private group; the second is, a
7 number of programs need relatively modest amounts of money,
8 which they can in turn match very often with government money
9 to get a very large amount of funds, where it's a four --
10 three or four or even five to one match. The amount they need
11 is so small -- only five or ten thousand dollars -- that no
12 foundation will go through the paperwork as a practical mat-
13 ter to put it up.

14 I think if the corporation can get a large grant
15 from a foundation to use it to divide up among programs who
16 can in turn take the smaller amount and use it for matching
17 purposes, we could help a lot of programs. That's another
18 effort.

19 MR. THURMAN: Isn't the size of our federal budget
20 something that's going to handicap us with reference to get-
21 ting money from a foundation?

22 MR. EHRLICH: We have to persuade any foundation
23 that it is something that is not in the direct mainstream of
24 basic delivery of legal services to poor people generally.
25 If we can't do that, we're not going to get the funds from

1 the foundations which we know of.

2 MR. STOPHEL: I've never been a part of the scholar-
3 ly group, nor the intellectually -- I won't use that. Haven't
4 been a researcher, but I -- somebody wrote an article one
5 time that referred to legal pollution. I just don't want us
6 to add to that.

7 We can have our scholarly dissertations and con-
8 cepts, and so forth, but let's do our main job, and I don't
9 think this ever ought to become the tail that wags the dog.

10 MR. EHRLICH: No argument. I don't know who wrote
11 the piece on legal pollution, but it's --

12 MR. STOPHEL: Well, it wasn't very good. It didn't
13 get wide publicity, but --

14 MR. EHRLICH: I simply applaude the idea, and con-
15 gratulate the author. In all events, I agree completely,
16 and one of the things that --

17 MR. THURMAN: Well, now let's not go too complete-
18 ly on this.

19 (Laughter.)

20 MR. EHRLICH: -- is to make the kind of agency
21 effort that Al is talking about work more smoothly, keep
22 things out of the courts, and don't pollute. It's all for
23 the good.

24 MR. STOPHEL: Okay.

25 MR. THURMAN: I just think I'd like to add a note

1 on this. This is just a great opportunity here to improve
2 the legal services generally, plus this office a chance --

3 (Expressions of agreement.)

4 MR. THURMAN: -- to render a day-to-day service to
5 clients. I just -- I hate to see this thing minimized, and
6 I think Congress has wanted us to do this. Congress has
7 asked us to get into this business, and conduct a demonstra-
8 tion project. That's very closely related, that thing, to
9 the research that AI is going to be doing here.

10 MR. CRAMTON: Well, unless there are further --

11 MR. EHRLICH: Yeah, let's move on.

12 MR. CRAMTON: -- questions, let's move on to the
13 administration, because I know you do want to talk about
14 investment income in some way.

15 Nelson?

16 MR. EHRLICH: I can say, in fairness, we do want to
17 put a high premium on good management, both in the corpora-
18 tion and in the programs, lean administration. And here is
19 the one who tries to keep us thin.

20 MR. RIOS: I'm not sure what I can add in addition
21 to what's before you, starting on page 43, except to empha-
22 size once again that it's the intent of the corporation to
23 have as small an administrative operation as possible. I
24 think that's reflected throughout the two or three pages of
25 this document.

1 I think I'd prefer to handle this by responding to
2 any questions that this information generates.

3 MR. EHRLICH: I might mention, because it is in
4 Nelson's overall bailiwick, we are finally at least painting
5 the existing quarters that we are now in, and if you go over
6 there you will find it somewhat of a mess as a result. They
7 are minimal kinds of cosmetic improvements to a somewhat
8 dreary setting. We do still have the hope that I discussed
9 with you at some point in the not too distant future of mov-
10 ing to a building that would be our own, and I think ideally
11 -- at least from our perspective -- having it right where an
12 actual legal services project exists so that we could be in
13 more continuing contact with what is, after all, our basic
14 purpose. Then we can be separated from it.

15 But that won't be for a while, anyway, and in the
16 interim, as a result of these changes in the painting and
17 the like, the facility should -- on the seventh and sixth
18 floor, -- should certainly serve us reasonably well.

19 MR. THURMAN: I've had occasion, talking with peo-
20 ple, some who may be a bit critical of legal services, in
21 using these figures here, the -- I think the very low admin-
22 istrative costs -- oh, you're talking here, of course, about
23 central administration, aren't you?

24 MR. RIOS: Yes.

25 MR. THURMAN: This is Washington Administration.

1 MR. THURMAN: Well the figure here includes general,
2 doesn't it?

3 MR. CRAMTON: Corporation staff, other than research
4 and training.

5 MR. EHRLICH: The administrative regional office.

6 MR. THURMAN: All of the regional would be in
7 these two.

8 MR. RIOS: Yes.

9 MR. THURMAN: Within the \$4 million sum figure,
10 right?

11 MR. EHRLICH: Yes.

12 MR. RIOS: The only thing excluded from the ad-
13 ministration budget is the program support effort and research
14 institute.

15 MR. EHRLICH: We'll say that Fabio, in our accounts,
16 has come up with a scheme -- a method, I should say. I
17 don't want to use the word scheme.

18 (Laughter.)

19 MR. EHRLICH: It was a method to -- I was troubled,
20 Nelson was, and Fabio, to be sure that we give particularly
21 to the Congress as full an explanation of exactly what's
22 happening as we can. The last thing in the world we want
23 anybody to say is that we're trying to hide something that's
24 an expense, and I think we'll go over it with the committee,
25 but as an approach that he's worked in with Buck Hennigan,

1 and as I say, our accountants, that meets -- Price, Waterhouse,
2 set up some sound accounting principles -- also meets the
3 basic needs that show everything that's happening in a way
4 that's revealing.

5 They are low costs, they really are, I do think,
6 and I want to be sure we stated them in a way that's fair.

7 MR. CRAMTON: Are we going to have problems with
8 the eight percent salary increase? Or isn't that going to --
9 at least unless you can demonstrate comparable increases in
10 the private market, or unless the government salary increase
11 is that large, this next year?

12 MR. RIOS: WELL, at this point this document
13 doesn't necessarily state that eight percent will be used,
14 will be actually used for staff salary increases. It's a
15 budgeted figure. How it's going to work out with something
16 worth developing at this point, we're looking at a system
17 of paired increases, as well as an opportunity to adjust the
18 entire salary schedule because of inflationary demands.

19 If we do not use the full eight percent -- and
20 there's a likelihood that that will happen -- that will re-
21 sult in cost savings that could be reprogrammed into other
22 areas.

23 Again, I think it goes without saying that this
24 budget, and the figures reflected in it, deal primarily with
25 assumptions and projections and anticipations and between

1 now and the time that it's actually allocated there may be
2 some shifts here and there, but based upon the history we
3 have, which is very limited, this is the best we can come up
4 with.

5 MR. THURMAN: How about salary increases at the
6 higher ranges here for the corporation? Is there anything
7 we can do about those?

8 MR. EHRLICH: It's the statute.

9 MR. RIOS: That's limited by statute, unless we can
10 get it changed by the Act itself. That's something that the
11 board may want to consider.

12 MR. THURMAN: To get back again on this overall
13 administrating cost business, do we have any -- is there any
14 way of getting some kind of a figure on what administrative
15 costs, throughout the country in local programs, and things
16 of that kind?

17 MR. STOPHEL: We're working -- actually, our
18 management information service is going to give us this to
19 a large extent when we get into that program. It will be
20 fairly well computerized so that we will be able to compare
21 costs program by program, and hopefully we can give our
22 comptroller's office and his auditors an opportunity to be
23 of some constructive help in program costs.

24 That is, if one program is obviously spending too
25 much on a particular category of expenses in relation to its

1 total budget we'll be able to determine that and give it some
2 guidance and some help.

3 MR. EHRLICH: For those of you who haven't met
4 Sheila Greenburg, who is setting over here, who is now work-
5 ing with Nelson just on personnel, and Sheila, do you want to
6 just stand up so everybody can see you?

7 Any other questions on administration?

8 The final item I want to mention is a change from
9 the material presented at the last meeting, is a reduction
10 of the reserve that was included there, a reduction down to
11 \$250,000.00, a reduction in order -- as we worked out the
12 figures -- so we could maintain the forty percent gap closer
13 movement on both the new areas and existing program areas.

14 The brunt of this draft maintains a small -- and
15 in percentage and indeed in dollar terms -- reserve of
16 \$250,000.00 so that we can meet what I am sure will be agen-
17 cies that haven't been anticipated during the operations in
18 1978.

19 It is not very much flexibility, but it's some.

20 MR. STOPHEL: Mr. Chairman, the committee will be
21 reviewing this draft in more detail in its meeting tomorrow,
22 in addition to considering other aspects of our investment
23 program, and if any other board member thinks of something
24 and can attend the meeting tomorrow we'd be delighted to have
25 them to go through it with us.

1 MR. THURMAN: Are we going to meet here?

2 MR. STOPHEL: Be right here.

3 MR. CRAMTON: Is there any action that you want the
4 board to take?

5 MR. EHRLICH: No, this is fine.

6 MR. CRAMTON: This is an exchange of information.

7 MR. STOPHEL: This is an opportunity for you to
8 get reactions from the board.

9 MR. EHRLICH: We would expect to go, as I said,
10 forward with the preparation of a draft document to have
11 that for your review, again, and at the January meeting in
12 New Orleans. In the interim we will give the total figure to
13 OMB, together with any material that they need and try to
14 stay in close contact with both old OMB and with whatever is
15 the new OMB, or its counterpart as its developed by the new
16 administration.

17 MR. CRAMTON: Mr. Veney

18 MR. VENEY: I don't want to take much of the board's
19 time, but I want to call your attention to one of the hand-
20 outs, and that's the one around minimum access to legal ser-
21 vices for poor people.

22 My statement I guess is pretty naive, but it occurs
23 to me that asking the new Congress and the new administra-
24 tion for \$178 million may not be all that should be done by
25 the corporation.

1 Your figures frighten me. They show some 15 million
2 people without access to attorneys, whether that be in areas
3 that are new or areas that are currently covered by existing
4 programs but where people are not in fact receiving services.
5 And I don't want to take a great deal of your time, but the
6 talk in terms of four-year plans, that may have been one
7 thing when we had an administration that clearly demonstrated
8 no receptivity to rapid expansion, but I wonder if you might
9 not think for just a moment about what it means to 15 million
10 people to be thought of in terms of four years from now
11 they'll get around to serving you.

12 Bite the bullet is not the term here, but you
13 might want to consider risking advancing your four-year plan
14 to make it a three-year plan, or even a two-year plan, and
15 178 million, as compared to many of the budgets of agencies,
16 is rather infinitesimal, and we are talking about people at
17 least nine million of whom, by your estimate, have never had
18 any access to legal services at all.

19 I would encourage you -- I may be overly optimistic
20 about the reaction of the new administration to legal ser-
21 vices, but except for the fact that the vice-president was
22 one of the people who pushed for legal services, the vice-
23 president elect, and if he can push for legal services -- so
24 while you're thinking about the '78, really I wonder if you
25 shouldn't be asking yourself, "Is this all we can in fact --

1 being reasonable -- both get from the Congress and assure
2 the Congress that you can use responsibly?"

3 MR. BROUGHTON: What -- do you have a specific
4 figure? In other words, as I understand it, your point is
5 that the corporation should go for a much greater demand than
6 what is set forth in the discussion of the budget.

7 MR. VENEY: I believe the corporation and its staff
8 have demonstrated our capability for using money well. I
9 think that your staff could program expansion at a higher
10 level. I don't want to fix a figure to that, but I think
11 we may not be looking at your real capability, and I think
12 Sam Thurman indicated earlier that this budget was prepared
13 without a look at the new political realities.

14 With -- and I'm not criticizing it. I'm just
15 making that point. It may very well be that your staff,
16 given your approval, could look at a higher projection of
17 dollars which would enable you to begin the coverage of the
18 15 million people in your own statistics at a much more
19 rapid level.

20 MR. MONTEJANO: That is a valid point, and I think
21 at least some of us have shared the opinion that -- I know
22 that to me the actual needs of our clientele, that it would
23 take a greater sum of money than what we presently project
24 in our budgets. And we talked about various figures.

25 I guess the two major arguments against that were

1 that we would not have a receptive White House and/or Con-
2 gress, and the other that we couldn't expand that fast. I
3 think we have problems internally, and that is a valid conc-
4 cern.

5 But I wonder if you might not give some considera-
6 tion to coming up with an alternate projection, an alternate
7 budget based on more rapid expansion, assuming two factors:
8 a more friendly attitude on the part of Congress and the
9 White House, and also within the capabilities of our staff-
10 ing.

11 MR. EHRLICH: I don't have much doubt that if we
12 received more funds we could spend them wisely and effective-
13 ly, not just relative to other programs, but absolutely.

14 And -- nor do I pretend to be that able to judge
15 the mood of Congress or the administration. Indeed, we
16 developed this plan without particular regard -- in serious-
17 ness -- to one administration or the other on the ground
18 that we should try to say here is a sound approach, and it's
19 absolutely true, as Bernie says, that we could speed up the
20 effort, both in terms of existing programs in new areas.

21 This was a staged effort, and I don't think anybody
22 is suggesting doing everything next year, but it certainly
23 could be a larger amount of the gap than forty percent and
24 closing, or trying to close.

25 MR. THURMAN: Staged in the best sense of the term.

1 MR. EHRLICH: Staged in the best sense of the term,
2 yes sir.

3 MR. BROUGHTON: Mr. Chairman, it seems to me that
4 one of the reasons we fared as well as we did in the last
5 Congressional action was the ability of the staff and you and
6 Mr. Stophel and others to demonstrate to the members of
7 Congress that the so-called new program was being --

8 MS. : Could you speak up, please.

9 MR. BROUGHTON: -- well-structured, that legal
10 proceedings were --

11 MR. EHRLICH: They can't hear you.

12 MR. BROUGHTON: -- legal proceedings with dispatch
13 and yet at the same time we were not trying to reach beyond
14 that point that we were capable of handling, and seems to me
15 that that has been a consideration beyond the recommendations
16 that we are discussing here today.

17 And I raise the question as to whether it -- having
18 met with at least reasonable success in the last go-round,
19 and Mr. Ehrlich and his associates continuing to assemble
20 the staff and do it in the way which he's indicated here and
21 many other times, the way in which the maximum use of capa-
22 ble people is going to obtain.

23 And I don't know if we start shooting off too high
24 we're going to run the risk of losing some of the favor that
25 has perhaps come to the corporation because of the manner in

1 which we hope we have proceeded to have a soundly-structured
2 program, and within our capabilities recognizing of course
3 the point that Mr. Veney made that certainly additional funds
4 are needed and always will be needed.

5 I think another factor may come into play, and
6 that is the conclusion that is reached as a result of the
7 study of the committee that Mr. Thurman is head of, and the
8 report they will make to Congress of alternate methods, and
9 where do we go from there.

10 I mean that involves financial consideration too.

11 MR. THURMAN: Well, Bernie has raised a very impor-
12 tant question here. I mean the other side of it, that we're
13 asking for -- what? -- forty percent increase over the next
14 year. Now that's going to strike a lot of people as a pret-
15 ty significant increase.

16 On the other hand, are there going to be any people
17 in the administration to come forth and say, "Look, are you
18 asking enough?" I doubt if that's going to happen.

19 In other words, this is the ceiling, I suppose,
20 this 178 million, and we're going to get something less than
21 that.

22 Is there anybody, or are there people likely to be
23 in the new administration that can give us any advice on
24 this? I mean let's assume that you could make use of more
25 money, make efficient use, as Tom as said here. I think

1 that's got to be -- that has certainly got to be a basic pre-
2 mise here. But assuming there is, are there any people that
3 could give us any feel on this?

4 MR. CRAMTON: Well isn't that the wrong question to
5 ask? I mean isn't the question how much we think the legal
6 services corporation needs or ought to have, and then we try
7 to justify that to the Office of Management and Budget, to
8 the administration, to Congressional committees, and the like.

9 MR. BROUGHTON: I think Tom put it in focus a mo-
10 ment ago when he said that this has not been prepared in an
11 effort to determine the political mood at any given point,
12 but a budget structured on the capability and ability to ex-
13 pand and to do so in a sound manner.

14 And I think that we should hold to that philosophy.

15 MR. SMITH: I am too, and I think, Mr. Chairman,
16 I think the question Sam posed isn't the question we should
17 be asking. It isn't the basis on which we should prepare a
18 budget. I agree with Mr. Veney that there are greater needs
19 than we're prepared to meet with 178, but I certainly have
20 been concerned with other governmental agencies, as I'm sure
21 most everyone here has been, and I've never felt that the
22 proper basis on which to prepare a budget and a request for
23 funds was how much you thought you could get. There are only
24 two factors that should be involved, really. What are the
25 needs, and what are your abilities and capabilities for utili-

1 zing money most effectively to go as far as you can toward
2 meeting those needs, whether you think you can get it or not.

3 MR. THURMAN: I suspect the needs are a half bil-
4 lion.

5 MR. SMITH: All right, sure.

6 MR. THURMAN: I can advance a very good case for
7 that.

8 MR. SMITH: All right, that's one of the factors.
9 The other factor is, how can you demonstrate how you could
10 expand effectively to utilize that money, if you had the half
11 billion this year, to meet those needs.

12 I'd like to think -- and I feel confident.--

13 MR. THURMAN: Well that's basically --

14 MR. SMITH: -- from my own point of view, the rea-
15 son we didn't jump from 71 and a half million to a half bil-
16 lion the very first budget request we made wasn't just be-
17 cause we didn't think we could get it, but the reason was --

18 MR. THURMAN: That was part of it.

19 MR. SMITH: Oh no, it wasn't. Not in my way of
20 thinking. If I'd thought we could demonstrate that we could
21 use it, I'd have asked for it, whether I thought we could get
22 it or not.

23 I don't think whether you think you can get it is
24 the proper basis on making a budget or making a request. It's
25 the need and you ability to --

1 MR. THURMAN: It's just as a factor of going about
2 to enter into our request.

3 MR. SMITH: No it doesn't. I wouldn't want the
4 budget to be a factor. I think the factor is how can we
5 demonstrate that we can do it? Can we expand properly and
6 use the money effectively? As soon as we can use it effec-
7 tively, we should ask for it. It's up to somebody else to
8 decide whether they're going to give it to us or not, but
9 we don't condition our request on what we think we can get.
10 We condition our request on how we can effectively utilize
11 the money, and if can show that we can effectively utilize
12 it, we should request it.

13 But I don't think it's a proper question. I think
14 it's really a sign of failure on our part if we were just
15 trying to condition our request on what we thought we could
16 get.

17 MR. THURMAN: No, it's a combination. I don't think
18 we're setting 178 million because we say that is the maximum
19 that we could use.

20 MR. SMITH: I think it's the maximum we can use
21 effecitvely this next year, right.

22 MR. THURMAN: If it is, then it ought to be set
23 there, then.

24 MR. SMITH: That's right. That's the basis on
25 which I think it should be set. I sure don't believe it's

1 proper for any agency -- and ours in particular -- to base
2 our request on trying to guess what we think we can get.

3 MR. THURMAN: That's only a part of it. That cer-
4 tainly can't be the whole story. It's got to be what we can
5 effectively used. That's got to be number one.

6 MR. SMITH: Yeah, what we know -- what we need.

7 MR. THURMAN: And number two --

8 MR. SMITH: Need is number one.

9 MR. THURMAN: -- if we think we can get that much.

10 MR. SMITH: Nope.

11 MR. CRAMTON: We're also talking about the effec-
12 tive implementation of a statute the carries the kind of pre-
13 mise that a study of the existing structure and program would
14 be undertaken. We're investing substantial resources in
15 doing that, and it's started.

16 We've also promised the development of standards
17 and criteria and the application of those in terms of evalua-
18 tion of existing programs. If you move ahead to totally coat
19 the nation with the existing staff attorney system, without
20 allowing the opportunity for the evaluation and comparison
21 of that system to other possible systems, you're really fore-
22 closing the future.

23 Now it's true that that means needs get delayed,
24 needs that are very real. But it's a -- it strikes me as
25 being more consistent with the purpose and objective of the

1 statute. And --

2 Well, there are several members of the public that
3 have been seeking attention very strenuously. Do you -- does
4 members of the board wish to hear them on this subject?

5 MR. STOPHEL: Has Bob Kutak left, or is he --

6 MR. CRAMTON: No, he's trying a comfortable chair.

7 (Laughter.)

8 MR. : He wants to see how the public is
9 being treated.

10 MR. SMITH: I'd just like to say that I think it
11 smacks of a sort of "gamesmanship" if you start conditioning
12 your request on what you think you can get. And I think it's
13 unbecoming the responsibility that should pertain to any
14 board of this nature when you get involved in gamesmanship,
15 try to guess what you can get, and go for that.

16 I think it has to be needs and your demonstrated
17 and felt capability.

18 MR. THURMAN: There's no one saying that the needs
19 aren't the most important, or how we can effectively use them.
20 That's got to be the first step. But assuming we can use --
21 that you need more --

22 MR. SMITH: I would never want to be a part of any
23 agency that conditions a request on what it thought it could
24 get. I think that's a gamesmanship game that just shouldn't
25 be practiced.

1 MR. CRAMTON: We are an independent agency, and
2 recognize our own judgment, and should we totally change our
3 premise and perspectives a few days after there's a presi-
4 dential election, and are implications are likely to be
5 drawn by that over the long haul --

6 MR. SMITH: That are certain to be drawn.

7 MR. CRAMTON: Mr. Ray, would you like to address
8 the board briefly?

9 MR. RAY: Thank you, Mr. Chairman. I wonder if
10 it's not a mistake to conduct this discussion as if these
11 things are mutually exclusive. The funding committee of PAG
12 has worked alongside the staff and invested a lot of time
13 and energy and thought in their funding questions, and we
14 have a great deal of respect for the plan that's come out
15 of this.

16 And certainly, in a general way, we support it
17 wholeheartedly. And no one, I think, would argue that we
18 should abandon the plan and start shooting from the hip out
19 of idle political speculation.

20 On the other hand, I think we all recognize that
21 independent agency or not, we are -- to an extent -- poli-
22 tically captive of what an administration will support and
23 what a Congress will appropriate, and I would make a simple
24 suggestion -- which I actually anticipate the staff has
25 probably already long ago thought of, and it's probably al-

1 ready starting to implement. Doesn't it make sense to con-
2 tact people in the Carter administration and we certainly
3 know names of some of them to contact, because he was a very
4 supportive and active adherent of legal services in the state
5 of Georgia, and some of his staff people from that point in
6 time are his staff people now, to find out what the political
7 climate would be there, and also assess the makeup of the
8 new Congress to determine what kind of support might be
9 generated there and superimpose those kinds of findings --
10 without abandoning the plan -- over what you're asking for to
11 see whether or not the political waters might indeed hold a
12 larger prospect, because there is a need which has been iden-
13 tified. It has been put into definable four-year terms, but
14 only, I think, partly, because you thought there was some
15 magic to four years.

16 You could do the same thing in three years, or even
17 two. Do you seriously state that the corporation would not
18 have the capacity to build up its own staff to implement
19 that? I would hardly think so. I would have great confi-
20 dence, from what I've seen in their administration, that they
21 could handle that kind of a burden, and I would urge that
22 you find out whether indeed a plan could be capsulized into
23 a smaller period of time.

24 MR. THURMAN: No one here quarrels with the need,
25 I take it, around the board, the need for much more money

1 than we're getting at the present time, and much more than
2 178 million. Isn't that a given here?

3 Now the next one is the capability to make use of
4 more money.

5 MR. CRAMTON: And the form in which it's delivered.

6 MR. BROUGHTON: Well Sam, what about the --

7 MR. CRAMTON: Structure, and form and --

8 MR. BROUGHTON: -- report that your committee is --
9 you seem to be tossing that aside.

10 MR. THURMAN: No, I'm only talking about the possi-
11 bility of maybe satisfying half the national need right now.

12 MR. BROUGHTON: How would you use an additional
13 million dollars, in staff programs?

14 MR. THURMAN: Oh, I suppose most of them would have
15 to go in that direction, yeah, but that still leaves a great
16 deal for the future.

17 I -- as I say, I'm torn on this thing. I think
18 that forty percent that we're asking for is a pretty substan-
19 tial amount to be asking for, more than we're getting at the
20 present time, and I'm not at all sure that that isn't the
21 right amount.

22 But I just don't think that it's realistic to just
23 say that we aren't considering at all the political climate.
24 Assuming you've got the need and you've got the capability,
25 I think we'd be derelict as a corporation not to consider it.

1 MR. BROUGHTON: Well you might take into account,
2 if you're going to say consider the political climate -- I
3 don't think you should. The gentleman who was elected the
4 other day ran on a campaign to abolish many, many agencies in
5 Washington. You might wait and see what they happen to be.

6 MR. : I believe he said he was going to
7 balance the budget.

8 MR. THURMAN: Did you see the American Bar Associa-
9 tion pie-e, though, when he addresses himself directly to
10 this? And it's a very positive, affirmative statement, I
11 think, as to the future of legal services, made by Mr. Car-
12 ter.

13 MR. STOPHEL: Mr. Chairman, I'd suggest that since
14 Mr. Kutak has to leave in about fifteen minutes that we move
15 to the Investment of interest income, and if desirable we
16 can come back to this, to the '78 budget request.

17 MR. BROUGHTON: Before Mr. Kutak leaves, and we
18 get to that, I want to recall on this very subject we are
19 now talking about -- and I agree we should -- this on one
20 occasion maybe is our first approach to Congress, and I re-
21 call quite well Mr. Kutak, a man of wide experience on The
22 Hill and elsewhere, made the comment that from his experience
23 the need for documentation -- and I think you later were
24 quoted that the way in which the budget was presented was
25 well received because of the manner in which it had been made

1 up, and that you felt that that would have a tremendous ef-
2 fect as far as those who were considering this matter.

3 Am I quoting you generally correct?

4 MR. KUTAK: Yes you are, Mel, and I'm --

5 MR. BROUGHTON: I'm not suggesting a comment by
6 you on what we're talking about now, but I do recall that
7 very well.

8 MR. KUTAK: And let me say -- because I will not be
9 here to audit tomorrow's appropriations committee meeting --
10 that I want to compliment you and your committee, Glenn, and
11 certainly the able members of the professional staff, in
12 launching what I think is a superb draft. I think this
13 shows the kind of analysis that's going to move forward.

14 I presume we are signing off -- that we have signed
15 off on the bottom line in our last meeting. Didn't we agree
16 on 178 --

17 MR. CRAMTON: Tentatively, in the whole proposal
18 and its final form, after review by the committee, and the
19 like, is going to come back for formal approval and adoption
20 by the board at the January meeting.

21 MR. KUTAK: I see.

22 MR. CRAMTON: But to a large extent we are locking
23 ourselves in by the passage of time, and as we talked about
24 it once more, one more time.

25 I think if there is a member of the board that

1 thinks that we ought to have a sense of the board kind of
2 statement to advise the Appropriations Committee tomorrow and
3 the staff that the amount requested for the expansion of pro-
4 grams should be substantially increased. We've got to have
5 a resolution or motion to that end, and consider it and dis-
6 cuss it and dispose of it, because it's a --

7 MR. THURMAN: I think it's quite clear that this --

8 MR. CRAMTON: We're having a very useful exchange,
9 but --

10 MR. THURMAN: I think it's quite clear what the
11 sense of the board is at the present time, but I'm not at all
12 sure that I don't go along with it. I just -- as you say,
13 time is going to be running on this now, and if there is any
14 thought here that we ought to approach some member of the
15 new administration and see what their philosophy is towards
16 this, to get a real feel on that, why this may be the last
17 opportunity to do it with reference to the '78 budget.

18 MR. SMITH: I think it would be wrong, and as far
19 as my personal concept of our credibility is concerned, to
20 do that. I think seriously and sincerely that our opportunity
21 for serving these 15 million that are going to be yet reached
22 that Mr. Veney mentioned -- our best hope of serving them
23 most quickly and most effectively is to preserve our integrity
24 and our credibility, and I think when we make a hasty decision
25 just because we think the political climate might have changed,

1 to try to rearrange our budget on what we anticipate we might
2 be able to get, I think we damage our credibility and our
3 integrity to the point that our ability to serve that 15
4 million people is going to be delayed instead of hastened.

5 I think by preserving this that we have built up
6 very carefully in the last few years we're going to be better
7 able to serve them more quickly.

8 MR. CRAMTON: Well I don't sense any feeling in the
9 other direction.

10 MR. MONTEJANO: Possibly we can recast it in the
11 sense that if the staff feels that it has the capability to
12 accelerate its four-year plan, then we could go on that
13 basis. A question of do we have the capability to accelerate,
14 and do something in three or two years, instead of four, and
15 if so, then we ought to make that request.

16 And this is not to go and ask for more money merely
17 because we have a new administration or Congress, it's merely
18 I think a question of does the staff have a capability to
19 accelerate it's four-year plan? And if it does, then I think
20 we ought to make that request, nothing else.

21 MR. THURMAN: Well I think Tom said he thought
22 that they did.

23 MR. MONTEJANO: Well then --

24 MR. EHRLICH: It isn't just capability, though. It
25 is desirability too, because capability would imply that you

1 could figure out A way to do it, but maybe it's not the best
2 way. Certainly it would cut short the -- determining the
3 results of the alternative methods.

4 MR. CRAMTON: One other person has been trying to
5 speak. Do I have unanimous consent to call on this lady?
6 Briefly. Introduce yourself first.

7 MS. LANIER: I'm Mary Lanier from _____. I
8 understand what the first one said. First I'd like to ask
9 a question. Have the 125 percent served been included in
10 this 178 million dollars?

11 Second, if not, then we have like 15 million people
12 would be added to persons that are now inadequately served,
13 now persons that are waiting to be served, along with that.

14 And my view of what I'm reading here is that 187
15 would not be enough to serve the addition with what we have
16 presently, including staff and administrators.

17 MR. EHRLICH: In answer to the question, how does
18 one define poor person in terms of these statistics, the
19 answer would be that we use the poverty line, not 125 percent
20 of the poverty line.

21 And of course, as Mr. Stophel said, most programs
22 have backed -- are about there also in terms of their allo-
23 cational resources.

24 But your point that there are a good many people
25 who have only minimum assets but are above that, is absolutely

1 right.

2 MR. CRAMTON: Well, if there is no formal proposal
3 or motion on this matter I think you ought to move to the
4 investment income item. All right. You may now do so.

5 MR. STOPHEL: All right, you've been handed a
6 sheet in addition to the one that was sent to you. The one
7 that was sent to you was a staff document which is a concept
8 document which has been primarily prepared by our executive
9 vice-president, and his staff working with him.

10 But what has been handed to you gives you some
11 perspective on what we're talking about. This is our invest-
12 ment status as of the end of last month, the end of October,
13 and shows that the cash that was temporarily available was
14 \$150,116,283.00, because of the earnings that came in in
15 cash during the period that the investments were made of
16 116,000.00. Deducting the sums that were used in operation,
17 and the small sum that was held and not invested you can see
18 that our cash temporarily invested is 143, point -- almost
19 \$5 million. And those are invested in the two types of
20 investments you see there.

21 So that based on this, and a projection of five
22 percent return on our monthly investments, we can expect to
23 receive approximately \$4.2 million in investment income this
24 year, and those cash projections are shown on the second
25 sheet of that, and is not significant, or particularly sig-

1 nificant, except to show the basis on which -- to which the
2 five percent return was applied to receive that, thus bring-
3 ing up the question of how do we spend the \$4.2 million.

4 The concept paper suggests several criteria. I
5 hope you have had an opportunity to review them. I know that
6 some have strong feelings, and the committee will be discuss-
7 ing these tomorrow, along with the administrative functions
8 of when do we begin making the expenditures, because some of
9 the funds are available and will be available prior to the
10 end of this fiscal year, and some of those details will be
11 coming back to this board with final recommendations, resolu-
12 tions, and so forth, for not only the expenditure, but per-
13 haps the function and method of expenditure.

14 So that I'll ask Clint to lead off, if he will,
15 and discuss briefly any comments he has about these criteria,
16 and then ask the board please to comment on their feelings
17 about the same subject.

18 MR. BAMBERGER: Thank you, Glenn. The memorandum
19 is a product of suggestions by all of the senior staff in
20 the corporation. As Glenn has said, there are really two
21 parts to it. First is the listing of some criteria that he
22 thought should be applicable to make the judgment about in-
23 vestment income. And those are, briefly, that it should be
24 used for purposes that relate directly to the provision of
25 legal services, and not for, for example, corporation and

1 administrative expenses.

2 And secondly, it ought to be used for purposes that
3 will not create an annual obligation or an annual expecta-
4 tion. While we are reasonably certain that we will always be
5 able to earn something from investing this money, I'm in-
6 formed that the current rate of return on such safe invest-
7 ments as government paper and government bonds is much higher
8 than it's been, is a fairly recent phenomenon, and I'm not
9 sure how long one should count on the fact that one could
10 earn five percent from those kinds of investments, and I
11 think the corporation would have to go through a good deal
12 of thinking before we went beyond that in investing the money
13 or any large part of the money.

14 So I don't think it's a kind of return that we
15 can -- we ought not to count on or we ought not to build up
16 expectations even among clients or among legal aid offices
17 that the money that they would receive would come annually.

18 And the third criterion was that it should be a
19 purpose within the power of the Congress to fund, but one
20 that we might not expect the Congress to fund, one that the
21 Congress does not give its highest priority to as the imme-
22 diate needs for providing services to clients, and then the --

23 We went on here to suggest a number of purposes
24 that fitted those criteria. As Glenn has said, what we'd
25 like to do is have your comments about this. We will then

1 circulate this memorandum, or it's available now to the pub-
2 lic and to legal services attorneys and the clients, and with
3 the suggestions that we receive from the board, and the legal
4 services community, the committee would come back to the
5 board with some firm suggestions.

6 MR. THURMAN: Are we suggesting here, or antici-
7 pating, that if Congress gave us the full 178 million that
8 we're asking for that they would give us 178 million at the
9 same time knowing that we would have another five million
10 here. And that's what we're assuming? Or they would say,
11 "This five million is part of your 178 million"?

12 MR. BAMBERGER: No, I think we're assuming that --
13 we hope that whatever they give us they would not take into
14 account the fact that we have earned other income.

15 There isn't much experience with that. I'm told --
16 and Judy may better about this than I -- but I'm told, for
17 instance, that when the Corporation for Public Broadcasting
18 goes up to seek its appropriation it has some earnings from
19 investment. It really doesn't show those earnings in any of
20 their written presentation that it makes to the committee,
21 and it's never asked about it, although everybody on the com-
22 mittee and the staff know that it has the earnings.

23 MR. THURMAN: That's rather puzzling.

24 MR. BAMBERG: Well --

25 MR. CRAMTON: I guess it's that assumption that I

1 wonder whether it's going to be tolerable in the long run,
2 and whether in fact it -- if the program, as I think it in-
3 evitably will, over a period of years gets involved in poli-
4 tical controversy, it wouldn't be a dangerous assumption to
5 proceed on.

6 I look on the investment income earnings as -- as
7 long as we get the money at the start of the fiscal year --
8 as certain. The only range is whether it's going to be
9 three and a half percent, or four percent or five or six,
10 and that's going to vary over time, but the -- and at any
11 given moment in time it's going to be roughly predictable.

12 It's certainly going to be quite predictable at
13 the time we go to the Congress for the appropriation effect
14 for the year, and if we say well, you know, that's a little
15 discretionary fund that we do good for, and it's not -- we
16 don't really treat it as tax-payer funds, we treat it as
17 kind of our own funds which we do what we want with, I don't
18 think that will wash over the long run, that we really ought
19 to treat it just as if it were tax-payer money, and we ought
20 to account for it at the time of the appropriation request,
21 and use it for whatever are the highest priority items that
22 we're requesting money for.

23 And not to say to Congress, "Well, we have some
24 other things that we don't think you would be willing to sup-
25 port, but we're doing this with our own money, and we expect

1 you to ignore it."

2 And I think if the important part here -- and if it
3 is, if the important priority, for example, is creating an
4 annuity program for our attorneys, I think we ought to go to
5 Congress for that money and just talk just as we would and
6 expect them to behave the way Sam describes -- implies in his
7 question. That is that you're asking for 178, but you have
8 \$5 million income. We're going to subtract the five million
9 as a starting point.

10 MR. SMITH: There may not be much experience with
11 this at the Congressional level, and it's determined at the
12 state legislative level, I think that all states have a lot
13 of experience with this sort of thing, and it's always
14 treated that that source of revenue just reduces the general
15 fund requirements to meet the particular budget.

16 For instance, every state where they operate a
17 medical school, they have a lot of income, and that income
18 is taken into account in determining how much general fund
19 will be appropriated, and in many state agencies have it, and
20 I've never known of one where they allowed them to just sort
21 of keep it as an additional enrichment fund.

22 It's nice wishful thinking, but it --

23 MR. THURMAN: Well, this isn't from the X Founda-
24 tion. This is from just the public money.

25 MR. SMITH: That's right --

1 MR. : But we treat it as --

2 MR. SMITH: -- but it's a source of income. I think
3 you have to just build your budget in future years showing
4 what you intend to expend, and how, and then show one of your
5 sources of income to be interest income, and the request for
6 appropriations would be the difference.

7 I would imagine that's the way it would be handled.
8 I have never seen it handled any other way. It would be nice
9 if we could do it this way, but I don't think we can.

10 MR. STOPHEL: I don't have any strong feeling about
11 how we spend it, but you do need to keep in mind that --
12 let's suppose that a budget request is up by about \$4 million.
13 We go to 182 million, which is what you're suggesting, and
14 that we show that we're going to receive four million, and
15 therefore, the Congress only needs to appropriate 178 million.

16 In the subsequent year, without touching our appro-
17 priation and changing that, they can change our effective
18 funds by simply changing the language of the statute that
19 permits us to get our money, and that is a reduction of our
20 available funds without hitting our appropriation.

21 And so I'm not sure if there is history -- and I
22 was unaware of that -- of another agency that does this and
23 it's not included as its available funds, that we should
24 perhaps consider applying it to priority items, but not re-
25 porting it as such.

1 MR. SMITH: It's well to try it, but I just can't
2 believe that it will last more than about one year. I think
3 that the uses you have planned are all worthwhile, and that's
4 sort of an enrichment approach that's very good, but I think
5 realistically we can't expect that it's going to continue
6 year after year.

7 MR. KUTAK: I apologize. My meeting -- you've
8 heard me an awful lot this morning, which you mercifully were
9 spared, Mel, but let me --

10 MR. BROUGHTON: The fact that you were going to
11 talk a lot this morning had nothing whatsoever to do with me
12 being late.

13 (Laughter.)

14 MR. STOPHEL: Don't protest too much on that one.

15 MR. KUTAK: But as one member of the board, let me
16 say that I think in the long run -- and we're here for that --
17 and we have an ambitious program which we hope will be very
18 thoroughly documented and continually justified, but we make
19 a full, fair, and complete disclosure of all of our income
20 and all of our expenditures to the Congress.

21 Sooner or later, fellows, it will catch up with us
22 if we don't. That is not the reason for my suggestion. It
23 is strictly that we want to have -- as Mel alluded to earlier,
24 in my mind -- the highest degree of credibility and confi-
25 dence to such a degree indeed that when we speak no -- at

1 least in Congress -- no dog will bark, and I think the only
2 way we build that credibility and that integrity with respect
3 to our process is by laying out all of the cards of the table
4 and demonstrating to them the wisdom of their policy in giv-
5 ing it to in a way we are, and the wisdom of our investment
6 practices and in investing it, why we have it.

7 So I for one would be -- would urge my colleagues
8 to include it, and justify it and let the Congress know and
9 let them make the decision whether they will, if you please,
10 discount appropriation by what they anticipate the earnings
11 to be, or indeed continue to allow us to earn on it and ap-
12 plaude us for our ingenuity in making such investment.

13 They may do the latter, and if we justify it well
14 indeed we ought to be able to convince them that we should
15 do the latter. But let's lay all the cards on the table.
16 It's the only way for us to ever, I believe, to have a long-
17 term, positive relationship with the Congress, which we will,
18 I can assure you, Sam, if not in three years or two years,
19 in a short time, be dealing with vast sums with the Congress,
20 and we need their confidence and support while doing so.

21 MR. SMITH: I want to ask Mr. Kutak a question be-
22 fore he leaves.

23 MR. CRAMTON: All right, do you yield?

24 MR. SMITH: I agree with everything Mr. Kutak has
25 just said, and -- but I wanted to ask him before he leaves.

1 I noticed in the minutes -- I was unavoidably absent last
2 meeting, and I noticed in the minutes you voted no on the
3 resolution for investment. Could you tell me briefly why you
4 voted no?

5 MR. KUTAK: I thought Sam was arguing my case just
6 a few minutes ago, and I smiled when I heard it. I believe
7 that with -- if you recall, the resolution provides that
8 ninety percent of the appropriated funds shall be invested
9 in government guarantees, and that up to ten percent may be
10 invested in other funds. And it was my argument that since
11 these were tax-payer moneys, and not ours, that we should not
12 invest any of our funds in anything except government guaran-
13 tees.

14 It's just like a trust fund, in my way of thinking,
15 on that, Glee, that we should not authorize our investors to
16 put them in anything that is not fully backed by government
17 commitment, federal-government-backed security.

18 Now, that doesn't mean that they will. It only
19 means that the investment committee can instruct its invest-
20 ment counsel to, and I just thought that since I disagreed
21 with that in using it, if it were my client's fund, I didn't
22 want to -- I felt the same way with these funds, which I
23 feel in a sense are likewise quasi client funds.

24 I was overridden, as you see, by an overwhelming --

25 MR. STHOPHEL: It was a close vote.

1 MR. SMITH: I could see where you were, but I
2 couldn't see why.

3 MR. STOPHEL: Can you see now?

4 MR. SMITH: Yes.

5 MR. STOPHEL: Win a few and lose a few.

6 MR. CRAMTON: I supported him, but --

7 MR. SMITH: I supported him too, but it wasn't
8 for this reason, though.

9 MR. CRAMTON: We're going to have some public com-
10 ment later on, but the custom is that members of the board
11 get to talk first on each issue, and Mr. Ehrlich has been
12 very patient.

13 MR. EHRLICH: Before Bob leaves let me underscore
14 that I have no question at all, and there's been no question
15 in Glenn's mind I know, and in the mind of anybody on the
16 staff, that we must -- for every asset to be revealed fully,
17 exactly, what all of our operations are, including this one
18 to the Congress, and indeed Judy Riggs already discussed this
19 issue with the key staff people in both the committees.

20 One of the key staff persons, in fact, is here,
21 Gail Higgins from the House side, here in the audience. No
22 question at all that we would in our presentation to Con-
23 gress make very clear what we are doing and why we are doing
24 it with the investment income just as with all other aspects
25 of our financial affairs.

1 We did suggest as one of the criteria that we re-
2 commended not committing the corporation to increases in an-
3 nual costs of programs, or to say it another way, the income
4 should not be used for purposes that give rise to an annual
5 expectation, in part because the funds are by no means clear-
6 ly determinable in advance. The government securities mar-
7 ket, as we heard in presentations by the various analysts,
8 and we'll hear more tomorrow when Harry Sutton is with us,
9 by no means assured of any given amount. It fluctuates sig-
10 nificantly.

11 And while some minimum amount can be reasonably
12 expected, by no means can all of it, but we do underscore
13 that none of the purposes that we're suggesting as possible
14 ones -- an annuity fund, for example, for those in legal
15 services -- are other than ones that in our judgment at least
16 are very important, very real ones in which it would be
17 entirely reasonable and appropriate to ask for funding.

18 But by doing it this way we could avoid the build-
19 ing in of an annual expectation, because they would be a
20 one-time use, or if it builds up an annuity fund it wouldn't
21 have the kind of statutory obligation that we have for pro-
22 grams to assure the maintenance of the level or go through
23 the hearing process if we can't.

24 MR. CRAMTON: I think that's the difference in
25 philosophy. It's true that this would not conceal anything

1 anything from Congress, but essentially treats the expendi-
2 tures of the corporation. It's falling in two categories,
3 those that the corporation wants to make on a discretionary
4 basis, from interests from investment; and those which are
5 approved by the Appropriations Committee. And it's that
6 dichotomy that I don't think you can live with in the long
7 run.

8 I think ultimately, unless we get funds from out-
9 side foundations, from which that argument is possible --
10 and maybe the Corporation on Public Broadcasting does it be-
11 cause a substantial portion of their funds do come from non-
12 government sources. But our funding is solely from the
13 United States tax-payer, and it seems to me that as long as,
14 and to the extent that, our funding is solely from the United
15 States tax-payer that we have to justify every expense that
16 we want to undertake to the Appropriations Committees of the
17 Congress.

18 And tell them now, in terms of considering this as
19 part of the proposal for next year.

20 MR. EHRLICH: No question, and I expect we would
21 do just that by laying out in the budget exactly what we're
22 proposing to do to justify, and why we're proposing to do it.
23 And if the Congress said, "No, you shouldn't do that," we
24 wouldn't.

25 MR. CRAMTON: But then I don't understand -- if

1 that's the case -- why one wouldn't ask the same question
2 about the priorities are, and not go into this thing that
3 these are expenses that you can't expect Congress to fund.

4 If it is true that an annuity for attorneys, or
5 these capital expenditure -- one-time capital expenditures,
6 or discreet projects, or law school training programs and
7 so on are the important priorities, and what we ought to be
8 putting in the appropriational class and justifying them,
9 and putting them ahead of other things.

10 On the other hand, if it's establishing new pro-
11 grams to meet the legal services need, that's how -- in my
12 view -- we ought to be spending the money. The priorities
13 ought to be laid out before we talk about them in relation-
14 ship one to the other, and the Appropriations Committees
15 should have the opportunity to pass on them.

16 MR. SMITH: Well, in effect you're saying then
17 that our budget should be for 183 million, showing the five
18 million projected income, and requests for appropriation of
19 178.

20 MR. CRAMTON: Or the request -- if we're going to
21 add these items on top and --

22 MR. SMITH: Right.

23 MR. CRAMTON: -- what these items are, or a request
24 for -- if we're not going to add them on the top, because
25 we've stated what we think we need, 178 minus the 4.2, because

1 we're going to get the 4.2 from other places.

2 MR. BAMBERGER: And indicate in that request that
3 investment income will be used for these other purposes.

4 MR. CRAMTON: That's right.

5 MR. MONTEJANO: Over and above the 178.

6 MR. BAMBERGER: Over and above the 178.

7 MR. CRAMTON: Or under it, whichever we decide.

8 We haven't reached that.

9 MR. BAMBERGER: Well I think that's our -- I think
10 we would intend to do something about that.

11 MR. MONTEJANO: Over and above --

12 MR. BAMBERGER: Over and above the 178. That was
13 where this discussion started with Sam's question about
14 whether this was in the 178, or not.

15 MR. STOPHEL: All right, I gather that everybody
16 is agreed that we show it in the submission, we show it in
17 the -- both the income and the expenditures. Now we get to
18 the question of the criteria for expenditures, and whether
19 we simply add to our expansion, if that's our priority, or
20 if we add separate categories such as those that have been
21 suggested here for the use of \$4.2 million.

22 MR. MONTEJANO: Maybe I didn't completely under-
23 stand. Are you saying that we should use the four or five
24 million over and above the 178?

25 MR. STOPHEL: That decision hasn't been made by

1 the board, but I -- that was --

2 MR. MONTEJANO: Should we reach that first?

3 MR. STOPHEL: Well, I -- if you say nothing to the
4 committee I think the committee's approach would be that you
5 have approved the budget request of 178,350. And that we
6 have these additional funds, and that means unless you tell
7 us otherwise, that we're going to spend 178,350, plus 4.2.

8 MR. MONTEJANO: Plus 4.2.

9 MR. STOPHEL: If we get our full submit -- if we
10 get our full request.

11 MR. MONTEJANO: All right.

12 MR. STOPHEL: Which is --

13 MR. EHRLICH: And if we earn 4.2.

14 MR. STOPHEL: And if we earn 4.2.

15 The board could -- as Roger has suggested -- say
16 that our request will be reduced by our expected income.

17 MR. MONTEJANO: I'm not sure that you're saying
18 that, are you? It's a question of whether it goes into ex-
19 pansion or --

20 MR. CRAMTON: I was just posing the two as alter-
21 natives, and it partly depends on what we're going to use it
22 for.

23 MR. MONTEJANO: I see.

24 MR. CRAMTON: And what priority it has in connec-
25 tion with other needs.

1 MR. SMITH: Well either way you do it, though, it
2 seems to me our conversation has reached the point that you
3 really -- you're really saying something different than the
4 second page of this memo suggested about this being a pur-
5 pose for which Congress is not likely to make funds avail-
6 able.

7 I don't think we can expect to lay it out and make
8 it a part of our budget and take it into account either on
9 top of or as a part of the 178 and say it's a purpose for
10 which Congress is not likely to make funds available.

11 Because by approving our budget, with that either
12 on top or within, it's a purpose for which they are making
13 funds available then, and I --

14 MR. STOPHEL: Well I believe the only way you would
15 have to face that decision is if they reduced our request
16 by exactly \$4.2 million. If they reduce our request and
17 give us \$20 million less than we ask for then we've got to
18 go through the same exercise we did this year, and that is
19 reallocate our budget, and we will include our income -- I
20 mean we will have the flexibility of including or not includ-
21 ing that income.

22 The only way that we would know that Congress was
23 saying, "Don't spend it for that," would be if they reduced
24 our request by exactly 4.2 million.

25 MR. SMITH: Well what I'm saying, though, is that

1 this memo says that the purpose should be one for which they
2 could appropriate, but for which they're not likely to make
3 funds available.

4 MR. STOPHEL: That's --

5 MR. CRAMTON: Then that, you see, raises the -- of
6 these three criteria I'm suggesting only -- I agree only
7 with the first one. I don't agree with the second and third
8 one.

9 MR. STOPHEL: I understand. That's the one --

10 MR. CRAMTON: Because when we get to the point of
11 reallocating, I want to be able to treat the investment in-
12 come to meet what we think are the largest priority requests
13 that were made from Congress, which may be starting some new
14 programs in areas not now served, rather than some of these
15 other things.

16 MR. STOPHEL: I understand. And what the board can
17 do, it can undo.

18 MR. BAMBERGER: The intention under three was to
19 cover things -- for instance, the first purpose of funding
20 employment benefits, and it's perfectly proper for the Con-
21 gress to allow the corporation to establish some kind of pen-
22 sion fund or health benefit fund for employees of grantees.

23 It seems to me that it's unlikely that they would
24 appropriate annual funds for that purpose, but that they
25 might be willing to approve the corporation's using its in-

1 MR. WECHSLER: Yes, David Wechsler. I'm director
2 of Community Law Offices in New York City, and although
3 author of the letter before you, I don't come here as the
4 disgruntled program director, but with some ideas that we
5 think would be very useful for the corporation to consider
6 for use of the investment income to bring the private bar
7 into the mainstream of providing legal services in a major
8 and substantial way.

9 And I am, though, a partisan program director, and
10 with your kind indulgence I'd like to introduce a colleague
11 of mine, Stephen Kass, who is on the Community Law Offices
12 board, but is also active in the city bar of New York City,
13 and the legal services, for many years, and --

14 MR. CRAMTON: Delighted to have you both here.

15 MR. WECHSLER: Thank you.

16 MR. CRAMTON: Mr. Kass.

17 MR. KASS: Thank you, Mr. Chairman. Let me apolo-
18 gize for my colleague, Paul Kern, who had to leave to catch
19 a plane at the same time Mr. Kutak did, who was also here
20 all day and who very much wanted to share some thoughts with
21 you.

22 I'm speaking with you today, with your permission,
23 really wearing a couple of hats. I'm a member of the execu-
24 tive committee of the Association and Bar of the City of New
25 York. And I'm a member of the board of directors at Community

1 Law Offices. And it is on behalf of both of those organiza-
2 tions that I would like to urge you to consider using some of
3 your investment income -- regardless of the manner in which
4 you account for it in your budget -- to try and make the
5 private bar begin to respond to its responsibilities and ob-
6 ligations under EC 225, the Code of Professional Responsibil-
7 ity.

8 I've had an opportunity to be much involved in
9 legal services in New York. I'm a member of the board of
10 directors of Community Action for Legal Services, which is
11 your primary delegate in New York, and of the Legal Aid
12 Society, which is the oldest and I guess the largest private
13 legal services program in the country. And also have been
14 involved as formerly chairman of the board of something
15 called Municipal Employees Legal Services, which is a prepaid
16 program, and the largest model prepaid program in the United
17 States, functioning in New York.

18 And indeed, out of our firm we are running a small
19 prepaid program for Bronx Community College as well.

20 I think I have some feeling for both direct delivery
21 for prepaid models, both run privately and for pro bono
22 operations, and I have served previously as the director of
23 community law offices some five years ago.

24 I believe it is very important to recognize the
25 kind of message which CLO programs have brought to you and

1 made available, I think, for other cities in this country,
2 the bar fund, the bar in general. There is no reason why
3 you've got to be paying the private bar to be doing some of
4 the things they should be doing anyway, and I really think
5 you should consider leveraging your money so you can take
6 advantage of the CLO type models that are in New York -- and
7 I would hope elsewhere around the country, not just in New
8 York -- so that you can use the money to meet some overhead
9 and staff supervision expenses, and get five or ten times
10 as much in the way of delivery to the poor people in this
11 country from the private bar, which they should be doing it
12 anyway.

13 I speak to you on behalf of the Association of the
14 Bar, because in New York we are now attempting to deal with
15 this problem. I know that New York is not a favorite place
16 of this corporation. It's a place which has had a lot of
17 money, and in the past -- I understand and I support your
18 desire to meet the unmet needs throughout this country.

19 I would point out to you, parentheticall though,
20 that minimum access is by no means assured to poor people in
21 New York City. My understanding is that we have approximate-
22 ly two million people below your formal limits, and I think
23 the realistic number is much closer to three million. If
24 you talk about two million people, divided by 10,000, and two
25 lawyers for every one of those 10,000, we need 400 lawyers

1 to provide civil legal services in New York City.

2 If you add up all the civil legal services avail-
3 able in New York -- from Community Action for Legal services,
4 through CLO, for legal aid, and for a lot of the other organi-
5 zations -- I think we maybe come to 200 lawyers. We are
6 short at least 200. I think we're realistically short 400
7 lawyers. I think we really need 600, and not just 400,
8 lawyers in the city of New York.

9 Now, between one and two million people who are
10 being denied minimum access under your criteria, in the city
11 of New York only, a place with probably more legal service
12 money than any place else in this country, at your rate of
13 \$35.00 a lawyer, that means we need a minimum of \$7 million
14 annually, or more like I believe 10 million, or possibly
15 more, to really provide minimum access.

16 I would suggest that you can get one of the very
17 biggest bangs for your buck not by making \$7 million avail-
18 able to New York, but by making a small percentage of invest-
19 ment income available to New York and to other cities and
20 other communities where the private bar is willing to pitch
21 in.

22 It is our hope to put together a program in New
23 York -- and we are working on it now, and I'm bringing to you
24 the personal message of the president of the Association of
25 the Bar, Adrian DeWindt, when I discussed this this morning.

1 He wants to convey to you that we are attempting to put to-
2 gether the private bar and every formal legal service program
3 in New York; CLO, Legal Aid, CALS, and others, and try and
4 get out of the private bar the equivalent of 200 more lawyers.

5 That is to say, provide the minimum access which
6 your requirements contemplate. We think that will cost
7 several million dolalrs worth of time and money. We don't
8 think it will cost us seven. We would like to be able to
9 submit to you during the coming year a proposal for use of
10 some small portion -- several hundred thousand dollars, not
11 several million -- of investment income to use this as a
12 model.

13 Now, in the meantime it is very, very important
14 that the CLO model, which is the heart of this whole program,
15 be kept alive. I understand there's an application before
16 you for approximately \$100,000.00 in investment income. This
17 is not the right time, I think, to argue that. I don't think
18 it would be fair to you or to others who are not here.
19 But it would be very, very effective use of the money, and
20 we hope you will find a way to keep that kind of a model
21 alive, not just for New York, but nationally.

22 I believe you've got information concerning the
23 program. the Russell Sage Foundation did in 1972, but I
24 believe still is one of the two or three most comprehensive
25 evaluations of quality and case control and actual delivery

1 mechanisms yet done anywhere.

2 I concluded five years ago that this was a program
3 which deserved emulation elsewhere, not because it was parti-
4 cularly useful staff approach, but because it was a way of
5 getting something like ten to one leverage out of the private
6 bar, and I would very much hope that you would consider that
7 as a useful model and above all to help us in New York to
8 try and get much, much more money and much more time out of
9 our bar through the assistance of some of your investment
10 income.

11 I'd be happy to answer any questions which you may
12 have. Some of you may have some on the efforts we have.

13 MR. STOPHEL: Your group uses volunteer lawyers,
14 then?

15 MR. KASS: Yeah, it's really -- let me go back --
16 volunteer is not our concept. The concept is that every
17 lawyer has a professional obligation to do it, and it's not
18 a question of graduating, as Mr. Kutak said earlier, from
19 one bar to another. There really is one bar in this coun-
20 try, and we -- you should not give up public interests when
21 you go into private practice, and vice versa.

22 You -- well, you should give up private practice
23 when you're in public linterests, but you should never leave
24 the public interest representation. I think that's part of
25 what it means to be a lawyer.

1 Accordingly, we employ a small staff which tends
2 to be a more experienced staff, of full-time legal services
3 lawyers who supervise the efforts at this point of 300 law-
4 yers with seventy or eighty firms who contribute ten or fif-
5 teen percent of their time on a regular basis throughout the
6 year.

7 We believe that's a viable mechanism. The quality
8 is satisfactory. I believe Russell Sage indicated even five
9 years ago the quality was better than satisfactory.

10 It's -- we don't think this is the only way of
11 doing it. I think you could combine this with a prepaid com-
12 ponent. I myself have been working on that kind of an effort,
13 but the notion is that every lawyer ought to be doing it, and
14 you can't do it on an itemized unsupervised basis. It's not
15 fair to the clients. But you can do it this way.

16 And we also believe it's a useful way to reduce
17 turnover in the full time staff, because it's not just the
18 -- the 18-month turnover figure is not just one that relates
19 to salary. It relates to opportunities for professional
20 growth, and we think this does provide an opportunity for
21 the more experienced staff lawyer to get away from the day-
22 to-day stuff that he has always done, and to move back to
23 supervise other people.

24 We believe -- what we're trying to do is use this
25 mechanism in all kinds of legal services offices, full-time

1 offices with a proponent of lawyers in the private bar work-
2 ing, as well as offices organized like CLO primarily around
3 lawyers in the private bar.

4 This is a helpful way. I think it's helpful for
5 some of the research questions you talked about earlier.
6 There's no reason why some of the esoteric energy memos and
7 things can't be done by lawyers in the private bar without
8 having to go to faculty members on sabbaticals.

9 But it's not just that kind of effort. I want to
10 make clear that we want to redirect the efforts of the pri-
11 vate bar to where the need really is in this country, and
12 this is a very high leverage way of doing it. We would like
13 to take the CLO model, expand it citywide in New York, with
14 help and support of the Executive committee of the Bar Asso-
15 ciation.

16 And then suggest it to you as a model, that you
17 might use in other cities throughout the country.

18 CLO, I understand, did have an application pending
19 for one of your demonstration grants. It was not granted.
20 I would hope that pending round two you could possibly think
21 of using some of your investment income to keep this model
22 alive.-- it receives other funds from Model Cities, I believe,
23 but they've been cut way down.-- in order to give us a chance
24 to develop this model. It is one which we are very serious
25 about, and we believe it's important for the clients as well

1 as for the bar.

2 I would add only that Mr. Kern, who had to leave,
3 is a member of the firm of -- of a large firm in New York,
4 and former United States Attorney for the Southern District
5 of New York, was going -- has asked me to pass on to you his
6 judgment that this was a useful, highly responsible way to
7 render services. He thought it very important as a way of
8 not only serving clients, but of educating the bar in terms
9 of what life is like in the world, and what the legal problems
10 of this country are from the point of view of a poor indivi-
11 dual. We think the ability to get substantial delivery for
12 very limited out-of-pocket investment would justify this in-
13 vestment on your part, and he asked me to pass on that feel-
14 ing to you.

15 MR. STOPHEL: This is fairly much like the program
16 we're looking at in Boston, for 110,000.00 we're getting a
17 thousand lawyers?

18 MR. KASS: I would mention to you that CLO was
19 begun in 1967, and has had substantial experience. This is
20 precisely the vinyard they've been laboring in for about ten
21 years.

22 MR. CRAMTON: Those that have some familiarity with
23 this organization know that they've been doing a tremendous
24 job for -- since 1967.

25 MR. STOPHEL: Yes, I had one of the board members

1 in my office not long ago.

2 MR. KASS: My plea, Mr. Chairman, is that you help
3 not only that program, but essentially that you give us an
4 opportunity in New York to reach the private resources that
5 we need, but we need that model alive to help us do it.

6 Thank you very much.

7 MR. CRAMTON: Is there anyone else that -- members
8 of the public want to address us on this investment income
9 question?

10 (No response.)

11 MR. CRAMTON: If not, the floor is open to members
12 of the board to continue our discussion.

13 MR. STOPHEL: I for one don't feel that we should
14 reduce our request by our expected income, because I think if
15 we do that we're wasting \$20,000.00, which is what we're pay-
16 ing our investment adviser, because we could just as easily
17 ask for the 182 million and leave the money in the Treasury,
18 because they're paying us the interest anyway, to buy Trea-
19 sury bills.

20 I think that it ought to somehow be structured that
21 we seek our appropriation, and then we show the expenditure
22 of the additional funds, fully reporting them, so that we
23 not reduce our request.

24 MR. EHRLICH: Lest it seem otherwise, I should make
25 clear what I thought -- assumed was reasonably clear, that

1 the whole budget was prepared -- I can start with the notion
2 that we were going to invest, and we were going to have in-
3 vestment income.

4 My own sense, that we shouldn't use those funds for
5 anything else we don't think isn't a very important, high-
6 priority item. I do think, in talking for the board, that
7 building up a legal services movement in the sense of some of
8 the best and most able staying in legal services is terribly
9 important, and given the pressures -- particularly financial
10 building up an annuity program to be extremely important --
11 I do think to just include that as another item there is a
12 danger that Congress would ignore it or give it low priority.

13 Can I say it's more important than expansion? No,
14 I don't say it's more important than expansion, but I do
15 say it's very important, and I also say that it doesn't de-
16 pend upon an existing funding level in quite the same way
17 that a program with salaries to meet does, which is why in
18 my own view it was at least preliminarily subject to hearing
19 from programs, as I certainly hope we could do over the
20 course of the next month, and from clients groups and others
21 as well. That was one particular one.

22 The second one that's mentioned also we struggled
23 a long time whether we could -- should put that into the bud-
24 get that you had, namely, capital expenditures. It really
25 will reduce the operating costs of programs, such as pur-

1 chasing buildings, rather than paying the enormous amounts
2 that I'm sad to say we have to pay in rent. And again, it
3 was our feeling that listing that as one of the things we
4 would do right in the budget. Let's say we would do it out
5 of this fund we get, it would give a better and more persua-
6 sive way to the Congress.

7 And it was also my feeling on the basis of the
8 discussion that Judy Riggs had with the Congressional staff
9 that that was wholly consistent with their overall view.

10 The final one, which I will mention, is training.
11 We did estimate as best we could what the most urgent train-
12 ing needs would be for the next year, but I'm also frank to
13 say that they are very minimal estimates, and I am concerned
14 with the large number of young and inexperienced lawyers
15 having to come in particularly to the expansion programs.
16 More funds -- more training could be very well utilized, and
17 that's why that was also listed.

18 MR. CRAMTON: I'm a little puzzled as to why if
19 these matters had high priority the Appropriations Committee
20 didn't recognize it. The federal government provides all
21 kinds of annuity and retirement benefits, and knows that
22 all employers do. The legal services attorneys that essen-
23 tially are paid on a continuing basis with government funds,
24 the question of some kind of retirement or benefit or in-
25 surance system for them is -- we have never discussed that as

1 being a good idea, or how it would be dealt with for what it
2 is. We ought first -- the board ought to do that, and a
3 plan and proposal submitted.

4 But if it is, I don't quite see why it shouldn't
5 have a claim on the -- on what I view as the total tax-payer
6 dollars, whatever that amount is, including the interest
7 that --

8 MR. EHRLICH: I think it does, and we just -- it is
9 true that the comparison unfortunately to other employees'
10 pay from public funds, legal services lawyers are paid far
11 less and far too little.

12 I think we're really talking about a matter of pre-
13 sentation --

14 MR. CRAMTON: Yeah.

15 MR. EHRLICH: -- to the Congress. No question it's
16 going to be in the budget, stated in the budget. It's just
17 a question of how it's presented.

18 Our own judgment was that it would be more persua-
19 sively presented by going through the process that we went
20 through for the last several hours and then articulating,
21 "Here are the ways we're going to use for high priority --
22 other high priority matters, for an estimated 4.2 million,
23 with the realization that that's only an estimate. It can't
24 be a certainty."

25 MR. CRAMTON: Isn't there a danger that you then

1 spend money on things which in a sense have a lower priority
2 because you make an advance commitment of how you're going to
3 spend the interest money? Congress cuts you down, you get
4 the interest money, but you feel bound to spend it on what
5 you said you were going to spend it on anyway, even though
6 you'd like to -- other things really have higher priorities
7 that --

8 MR. EHRLICH: Well I would hope, and I thought it
9 was a general -- basis of our general discussion with the
10 committee before, that we would work out a working hypothesis
11 of this how the money would be used, based on the budget that
12 we're proposing. Assuming that the budget were cut the com-
13 mittee has to again review all aspects of the budget, includ-
14 ing this aspect.

15 And in fact, we wouldn't expect to utilize those
16 funds until the actual amount the Congress appropriated was
17 made clear. I don't think we would -- unless the committee
18 chose otherwise -- want to do it except when the total budget
19 is made clear, but we do have to go to the Congress with a
20 statement of what we will do with approximately 4.2 million
21 in addition to 178. That's why we need it at this point,
22 but we wouldn't --

23 That would all be subject to further committee and
24 board review based on the actual figure.

25 MR. STOPHEL: I guess we could say if you'll give

1 us this amount of budget funds we'll pay for our own adminis-
2 trative costs out of our earnings. They come out pretty
3 close, don't they?

4 Administrative expenses are 4.6. If you give us
5 178 million to run our program we'll pay for our own adminis-
6 tration expenses out of interest.

7 MR. BROUGHTON : Well I think, coming back to what
8 you said earlier, you said something like this in the state
9 government --

10 MR. CRAMTON: Speak up. I can't --

11 MR. BROUGHTON: Something like this was applied in
12 state government. Doesn't that raise a question of whether
13 we should do anything other than just treat this as -- what
14 is it called in state government? -- the general fund?

15 MR. : Right.

16 MR. SMITH: It seems to me that there is a danger
17 that we'd be taking on things of a lesser priority as the
18 chairman mentioned a minute ago, particularly if we use this
19 third criterion. If we use the one that said it's something
20 for which Congress is not likely to make the funds available,
21 then at least we're saying that it's something that we think
22 Congress would figure was a lesser priority, and that's the
23 reason we think they wouldn't make the funds available, and
24 so we're trying to, in essence, slip something by them be-
25 cause we're -- even though we lay it on the table -- we're

1 getting them to do indirectly that which they wouldn't do
2 directly.

3 MR. THURMAN: Congress is making these available.

4 MR. SMITH: That's right, and so we're getting --
5 we'd be getting them to do it indirectly, even though they
6 wouldn't choose to do it directly.

7 Now the other thing that I don't approve of in any
8 governmental operation is earmarked funds. If I agree with
9 the gentleman's from New York's presentation 100 percent,
10 and thought we should do that, fine. But I don't think we
11 should do it saying we're doing this out of investment in-
12 come. We should do it because we feel we should do it, and
13 we should do it as part of our budget, not earmark it and
14 say well this particular project is being done out of invest-
15 ment income. I think that's a mistake to get started on
16 that course.

17 MR. STOPHEL: I think that's a good concept for
18 running legal services, but I agree with you on that.

19 MR. SMITH: It's a good concept for any govern-
20 mental expenditure, I think. It's a mistake to earmark
21 funds.

22 MR. CRAMTON: And yet I get the impression that
23 this memorandum really kind of rests on a concept of earmarked
24 funds, doesn't it?

25 MR. EHRLICH: Well, it is saying we think these are

1 priority items, and we would -- because they are unlike other
2 items in the budget. These are the only ones that don't
3 build in continued obligations. If we fund a new program, or
4 if we fund an existing program, we are obligated next year
5 to do the same thing, or to go through the hearing process
6 and cut it down on an across-the-board fashion.

7 These are different in that sense, and that's why
8 they have been isolated.

9 None of these items build up the continuing re-
10 quirement.

11 MR. CRAMTON: Really, don't they? Once you start
12 an annuity program you're going to be --

13 MR. STOPHEL: Well, we would have to go to one-
14 year grants, and I agree. I don't think the annuity fits
15 the criterion. I think that capital needs would fit the
16 criterion, and it's a logical extension if we wanted to have
17 a section of our budget for capital needs of programs, be-
18 cause typically we're not doing much of that.

19 MR. EHRLICH: The notion was using the income into
20 a fund, an annuity fund, and that would build up. In other
21 words, an annuity endowment. And therefore, you could vary
22 the amount going into the endowment year by year.

23 MR. THURMAN: I wouldn't want to go into an annuity
24 program that got varied by each year.

25 MR. EHRLICH: The amount of new money going into

1 basis. And the question is, do we simply continue reinvest-
2 ing those until the new fiscal year, or do we begin expend-
3 ing them now? And if we begin expending them now, the com-
4 mittee and the board need to direct the staff as to what area
5 those go into, because right now those are very -- pretty
6 well -- obligated up as to budget categories.

7 MR. BROUGHTON: Well, what do we have from the
8 board at this point, Glenn?

9 MR. STOPHEL: We have -- I think that we don't --
10 I think that the general feeling, as I interpret it, is that
11 there's not much support for criterion number three, which
12 indicates that the projects should be statutorily approved,
13 but not likely to be approved at the appropriations process,
14 whatever that is. That's assuming you can interpret what the
15 Congress is going to be inclined to approve.

16 I think that I felt that there is some tstrong feel-
17 ing for simply saying that these will go to budget items,
18 just as will the appropriated funds, but we haven't really
19 decided that.

20 MR. MONTEJANO: My thinking is that the interest
21 ought to be disclosed, ought to be incorporated into the
22 general budget which I think ought to be increased by that
23 amount, and then at the discretion I suppose of the staff --
24 I would only go the first two recommendations, if I were put
25 to a test, that the retention of benefits for -- the reten-

1 tion of attorneys and capital expenditures. The rest I
2 would not strongly support, although they're extremely sup-
3 portable, I suppose.

4 I would go those first two, and put the interest
5 income on top of the 178 and report it.

6 MR. CRAMTON: Well, don't we need to make a study
7 of employee benefits and this study that's proposed, and have
8 a lot of -- quite a lot of lead time in which the staff comes
9 up with motions about what would be desirable annuity pro-
10 gram for --

11 MR. MONTEJANO: I'm sorry, I'm not lobbying for
12 attorneys and --

13 MR. CRAMTON: -- attorneys and paralegals, and I
14 suppose secretaries as well. I'm not quite sure why the --

15 MR. MONTEJANO: I think there should be a concerted
16 effort by the corporation and the recipients to insure high
17 quality services, which means to me a retention of good,
18 experienced people, and that means I think you're going to
19 have to provide incentives for them to stay with the corpor-
20 ation, or the recipients. And I think there should be a
21 concerted effort to substantially upgrade the facilities
22 where these people operate. And I'm sure there are good
23 arguments for the other ideas, but I think in terms of actual
24 priorities these are top priority items.

25 MR. SMITH: And I think if they're top priority

1 items, then we should be considering them on their merits,
2 and not just because we happen to have income available.
3 They should be considered because they are top priority, and
4 this is something we should be doing.

5 MR. MONTEJANO: I agree. And even if income inter-
6 est were not available, I would then not move right now, but
7 I would say I would support very strongly and take the lead
8 necessary to insure that the budget would include moneys for
9 capital expenditures, and for benefits of present employees.

10 MR. SMITH: Otherwise the possibilities here I
11 think indicate the danger in any governmental agency -- and
12 we are quasi public-governmental agency of a sort -- of hav-
13 ing a fund available. There is an inclination often to get
14 into something without enough investigation, study, and re-
15 search because there's going to be this money available, and
16 here's something that sort of fits. Let's do it.

17 And it's the wrong reason for doing it.

18 MR. BROUGHTON: I'd like to have a little private
19 kitty and sprinkle a little bit here and there, John.

20 MR. SMITH: And I think there's just the danger of
21 acting too precipitously when you're doing it out of a spe-
22 cial fund because it's available.

23 MR. CRAMTON: I'm a little puzzled why we've deci-
24 ded that we'll put the amount of money that we need as 178
25 million, and that unless we're going to expand to add another

1 item on that, why don't we say to Congress, "What we need
2 is -- what we're requesting is 178 million, of which we esti-
3 mate approximately four million will come from interest in-
4 come."

5 MR. SMITH: And that estimate can be a net to take
6 care of what Glenn said a moment ago about the expenditure
7 investment counsel. You can take that off and use the net
8 figure.

9 MR. EHRLICH: I would say I certainly do hope that
10 this amount is added on and not subtracted from the 178.35.
11 I will say that we did take that as a working figure from the
12 committee last time, both because we thought these other
13 needs would be met out of investment income, and if we were
14 to say just within the realm of existing programs and expan-
15 sion, I just don't have any doubt in the world we could very
16 well minimize this for just those two areas.

17 For example, we had hoped to raise that floor of
18 existing programs that in terms of their coverage, minimum
19 access, well beyond the 65 percent figure, and for the
20 reasons that were stated by Rudy and Sam and others, and I
21 would just -- I think myself it would be a mistake not to
22 make clear to the Congress we're asking for the new funds,
23 or funds appropriated of 178 million, that we expect to use
24 this amount in addition for these purposes.

25 MR. CRAMTON: But then you need to revise the

1 appropriation request, in my view, to state what that addi-
2 tional four million would be used for, and what the need is
3 to justify it.

4 MR. EHRLICH: Fine.

5 MR. STOPHEL: Yes, but not in the OMB figure, nor
6 in our -- in our request, but in our submission materials.
7 And if it is our decision simply to include that in the ex-
8 pansion funds, then the expansion funds become whatever we
9 have in there plus 4.2 million.

10 MR. BROUGHTON: As I understand the chairman, you're
11 saying that instead of struggling over a particular use for
12 this, that disclose this to the Congress, as I think is what
13 we would do, and just ask for the 178, and simply state,
14 however, that we have from investment income in excess of
15 four million dollars, whatever figure it comes out to be,
16 and let that be in effect lumped in with our total appro-
17 priation and our total budget expenditure.

18 MR. STOPHEL: We have two alternative suggestions.

19 MR. CRAMTON: Yeah, my theory is that we ought to
20 start with the notion -- as Glee was talking about, and Bob
21 Kutak -- of how much do we need to support our total program,
22 and go to Congress to try to justify the expenditures of
23 public funds that we think are appropriate, and the purposes,
24 the amounts, and so on. And if that adds up to 182, then we
25 ask for 182, but if it adds up to only 178 in terms of ex-

1 penses, we ask for 178.

2 But then we say that of that total amount we expect
3 that approximately four million dollars, minus 20,000.00 for
4 expense on that, is going to be coming from income from the
5 fact that we get our appropriation on the first of October,
6 and essentially --

7 MR. BROUGHTON: Well that's what I was trying to say.

8 MR. CRAMTON: And if an annuity program is what it
9 ought to be spent for, include that in -- we need that annui-
10 ty program for attorneys and it'll cost, you know, so much.

11 MR. EHRLICH: That's exactly right.

12 MR. CRAMTON: And if we need research or we need
13 capital expenditures so they can buy facilities, rather than
14 rent them, include that in the appropriations.

15 MR. SMITH: I think it's the only approach that
16 seems forthright.

17 MR. CRAMTON: And then after the fact if our re-
18 quest gets cut down, and Congress doesn't say exactly what
19 they cut down -- I mean sometimes they tell the agencies, they
20 say, "We give you this for this, but we don't give you any
21 money for this request," then we're stuck by that. But if
22 they make a general -- they just say, "We've looked at it and
23 we have to cut it back to 150 million," and we got 150 mil-
24 lion plus the interest, then we make our internal decisions
25 about what are the important priorities within the total items

1 justified to Congress, and reallocate our funds as we think
2 that they're best used, taking the -- using the interest
3 income --

4 MR. THURMAN: Realistically that's what's going to
5 happen.

6 MR. CRAMTON: Well I hope it is. Unless you ear-
7 mark the interest income, you see, at the start of the year,
8 in a sense in which you cannot reallocate it because you've
9 committed that to the particular expenditures, and can't re-
10 allocate it.

11 MR. EHRLICH: That was never the expectation, I
12 don't think.

13 MR. MONTEJANO: The reason I -- I for quite some-
14 time, and I think I voiced it last July, again, I think there
15 is a need to attract and retain top legal talent. I think
16 that is in the best interest of the corporation in the long
17 run. That's the people that are going to make this program.
18 And I think we ought to put into the regular budget so it
19 does not become a throwaway item a priority item so we acknow-
20 ledge it as a priority item.

21 And number two, I think there is a tremendous need
22 to upgrade the facilities where these people work and these
23 clients come in for that service. I think that is a high
24 priority item. And that should go into the regular budget,
25 so again it does not become supplemental or a throwaway item.

1 Now these are to me high priority items. These are
2 the two things that eventually will make this program go,
3 and make it worthwhile for everybody.

4 And if it means putting all of the 4.2 and trans-
5 ferring that from interest income, discretionary, to regular
6 budget, fine. I think it would be a drastic mistake to go
7 178, cut it down by 4.2, and then say well, yeah, we have
8 covered 4.2 already.

9 I think these items are of such high priority,
10 let's put them into the regular budget so that we will acknow-
11 ledge that they are normal budgetary priority items, and
12 then let's crank in that 4.2 there. And if there's any money
13 left over after employee benefits and capital expenditures,
14 then let's put it into expansion of areas that are so-called
15 covered, but not really covered.

16 Like some counties I know.

17 (Laughter.)

18 MR. STOPHEL: We're allocating funds.

19 MR. MONTEJANO: That's what I would do.

20 MR. CRAMTON: What more guidance do you want?

21 MR. STOPHEL: I believe we have sufficient grants.

22 MR. MONTEJANO: Will you work with me on the
23 county?

24 MR. STOPHEL: Right.

25 (Laughter.)

1 MR. CRAMTON: Do I correctly understand that what-
2 ever approach the committee thinks appropriate, it will be
3 reported back to the board at the January meeting, and --

4 MR. STOPHEL: It will be part of the draft, and
5 as a matter of fact, hopefully --

6 MR. CRAMTON: -- be part of the package that will
7 come back to the board in January.

8 MR. STOPHEL: And hopefully circulated prior to
9 that, because this is a significant aspect, and if we have
10 sufficient input that changes any part of this segment of our
11 submission, then we would obviously try to revise it in time
12 for the board meeting.

13 MR. SMITH: Mr. Chairman, it seems that the con-
14 sensus is sort of along the lines Rudy was just stating, and
15 if so, that would mean that our total budget request would
16 be 182 million instead of 178 million.

17 MR. STOPHEL: No.

18 MR. EHRLICH: Not in a formal sense of the term
19 "budget request" used, and that's budget request that will
20 remain 178.35. The amount of funds expended by the corpora-
21 tion would be 182, and that would also be revealed in the
22 budget request, but the item --

23 MR. MONTEJANO: The expenditure budget would be
24 182 --

25 MR. EHRLICH: Yes sir.

1 MR. STOPHEL: But the appropriation request is
2 178.

3 MR. EHRLICH: The request is 178.

4 MR. CRAMTON: Not I'm not clear that there's any
5 consensus on whether or not four million something is re-
6 quired or necessary in terms of the two items that he men-
7 tioned as being --

8 MR. MONTEJANO: No, I -- what I said was any moneys
9 over and above the ones necessary for those two items would
10 all be expanded.

11 MR. SMITH: The thing I was leading up to, really,
12 by that statement, though, was whether or not we need to
13 take any action today, thinking that January might be pretty
14 late to do it, to change the 178 point whatever figure that's
15 on the record here as being adopted by the board last time --

16 MR. THURMAN: That's still what we're asking of
17 the Congress.

18 MR. SMITH: -- was it an expenditure budget limita-
19 tion figure as here in the record, or was it an appropriation
20 request?

21 MR. EHRLICH: It did say quite clearly, I think,
22 at the last cmeeting, that you were not including any invest-
23 ment income, but there were a number of priority items that
24 we thought ought to be included, and that we would list
25 those in the memorandum to the board, that's this memorandum.

1 MR. THURMAN: We requested appropriation of 178,
2 that's what we did.

3 MR. STOPHEL: Well the term is "the staff proposed
4 that we -- the corporation request an appropriation of 178,
5 350;" but the next sentence says "move that the budget re-
6 quest -- " be prepared.

7 MR. EHRLICH: On the basis Rudy outlined to --

8 MR. STOPHEL: Page 6.

9 MR. EHRLICH: -- come back to the board again with
10 that document.

11 MR. STOPHEL: Okay, we will proceed on that basis.
12 Whatever that basis is.

13 MR. CRAMTON: Does that complete the report of the
14 committee?

15 MR. EHRLICH: Yeah.

16 MR. STOPHEL: There is one last item having to do
17 with the bank resolution, which in form similar to --

18 MR. EHRLICH: There are slightly revised versions
19 being passed out now to take care of --

20 MR. STOPHEL: Okay. The -- a primary reason -- two
21 primary reasons for presenting a supplemental bank resolu-
22 tion at this time -- as you know, we have adopted bank reso-
23 lutions in the past -- the selection of the investment coun-
24 sel, being an outside investment adviser, meant that we need-
25 ed to retain a bank to be our depository.

1 And so this resolutiton designates or permits the
2 president to designate a depositary, so long as that deposi-
3 tary is insured by FDIC or the Federal Savings and Loan Cor-
4 poration.

5 Also, since these are guaranteed by governmental
6 agency, it is considered that small amounts of funds -- and
7 I'm speaking "small" being a relative term, but those funds
8 that would be insured might be invested in certificates of
9 deposits of a limited number of banks, but not more than the
10 insured amount in any one bank, with the regular signatures,
11 and also the last section permits the president to authorize
12 a regional director and the office manager to open accounts
13 for impressed funds balances.

14 I move the adoption of these resolutions.

15 MR. CRAMTON: Is there a second?

16 MR.: : Second.

17 MR. CRAMTON: Discussion?

18 MR. EHRLICH: Add that our comptroller is here,
19 and if you do have questions about banks or banking, he is
20 the one to whom it should be addressed.

21 MR. CRAMTON: Are we ready for the question?

22 (Affirmative response.)

23 MR. CRAMTON: All those in favor of the adoption
24 of the motion, please say aye.

25 (Aye responses.)

1 MR. CRAMTON: Those opposed, no.

2 (No response.)

3 MR. CRAMTON: It is adopted unanimously on voice
4 vote. Is there further business?

5 MR. STOPHEL: That completes our report.

6 MR. CRAMTON: If I turn to the agenda, have we had
7 the -- all of the reports, item 4, report by the president?

8 MR. EHRLICH: Yes.

9 MR. CRAMTON: Is there any other business?

10 MR. EHRLICH: I will take it, absent further word,
11 that the schedule that we agreed on earlier for future meet-
12 ings still stands.

13 MR. STOPHEL: What were the dates in July?

14 MR. EHRLICH: The dates in July were the 7th and
15 8th of July. I gathered some support for the notion of --
16 assuming we have one more meeting outside of WASHINGTON this
17 year -- having that in the Indian reservation?

18 (General discussion of pros and cons.)

19 MR. STOPHEL: I was thinking in terms of San
20 Francisco, but I don't know.

21 MR. EHRLICH: We don't have to resolve that, al-
22 though -- this one, although we should resolve it fairly
23 quickly.

24 On reflection I guess I would urge that if we do
25 that we do it in May, not July, since the weather is somewhat

1 better in May than in July.

2 MR. BROUGHTON: As a matter of information, I
3 apologize for not being able to get here sooner, but with
4 respect to the eligibility regulations, how did that come
5 out?

6 MR. STOPHEL: You're too late, friend.

7 MR. BROUGHTON: Sir?

8 MR. STOPHEL: You're just too late.

9 (Laughter.)

10 MR. BROUGHTON: I don't get the minutes. Am I
11 going to read it in the minutes?

12 MR. STOPHEL: I didn't get one supporting vote.
13 I don't know if I'll forgive you or not for not being here.

14 MR. CRAMTON: One -- on our meeting and meeting
15 place, there's one thing I would suggest, is that all of our
16 meetings outside of Washington have been in the south and
17 the west, and I really wonder whether at our next meeting we
18 might choose a location like northeastern United States.

19 MR. STOPHEL: Is there a place up there that's
20 large enough to handle our crowd?

21 MR. CRAMTON: Like Utica, New York, or something
22 like that.

23 MR. : Standing room only.

24 MR. CRAMTON: If we --

25 MR. SMITH: I think that's a good point, really.

1 MR. : Are you talking about the March
2 meeting?

3 MR. STOPHEL: Maybe go to Boston.

4 MR. CRAMTON: No, I think either May or July would
5 be better, or October, September or October. All those times
6 are good. March is kind of a dreary month in northeastern
7 United States.

8 But we don't need to decide on that right now, do
9 we? We can have these dates-- there seems to be a concern
10 about the elapsed travel time that would be involved in get-
11 ting to Window Rock.

12 MR. STOPHEL: Okay, we can certainly tell you at
13 the enxt meeting what that time would be.

14 MR. : We could fly to ~~go to~~ Albuquerque.

15 MR. CRAMTON: Albuquesque, and then you go to
16 Gallup, and then you have an hour car ride or something like
17 that.

18 MR. SMITH: I think Roger has a good point, that
19 with New Orleans, Austin, and Salt Lake City, and everything
20 within -- away from here has always been in the south and
21 west. That would be a fourth one.

22 MR. CRAMTON: Well, there are some large parts of
23 the country. There's the northeast and the midwest that we
24 haven't hit yet in terms of any board meetings.

25 (Laughter.)

1 MR. STOPHEL: Probably Chicago or New York or some-
2 where north of New York.

3 MR. CRAMTON: Well, there is a member of the public
4 who has been seeking our attention.

5 MS. LANIER: I want to speak about --

6 MR. CRAMTON: You're -- would you identify your-
7 self please again?

8 MS. LANIER: Mary Lanier, from planned community.
9 On the part of the investment of the five million dollars,
10 I could think of nothing more better than to invest that for
11 renovating houses, since houses is one of our major problems
12 across the country, and legal services has really played a
13 big part in the landlord-tenant part of that.

14 And I would like to see it possibly be invested in
15 renovating houses so people would have better living condi-
16 tions.

17 MR. CRAMTON: Is there further business?

18 (No response.)

19 MR. CRAMTON: If not, we stand adjourned until
20 January 14 and 15. Mr. Stophel has invited members of the
21 board to attend the appropriations NLADA committee meeting
22 in this room.

23 MR. STOPHEL: In this room at 9:00 a.m.

24 MR. CRAMTON: 9:00 a.m. tomorrow morning.

25 MR. EHRLICH: I had asked Buck and Al to be here

1 with us tomorrow with the others, as well, so we can have --

2 MR. STOPHEL: Probably Fabio will, and those -- I
3 don't know.

4 MR. CRAMTON: Well, we stand adjourned.

5 (Whereupon, at 5:02 p.m., the meeting was ad-
6 journed.)

7 C E R T I F I C A T I O N

8 This is to certify that the attached proceeding,
9 Legal Services Corporation meeting of the Board of Directors,
10 held on 4 November 1976 in Room 405 of the Marvin Center at
11 George Washington University, 21st and H Streets, Northwest,
12 Washington, D. C., were had as herein appears, and this is
13 the original transcript thereof.
14

15
16 *Neal R. Gross*

17 _____
NEAL R. GROSS
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