

LEGAL SERVICES CORPORATION  
BOARD OF DIRECTORS

OPEN SESSION

Saturday, April 17, 1999

9:45 a.m.

Hilton Alexandria Mark Center  
Walnut Room  
5000 Seminary Road  
Alexandria, Virginia 22311

BOARD MEMBERS PRESENT:

John N. Erlenborn, Acting Chair  
Hulett H. Askew  
LaVeeda Battle  
John T. Broderick, Jr.  
Edna Fairbanks-Williams  
F. William McCalpin  
Maria Luisa Mercado  
Nancy H. Rogers  
Thomas F. Smegal, Jr.  
Ernestine P. Watlington

STAFF PRESENT:

John McKay, President  
Victor Fortuno, General Counsel & Corporate Secretary  
James Hogan, Vice President for Administration  
Edouard Quatrevaux, Inspector General  
David Richardson, Comptroller & Treasurer  
Karen Sarjeant, Vice President for Programs  
Laurie Tarantowicz, Counsel to the Inspector General

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

1  
2 CHAIR ERLENBORN: It appears that most of the  
3 Board members are here and I am going to call the  
4 meeting of the Board to order. I am John Erlenborn,  
5 the vice chairman of the Board and I am acting as chair  
6 of this meeting because Doug Eakeley was unable to stay  
7 with us. He had to leave to go back home for an urgent  
8 matter, that is, something having to do with his son  
9 having a solo, or something like that. Or something  
10 urgent.

11 And the first item on the agenda will be the  
12 approval of the agenda. Are there any questions about  
13 the agenda or a motion?

## M O T I O N

14  
15 MS. BATTLE: I would so move the approval of  
16 the agenda.

17 MS. FAIRBANKS-WILLIAMS: Second.

18 CHAIR ERLENBORN: It has been moved and  
19 seconded that the agenda be approved. All in favor say  
20 aye.

21 (Chorus of ayes.)

22 CHAIR ERLENBORN: Those opposed, no.

1 (No response.)

2 CHAIR ERLENBORN: The motion carries.  
3 Approval of the minutes of the Board's meeting of  
4 February 22, 1999. Are there any amendments,  
5 corrections, or additions to the minutes as furnished  
6 to you before the meeting?

7 I might say on my own behalf, and I made this  
8 point yesterday, and I think that the minutes of  
9 this -- that we are now considering make the point as  
10 well that the minutes are much too unrevealing as to  
11 what happened. It says, "A motion was made and it was  
12 carried." We don't know what the content of the motion  
13 was.

14 It says that amendments were made to the  
15 minutes of the prior meeting, but it doesn't say what  
16 the amendments were. And it is, I think, incumbent on  
17 those who prepare the minutes in the future to give us  
18 more information in the minutes.

19 MR. MCKAY: Mr. Chairman, we note your  
20 comments and we will certainly take care of that. Of  
21 course the transcript is available, but our minutes  
22 should be much more revealing. They normally are and

1 we will make certain that that occurs.

2 CHAIR ERLENBORN: Thank you. Now do I have  
3 any amendments, corrections, additions, or a motion?

4 MR. McCALPIN: Well, it seemed to me,  
5 Mr. Chairman, that there were two instances in the  
6 current minutes illustrative of what you are saying.  
7 Just below the middle of page 3, it says,  
8 "Mr. Erlenborn moved to approve the 1998 performance  
9 review." Singular. There were actually two. And it  
10 seems to me that it leaves open what was actually done.

11 Then at the top of the next page, I moved that  
12 the occupational profile report be amended. Actually,  
13 it was two of them that were amended, one for the  
14 president and one for the inspector general. And I  
15 don't think it was a single report, it was a discreet  
16 amendment to the two occupational profiles.

17 M O T I O N

18 MR. McCALPIN: So it would seem to me that we  
19 might well amend these amendments to reflect, at least  
20 in those two instances, what in fact took place.

21 MR. SMEGAL: Assuming that is a motion, I will  
22 second it.

1 CHAIR ERLENBORN: Now do you have that in -- I  
2 am sorry, I was distracted, in --

3 MR. McCALPIN: Two instances. One, "Mr.  
4 Erlenborn moved to approve the 1998 performance  
5 review."

6 CHAIR ERLENBORN: All right. So you want to  
7 make that plural.

8 MR. McCALPIN: Right. The other is,  
9 "Mr. McCalpin moved that the occupational profile  
10 report be amended." There was no report, there were  
11 two discreet amendments to two reports.

12 CHAIR ERLENBORN: It has been suggested that  
13 revised minutes may be provided not at this meeting,  
14 because it is not prepared, but at the next meeting of  
15 the Board. So I think the approval of the minutes will  
16 be conditional. I will first put the question of the  
17 amendment proposed by Mr. McCalpin and seconded. Those  
18 in favor say aye.

19 (Chorus of ayes.)

20 CHAIR ERLENBORN: Opposed?

21 (No response.)

22 CHAIR ERLENBORN: The motion carried. Now is

1 there a motion on the tentative approval -- conditional  
2 approval of the minutes.

3 M O T I O N

4 MS. BATTLE: So moved.

5 MS. MERCADO: Second.

6 CHAIR ERLENBORN: It is moved and seconded.

7 All in favor say aye.

8 (Chorus of ayes.)

9 CHAIR ERLENBORN: And those opposed say no.

10 (No response.)

11 CHAIR ERLENBORN: Motion carried. The next  
12 item on the agenda is the approval of the minutes of  
13 the executive session of the Board's meeting on  
14 February 22, 1999. Again, any amendments, additions,  
15 corrections?

16 MR. McCALPIN: It seems to me that the  
17 minutes, if I can find them -- all it says is that the  
18 chair convened a meeting. It lists the people who were  
19 present and then Mr. Broderick moved to return to open  
20 session. Absolutely nothing, apparently, transpired  
21 according to these minutes.

22 CHAIR ERLENBORN: Can I have a motion to

1 conditionally approve these minutes?

2 M O T I O N

3 MS. ROGERS: I so move.

4 MS. WATLINGTON: Second.

5 CHAIR ERLENBORN: Without objection, so  
6 ordered. I am going to start saying that. It is a lot  
7 faster. If you have an objection, please speak up.

8 CHAIR ERLENBORN: The next item on the agenda  
9 is the chairman's report. Since he is not here, I  
10 think we will pass that item on the agenda. The next  
11 item is members' reports. Let me start with  
12 Mr. McCalpin and we will go around the table in order.

13 Mr. McCalpin?

14 MR. McCALPIN: I have no report, Mr. Chairman.

15 CHAIR ERLENBORN: Next.

16 MR. BRODERICK: Nothing, Mr. Chairman.

17 CHAIR ERLENBORN: Maria.

18 MS. MERCADO: Nothing, Mr. Chairman.

19 CHAIR ERLENBORN: LaVeeda.

20 MS. BATTLE: I have no report, Mr. Chairman.

21 CHAIR ERLENBORN: Tom.

22 MR. SMEGAL: Only a comment. I was here in

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1 the middle of March and -- along with a number of the  
2 management people and some realtors -- looked at some  
3 sites for a prospective building.

4 CHAIR ERLENBORN: Bucky.

5 MR. ASKEW: I would only report that  
6 Mr. McCalpin and I spent a day in Washington on  
7 March 25th to visit staff on a range of issues,  
8 particularly state planning, had a very productive day.

9 CHAIR ERLENBORN: Nancy.

10 MS. ROGERS: Only that I had the privilege to  
11 serve under our vice chair's special commission. And  
12 he is doing a terrific job. It is fascinating work and  
13 we have very, very good people helping us.

14 CHAIR ERLENBORN: Edna.

15 MS. FAIRBANKS-WILLIAMS: We are going ahead  
16 with our state planning. Of course LSC didn't help us  
17 with any money.

18 (Laughter.)

19 MS. FAIRBANKS-WILLIAMS: But we do have a  
20 little bit and we are going ahead with our survey. And  
21 everybody is cooperating very well. The legal  
22 services, the legal aid, the bar association, and all

1 of the courts are really gung ho.

2 CHAIR ERLENBORN: Ernestine.

3 MS. WATLINGTON: I just wanted to thank  
4 everyone for their concern during my illness, and I am  
5 glad to be back and sorry that I missed the meeting in  
6 Miami, but I was not able to do so, but I really  
7 appreciate everyone's concern.

8 MR. McCALPIN: We are delighted to have you  
9 back.

10 MR. BRODERICK: And it was snowing.

11 CHAIR ERLENBORN: I don't know if that is  
12 true, but we got a snow job about it later.

13 MR. BRODERICK: I knew there was snow  
14 somewhere.

15 CHAIR ERLENBORN: And I have nothing to  
16 report. The next item on the agenda is the president's  
17 report.

18 MR. McKAY: Thank you, Mr. Chairman. I would  
19 like to welcome all of our guests here as well to the  
20 Board meeting and let you know that since I am close to  
21 the beginning of -- or the end of two years' service as  
22 president of the Corporation, that I planned a

1 comprehensive review of all of my activities over the  
2 past two years during this report. So if you need a  
3 cup of coffee or something, I would suggest that you go  
4 get it. I am only kidding.

5 (Laughter.)

6 MR. MCKAY: I would like to welcome everyone,  
7 and I think it was tremendously helpful to all of us on  
8 the staff and all Board members who were in attendance  
9 for the Provisions Committee report in which I hope  
10 that the Board was able to see in that committee  
11 yesterday the extensive activities of Karen Sarjeant  
12 and her staff on the programmatic side.

13 And all of the work that we do at the  
14 Corporation, with the leadership of the Board, is  
15 directed toward the activities in the field. And we  
16 always challenge ourselves, as I have said more than  
17 once, as support people for our field programs. And  
18 that is what we do, which is why it was so important  
19 for us to talk about the specific work and plans on the  
20 programmatic side.

21 And I know that Jim Hogan, our vice president  
22 for administration, would join me in saying that all of

1 us, whether we are in the executive office or in charge  
2 of photocopies or deliveries, know that that is what we  
3 are supposed to be doing. So it was very helpful to  
4 us, Bucky, to have an opportunity to talk about the  
5 plans and work on the programmatic side. And I thank  
6 the members of the Board for being present during that  
7 presentation.

8 I wanted to comment on, here at the Board  
9 meeting, on the issue of the case statistic reporting,  
10 which has received a significant amount of attention in  
11 the media. And I want to, as part of my report,  
12 indicate that your staff is responding to this in a  
13 way, I think, that you will find to be very  
14 appropriate.

15 And so for the record, I want to say that we  
16 are dealing with a system that is at least 20 years old  
17 in terms of reporting the activities of the  
18 organization. And with the direct benefit of having  
19 had our inspector general and his staff inquire into  
20 this area, to do, I think, a very careful look at the  
21 way in which we report our statistics and, through the  
22 Offices of the Inspector General, to begin a series of

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1 audits.

2           And those audits have drawn to the attention  
3 of management an issue in which we truly did have a  
4 shortcoming that needed to be fixed. And while that  
5 can sometimes be uncomfortable, I think it shows that  
6 the institution is working the way Congress would  
7 intend it to work, which is that when information is  
8 not where it should be, that we move to correct it.

9           And I think that the Board will be pleased, as  
10 will the Congress and the public, with the response to  
11 the professional and independent job that the inspector  
12 general has done. And so our response, which has been  
13 ongoing, as we began receiving information from the  
14 inspector general, to correct that information.

15           As Board members know, we have revised our  
16 guidance to the field, which is our CSR guidebook. We  
17 have done so in consultation with the inspector general  
18 who has, I think, gotten a handle on the issue. And in  
19 particular, in one specific reporting area.

20           And so that matter has been corrected. And  
21 you have a combination now of the audits being  
22 conducted by the inspector general and a very serious

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1 and appropriate and professional self-correction taking  
2 place among our field programs, which is to correct  
3 data that had been incorrectly reported to us.

4 And in fairness to our programs, some were  
5 relying on unclear guidance from the Corporation. And  
6 through the efforts of the inspector general and our  
7 staff under Karen Sarjeant's leadership, that issue is  
8 being corrected.

9 And we have assured the Congress that they  
10 will receive accurate data from the Legal Services  
11 Corporation, that that is our intention to provide that  
12 information. And I hope that when it is said and done,  
13 that they will see a case study of an independent  
14 inspector general who has undertaken audits, which have  
15 then resulted in a self-correction in the organization.  
16 And if any Board members have questions about that, we  
17 would certainly be glad to do that.

18 The other part of the case statistic reporting  
19 issue is, I think, the more important, which is our  
20 dialogue with the field on how the service they perform  
21 benefits the American public. And of course we are  
22 talking about poor and disadvantaged Americans. And we

1 know that our programs provide great services that have  
2 not been captured in the past.

3 And our goal throughout this process is to  
4 provide that information also accurately to the  
5 Congress so that they know the service, important  
6 service, critical service being undertaken by the Legal  
7 Services Corporation and its recipients.

8 And so we have begun and I believe, as Karen  
9 reported to Provisions yesterday, will be circulating  
10 the first official start of that dialogue, which is a  
11 survey to the field about the kinds of work that  
12 that -- that they are undertaking. Even the survey,  
13 which has been in progress for some time, the design of  
14 it has involved input from our fields programs.

15 So we are committed in the long run to looking  
16 carefully at how we report on the activities of our  
17 recipients. And the end goal for us is to provide to  
18 the Congress a very accurate report on the services  
19 being provided by our recipients.

20 And I am very confident, I know Karen will  
21 join me in this, that when we are done with this  
22 process, we will have a better exposition of the

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1 services that are being performed in the interest of  
2 justice for poor people. And I know that is where our  
3 Board wants us to go.

4 I will not go over the state planning issues.  
5 I think Bob Gross did an exemplary job yesterday to all  
6 Board members in Provisions and I commend that to all  
7 of you.

8 I want to emphasize here at the Board meeting  
9 that our technical assistance grants to the field  
10 continue, that as was reported yesterday, we have  
11 announced yesterday \$150,000 in grants, which is an  
12 increase over the initially announced 75,000. And I  
13 think as our Provisions chair reported, we do intend to  
14 again open that application process and we will engage  
15 in further technical assistance grants to the field.

16 We think it is very important to be partners  
17 with the field and with states as they design the  
18 service delivery system that will be the system of the  
19 future. And we are able to unfortunately not provide  
20 huge amounts of assistance, but Vermont will have  
21 another opportunity to apply for technical assistance.

22 And our intention is to make a difference.

1 And where we feel we can, we want to be in a position  
2 to do that. And I think that the nimble way in which  
3 we made those awards is something that we want to  
4 emulate. I think the applications were due April 1st  
5 and we actually announced \$150,000 in grants on  
6 April 15th as promised. And that is a real compliment  
7 to Karen and her staff and to Bob Gross' leadership.  
8 And I think you would be very proud of that.

9 I want to thank Clint Lyons from the NLADA who  
10 first strongly suggested that these grants coming from,  
11 essentially, management funds, which you as a Board  
12 have authorized, would be a very good indication to the  
13 field that we join with them in the important work at  
14 state planning.

15 A report also was given yesterday on  
16 competition. Amidst all of the work that is being  
17 undertaken in programs, we always have our systems  
18 competition, which is in preparation. A chart was  
19 provided in Provisions on that. And under Mike Genz's  
20 leadership, we will continue to make progress and keep  
21 the Board informed of the competition system and its  
22 effect.

1           We are very excited about the Native American  
2 program conference that will be conducted in May in  
3 Estes Park, Colorado. The location was chosen because  
4 it is in Indian country. We firmly believe that it is  
5 necessary to listen in this kind of a conference and we  
6 are undertaking a listening conference with our  
7 recipients who perform this important work in Indian  
8 country. And I know we will have Edna with us. And if  
9 other Board members wish to participate, we would love  
10 to have you there.

11           A couple of housekeeping items I want to  
12 indicate to the Board. On April 23rd, there will be a  
13 NATO summit in the City of Washington. And along with  
14 other agencies, we have made the decision to close LSC  
15 offices. So Friday, April 23rd, we will be closed.  
16 This was in part a security advisory, but in the  
17 experience of our administrators, in particular Joan  
18 Kennedy, that we should close our offices along with  
19 other federal agencies on the 23rd of April.

20           We continue to move forward on our efforts, in  
21 particular with public education, as we near the 25th  
22 anniversary of the Corporation and we will keep you

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1 informed of activities there. I want to report to you  
2 that our pay study, we are working with and negotiating  
3 with a new contractor to complete the pay study.

4 We are significantly behind in our efforts to  
5 make sure that we can report to you that the pay within  
6 the Corporation is at a reasonable and fair level. We  
7 are not prepared to tell you that today and I am sorry  
8 that I have to say that.

9 But that is an issue which I think has been  
10 with us for some time in our staff and we are committed  
11 as a management team to bring information to you that  
12 you can use to help us resolve that situation. We will  
13 get this to you as soon as we possibly can.

14 Some of you will notice in walking around the  
15 Corporation that we have lost our large board room due  
16 to the need to provide some additional offices on the  
17 11th floor. We saved one conference room for you. So  
18 we do have a place to meet, but if some of you were  
19 wondering, it is now the office area for Mauricio  
20 Vivero and his staff.

21 In Provisions, you heard a report regarding  
22 some new hiring that is occurring. And I want to

1 emphasize here at the Board that our hiring efforts,  
2 particularly on the programmatic side, continue. We  
3 have not filled all of our positions. We urge our  
4 friends in the field and those with national  
5 organizations who are interested and vested in our  
6 success to help us locate people who do have field  
7 experience who can join Karen's staff in particular.

8 We have also, I think, done very well now in  
9 filling positions in Joan's office, in Victor's office.  
10 I think we are close to doing it in Dave Richardson's  
11 office. And essentially we are filling positions which  
12 were long ago authorized, but because we did not have  
13 the management funds to fill those positions, we are  
14 now able to do so.

15 And I want to emphasize that we have been --  
16 an expression we have used is bone on bone in trying to  
17 meet all of our obligations. And this gives us an  
18 opportunity to actually fill those positions. Very  
19 important in Joan's office, for example, to be able to  
20 staff the administrative needs of the organization.  
21 And we have had some heroic efforts on our staff to do  
22 that, very hardworking. I know that you see that, but

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1 it is helpful that we can fill those positions.

2           And I hope that as we come to you at our June  
3 meeting, that we will be able to tell you all of the  
4 positions are filled. But the hiring effort, once we  
5 knew we had the funds, commenced immediately. It takes  
6 a while to fill those positions and we will do that.  
7 We were also able to move forward on our technology  
8 plans at the Corporation to make sure that all of our  
9 workers have adequate technology, access to the  
10 Internet, and network services.

11           The dinner last night, I thought, was quite  
12 excellent and I wanted to indicate also here our thanks  
13 on the record to the Covington and Burling law firm who  
14 handled tremendous legal representation for us on a pro  
15 bono basis. And I think everyone who was in attendance  
16 last night enjoyed that evening, I certainly did, in  
17 thanking Tom Williamson and his terrific staff at the  
18 Covington law firm.

19           I have been active out in the field with a  
20 number of meetings. I won't go through them in detail.  
21 I will continue to do that. It becomes more difficult  
22 now as we work to respond to inquiries from the

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1 Congress and to visit with members who have questions  
2 about our appropriations efforts. Those will  
3 accelerate now as we move into the month of May and  
4 June.

5 And we are enthusiastic about our budget  
6 request on the Hill and we believe that we have the  
7 best possible case for the appropriation. And we  
8 intend to make that in a bipartisan way and we expect  
9 it, as I think we are already learning -- and,  
10 Mr. Chairman, you know, having joined me already in  
11 several of those visits, that our story continues to be  
12 a very compelling one.

13 And it is on behalf of our programs in the  
14 field and the work that they do that we are able to  
15 convince the Congress to continue to invest. Thank  
16 you, Mr. Chairman, that is my report.

17 CHAIR ERLENBORN: Thank you, John.

18 The next item on the agenda is the inspector  
19 general's report. Ed?

20 MR. QUATREVAUX: Thank you, Mr. Chairman,  
21 directors. I would like to begin with a very pleasant  
22 task and indeed an honor to announce to you and

1 recognize today several staff promotions that have  
2 taken place within the Office of Inspector General.

3 Let me begin with Charmaine Romear and ask her  
4 to stand. Charmaine has been promoted to audit  
5 manager. She is a graduate of Harvard University and a  
6 CPA. She joined us in 1991. As you know, she manages  
7 our contract audits, including the audit service  
8 program, which is one of our most important tasks this  
9 year, and she has done just a fine job on that. And I  
10 will have some more to say about that in a minute.

11 Thank you.

12 Mary-Ellen McBride has been promoted to audit  
13 services manager. She is a graduate of George  
14 Washington University. She manages our contacts and  
15 records with literally hundreds of grantees, IPAs, and  
16 contractors.

17 She will again manage the receipt and  
18 processing of several hundred audit reports in the next  
19 few weeks as she has in the past few years. She really  
20 is critical and her work is outstanding. And I find  
21 her constantly in the office suite on Sundays and  
22 Saturdays as she tries to find a few free minutes from

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1 her family of five children. Thank you very much  
2 Mary-Allen.

3 Last, Brenda Harryman has been promoted to  
4 senior investigator. She can't be with us today  
5 because she is wrapping up two weeks on the road in  
6 Florida doing client trust fund inspections. She is a  
7 graduate of Northern Virginia Community College and a  
8 recent certified fraud examiner. She joined us in '91.

9 Let me turn now to those client trust fund  
10 inspections. We have issued two reports thus far and  
11 we found both grantees in general compliance with LSC  
12 requirements. In both cases, we offered suggestions to  
13 improve internal controls and -- to improve internal  
14 controls. These inspections are a test bed for us in  
15 that we are pushing the envelope on electronic mail.

16 The notification, all arrangements, everything  
17 except the on-site inspection has been done by  
18 electronic mail. That includes the issuing of draft  
19 report, receiving the grantees' comments on it, and the  
20 issuing of the final report. And those reports will be  
21 on our web site this next week.

22 The process produces very -- has produced very

1 quick results in just these two cases. Brenda left  
2 Virginia Legal Aid Society on February 11th and the  
3 final report was issued on February 26th. She left  
4 Ocean and Monmouth on March 5th and the final report  
5 was issued on March 26th. So we have a very short  
6 visit to issuing a final report time. And that is in  
7 the best interest of everyone, particularly the  
8 grantee.

9 Delighted at the success of this program so  
10 far and I think we have helped the two grantees, I am  
11 sure of it, reduce their vulnerability to loss. And  
12 full credit for the design implementation does go to  
13 Brenda Harryman. And at our next opportunity, I will  
14 try to recognize her for that with you.

15 MR. McCALPIN: Ed?

16 MR. QUATREVAUX: Yes, sir.

17 MR. McCALPIN: Does that mean there will be no  
18 hard copies of those reports?

19 MR. QUATREVAUX: Hard copies are available.  
20 For the Board, what I had thought we would do is wait  
21 until we have a number of these and then forward them  
22 to you. If we had anything that was particularly

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1 negative, we would get that to you right away. But if  
2 you would like them as we issue them, we can certainly  
3 do that.

4 MR. McCALPIN: I just thought that perhaps  
5 there were never going to be hard copies.

6 MR. QUATREVAUX: No, they will be in hard  
7 copy.

8 With respect to the audit service reviews, as  
9 you know, this program attempts to vet the oversight,  
10 compliance oversight system, the testing system of the  
11 IPAs by reviewing IPA work papers to determine whether  
12 their compliance checks were sufficient and effective.  
13 Our goal is to do 50 of these this year. We are on  
14 schedule.

15 We have issued three reports. And again,  
16 we -- the plan is to collect a number of them before  
17 distributing them to the Board. We have seen no  
18 problems in these three claim reports. We expect 40 to  
19 be completed by the end of June. Credit for this goes  
20 primarily to Charmaine and with a lot of support from  
21 Mary-Ellen and our information technology staff.

22 You should know that Senate appropriations

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1 staff have asked for a status report by June 28th on  
2 what the ASRs have uncovered to that date. This was  
3 placed in the context of markup, as the request was  
4 related to me. Apparently the markup is thought to be  
5 or is planned to be in early July.

6 In the three years since the '96 appropriation  
7 became effective, we have had no need for the IPA  
8 suspension and debarment regulation. But as the number  
9 of these reviews increases, the odds increase that we  
10 would need it. Therefore, I hope that this reg can be  
11 made final at the June meeting in Denver.

12 Let me turn to what has already been mentioned  
13 in several venues at this meeting and that is the case  
14 statistics audit. As you know, we have issued reports  
15 on legal services of Northern Virginia, the Legal Aid  
16 Society of San Diego, and Greater Miami Legal Services.

17 In a moment I will share my view of what these  
18 audits mean, but first let me report to you that we  
19 have completed on-site work at four other recipients  
20 and have issued one draft report. That is a total of  
21 seven audits for 1997 data. We planned six audits in  
22 1998 data and two of those site visits were completed

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1 yesterday in Rochester, New York and in Philadelphia.  
2 We have four more scheduled.

3           When we complete this project, we will have  
4 conducted 13 audits, which cover approximately 13  
5 percent of the number of closed cases reported  
6 system-wide. Now what do these audits say. I will  
7 begin with what they do not say. They do not say that  
8 any indication of fraud was found. And let me make,  
9 for the record, this affirmative statement that there  
10 was no indication of fraud found. Zero.

11           These audits do not say that telephone intake  
12 and legal assistance is not worthwhile. To the  
13 contrary, telephone and soon computer-based intake and  
14 legal assistance represent cost-effective means of  
15 providing services to many more without a corresponding  
16 increase in funding. Applying information technology  
17 to the delivery of government services is exactly what  
18 government organizations should be doing to provide  
19 more and better services.

20           What the reports do say is that we need to  
21 improve the quality of the data that the Corporation  
22 has been receiving. The reports document inadequate

1 supervisory review, data entry errors, errors of  
2 occasion by multiple offices without electronic  
3 linkage, and generally insufficient attention to  
4 reporting.

5 Now the Corporation has made one revision to  
6 the CSR handbook and plans another. Progress has been  
7 made, but more needs to be done. We don't want to  
8 overstate the problem, but neither should we trivialize  
9 it. The state has important management and needs it to  
10 do its job of evaluating performance.

11 President McKay has expressed his intent just  
12 now again to do exactly that and I urge the Board to  
13 give him your full support as he takes action to  
14 improve the accuracy and reliability of performance  
15 information. And that is all I have for this session,  
16 Mr. Chairman.

17 CHAIR ERLNBORN: Are there any questions of  
18 the inspector general?

19 Hearing none, we say thank you. And we will  
20 hear from you later in closed session.

21 The next item on the agenda is the membership  
22 of the Committee's of the Board and appointment of the

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1 committee chairpersons. The chairman, in our breakfast  
2 session this morning briefing before he had to leave,  
3 made the statement that anyone who wished to change  
4 committee assignments could do so if they cared to.  
5 Otherwise, the committee assignments would stay as they  
6 are currently. Are there any requests for changes?

7           Hearing none, then let me, for the record, say  
8 that the Operations and Regulations Committee will be  
9 constituted LaVeeda Battle as chair, myself, Bill  
10 McCalpin, and Ernestine Watlington. The Finance  
11 Committee chair will be Maria Luisa Mercado, John  
12 Broderick, and Tom Smegal.

13           The Provisions Committee will be Bucky Askew  
14 as chair, Nancy Rogers as a member, and Edna  
15 Fairbanks-Williams as a member. And of course the  
16 chair of the Board, Doug Eakeley, will be ex officio  
17 member of all of those committees. Any comments,  
18 questions?

19           MR. McCALPIN: What other committees -- these  
20 are the long-term. Do we have some ad hoc committees  
21 in existence now?

22           CHAIR ERLNBORN: I am not certain that I can

1 answer this fully, but these are the only standing  
2 committees. There is then one which is more of a  
3 commission that is composed of only two Board members  
4 and then the other members are from outside the Board.  
5 And we will have a report on that a little bit later.  
6 I am not certain if there are any other ad hoc  
7 committees. Oh, there is one. Performance Reviews.  
8 And we are going to do away with that one later today.

9 MR. McCALPIN: I thought that committee had  
10 been disbanded.

11 CHAIR ERLENBORN: I don't think it has been  
12 officially. At least on the agenda for today is the  
13 disposition of that committee, which indicates to me,  
14 and I don't know if Victor is here, but it indicates to  
15 me that we may not have taken official action to  
16 disband that committee prior to this.

17 MR. McCALPIN: Is that on the agenda?

18 CHAIR ERLENBORN: Yes, it is.

19 MS. MERCADO: Yes, it is number 15. We  
20 discussed it at the last Board meeting, but I think  
21 that there was a question of legality as to whether --  
22 or you still hadn't finished your work I think is what

1 it was.

2 CHAIR ERLENBORN: But its demise is shortly to  
3 be arranged. Do I have a motion to approve the  
4 appointments of the members and chairs of the three  
5 standing committees?

6 M O T I O N

7 MR. BRODERICK: So moved, Mr. Chairman.

8 CHAIR ERLENBORN: Second?

9 MS. WATLINGTON: Second.

10 CHAIR ERLENBORN: Without objection, so  
11 ordered. The next item, and I have not been briefed on  
12 this. I hope somebody has more information than I,  
13 otherwise we may have to pass this item. But the next  
14 item is to consider and act on the Board's meeting  
15 schedule, including designation of locations, for the  
16 year 2000.

17 MR. MCKAY: Mr. Chairman, I would ask that you  
18 pass on that. We will give it a little bit more  
19 advanced notice to Board members in the June meeting.  
20 The intention again is to get our schedule set for 2000  
21 so that your staff can make arrangements and that Board  
22 members. We will try to get you some notice before

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1 June. We are working with some dates. We just had one  
2 that wasn't quite yet set for recommendation today.

3 CHAIR ERLNBORN: Well, then without  
4 objection, we will pass that item on the agenda. The  
5 next item is to consider and act on the report of the  
6 Board's Operations and Regulations Committee.

7 LaVeeda.

8 MS. BATTLE: Thank you, Mr. Chairman. I have  
9 probably one of the briefest reports that I have ever  
10 had to our Board today to make because we have decided  
11 to give further consideration to 45 CFR Part 1641,  
12 Debarment, Suspension and Removal of Recipient  
13 Auditors. And we will consider that further at our  
14 June meeting and make a recommendation at that time to  
15 the Board.

16 We likewise decided to pass on 1628, Recipient  
17 Fund Balances in order to have sufficient time to  
18 review the information on that particular regulation  
19 and intend to report to the Board on that at our  
20 meeting in June.

21 The one item that we did undertake is the  
22 recommendation regarding the inspector general's level

1 of compensation. And I don't have before the motion  
2 that was made on that.

3 CHAIR ERLENBORN: I think Victor was out to  
4 get copies for everyone, but I happen to have one copy.

5 MS. BATTLE: Right.

6 CHAIR ERLENBORN: And it is short.

7 MS. BATTLE: Just to give the Board members --  
8 most of you were there yesterday -- some background, a  
9 decision was made back in either 1993 or 1994 to peg  
10 the inspector general's salary to 90 percent of the  
11 maximum level allowable for the president of the  
12 Corporation.

13 We made that decision back then and had not  
14 looked back at it. And on yesterday, we had an  
15 opportunity to look at some comparative information and  
16 to look at the state of the salaries within the  
17 Corporation today and made a determination that the  
18 inspector general of the Legal Services Corporation  
19 shall be compensated at a level equal to the highest  
20 compensated officer of the Corporation, other than the  
21 president.

22 And that this compensation of all officers of

1 the Corporation, other than the president, shall be set  
2 by the president after consultation with the Board, as  
3 provided by the bylaws of the Corporation.

4 This particular formula was devised in order  
5 to assure that the compensation of the inspector  
6 general that we now have will be set at a level that is  
7 appropriate, given the level that is throughout the  
8 Corporation, but also in order to assure the  
9 independence of the decision-making with regard to the  
10 next highest compensated officer of the Corporation.

11 That the salary for that individual, whoever  
12 that might be, would be set by consultation between the  
13 president and the Board, as the bylaws require that all  
14 officers' compensations be set by the president in  
15 consultation with the Board of directors.

16 M O T I O N

17 MS. BATTLE: That is the essence of the  
18 recommendation by the Committee. And I would so move  
19 its adoption by the Board.

20 MR. McCALPIN: Second.

21 CHAIR ERLBORN: Any other comment or  
22 questions?

1 (No response.)

2 CHAIR ERLENBORN: If not, the motion is  
3 adopted without objection and the resolution is  
4 approved.

5 MS. BATTLE: Okay.

6 CHAIR ERLENBORN: The next item is to consider  
7 and act on the report of the Board's Committee on  
8 Provision for the Delivery of Legal Services.

9 Bucky?

10 MR. ASKEW: Thank you, Mr. Chairman. There  
11 are two reasons why I don't need to give a lengthy  
12 report here. One, all of you were there yesterday.  
13 And for most of you, I don't need to tell you what you  
14 heard.

15 Secondly, the president has already covered  
16 several of the items, most of the items that we  
17 discussed yesterday quite accurately. And I think  
18 expressed both the substance of what we heard, but also  
19 the importance of what we heard.

20 I will say that we heard from Karen Sarjeant,  
21 Bob Gross, Mike Genz, Danilo Cardona, and Carolyn  
22 Worrell about a number of activities on the operations

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1 side of the Corporation, including compliance review,  
2 the Native American conference, state planning,  
3 competition, and the case service reports. So there is  
4 no need to go over that.

5 I will say that we are engaged with Karen in  
6 planning for the Denver and Seattle meetings and we  
7 will have field reports at both of those meetings  
8 relevant to the particular areas of the country where  
9 we are meeting. And I think those will be very  
10 valuable sessions for us.

11 I talked to the chairman yesterday about  
12 possibly scheduling the Provisions Committee meeting at  
13 the most convenient time to make sure that all the  
14 Board members could be in attendance, since we will all  
15 be traveling some distance to get there, to make sure  
16 it is not at a time when it is not convenient. And he  
17 is quite anxious to do that.

18 So we also heard from Don Saunders, who was  
19 here, about the upcoming conference in Tampa and I  
20 asked him to bring some materials for us because it was  
21 quite interesting. I know Mr. Smegal is involved, I  
22 think, in the planning of that and will be there. So

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1 he has brochures for us so that we can see it is a very  
2 promising conference involving both the ABA and the  
3 legal services community. With that, that concludes my  
4 report.

5 CHAIR ERLENBORN: Thank you, Bucky. Now an  
6 item on the agenda. Just let me take the privilege of  
7 the chair to note that John Pickering is with us today  
8 on behalf of SCLAID. Happy to see you, John.

9 MR. PICKERING: Thank you, Mr. Chairman.

10 MR. McCALPIN: Mr. Chairman?

11 CHAIR ERLENBORN: Yes.

12 MR. McCALPIN: May I footnote that report with  
13 the information that Mr. Pickering has just received  
14 word that he will be this year's recipient of the ABA  
15 medal, which is given only infrequently and only for  
16 great distinctive service.

17 (Applause.)

18 MR. SMEGAL: Mr. Chair, if I may footnote the  
19 footnote.

20 CHAIR ERLENBORN: Mr. Smegal.

21 MR. SMEGAL: Let the record reflect that prior  
22 distinguished members of the bar who have received this

1 award include Thurgood Marshall and Bill McCalpin.

2 (Applause.)

3 CHAIR ERLENBORN: Let the record note that  
4 Mr. McCalpin is blushing.

5 (Laughter.)

6 MR. McCALPIN: It is just high blood pressure.

7 CHAIR ERLENBORN: Now back to the agenda, item  
8 number 12, consider and act on proposed amendments to  
9 the Corporation's 403(b) Thrift Plan. And who do we  
10 have from the Corporation to --

11 MR. HOGAN: Yes. Mr. Chairman.

12 CHAIR ERLENBORN: Mr. Hogan.

13 MR. HOGAN: I will ask to defer that until the  
14 June meeting. We have a little bit more work to do and  
15 we plan on meeting with the chairman on this.

16 CHAIR ERLENBORN: Thank you very much. And  
17 let the Chair note the dispatch with which we are going  
18 through this agenda may mean that I will have the  
19 record for the shortest Board meeting.

20 Item number 13, consider and act on the  
21 resolution to recognize and thank the law firm of  
22 Covington and Burling for outstanding pro bono efforts

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1 for the Corporation.

2 M O T I O N

3 MS. ROGERS: So moved with enthusiasm.

4 MS. WATLINGTON: Second.

5 CHAIR ERLENBORN: Now the resolution has been  
6 provided to all members and I think you have had a  
7 chance to read it. It has been moved and seconded.  
8 And without objection, the resolution is approved.

9 Number 14, report on the status of the special  
10 panel that the Board authorized the Board chair to  
11 establish relative to the H-2A and other migrant  
12 workers. I was appointed by the chair as the chairman  
13 of that special panel. I think we have been referring  
14 to ourselves as a commission.

15 Nancy Rogers and I are the two Board members  
16 on that commission. The others are Sarah Cleveland  
17 from Texas, Alex Aleinikoff from D.C., Gil Casellas  
18 from D.C. also. I might note that all of the members  
19 of the commission are -- including the reporter, who is  
20 Enid Trucios-Haynes from Kentucky, are all law  
21 professors of one type or another. Full professor,  
22 assistant professor, or adjunct.

1 MR. McCALPIN: Including the chair.

2 CHAIR ERLBORN: Including the chair, right.  
3 All active except Mr. Casellas who was an adjunct at  
4 one time, but isn't currently. So whenever somebody  
5 says Professor, the entire commission turns their head.  
6 I mentioned that Enid Trucios-Haynes is the reporter.  
7 She really is acting with full participation as a  
8 commission member, but she has the additional  
9 obligation of working with the Corporation staff in  
10 preparing the draft reports.

11 We have had two hearings, one at Duke in North  
12 Carolina, and then just Saturday last week out in  
13 California in Palo Alto at Stanford University. By the  
14 way, there was some mistake in typing the background of  
15 Enid Trucios-Haynes and I reported that she was a  
16 graduate of Standard Law School and it turned out to be  
17 Stanford. I wondered when I said it where was Standard  
18 Law School.

19 The hearings have been very successful, I  
20 think. We have had representatives of recipients, our  
21 programs who have gotten funds from the Corporation.  
22 We had representatives of pro bono lawyers who have

1 given us very valuable information. And we have had  
2 many written comments that are in the record. And the  
3 ones that I just mentioned were those who appeared and  
4 gave evidence in person. In North Carolina, we had a  
5 representative of the North Carolina Agriculture --  
6 what is it? I am trying to thing.

7 A PARTICIPANT: Farm Bureau.

8 CHAIR ERLENBORN: Farm Bureau, that is it.  
9 National -- not the national, but the North Carolina  
10 Farm Bureau.

11 MR. McCALPIN: Have you heard of the Farm  
12 Bureau?

13 CHAIR ERLENBORN: What is that?

14 MR. McCALPIN: Have you ever heard of the Farm  
15 Bureau?

16 CHAIR ERLENBORN: Never heard of them. Not  
17 the North Carolina. And everyone who wished to appear  
18 before the commission and give testimony was  
19 accommodated. So no one can say that they haven't had  
20 an opportunity.

21 It now will be the obligation of the  
22 commission, with the help of the Corporation, to begin

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1 to draft proposed reports. We are not certain when  
2 that will be concluded, but our fond hope is that we  
3 may be able to have a final report to furnish to the  
4 Board at our June meeting in Denver.

5 I think that is about -- oh, one other that I  
6 should mention. We have a consultant to the  
7 commission, my former colleague, Ron Muzzoli,  
8 Congressman Muzzoli from Kentucky, who was one of the  
9 principle sponsors of the IRC. What was that? The  
10 Immigration Reform --

11 MS. GLASOW: IRCA. Immigration Reform and  
12 Control Act.

13 CHAIR ERLNBORN: IRCA. He was one of the  
14 sponsors. And there was a very important part of  
15 that -- of IRCA that referred to H-2A workers. And  
16 there were negotiations that went on between the  
17 growers community and others who were interested in  
18 having some legislation that would spell out the right  
19 of the Legal Services Corporation grantees to represent  
20 H-2A workers.

21 And so we are fortunate to have Ron Muzzoli as  
22 a consultant to the Committee and he has been at both

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1 of the hearings and will continue to fully participate  
2 with the commission. If there are any questions, I  
3 would be happy to answer them.

4 Nancy?

5 MS. ROGERS: I just wanted to add that I was  
6 really impressed with the preparation our staff did for  
7 us for that initial meeting. It was, in terms of the  
8 background, the legislative history, the arguments that  
9 have been made over the years, it really was just a  
10 first-rate notebook that they put together so that we  
11 were prepared to listen carefully to the testimony.

12 CHAIR ERLENBORN: And my last comment is  
13 rather personal. And that is, I have just so  
14 thoroughly enjoyed working with these people. They are  
15 just great and I kind of look forward with dread to the  
16 end of the commission's work.

17 That having been said, onto the next item.  
18 Item 15 on the agenda is dissolution of the Board's  
19 1998 Annual Performance Reviews Committee. I don't  
20 think we have any written motion on this, but would  
21 someone like to move.

22 M O T I O N

1 MR. McCALPIN: So moved.

2 CHAIR ERLENBORN: It has been moved that the  
3 1998 Annual Performance Reviews Committee be dissolved.

4 MS. BATTLE: I will second it.

5 CHAIR ERLENBORN: It has been seconded. And  
6 without objection, so ordered. Next we have --

7 MR. SMEGAL: I have a question.

8 CHAIR ERLENBORN: Yes.

9 MR. SMEGAL: I assume we are dissolving that  
10 committee because we will appoint a new one and call it  
11 the 1999 Annual Performance Reviews Committee?

12 CHAIR ERLENBORN: That is correct. And with  
13 any luck, we will have different people on the  
14 committee. Having chaired that, I have a strong  
15 feeling about that.

16 Now the next three items will be in closed  
17 session. Do I have a motion to close --

18 M O T I O N

19 MS. BATTLE: I will so move.

20 CHAIR ERLENBORN: This has been --

21 MS. WATLINGTON: I will second it.

22 CHAIR ERLENBORN: All the notifications and so

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1       forth so that we are acting properly. It has been  
2       moved, it has been seconded that the Board go into  
3       closed session. And we invite all of our friends to  
4       leave, but you can come back when the session is over.

5               MS. MERCADO: Are we going to take a five  
6       minute break?

7               CHAIR ERLENBORN: And we will take a five  
8       minute break between the open and closed session.

9               (Whereupon, at 10:30 a.m., the meeting was  
10       adjourned to closed session.)

11              CHAIR ERLENBORN: If I could have the  
12       attention of the members, I think that we have very  
13       little left to conclude. The Board is again in open  
14       session and the next item on the agenda is to consider  
15       and act on other business. Does anyone have other  
16       business to bring before the Board?

17              If not, the next item on the agenda is public  
18       comment. And is there anyone who would like -- anyone  
19       from the public attending who would like to comment to  
20       the Board? It is time for public comment. Does anyone  
21       seek to make comments to the Board?

22              Hearing none, I think we are at the point

1 where the chair would entertain a motion to adjourn.

2 M O T I O N

3 MS. BATTLE: I will so move.

4 MS. FAIRBANKS-WILLIAMS: Second.

5 CHAIR ERLBORN: It has been moved and  
6 seconded. Without objection, so ordered.

7 (Whereupon, at 11:52 a.m., the meeting was  
8 adjourned.)

9 \* \* \* \* \*