

LEGAL SERVICES CORPORATION
AUDIT AND APPROPRIATIONS COMMITTEE MEETING

December 17, 1987
Commences at 1:45 p.m.

The Mills House Hotel
Signers Ballroom
115 Meeting and Queen Streets
Charleston, S.C. 29402

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 547

WASHINGTON, D.C. 20005

(202) 628-2121

LEGAL SERVICES CORPORATION
AUDIT AND APPROPRIATIONS COMMITTEE MEETING

PRESENT: Pepe J. Mendez, Chairman
Hortencia Benavidez
Paul Eaglin
Lorain Miller
Claude Swafford
Basille Uddo
Robert Valois
Michael Wallace

John Bayly, Jr., President
Maureen Bozell, Secretary
David Richardson, Comptroller
Charles Moses

TIME AND DATE: The meeting will commence at 1:45 p.m on
Thursday, December 17, 1987, and continue
until all official business is completed.

PLACE: The Mills House Hotel
Signers Ballroom (first floor)
115 Meeting and Queen Streets
Charleston, South Carolina 29402

STATUS OF MEETING: Open

Motions made on pages: 4, 49, 53, 57

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 547

WASHINGTON, D.C. 20005

(202) 628-2121

1 adjourning last month, so I have not the foggiest idea of what
2 happened.

3 MOTION

4 MR. EAGLIN: I move to approve the minutes.

5 CHAIRMAN MENDEZ: I have got several comments and
6 several questions on the minutes. Is Mr. Bayly here?

7 MR. BAYLY: Yes.

8 CHAIRMAN MENDEZ: Mr. Richardson, I would like to have
9 also -- Mr. Richardson, I would like to have you come to the
10 table and Mr. Bayly come to the table.

11 Page 5, I asked for a support -- first full paragraph
12 starting with "Continuing" -- "and asked that a breakdown be
13 provided at the December meeting detailing when the various
14 training programs would receive their funds and for what
15 purpose."

16 Have you done that?

17 MR. RICHARDSON: Let me get Charlie Moses.

18 MR. WALLACE: Let's go ahead and approve the minutes.

19 MR. EAGLIN: You are right. It does not relate to
20 that. You can still follow up.

21 CHAIRMAN MENDEZ: I have got a half a dozen items.
22 Does anybody have any corrections or amendments?

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 547

WASHINGTON, D.C. 20005

(202) 628-2121

1 MR. EAGLIN: Off hand, I notice no problem with the
2 minutes.

3 CHAIRMAN MENDEZ: Hortencia?

4 MS. BENAVIDEZ: No.

5 CHAIRMAN MENDEZ: No corrections appearing. The
6 minutes will stand. Now to my questions.

7 MR. WALLACE: You are going to have to repeat that
8 question, Mr. Chairman.

9 CHAIRMAN MENDEZ: We are on page 5, the first full
10 paragraph of the minutes. I said that I wanted a breakdown to
11 be provided at the December meeting detailing when the various
12 training programs would receive their funds.

13 Ms. Bozell, here is what I want you to do from now on.
14 I want you, as soon as those minutes are done, to give them to
15 Mr. Richardson. Have him read them over because there is a half
16 a dozen things in here that I want to have answers to.

17 They were supposed to be back for this one and they
18 are not on the agenda. I want to make sure there are line items
19 on the agenda from now.

20 MS. BOZELL: All right, yes, sir.

21 CHAIRMAN MENDEZ: It is objectionable to me to have my
22 minutes and materials presented to me the week of the hearing

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 547

WASHINGTON, D.C. 20005

(202) 628-2121

1 and day that I come out. I want to have these minutes done and
2 out to me at least two weeks in advance. This is very
3 objectionable.

4 MS. BOZELL: Mr. Mendez, this was the minutes from
5 four weeks ago with Thanksgiving in between.

6 CHAIRMAN MENDEZ: I understand, but I want to have
7 them two weeks in advance.

8 MS. BOZELL: Yes, sir.

9 CHAIRMAN MENDEZ: Now, I want the answer to page 5.

10 MR. MOSES: As far as the schedule or the training, we
11 currently have scheduled three --

12 CHAIRMAN MENDEZ: That is not the question I asked. I
13 want to know when the funds are going to paid.

14 MR. MOSES: It will be over the next coming year. The
15 specific training events are scheduled through next summer. We
16 are still in negotiations for several other training events.

17 CHAIRMAN MENDEZ: Have you paid the funds already on
18 the program that you finished?

19 MR. MOSES: Yes.

20 CHAIRMAN MENDEZ: All of them?

21 MR. MOSES: Yes.

22 CHAIRMAN MENDEZ: How much?

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 547

WASHINGTON, D.C. 20005

(202) 628-2121

1 MR. MOSES: That was slightly less than \$30,000. That
2 was the training that occurred at Loyola, slightly less than
3 \$30,000.

4 CHAIRMAN MENDEZ: Did you pay it? I thought we had it
5 as \$150,000?

6 MR. MOSES: No, sir. It was slightly less than
7 \$30,000. That included scholarships for people to attend--
8 that is taking care of all the training costs as well as 75
9 percent of all the travel costs for participants.

10 CHAIRMAN MENDEZ: In January -- I am going to ask for
11 it again -- I want an allocation. I want to know line 5 -- I
12 want to have a specific item on our agenda. I want to cover
13 when those were expended and when we anticipate having the
14 expense done.

15 MR. MOSES: Yes, sir.

16 CHAIRMAN MENDEZ: On page 6 --

17 MR. BAYLY: Mr. Mendez, may I be heard about that just
18 briefly. I think one of the problems that the staff encountered
19 in being able to provide you with that information is that we
20 have depended in large part on what NITA can provide for us.

21 As I understand it from Mr. Moses, they are unable to
22 tell us in advance precisely when they can accommodate program

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 547

WASHINGTON, D.C. 20005

(202) 628-2121

1 attorneys. If they were able to stage for us or put on for us a
2 training event that was limited to the exclusive use of our
3 grantees attorneys, indeed, of course, we could commit the funds
4 and say they will be expended and give a date.

5 CHAIRMAN MENDEZ: That is fine, Charles, but I want to
6 have something in writing for my committee to look at concerning
7 the expenses and when they are anticipated to be done. It is
8 not satisfactory that I have to go through these minutes every
9 time and ask what is happening.

10 Now page 6, the second full paragraph -- I wanted to
11 have that list at this time -- the second sentence, "provide an
12 account of all income received by LSC, including interest on
13 income and returns from the R.H. Smith Fellowship."

14 When I ask for these things, I want to have these on
15 our agenda specifically, and I want to have dollars and numbers
16 done. What is the answer to this?

17 MR. RICHARDSON: Grant recoveries?

18 CHAIRMAN MENDEZ: Yes.

19 MR. RICHARDSON: We have \$69,975.

20 CHAIRMAN MENDEZ: How current is that? Is that the
21 same one that you gave us before?

22 MR. RICHARDSON: That is correct and it is current.

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 547

WASHINGTON, D.C. 20005

(202) 628-2121

1 CHAIRMAN MENDEZ: All right. I want a separate list
2 for this and I want to have a specific line item. I want to
3 have something item specifically covering this in January. I
4 want to have all income included, interest income covered in
5 January, specific line item on the agenda.

6 I want to have some persons come in specifically to
7 tell me about this. I want to have it current as of two weeks
8 before the January meeting.

9 Page 10, last paragraph, wanted to know what the
10 Corporation has done "to negotiate better prices with hotels."
11 I asked for something on that this time. Can you give me any
12 information concerning that?

13 MS. BOZELL: Mr. Mendez, I can tell you. We have been
14 negotiating or talking up in monitoring who handles all the
15 reservations for the monitoring division. They do a lot more
16 travelling than we do.

17 We are going to get together with both offices, both
18 divisions and appeal to various heads of chains. We have gotten
19 in touch with the Hyatts, the Sheratons, the Westons.

20 CHAIRMAN MENDEZ: In January, I want another line
21 item. I want to have a report on exactly what the status is at
22 that time.

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 547

WASHINGTON, D.C. 20005

(202) 628-2121

1 Does anybody else have any questions or comments
2 concerning this particular portion?

3 (No response.)

4 You did a good job the last time. I do not want to
5 have any mistakes about this. In January, I also want every
6 meeting that we have, you are to do a monthly sheet for us. I
7 told them before. It is not here; it is not in my book. We do
8 not have anything.

9 MR. RICHARDSON: That is correct, sir, because we have
10 not adopted an '88 budget as yet.

11 CHAIRMAN MENDEZ: No, I am talking about a monthly
12 mark for '87.

13 MR. WALLACE: '87 is over.

14 CHAIRMAN MENDEZ: Yes, but whatever correction there
15 are -- I mean, we are spending money in '88.

16 MR. WALLACE: We do not have a budget, but we are
17 spending money; are we not?

18 CHAIRMAN MENDEZ: We are spending money, that is
19 correct. I also want to have a monthly allocation of what is
20 happening in '87. It is not satisfactory that we do not have
21 that. I do not want us to fall back into the same trap that we
22 have been doing the last couple of years. I want to have it

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 547

WASHINGTON, D.C. 20005

(202) 628-2121

1 every month. You made that commitment to me.

2 MR. RICHARDSON: That is correct, sir.

3 MR. BAYLY: Mr. Mendez, I think I can give you the
4 assurance that that information could be provided to you or any
5 other member of this committee or the board when we get back to
6 Washington on Monday.

7 The only reason that the controller did not present it
8 in his usual fashion is because of our anomalous situation where
9 we are in a new fiscal year and we do not have an appropriation.
10 I assure you that the information is available and it is kept in
11 that form by Mr. Richardson.

12 CHAIRMAN MENDEZ: I understand and there are always
13 good excuses. It is just not acceptable.

14 MR. BAYLY: We will be happy to provide it whether we
15 have a budget or not. We will do the best we can.

16 CHAIRMAN MENDEZ: That is fine.

17 MR. WALLACE: You are spending money out of various
18 line items. We do not know what the ultimate budget is going to
19 be. I presume what you are doing is operating the way the rest
20 of the government is, using last year's budget as a model and
21 spending money accordingly; correct?

22 CHAIRMAN MENDEZ: A lot of this is on our calendar

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 547

WASHINGTON, D.C. 20005

(202) 628-2121

1 year for us.

2 MR. BAYLY: I assure you that we kept track of it. We
3 have the figures. We just have not brought them to you.

4 MR. RICHARDSON: I can give it to you right now. I
5 have it in front of my. I brought it for my use because it was
6 not on the agenda.

7 CHAIRMAN MENDEZ: This is another thing. I want you
8 to check with Maureen; you and I rather than Maureen and me are
9 going to go through the agenda items. You make a rough draft
10 with Maureen first as to what the agenda items are.

11 Then you call me and clear the agenda. We will talk
12 not only about the agenda but we are going to talk about what
13 order we take them in.

14 MR. RICHARDSON: All right, sir.

15 CHAIRMAN MENDEZ: Is that clear?

16 MR. RICHARDSON: That is fine.

17 MR. WALLACE: Let me say, Mr. Chairman, I do think it
18 is useful to have it in the board book every month. It is one
19 thing for the information to be available. It is another thing
20 for the information to be in your hand on a regular basis.

21 I know although I am a member of this committee, I
22 have got my own committee. This one is not my first priority.

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 547

WASHINGTON, D.C. 20005

(202) 628-2121

1 I usually find out what we are going to do here when I get my
2 board book.

3 That is when I start looking for things. If it not
4 there, I do not see it.

5 CHAIRMAN MENDEZ: I understand and I know that is the
6 way the other members of the board generally operate. They wait
7 and they do not have any access to it. That is the reason I
8 want to have all of my stuff. I do not care about the other
9 people, when they get it.

10 I want my committees' materials out at least two weeks
11 ahead of time. There is no excuse for it not being at least two
12 weeks ahead of time. If you cannot do the minutes in excess of
13 that, you can get the agenda and everything else done. You can
14 get these things mailed out to us two weeks ahead of time.

15 Now I hope I have made myself clear. If I have not,
16 let me know and I will do it again.

17 MR. BAYLY: I think we understand.

18 CHAIRMAN MENDEZ: I will probably be doing this again
19 in February or March. As long as I sit here, we are going to go
20 through this until we get this right every time. Now, that is
21 all I have for you at this time.

22 At this time, I want to talk to PAG. PAG is willing

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 547

WASHINGTON, D.C. 20005

(202) 628-2121

1 to make a presentation.

2 PRESENTATION BY REGINA ROGOFF

3 MS. ROGOFF: Thank you for having us back this month.
4 I am here because at the last meeting, Mr. Mendez made a request
5 that PAG present a proposal for the allocation of national state
6 support funds.

7 Since the last committee meeting, Bob Clyde and I have
8 had informal discussions with FCC members, colleagues and
9 national support and state support. The response from all
10 segments of the community has been consistent.

11 It is our position that in the absence of any new
12 funding, all support compliance should be held harmless. There
13 should be no reallocation of support funds. All programs should
14 be refunded at the present level because there is no documented
15 basis for undoing the present allocation system.

16 If additional funds become available, then a process
17 should be developed giving due consideration to the needs of the
18 field of local lawyers and clients and with ample opportunity
19 for field comment.

20 I think most important, we would point out that if
21 there are problems with individual centers, that does not
22 necessarily mean that the need for the service provided by that

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 547

WASHINGTON, D.C. 20005

(202) 628-2121

1 center no longer exists or did not, in fact, exist. Problems
2 with individual centers should be dealt with on an individual
3 basis.

4 Rather than depriving the clientele of that center of
5 the services being provided, eliminating the center itself,
6 efforts should be made to improve or rehabilitate the center to
7 adequately and ably and efficiently provide the services.

8 Finally, any funds that are defaulted or not applied
9 for by a program, either voluntarily or involuntarily, should
10 remain in the support line item, of course recognizing
11 restrictions that may exist within the LSC act regarding
12 defunding for the specific programs.

13 Do you have any questions? There are members of the
14 field present who may also have other comments.

15 CHAIRMAN MENDEZ: You said efforts should be made to
16 improve services within the various programs; that they are
17 falling. What type of efforts.

18 MS. ROGOFF: Basically, I am not speaking on behalf of
19 a formal process or formally on behalf of PAG, but in the past,
20 monitoring itself was a process that was not just of the
21 enforcement character that it is now but was both enforcement
22 and an effort to improve the quality of services being delivered

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 547

WASHINGTON, D.C. 20005

(202) 628-2121

1 in the field.

2 There are many methods for assisting a program, just
3 the way the company, a corporation would seek assistance if it
4 was having difficulty in doing whatever the business was that it
5 was engaged in. There are outside consultants who can be
6 brought in to help. It depends, of course, on whatever the
7 nature of the problem is.

8 Depending on what that problem is, the solution might
9 differ from one situation to the next. In our community, we
10 have -- in Austin, Texas -- we have a nonprofit management
11 organization that is available to come into nonprofits that are
12 having difficulties and come into nonprofits that are not having
13 difficulties, that just want to enhance the quality of services
14 that they are providing.

15 There are professionals in those areas that are able
16 to provide that kind of technical assistance.

17 CHAIRMAN MENDEZ: What you are telling us, I believe,
18 if I am not mistaken, is that the ration of the funds between
19 each of the national support centers at the present time is
20 appropriate.

21 MS. ROGOFF: Yes, we are telling you that for
22 historical reasons, the ratios are established and to make any

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 547

WASHINGTON, D.C. 20005

(202) 628-2121

1 ill considered changes would do harm to existing services and
2 existing programs that is unwarranted and unjustified at this
3 time.

4 CHAIRMAN MENDEZ: What I asked for was to how we would
5 go about terminating -- which ones would be most appropriate to
6 have increased funding? Which ones should be decreased? Let's
7 assume not that we have an increase, but that there is a
8 decrease in the overall budget.

9 Let's assume further that Congress mandates that
10 national support be funded in a ratio that is similar to what it
11 was in the past for the overall budget.

12 How should we take funds away from the national
13 support centers? Should we take it from one? Should we take it
14 from all equally?

15 MS. ROGOFF: Consistent with our premise of holding
16 harmless, we would recommend a proportionate reduction so that
17 all programs are treated the same.

18 CHAIRMAN MENDEZ: Does anybody else have any
19 questions?

20 (No response.)

21 CHAIRMAN MENDEZ: Thank you for the information. The
22 next item on the agenda should be very quick: Review of the '88

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 547

WASHINGTON, D.C. 20005

(202) 628-2121

1 budget request.

2 Mr. Bayly, tell me what the status of the '88 mark is
3 according to the best information that you have?

4 MR. BAYLY: Well, I understand that there was a
5 continuing resolution adopted yesterday that will expire today.
6 It will either be a repeated or enlarged until, I understand,
7 Friday, Monday or Tuesday of next week at which time it is hoped
8 -- it is expected that Congress will have completed its report.

9 I guess at that time, we will know what the
10 Corporation's 1988 appropriations will be. That, in a nutshell,
11 is my understanding of the present day posture things on the
12 Hill.

13 I am sure that the board has had the opportunity or
14 the board members should have had the opportunity to read to
15 themselves the exchange in the Senate, the colloquy that took
16 place among Senators Gramm and Leigh (phonetic) as well as
17 Senator Rudman.

18 You could probably glean yourselves from that the
19 reaction, at least from some of the Senators, to the amendment
20 that was advanced by Senator Graham which coincided with the
21 board's most recent request for 1988 appropriations.

22 It appears that Senator Graham's motion was defeated,

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 547

WASHINGTON, D.C. 20005

(202) 628-2121

1 I think, 70-28 or 29. As I say, all of that is reported in the
2 Federal Register. It is in, I think, about three or four pages
3 of the text that sets forth better than I could what occurred.

4 I think that is pretty much the status of affairs.

5 MR. WALLACE: Mr. Chairman, while we are on the
6 subject of information, let me say I learned about the vote from
7 the staff in a timely fashion which is Charlie Jarvis called me
8 at home on Saturday morning within a few hours after they
9 finished putting that bill to bed in the Senate, which I
10 appreciate.

11 I did not get -- the way I got the text to the
12 Congressional Record was through PAG. Martha, I appreciate
13 that. I think the staff really ought to get that stuff out to
14 the board. We ought to all see that without having to wait for
15 PAG to get it to us.

16 I had a lovely time reading the debate on the plane
17 over here last night, but we have got to get this stuff out in a
18 hurry.

19 MR. BAYLY: Mr. Wallace, we got it from PAG too.
20 Actually, we did not. We got it directly from the Hill. I will
21 ask Maureen Bozell if it is not so, as I understood it, that the
22 text of the exchange as well as the result of the vote was sent

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 547

WASHINGTON, D.C. 20005

(202) 628-2121

1 up to board members last week, as I recall -- Friday afternoon,
2 was it not, or Monday morning, whenever it was immediately
3 available? It was much in advance of this meeting.

4 MS. BOZELL: I have the text with me.

5 CHAIRMAN MENDEZ: I will tell you that I have not seen
6 it.

7 MR. BAYLY: I am sorry. We had a misunderstanding
8 here. I thought it was sent to you by overnight express as soon
9 as we got them.

10 MR. WALLACE: No, and I just hope it will be because
11 we really need to learn about this stuff in a very timely
12 fashion. Again, I appreciate the phone call I got. It is nice
13 to know the final score.

14 Very often, more important than the final score is how
15 you got there. That is why the debate was most enlightening.

16 MR. BAYLY: My apologies to you. There was a
17 misunderstanding. It was my intention that you would have
18 gotten it sent to you just as soon as it came out.

19 CHAIRMAN MENDEZ: Let's talk more about the '88 budget
20 requests. This is an instruction -- if the committee agrees--
21 to the Corporation staff. You are not to sign any contracts,
22 let any grants until we meet again.

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 547

WASHINGTON, D.C. 20005

(202) 628-2121

1 You can put everybody on interim funding based on what
2 the instruction is from Congress to us, but there is not to be
3 any final signatory on any of the grants until we meet in
4 January.

5 Is that a fair statement?

6 MR. WALLACE: It certainly corresponds with my views.
7 I have never seen an appropriation bill yet that did not require
8 a little bit of interpretation. I think interpretation is going
9 to be the province of the board.

10 So I do trust we can live on one month's worth of
11 interim funding until the board has had a chance to see what
12 Congress actually winds up with sometime between now and
13 Christmas or New Year's or whenever.

14 MR. BAYLY: Well, Mr. Mendez, you do take me a bit by
15 surprise with that directive. I wonder if I could not have just
16 a few moments to think about it. I am certainly here as a
17 servant to the board you understand.

18 It might present some problems I have not thought
19 about, perhaps even you or the other board members have not
20 thought about as well.

21 Why don't you give me just a few moments to think
22 about that?

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 547

WASHINGTON, D.C. 20005

(202) 628-2121

1 MR. EAGLIN: We will be here tomorrow, so I do not
2 think we need to finalize that instruction today.

3 MR. BAYLY: I understand your interest in wanting to
4 see the legislative mind and having the opportunity to study it
5 before the board would want to take a position to determine a
6 policy about the funding, but let me just think about the timing
7 of it.

8 You might want to be informed by as much information
9 as I can amass.

10 CHAIRMAN MENDEZ: Why don't we do it this way? Why
11 don't you report back to the board tomorrow because that will, I
12 think --

13 MR. BAYLY: I will be happy to do that.

14 CHAIRMAN MENDEZ: We will probably have a meeting, an
15 instruction, or a memorandum of understanding or some such thing
16 from the board as to what our position is on that. I think that
17 is a fair determination.

18 MS. ROGOFF: On behalf of the field, I think we would
19 like to comment on the proposal to delay the grants,
20 particularly if there is freeze funding and if the bill has a
21 formula written into it.

22 There may be areas of discretion but not in the

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 547

WASHINGTON, D.C. 20005

(202) 628-2121

1 allocation of how that money will be distributed to the field.
2 We would hope that you would not delay making the awards because
3 the delay will result in the field not receiving the double
4 check which historically has been received at the start of the
5 year.

6 That can cause serious problems which it did in the
7 years past when that happened of a cash flow nature to field
8 programs. My own program, I know, had problems that were
9 created by not receiving.

10 CHAIRMAN MENDEZ: I understand that. I do not think
11 you were -- in fact, I know that my intent is not that. My
12 intent is to make sure that we do not overstep or that they do
13 not overstep their bounds. I will talk to John.

14 John can give us some sort of input and we will take
15 the input tomorrow and see if we can structure some sort of
16 policy. I just do not want them to sign the grants.

17 MR. WALLACE: It does not make any difference to me
18 whether one months or a double check or what have you. I do not
19 want the staff to be committing twelve month's worth of money
20 until this board has had a chance to analyze the legislation and
21 see what is really there.

22 So I certainly have no intention of trying to shut

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 547

WASHINGTON, D.C. 20005

(202) 628-2121

1 people down or turning off the lights because Congress has not
2 given us an appropriation bill yet; but neither do I want us
3 committed to something that we may conclude we should not be
4 committed to.

5 CHAIRMAN MENDEZ: I do not have any difficulty with
6 that. I am like Mike. I do not have difficulty about a double
7 check issue.

8 MS. ROGOFF: I think that would be the primary concern
9 of the field programs. Additionally, of course, if there is a
10 freeze funding level, delay is probably not going to result in
11 any difference or any change in how the funding is allocated.

12 CHAIRMAN MENDEZ: Here is the other thing and this is
13 for you and for John as well. There may be some sort of mark in
14 the Gramm-Rudman type reduction.

15 What I would like to have the PAG do is do your
16 computer analysis of whatever it is and then check with John and
17 see if that corresponds with what John has; so that in the
18 meeting in January we can eliminate all the easy ones and just
19 focus on those that we may have some difficulties in the
20 monetary determinations of which ones are pertinent. Do you
21 understand what I am saying?

22 One year -- this, historically -- this is a little bit

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 547

WASHINGTON, D.C. 20005

(202) 628-2121

1 before either one of you -- there were some computation
2 difficulties on a couple of the programs and address those--
3 check with John and them and we ought to be able to focus on
4 those when they come in.

5 I understand what you are talking about, but if there
6 is a reduction, there may be some percentage number differences.

7 MS. ROGOFF: Thank you.

8 CHAIRMAN MENDEZ: I think that that will be the only
9 issue that I would really look at, John. I do not have
10 difficulty, but I feel that most of the board members do not
11 want their contracts executed until we have had a chance to
12 examine the language and assure ourselves of what they are
13 saying.

14 MR. EAGLIN: So right now we are just working from the
15 '88 budget forward; correct.

16 MR. WALLACE: Yes, they could settle it tonight.

17 MR. EAGLIN: Yes, so we just want to --

18 CHAIRMAN MENDEZ: We will send it up to the board and
19 let them -- if there is anything that can be done. Other than
20 that, Paul, how do feel about this contracts issue?

21 MR. EAGLIN: I would be willing to wait to see what he
22 says, whatever concerns he has. I do think we have done this

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 547

WASHINGTON, D.C. 20005

(202) 628-2121

1 before.

2 CHAIRMAN MENDEZ: Yes, we put them on our funding
3 until we signed off on it.

4 MR. EAGLIN: Unless I hear something different --

5 CHAIRMAN MENDEZ: Okay, consideration of the '89
6 budget?

7 MR. WALLACE: Who is going to bell the cat, Mr.
8 Chairman?

9 CHAIRMAN MENDEZ: Mr. Richardson, you get to come here
10 and take the brunt of our assault again.

11 MR. RICHARDSON: All right, sir.

12 CHAIRMAN MENDEZ: I asked you to prepare a couple of
13 different proposals. You have tendered them. I do not know;
14 have you given them to the people or not.

15 MR. RICHARDSON: Yes, we did pass them out.

16 CHAIRMAN MENDEZ: There are a couple of different
17 proposals that I suggested. More as where to start from more
18 than anything else based on what our present budget is, the
19 Senate statement about 310 and then we can look at that and go
20 from wherever we want to go from on those items.

21 Now, on the first page of this, you say amended budget
22 format. Is this the one that we did in -- this is the one of

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 547

WASHINGTON, D.C. 20005

(202) 628-2121

1 October 2.

2 MR. RICHARDSON: That is correct, sir.

3 CHAIRMAN MENDEZ: There is one matter that I think
4 that we probably ought to do that will help clarify it a little
5 bit. Under Administration and Developments, I think based on
6 page -- we move the program development line into administration;
7 is that correct?

8 MR. RICHARDSON: That is correct, sir.

9 CHAIRMAN MENDEZ: We moved 1.339 million into that
10 line.

11 MR. RICHARDSON: It was \$340,000, sir, that was moved
12 into that line and breaking out the additional million dollars
13 to the law school grants into a separate component.

14 CHAIRMAN MENDEZ: All right, so we move -- for
15 development we have \$340,000?

16 MR. RICHARDSON: That is correct, sir.

17 CHAIRMAN MENDEZ: Out of that 12.5 million?

18 MR. RICHARDSON: Yes, sir.

19 CHAIRMAN MENDEZ: Now, I asked you, John, to prepare
20 some statistics for me and get some information for me. I know
21 you have that. Let's start with the statistics and see if we
22 can work with them a little bit.

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 547

WASHINGTON, D.C. 20005

(202) 628-2121

1 I asked you to give me or find for me what the
2 Corporation actually spent on management administration for the
3 last -- since 1981, I believe.

4 MR. RICHARDSON: Yes, sir.

5 CHAIRMAN MENDEZ: You have done that; is that correct?

6 MR. RICHARDSON: That is correct, sir.

7 CHAIRMAN MENDEZ: Now, this will be available to
8 everyone. What is the average Corporation management
9 administration since 1981?

10 MR. RICHARDSON: The average budget has been \$12.1
11 million.

12 CHAIRMAN MENDEZ: How much has actually been expended?

13 MR. RICHARDSON: \$10.8 million with a carryover of
14 \$1.3 million on the average.

15 CHAIRMAN MENDEZ: Now, starting from there, do you
16 have any expenses in '88 or '89 which would materially increase
17 or decrease that average budget that you have had over the last
18 several years?

19 MR. RICHARDSON: The major item that does come to mind
20 is the increase that we have in our grant.

21 CHAIRMAN MENDEZ: How much is that?

22 MR. RICHARDSON: That is \$100,000 addition each year.

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 547

WASHINGTON, D.C. 20005

(202) 628-2121

1 CHAIRMAN MENDEZ: So that would be \$200,000?

2 MR. RICHARDSON: That is correct, sir.

3 CHAIRMAN MENDEZ: If we have \$300 -- how did you come
4 to the \$340,000 in program development?

5 MR. RICHARDSON: This is the money that has been
6 appropriated the last two years for program development.

7 CHAIRMAN MENDEZ: It has been actually appropriated?

8 MR. RICHARDSON: That is correct, sir.

9 CHAIRMAN MENDEZ: So if we take the \$10.8 million add,
10 which is the average for the last five years, add \$200,000 which
11 would make \$11 million and add the \$340,000, you would get
12 \$11.34 million for management administration and program
13 development.

14 MR. RICHARDSON: That is correct, sir.

15 CHAIRMAN MENDEZ: What I want to do, then, is break
16 out -- under Administration and Development I think we should
17 have subparagraph (a), Specifically Administration. Let's
18 tentatively put down \$11 million. Let's put development at
19 \$340,000 which you have done the last several years.

20 Now that would leave \$1.2 million difference; is that
21 not correct?

22 MR. RICHARDSON: \$1.8 million to get up to the \$12.5.

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 547

WASHINGTON, D.C. 20005

(202) 628-2121

1 CHAIRMAN MENDEZ: No. \$1.2. You have got \$12.5.

2 MR. EAGLIN: A little less than \$1.2.

3 MR. RICHARDSON: Yes, sir.

4 CHAIRMAN MENDEZ: No, \$1.3 even.

5 MR. RICHARDSON: That is correct, sir.

6 CHAIRMAN MENDEZ: Mr. Bayly?

7 MR. BAYLY: Yes, sir.

8 CHAIRMAN MENDEZ: Can you live with an \$11 million
9 budget especially since over the last five years, your average
10 budget has been \$10.8 million?

11 MR. BAYLY: Yes, Mr. Mendez, I think we can do that.

12 MR. WALLACE: Let me ask a question, Mr. Chairman.

13 CHAIRMAN MENDEZ: Please.

14 MR. WALLACE: Every once in awhile I learn information
15 from quality journalism. I got an article from the American Bar
16 Association Journal about what a swell job we are doing. There
17 is a paragraph in here from one Hewlitt Askew who makes the
18 following complaint:

19 It says, "Hewlitt Askew, the director of the NLABAS
20 civil division estimates the current administrative staff -- and
21 that is our staff at the Corporation -- is down approximately 51
22 percent. There is an authorized staff level of 222 but, in

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 547

WASHINGTON, D.C. 20005

(202) 628-2121

1 fact, that level was actually down to 134 in 1986 and may be
2 down now to 113."

3 My question is: How much money would it cost us to
4 restore the level of administration that this Corporation
5 enjoyed back in the glory days of Hewlitt Askew? I am asking
6 somebody to tell me because our critics are telling us we ain't
7 got enough people to do the job.

8 I am also of the impression we ain't got enough people
9 to do the job. I would like to know how much it would cost just
10 to have the level of staff which Mr. Askew says we ought to
11 have.

12 MR. BAYLY: If I may ask this question to Mr.
13 Richardson, are you able to tell us now what a personnel
14 compensation benefits are?

15 MR. RICHARDSON: Yes, sir, I am. Under the first
16 program, which any new employees coming into the Corporation now
17 is under, their benefits are calculated 21 percent. Under the
18 Civil Service retirement they are 8.5 percent.

19 The full time employee pay last year -- and I do not
20 have the figures exactly in front of me, but it is about \$3.7
21 million.

22 CHAIRMAN MENDEZ: How many employees was that?

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 547

WASHINGTON, D.C. 20005

(202) 628-2121

1 MR. RICHARDSON: It fluctuated throughout the year. I
2 would estimate that Mr. Wallace's figure is pretty accurate,
3 around 130 employees.

4 MR. WALLACE: What you are telling me about the
5 percentage -- I want to make sure I understand it -- living with
6 this fiction that we are an independent corporation is going to
7 cost us approximately 13 percent of payroll because we are not
8 on civil service retirement anymore; is that correct?

9 MR. RICHARDSON: That is correct, sir.

10 MR. WALLACE: We have not done that before, so this is
11 an extra 13 percent we have got to add on this year because
12 Congress wants to continue to pretend we are independent; is
13 that right?

14 MR. RICHARDSON: No, sir. You added 7.9 percent of
15 from last year which is already included in.

16 MR. WALLACE: How much more are we going to have to
17 pay this year on account of that?

18 MR. RICHARDSON: It is hard to say because the new
19 employees that we are getting, if they transfer from the
20 government, they can continue under civil service. If they come
21 in new, outside the government, it is costing us 21 percent per
22 person.

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 547

WASHINGTON, D.C. 20005

(202) 628-2121

1 MR. WALLACE: So you just cannot tell until you know
2 who you have hired?

3 MR. BAYLY: That is correct, sir. I think I can say
4 if we were to increase the staff to the size referred to in the
5 article, it would cost us between four and five million dollars
6 between direct compensation benefits.

7 However, we would also have to rent additional space
8 to be possible to accommodate everybody in the office that we
9 have now. The rental space is pretty dear at the moment, at
10 least if they are to stay in the building that they are in at
11 the present time.

12 I expect that could be how much more if we got another
13 -- it would another million dollars a year anyhow.

14 MR. WALLACE: I am a good Republican and I am as cheap
15 as everybody else, but I have heard -- I am not looking for
16 macho commitments that, Yes, we can do it with \$11 million.

17 The fact is that we are not getting everything done as
18 quickly as it should be. Monitoring reports have been behind.
19 We are, as Mr. Mendez has just said, we are getting information
20 at the board meetings the day before or when we get here.

21 I am not saying anybody in the office is not doing the
22 best they can. I am sure everybody is doing the best they can,

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 547

WASHINGTON, D.C. 20005

(202) 628-2121

1 but there ain't enough hands to get the job done. I do not know
2 if we need everybody that Hewlitt Askew says we need.

3 I think we need more people at the Corporation to get
4 the work done. Having an 11 member board is a drag on any
5 organization. Do not pretend you do not know that, Mr.
6 President. We are here and we are responsible.

7 We have got to have a large flow of information coming
8 to us well in advance to the time we get together. We are not
9 getting that. Monitoring reports are not being finished as fast
10 as they could. I think it is just absolutely obvious we are
11 understaffed.

12 I do not want to have a self defeating economy and
13 say, By God, we are going to go for \$11 million and save the
14 taxpayers some money and then lose hundreds of thousands of
15 dollars because we are not monitoring people who are spending
16 the real money as well as we ought to.

17 I want to put what it takes into administering the
18 \$300 million that we have got. I want to know how much that is.

19 CHAIRMAN MENDEZ: Mr. Wallace, I agree with your
20 analysis. I asked a generic question to Mr. Bayly. Maybe I
21 should break it up this way. Mr. Bayly, do you have enough
22 staff on hand to do the job at this time?

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 547

WASHINGTON, D.C. 20005

(202) 628-2121

1 MR. BAYLY: Well, I think that -- actually I cannot
2 say that we do not have enough staff on hand. Whether they are
3 properly deployed is something else again. There are some
4 vacancies that should be filled and it would be nice to have
5 more staff. I cannot say really that we do not have enough
6 people at the present time.

7 CHAIRMAN MENDEZ: The big question, and maybe I am
8 asking it in generality, is when I ask you can you live with \$11
9 million, I meant is that enough to do the job and do it in a
10 timely fashion and expeditiously?

11 MR. BAYLY: I think -- I will repeat again; I won't
12 retreat from my statement that I think \$11 million is probably
13 sufficient. It would be nice to have another \$2 million. We
14 have spoken about these figures. Another \$2 million would make
15 it considerably more easy.

16 Actually, \$11 million and given the experience that we
17 have had over the past two years since I have been there, for
18 instance, about monitoring the monitoring reports, it seems to
19 me that the Corporation probably should consider altering the
20 monitoring cycle and altering some of its monitoring practices.

21 I think that under the direction of Fred Williams, the
22 Corporation accomplished ethical steps in making accountability

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 547

WASHINGTON, D.C. 20005

(202) 628-2121

1 one of our foremost objectives. However, I feel that after
2 having two years -- closer, I guess, to three years -- of rather
3 intense infrequent monitoring, it might now be possible, since
4 we have the baseline, to enlarge the cycle or to reduce the
5 extent or the duration of monitoring visits, for instance.

6 Doing that, it seems to me, would make things
7 appreciably different when it comes to monitoring. I am not
8 speaking about surrendering any of the emphasis that I know this
9 board has.

10 I am not speaking about abandoning our commitment to
11 accountability or to law enforcement, but rather I am speaking
12 about restructuring the monitoring cycle so that that very, very
13 ambitious idea of visiting every program once every 18 months is
14 enlarged.

15 I spoke just the other day with Emilia Disanto who is
16 now the acting director of the office. After just a couple of
17 minutes, it became apparent to us that the Corporation has to
18 monitor in the neighborhood of some 400 recipients every 16
19 months.

20 They have got to produce a monitoring report every day
21 and then some. That can be done, but that is very ambitious
22 besides that. I do not doubt now that the Corporation under

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 547

WASHINGTON, D.C. 20005

(202) 628-2121

1 this administration of its affairs has a pretty good idea of
2 what its grantees are doing.

3 Anyhow, I am back to where I guess I began awhile ago
4 saying I think that the redeployment of some personnel and the
5 restructuring the monitoring cycle would probably make a
6 difference.

7 CHAIRMAN MENDEZ: I cannot speak for everyone, but I
8 will tell you that this board member would look with some
9 reticence on changing the monitoring cycle and lessening one
10 dollar from the previously allocated amount that went to
11 monitoring.

12 We can present that to the entire board which is
13 appropriate to the entire board to discuss. If the question
14 comes back again, can we do the job as the philosophy and as the
15 board has dictated previously with \$11 million, then I assume
16 your answer is using the same monitoring cycle and the same
17 emphasis on monitoring as is presently set forth in the policy
18 of the board for next year.

19 Well, with the same cycle it would be difficult to
20 make ourselves current. We had, at least until very recently,
21 been current in our visits but not in the reports.

22 CHAIRMAN MENDEZ: Speaking of that, what is the status

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 547

WASHINGTON, D.C. 20005

(202) 628-2121

1 of the currency of reports?

2 MR. BAYLY: I had a report here. I was not prepared
3 for that question right now. I have a report here that I can
4 give to you or if Emilia Disanto is in the room, she might be
5 able to give you a thumbnail sketch. We just discussed that the
6 other day as well.

7 I expect that we will be able to comply with what I
8 have read to be the Senate's report language about reports and
9 have before February 11th, all of '84 and '85 and even '86
10 current. We will not have '87.

11 CHAIRMAN MENDEZ: When will you have '87 current?

12 MR. BAYLY: I would think in May of '88.

13 CHAIRMAN MENDEZ: To do that -- will the \$11 million
14 allow you to continue with the same monitoring objectives as you
15 have had before?

16 MR. BAYLY: It will. It is a number we could live
17 with, but it would be far easier if we had more money. Mr.
18 Mendez, when you asked me that question, I responded to you, I
19 thought, cautiously but frankly.

20 I think we can live with it, but living with something
21 is something different from being overjoyed with it or being
22 happy with it or running to embrace it. I think we can live

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 547

WASHINGTON, D.C. 20005

(202) 628-2121

1 with it.

2 MRS. SWAFFORD: Let me ask a question. How much do
3 you need then to do it?

4 MR. BAYLY: I would expect we would need another \$2
5 million.

6 MRS. SWAFFORD: Do you think that is your answer, Mr.
7 Mendez?

8 CHAIRMAN MENDEZ: Is the \$2 million the running to
9 embrace it? (Laughter.)

10 MR. BAYLY: When I spoke before about the needs of the
11 Corporation Management Administration, you figure \$12,500,000
12 was the figure that I believed the staff generally agreed upon
13 as being a figure that was necessary to run the Corporation and
14 have at the same time, a certain amount of money in reserve for
15 one or another initiative or emergency.

16 Given the increases in compensation that are sure to
17 occur in the next year and given the complexities of the benefit
18 system calling to what I understand to be legislation that will
19 now yank the Corporation out from under the coverage of the
20 Federal Employee Retirement System, I know we are going to need
21 several hundred thousand dollars more to compensate for that.
22 So that is why I say another \$2 million dollars, the

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 547

WASHINGTON, D.C. 20005

(202) 628-2121

1 neighborhood of \$13 million.

2 MR. WALLACE: Is that just for administration or does
3 that include project development which I guess was collapsed
4 into this budget line at our October meeting?

5 MR. BAYLY: It includes at least some project
6 development. You might recall that that kind of activity has
7 been split before. It has been bifurcated. Some of it occurred
8 in a separate line outside management administration and other
9 business within.

10 CHAIRMAN MENDEZ: Does anybody else have a question
11 for Mr. Bayly on this particular issue?

12 MS. BENAVIDEZ: Mr. Bayly, will the office settlement
13 program have enough money to get the work done? Is that what
14 the other programs are doing too?

15 MR. BAYLY: Yes, Ms. Benavidez. For the most part, I
16 think that program directors will tell you and have told the
17 board that they are experiencing grade shortages and would like
18 to have more money appropriated.

19 I do not dispute what they have to say necessarily,
20 although in an individual case, I might have another view of
21 things. However, it is true that programs often have other
22 sources of income.

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 547

WASHINGTON, D.C. 20005

(202) 628-2121

1 We have but one, of course, which is our federal
2 appropriations. A number of programs have a reliance on local
3 or regional sources of income; for instance, the IOLTA programs
4 that are being administered in various states. They are also
5 the recipients of grants and foundations.

6 From time to time, they will receive an appropriation
7 from a local bar association. So what distinguishes them from
8 us, if anything, is that they have other sources of income.
9 They may, to a program, tell you that they are insufficient but,
10 in fact, they do have other sources of income.

11 MS. BENAVIDEZ: My question is: Do we have computers
12 that are not being used? Can we do something about them? Sell
13 them or --

14 MR. BAYLY: I suppose that is always an alternative,
15 but I think probably in the longer run, the better practice
16 would be to increase the use of computers by programs because I
17 think a greater economy would be affected ultimately if
18 computers were put to a greater use.

19 It will reduce the need for other manpower. That
20 money can be put into the compensation for lawyers and
21 paralegals. I think, really, the more effective, the more
22 productive use of the computers is to use them fully rather than

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 547

WASHINGTON, D.C. 20005

(202) 628-2121

1 to sell them.

2 If they are not being completely used now, they
3 probably should be as much as they possibly can. Because of a
4 number of problems, the Corporation has not been able to provide
5 the programs with all the training we would like to so that they
6 can use their programs for case management or even office
7 management purposes as well as for research.

8 CHAIRMAN MENDEZ: Are there any other questions? Let
9 the record reflect that Mr. Uddo has wandered in.

10 MR. UDDO: He has wandered in. I am going to wander
11 out soon too.

12 MR. VALOIS: Mr. Mendez, let me just ask Mr. Bayly one
13 question: What percent of this A & D line would be devoted to
14 or consumed by monitoring?

15 MR. BAYLY: I will ask Mr. Richardson. He has the
16 figures right there. I will ask him rather than to give you an
17 approximation.

18 Mr. Richardson, do you have those figures right there
19 in front of you?

20 MR. RICHARDSON: The monitoring budget at the present
21 time is \$4.8 million.

22 MR. BAYLY: Out of a total budget for M & A of \$11

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 547

WASHINGTON, D.C. 20005

(202) 628-2121

1 million?

2 MR. RICHARDSON: \$12.2, approximately 45 percent --

3 CHAIRMAN MENDEZ: Let's go through that. The \$12.2--
4 what was the actual amount expended by the Corporation in FY
5 '87?

6 MR. RICHARDSON: \$10.8 million. Of that, \$5 million
7 of that was monitoring; so almost 50 percent.

8 MR. BAYLY: Monitoring is a short answer, monitoring,
9 auditing and compliance; all three.

10 CHAIRMAN MENDEZ: We understand that.

11 MR. VALOIS: So roughly 50 percent; under this
12 proposal it is 45 percent.

13 MR. RICHARDSON: That is correct.

14 MR. VALOIS: It is both the smaller percentage and the
15 smaller absolute number.

16 MR. BAYLY: There are, as you know, a couple of
17 schools about monitoring generally; well, there might be a lot
18 of schools about monitoring. When it comes to administering the
19 programs that are currently in place, we could move in two
20 directions.

21 We could continue to enlarge the pool of monitors whom
22 we use on a part time basis, a contract basis, or we could move

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 547

WASHINGTON, D.C. 20005

(202) 628-2121

1 to enlarge the pool of monitors who are full time regular
2 employees at the Corporation.

3 I put that to you and say at the same time that I am
4 uncertain and I do not know whether Ms. Disanto has firmed or
5 fixed views about whether we ought to move in one direction or
6 the other.

7 I do know that a great deal of the Corporation's
8 administrations time at least in monitoring is spent in securing
9 the services of monitors and hiring monitors. There must be
10 thousands of hours a week for monitors.

11 I guess that is both good and it is bad. It takes up
12 a disproportionate amount of time, and yet there is always an
13 infusion of a new talent and new services.

14 MR. EAGLIN: How frequently are you having monitoring
15 training sessions; still twice a year? Is it still twice a
16 year?

17 MR. BAYLY: They will be more frequent and they have
18 become more frequent even, I guess, in the past six months. My
19 thought would be to have a monitoring training session, well in
20 some respects, as needed but about four times a year.

21 MR. EAGLIN: For the new ones only or updating the old
22 ones as well?

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 547

WASHINGTON, D.C. 20005

(202) 628-2121

1 MR. BAYLY: Well, they have had two kinds of sessions.
2 They have had what you might call an elementary session and they
3 have had an advanced session. That is how it has been divided
4 to date anyhow.

5 MR. EAGLIN: With the cycle having -- the one that the
6 board established -- the one that followed. With that having
7 been complete, if you stay on the 18 month schedule, the
8 intensity alone -- the visits would drop. The visit then should
9 be more efficient; should they not?

10 MR. BAYLY: I suppose they could be. You could, I
11 guess, approach it in a couple of ways. You could continue on
12 the same 18 month schedule, but you could have shorter visits
13 with fewer personnel.

14 That is to say, you might visit a program for the
15 purpose of reviewing compliance with an assortment of
16 regulations but not every regulation; or as I say, you could go
17 there with the intention of speaking with the staff attorneys
18 and various other members of the staff but not having a
19 widespread survey or canvassing everybody in the community.

20 So you see, I guess there are two ways of doing it:
21 enlarging the cycle or reducing the scope of each visit. In
22 some respects, of course, if you reduce the scope, it might make

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 547

WASHINGTON, D.C. 20005

(202) 628-2121

1 it more effective and more efficient, but you would not have
2 that same breadth of information that you might want.

3 MR. EAGLIN: My impression is that so far the visits
4 have been broad in scope, covering a number of years because of
5 the feeling of the board as to the quality of monitoring before
6 our coming on to the board.

7 It seems to me that you would not go into as great a
8 depth as next time around.

9 MR. BAYLY: That could be done, yes.

10 MS. MILLER: Why can't we have permanent monitoring
11 people?

12 MR. BAYLY: Well, what we do ordinarily is we have a
13 monitoring team that depends in size on the size of the program.
14 On each we try to have a certain percentage or number of
15 monitors who are regular full time employees of the Corporation.

16 At least to date, I think the Corporation has found it
17 to be too expensive to have a full cabaret of monitoring members
18 in house. In turn what we have done is rely on the services of
19 consultants who come on, say, once a month or once every six
20 months or whatever it may be to complete the size of a
21 monitoring team.

22 It can be done except that we would have to --

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 547

WASHINGTON, D.C. 20005

(202) 628-2121

1 MS. MILLER: I was wondering if it is less expensive
2 if they did other jobs where they did not have to monitor in
3 house?

4 MR. BAYLY: That could be done and actually it is
5 often the case that the staff and the monitoring, audit and
6 compliance might be detailed to another job with the general
7 counsel's office or with field services or vice versa.

8 If we had our monitoring teams made up only of regular
9 employees of the Corporation, we would have to have a much, much
10 bigger staff. We would have to hire another hundred people
11 rather than have a consultant come in and take care of it.

12 MS. MILLER: Which is less expensive the way you are
13 doing it now?

14 MR. BAYLY: Well, I inherited that arrangement and I
15 take it that it is. I do not know whether the two ways of doing
16 business have ever been compared.

17 MS. MILLER: Maybe we should think about that.

18 MR. BAYLY: That is right; maybe we ought to.

19 CHAIRMAN MENDEZ: Is there any other comment or
20 question for Mr. Bayly right now?

21 (No response.)

22 CHAIRMAN MENDEZ: Mr. Richardson, Mr. Eaglin has asked

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 547

WASHINGTON, D.C. 20005

(202) 628-2121

1 me what the various pages signify. Rather than me try to answer
2 him privately, why don't you explain what each of the pages are
3 and why you have got what you have got there.

4 MR. RICHARDSON: There are five pages in the document.
5 The first, of course, is the board amended format that was
6 adopted at the October 2nd meeting. The third budget draft is
7 the budget as was presented for FY '88, the congressional
8 submission.

9 Each of the asterisks are items that were asked to be
10 put in the budget because of the subject to board's review of
11 studies for reapportionment. The third page is nothing more
12 than a repeat of the second one without the asterisks on it.

13 The fourth one is the board amended budget format, but
14 at the 310 committee funding level that we have seen. Then the
15 budget draft on committee mark is one proposal of the 310
16 committee mark for funding each of the national and state
17 support levels.

18 They are funded at the same level in this particular
19 proposals they were last year.

20 CHAIRMAN MENDEZ: Do you have any other questions?

21 MR. EAGLIN: No.

22 CHAIRMAN MENDEZ: The chairman is going to about a ten

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 547

WASHINGTON, D.C. 20005

(202) 628-2121

1 minutes recess. He has got a two hour mouth and an hour
2 bladder. We will come back and guess what we are going to do?
3 Hopefully, we will be done by 4:00 o'clock.

4 (A short recess was taken.)

5 CHAIRMAN MENDEZ: We have all of the members of the
6 committee here, so let's get started.

7 MOTION

8 MR. WALLACE: Mr. Chairman, I have got a motion if I
9 can. I want to take page one, which is what we did in October-
10 - and the whole world knows now that I was in Mississippi at the
11 October meeting and I really do not know what Clark had in mind
12 for line d, Direct Delivery Alternatives. When he gets here
13 tomorrow, he can tell us.

14 What I would do, and this is my motion, is to combine
15 the funds for direct delivery into administration and
16 development because that is really just project development. I
17 think administration and development and alternatives and
18 initiatives should be a total of \$14,540,000. I do not think we
19 need a separate line for direct delivery alternatives.

20 Everything else on page one I move to adopt for our
21 proposal for 1989. Now, having made that motion, let me amplify
22 it somewhat.

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 547

WASHINGTON, D.C. 20005

(202) 628-2121

1 CHAIRMAN MENDEZ: I will second it.

2 MR. WALLACE: Obviously we cannot send it to Congress
3 in this form. The staff has got to tell us -- I mean, we have
4 got to have administration and development broken down the way
5 we used to have it broken down into general counsel, board
6 meetings, monitoring -- I mean, there used to be about nine sub-
7 items under administration and development.

8 We need to have that. Of course, one of the sub-items
9 in there will be for project development, direct delivery
10 alternatives. We have got to know how that would be spent. It
11 may be that we do not need \$14,540,000 to run this place and to
12 do such development and alternatives as may be the case.

13 I promise you we cannot get the job done for \$11
14 million. We have not been getting it done for \$11 million. So
15 I want the staff to give us a breakdown -- it would be wonderful
16 to have it by tomorrow -- of how you can spend money to run this
17 place.

18 I think that the rest of the line items on here have
19 about as much detail as we have ever given Congress, but I am
20 not happy with just a blanket number for administration,
21 management, development alternatives and all the rest. I think
22 that has got to be broken down and hope the staff will give it

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 547

WASHINGTON, D.C. 20005

(202) 628-2121

1 to us.

2 CHAIRMAN MENDEZ: Can you do that for us by tomorrow?

3 MR. RICHARDSON: I think I can; yes, sir.

4 MR. WALLACE: Anyway, that is my motion and your
5 second.

6 CHAIRMAN MENDEZ: In terms of giving them to us
7 tomorrow, I want to have the numbers as expended in this fiscal
8 year just past. That will give us some numbers to work from.

9 MR. RICHARDSON: I do have, I think, a proposed budget
10 that the staff has put together of \$12.2 million.

11 CHAIRMAN MENDEZ: Do you have that? Do you have some
12 numbers? Why don't you give that to him tomorrow.

13 MR. WALLACE: If you can get it photocopied and get it
14 distributed tonight, we can all sleep on it. I would like to
15 see how we can break down numbers as soon as possible.

16 CHAIRMAN MENDEZ: You said that the staff put it
17 together. How did the staff put it together?

18 MR. RICHARDSON: Basically, what we have done is we
19 had the staff back in July start putting together an '88 budget
20 formation. Originally you were looking at, I think, \$11.6.

21 As it ended up with everybody putting in all of their
22 wants and all of their needs, the amount came up to about \$11.9.

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 547

WASHINGTON, D.C. 20005

(202) 628-2121

1 What I have done is incorporated an increase in the rent that I
2 spoke to you about and also an increase in COLA, the wage
3 increases, and basically have a figure of \$12.2.

4 That does not include program development of \$340,000,
5 and I do not have anything on the direct delivery alternatives.
6 For management and administration, I have something that we can
7 work with.

8 CHAIRMAN MENDEZ: Do we have the minutes from the last
9 meeting?

10 MR. EAGLIN: We voted on that.

11 CHAIRMAN MENDEZ: I am talking about the direct
12 delivery alternatives.

13 MR. WALLACE: You mean the last board meeting?

14 CHAIRMAN MENDEZ: The last board meeting.

15 MR. WALLACE: From October; it is in our board book
16 because they were never proposed.

17 CHAIRMAN MENDEZ: I should not say the minutes. I am
18 talking about the actual transcript.

19 MR. EAGLIN: You have to ask Maureen.

20 MR. WALLACE: Do we have the actual transcript?

21 MS. BOZELL: No, I do not. I do not have the audit.

22 MR. EAGLIN: No, he said full board not audit.

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 547

WASHINGTON, D.C. 20005

(202) 628-2121

1 MS. BOZELL: No.

2 MR. WALLACE: What you want to do is see what the \$2
3 million was for?

4 CHAIRMAN MENDEZ: More than what it was for, the
5 colloquy that surrounded that in more detail.

6 (Pause.)

7 CHAIRMAN MENDEZ: Do you have any questions?

8 MR. EAGLIN: I have a proposal, but I do not know how
9 you want to proceed. Do you want to vote on this one and then
10 my proposal or do you want to do mine now too or what?

11 MR. WALLACE: I think parliamentarily the motion to be
12 made would be to move -- basically an amendment made from a
13 substitute.

14 MR. EAGLIN: In the past, we put them all out on the
15 table.

16 CHAIRMAN MENDEZ: Yes, put your motion out and we will
17 vote on yours first.

18 MR. EAGLIN: Is that okay with you, Mike?

19 MR. WALLACE: Absolutely. I think we ought to get it
20 all out on the floor before we vote on anything.

21 MOTION

22 MR. EAGLIN: As you know, I did not vote in favor of

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 547

WASHINGTON, D.C. 20005

(202) 628-2121

1 the motion in October. So mine is the old format. The budget I
2 have is in the old format. If you could use -- this is a
3 reference to your third page there. Here are the numbers:
4 (1)(a)(1), base and field programs, \$275,591,000; (2), native
5 American, \$9,209,230; (3), migrant programs, \$12,944,010;
6 (1)(b), program development including law schools, \$1,339,000;
7 (1)(c), supplemental field, \$1,000,000.

8 Going to 2: 2(a)(1), training development and
9 technical assistance, \$376,000; (2)(a)(2), \$624,000; (2)(b),
10 other support, national number 1, \$7,529,000; (2)(b)(2), state
11 support, \$7,843,000; (2)(b)(3), clearinghouse, \$865,000;
12 (2)(b)(4), \$511,000. Then I have a new line, client support,
13 (2)(b)(5).

14 CHAIRMAN MENDEZ: What is it?

15 MR. EAGLIN: Client support. Mr. Mendez, if you
16 recall, Ms. Miller and Ms. Benavidez talked to you about an
17 allocation for client support of \$1,715,000. Then (3),
18 corporation management and administration, I still have at
19 \$10,700,000.

20 I will tell you how I did this. I took the Senate
21 figures, if you recall the Senate committee direction, these
22 lines except for three are the same as the Senate. The

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 547

WASHINGTON, D.C. 20005

(202) 628-2121

1 difference is coming at (1)(a)(2), Native Americans; (1)(a)(3),
2 Migrants; and that new line, Client Support.

3 The Corporation manager of administration is a
4 combination of the Senate figures for allocation plus carryover.
5 That is how I did that.

6 CHAIRMAN MENDEZ: What is the total?

7 MR. EAGLIN: I am sorry. The total is \$330,246,240 if
8 I did my addition correctly.

9 CHAIRMAN MENDEZ: Read that again, please.

10 MR. EAGLIN: \$330,246,240. There is an increase in
11 base and field, an increase in native Americans, migrant
12 components, and the new line, client support. I would ask that
13 there is a second to that.

14 MS. BENAVIDEZ: Second.

15 CHAIRMAN MENDEZ: Any discussion?

16 (No response.)

17 CHAIRMAN MENDEZ: Not hearing any, I think it is time
18 for us to take some votes. I think I know how the votes are
19 going to go. Just to make it easy for everybody, why don't we
20 all acquiesce if we tabled it and called it before the board.

21 MR. WALLACE: I think the report should be we have got
22 two votes for one idea and two votes for another and you all

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 547

WASHINGTON, D.C. 20005

(202) 628-2121

1 sword it out.

2 MR. EAGLIN: We can discuss it when everybody is here.

3 CHAIRMAN MENDEZ: Fine; is that fair?

4 MR. EAGLIN: We can talk today, this evening and
5 tomorrow too.

6 CHAIRMAN MENDEZ: Is that fair?

7 MR. WALLACE: Maybe the staff will have a chance to--

8 MR. EAGLIN: -- want them to work on my figures --

9 MR. WALLACE: Yes, because I would like to see how
10 they would split up your proposed management line as well as
11 they would my proposed management line. We could get some ideas
12 of what would work.

13 Obviously we will have some increased personnel costs
14 because of the retirement system and increased rent.

15 MR. EAGLIN: I would like to see that with respect to
16 my own proposal too.

17 CHAIRMAN MENDEZ: I would like to know what you would
18 do with \$1,715,000 client support. How would you spend that?

19 MS. MILLER: Training for one.

20 MR. EAGLIN: That is the biggest thing that has been
21 urged upon me. You know I made a proposal in Jackson concerning
22 client support. Then, coming up with this, I had a discussion

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 547

WASHINGTON, D.C. 20005

(202) 628-2121

1 with a client members so I could defer to them. We could
2 develop that in our discussion either today or tomorrow as to
3 what it is they look for.

4 You might have had more discussions with them. I
5 think you talked with them last month about that. So I am
6 basically supporting their position on that. I know they told
7 me their biggest concerns about training clients from the
8 national level all the way down to the local board level.

9 MS. MILLER: That is right.

10 MR. EAGLIN: So that the clients can be -- they talked
11 to me earlier about active boards. They want to make sure that
12 the clients are equally as conscientious and well trained as the
13 -- that is the idea behind that.

14 MOTION

15 MR. WALLACE: Well, Mr. Chairman, having achieved
16 deadlock this afternoon, unless there is anything else, I move
17 that we stand adjourned.

18 MR. EAGLIN: That seems agreeable.

19 CHAIRMAN MENDEZ: All in favor? We are adjourned.

20 (Whereupon, the Audit and Appropriations Committee
21 adjourned at 3:25 p.m.)

22 * * * * *

Diversified Reporting Services, Inc.

1511 K STREET, N.W. SUITE 547

WASHINGTON, D.C. 20005

(202) 628-2121