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LEGAL SERVICES CORPORATION

MEETING OF THE AUDIT AND APPROPRIATIONS COMMITTEE

DECEMBER 6, 1982

The meeting was held in the 8th Floor Conference Room, 733 - 15th Street, N.W., Washington, D.C., at 9:00 a.m., Harold DeMoss, presiding.

PRESENT:

HAROLD DeMOSS	CHAIRMAN
CLARENCE V. MCKEE	BOARD MEMBER
WILLIAM J. OLSON	MEMBER
CLINT LYONS	ACTING PRESIDENT
HOWARD H. DANA, JR.	MEMBER

Present telephonically:

WILLIAM F. HARVEY	Member ex officio
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ALSO PRESENT:

BUCKY ASKEW

ALFREDA HARVEY

CHARLES RITTER

2-6-82 (CT)  
Audit-Appropri

P R O C E E D I N G S

1  
2 CHAIRMAN DeMOSS: I'd like to go ahead and  
3 call this meeting of the Audit and Appropriations Com-  
4 mittee to order. Present are Mr. Howard Dana, Mr. Bill  
5 Olson and myself, constituting a quorum of the committee.  
6 If you will get out your committee books, I think the  
7 first thing we need to tend to is an adoption of the  
8 agenda. I would entertain a motion that the agenda  
9 set forth on page 11 in the committee book be adopted.

10 MR. DANA: I would so move.

11 CHAIRMAN DeMOSS: Second.

12 MR. OLSON: Let me find it. Second.

13 CHAIRMAN DeMOSS: All in favor, say aye.

14 (A chorus of ayes.)

15 CHAIRMAN DeMOSS: The agenda has been adopted.

16 The first item on the agenda is the approval of the  
17 minutes of the prior committee meeting on October 21  
18 in Houston. Do I have a motion that those minutes  
19 be approved as published?

20 MR. DANA: You do.

21 MR. OLSON: I'll second it. I wasn't there.  
22 I'll take your word for it.

23 CHAIRMAN DeMOSS: Is there any comment as  
24 to the content of the minutes, and in that connection,  
25 let me advise that I have received a letter from Mr.

1 and I meant to ask Charles. I didn't have a good grasp  
2 of who we were going to need to pick brains with. I  
3 would also like for those of you who are in the audience  
4 and who would like to follow along and participate,  
5 I think if you will turn to pages 40 and 41 of the  
6 committee book, that is what we are going to be dealing  
7 with, and I would like for us to deal with it in a  
8 rather systematic fashion.

9 My intention is to start at the top and to  
10 go to the bottom as it ends up on page 42, and I would  
11 like also to have comments, pertinent comments, from  
12 the audience as we deal with each line item or topic.  
13 Because of time, I would encourage you please to keep  
14 your comments to a minimum. Please make them pertinent  
15 only to the line item that is then under discussion,  
16 and please understand that this committee is sophisticated  
17 enough to realize that any program or support center  
18 or anybody else that is losing money does not want  
19 to lose it, and has many valid reasons why it should  
20 not, and any field program who is gaining money, wants  
21 to gain money, and has many valid reasons why it should  
22 gain money.

23 But, we don't need to hear that all again.  
24 Assume that we know and understand, depending upon  
25 which side of the fence you're going to fall on, that

1 Bernard Veney, the National Clients Council, making  
2 some comments which I'm not sure whether he thinks  
3 they are corrections, but at least they are comments  
4 as to the portion of those minutes that dealt with  
5 his commentary, and I would ask, if there's no objection,  
6 that his letter be attached as an addition to the minutes  
7 of the meeting just for clarification purposes.

8 Any objection to that? Hearing none, all  
9 in favor of approving the minutes as published, say  
10 aye.

11 (A chorus of ayes.)

12 CHAIRMAN DeMOSS: Opposed same sign? Minutes  
13 are approved.

14 The first item on our agenda is the President's  
15 Report, and I would like to kind of get ourselves organized  
16 here. I would like to ask may if Bucky Askew who is  
17 our Acting Director of Field Services and Mary Wiesman  
18 who is our Acting General Counsel and Alfreda Harvey  
19 who is Budget Director would take their places at the  
20 table up here where they could be readily available  
21 to a mike, because I anticipate that there is going  
22 to be the need for a continuing amount of dialogue  
23 between the committee, the staff and the President.

24 We're probably going to need Charles Ritter.  
25 Maybe I'm out of order. I think I asked Bucky to come,

1 you either do or you don't want that to happen, but  
2 we certainly encourage pertinent comments that will  
3 help this committee in doing its job, as we deal with  
4 each of the topics.

5 Mr. President, I think I'll let you make  
6 whatever opening comments you desire to make and solicit  
7 whatever commentary from the staff people at the table,  
8 and then we will take line item IA which is field pro-  
9 grams.

10 MR. LYONS: I think I'll just try to be as  
11 brief as I possibly can, and do two things right now.  
12 One is to just cover some administrative matters that  
13 you need to deal with and be aware, and, secondly,  
14 just to take a few minutes to go over the background  
15 for this budget recommendation to you.

16 Much of it was covered yesterday, and I don't  
17 intend to go over that ground, but I do think it's  
18 important to put these recommendations in context.  
19 Now let me just talk about some of the administrative  
20 matters.

21 One is Price Waterhouse, the auditors for  
22 the corporation, will be here between 12 and 12:30,  
23 and will want to discuss the audit of the corporation  
24 with this committee, and I recommend that we receive  
25 them during the lunch hour, and they will give you

1 a preliminary indication of what the audit will be.  
2 Secondly, it has been traditional for the President  
3 to inform the board and this committee of any recommenda-  
4 tions that he or she would make with respect to inflation  
5 adjustments in corporation employees' salaries. It  
6 would be my recommendation to the new President and  
7 to you and the board that staff be given a four percent  
8 increase, inflation adjustment, which is consistent  
9 with what federal employees will get, but, more  
10 importantly, two things. We have built in those increases  
11 without overall increases in the funding for the central  
12 management administration of the corporation.

13 Secondly, our employees will be receiving  
14 as of January 1 a 24 percent increase in the cost of  
15 their contribution to the health benefit package, and,  
16 secondly, for the first time, employees of the federal  
17 government and of agencies who participate in federal  
18 funding programs will be assessed Medicare/Medicaid  
19 tax, so as we computed it, if you add those two things  
20 together, our employees beginning January 1 will be  
21 taking home less money than they are currently taking  
22 home, and for some of our employees, even the four  
23 percent would not keep them even in terms of takehome  
24 pay. For some of them, it would indicate an even break  
25 on the takehome, and incidentally, only those persons

1 in the lower level of our salary schedules would benefit  
2 in terms of breaking even by a four percent increase.  
3 The higher level employees will still not break even.  
4 So I would recommend to the new President and to the  
5 board that if we want to try to keep good staff, we  
6 ought to consider that.

7 The last item is in respect to a congressional  
8 requirement in the appropriations language that requires  
9 any adjustment in programming over a certain amount  
10 in an agency's budget that is different from what was  
11 originally submitted, that some level of notice be  
12 given to the appropriate committees in the Congress.

13 We have determined, Dennis and I, that this  
14 is probably just a notice requirement that has more  
15 political ramifications than legal. I don't believe,  
16 and I think Dennis shares this view, that there are  
17 any legal requirements that we do so, but significant  
18 deviations from our budget may require notice to the  
19 Congress, and it's a matter of when we give that notice,  
20 whether a final decision by the board or at the recommen-  
21 dation stage coming out of various committees. Dennis  
22 and I will get a memo off to you this week indicating  
23 our feelings about the directions we should take.

24 Having said that, as I indicated on Saturday,  
25 these set of recommendations that consider every

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1 component of the consolidated operating budget from  
2 basic field to the management and administration of  
3 corporations were based on a number of things.

4 The last nine months of work that we've done  
5 together as a staff, and as committees and as a board  
6 of the corporation, on our perceived need that we really  
7 need to fashion a budget that put forth some degree  
8 of stability in the national program, and, three, that  
9 we put forth a budget in terms of recommendations that  
10 preserved your flexibility to set some new directions,  
11 if you so choose in this national program, thereby  
12 putting your stamp of approval and direction on the  
13 national program.

14 While we believe we achieved those goals  
15 in fashioning these recommendations, we clearly did  
16 not anticipate nor has it been the history that you  
17 would rubber stamp staff's recommendations, and I think  
18 that fortunately we have some very strong people on  
19 the committee that question and look very close at  
20 recommendations.

21 But, I think overall the recommendations  
22 are fairly straightforward. They do represent some  
23 risk in programmatic direction and some relatively  
24 significant shifts in funds among line items in some  
25 of the categories.

1           With respect to the 1984 budget request,  
2 we are simply recommending because of the economic  
3 conditions in the country and the time we think you're  
4 going to need and the staff is going to need at the  
5 top levels of management of the corporation, get  
6 accustomed, and the fact that we have to make this  
7 budget request in detail within 15 days after the Congress,  
8 the new Congress begins, we are simply recommending  
9 that we ask for a 6½ percent inflation adjustment in  
10 the current budget, and that we not go beyond that  
11 and build on the basic 241 budget as it will become  
12 the base for 1983.

13           I think that background covers the main areas,  
14 and I think given some of the decisions that were made  
15 yesterday, the most appropriate thing, Mr. Chairman,  
16 might be simply for us to get into the budget and for  
17 you to ask any questions that you may have about it.

18           CHAIRMAN DeMOSS: Thank you, Clint. Let's  
19 look on page 40 at at line item I.A.1, basic field  
20 programs, \$197,270,353 in the far righthand column  
21 as the proposed, staff proposed budget. I think all  
22 of the members present today were in attendance at  
23 the grants and contracts meeting on Saturday in which  
24 they, in effect, authorized a 12-month field program  
25 contract at 1982 levels, and I think the first thing

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1 that we need to address is whether or not there are  
2 any changes or adjustments that this committee wants  
3 to make or that we should specifically consider in  
4 light of the rider appended to the continuing resolution  
5 which calls for some analysis of equalization of field  
6 grants if minimum access has not been achieved.

7           There is a report beginning at pages 43 through  
8 50 or something which is a staff report on this question,  
9 and what in my view we need to make a decision now  
10 is as to whether we are in a position to make the adjust-  
11 ments that are to establish what the adjustments would  
12 be flowing from the requirement of the rider of the  
13 continuing resolution.

14           Clint, would you want to summarize briefly  
15 what the staff position on that is, and then we might  
16 move on from there?

17           MR. LYONS: Well, this is one of areas where  
18 the staff may have passed the buck to the committee,  
19 but, in effect, what we've asked is for further guidance.  
20 The reason we've done that, we have looked at the lan-  
21 guage of the rider and tried to analyze the data we  
22 have available to us in terms of trying to figure out  
23 what it means for levels of access. Our problem was  
24 complicated by the fact that we thought we were going  
25 to have 1980 census data, but the Census Bureau notified

1 us that the census data with respect to income levels  
2 was faulty that had come off of their tapes, and they  
3 advised us that we should not use that income data  
4 until it was clarified and corrected.

5 So, consequently, we are reduced to solving  
6 this problem at basically 1970 data, so essentially  
7 what we are asking this committee to do is to instruct  
8 us as to whether or not we should simply put field  
9 programs on notice that the rider requires us to do  
10 something, and that we must do something, and once  
11 we get all of the clean data and the corrected data,  
12 depending upon the decisions we reach, that there may  
13 be or will be some level of reallocation of the distri-  
14 bution of funds among grantees consistent with the  
15 intents and purposes of the rider.

16 Now what that would be or what the methodology  
17 would be would be the subject of continuing staff work  
18 and the receipt of the data, of the corrected data  
19 from the Census Bureau.

20 CHAIRMAN DeMOSS: Alfred or Bucky or Charles,  
21 do any of you have anything to add in anyway to what's  
22 set forth in the staff report in pages 43 to 51, any  
23 additional thoughts or comments?

24 (Staff indicates no.)

25 CHAIRMAN DeMOSS: It appears to me that

1 we've got a problem here, and I want us to try to deal  
2 with it as best we can, and it appears to me that the  
3 best way we can deal with it is to propose that all  
4 grants for field programs contain a special grant condi-  
5 tion which would specify that when the 1980 census  
6 data is available and when we have secured clarification  
7 from the Congress as to exactly what they intend by  
8 the rider that is appended to the continuing resolution,  
9 and when the staff has made the necessary assessments  
10 and refinements of the census data that becomes avail-  
11 able, then all field program grants will be subject  
12 to revision, prospectively, it would be my thought,  
13 to carry out the expressed will of the Congress that  
14 as near as possible there will be equal distribution  
15 of field grants on a per capita basis in light of the  
16 fact that we have not, as of now, achieved minimum  
17 access.

18 I would like to so move, and if we can get  
19 something on the table for us to discuss, we can move  
20 forward.

21 If I can get a second?

22 MR. OLSON: Second.

23 CHAIRMAN DeMOSS: Seconded by Mr. Olson.

24 Basically the motion is that all field grants are going  
25 to have to contain a special condition. Now let me

1 talk a little bit, and I would solicit at this point  
2 commentary from any of you in the audience on this  
3 issue of interpretation and application of the minimum  
4 access rider in the 1982 continuing resolution, but  
5 let me just kind of overview the problem for you.

6 It is my feeling that what that rider really  
7 says is, first of all, to determine whether or not  
8 you've achieved minimum access, and it would be my  
9 interpretation that at least using the standard of  
10 two attorneys per 10,000 people, 10,000 poor population,  
11 which was the sort of basic historic definition of  
12 minimum access, we have not achieved that.

13 Therefore, we need to move on to the remainder  
14 of the rider provision which says if that hasn't occurred,  
15 then as near as possible, you're going to make some  
16 distribution so that no greater level of access to  
17 legal assistance funded by the corporation is available  
18 or provided to any part or areas of the country than  
19 is available or provided to all parts of the country.

20 It would be my inclination, and I recognize  
21 that we need to have some really detailed dialogue  
22 with both the author of this rider, Mr. Smith, and  
23 perhaps the Appropriations Committees and the Oversight  
24 Committees in the Congress, to really clarify what  
25 the intent of this was. I would read it as saying

1 that the Congress is expressing its unhappiness with  
2 the wide range of per capita, per poor person allocation  
3 of basic field grants that we now have, and you get  
4 a feel for that data in the staff report that we have  
5 \$6.20 per poor person funding of a large number of  
6 programs, more than half of our programs, and then  
7 we have a small number of programs who will get larger  
8 amounts of money running on up to \$14 and \$17 per poor  
9 person.

10 It sounds to me like what the Congress is  
11 saying is they don't want to see that wide discrepancy,  
12 that they want to see if minimum access, if we're not  
13 getting two attorneys per 10,000 poor population, they  
14 want to see a closer to equal.

15 Now, there again you get, in reading the  
16 Congressional Record, there was a question asked as  
17 to whether it was to a pure mathematical. In other  
18 words, would every program get identically the same  
19 dollars, and there was some commentary on that that  
20 I'm not sure anybody knows exactly what the real answer  
21 is, but I think you would have to read it as saying  
22 you don't have to come to a precise, same dollar amount  
23 per capita of poor persons, but you've got to get pretty  
24 close.

25 I don't know what pretty close is. Now,

1 the fundamental problem we have in trying to do this  
2 right now is that the only real data that we have to  
3 work with is 1970 census data, and it is my feeling  
4 as reflected by the staff report that that data is  
5 so old and so out-of-date that we really should not  
6 make this distribution on the basis thereof.

7 I think the staff report seems to indicate  
8 that the expectations are that the gross number of  
9 poor person population in the United States will change,  
10 but probably not dramatically, from the roughly 29  
11 million that was found to be poor persons in 1970.  
12 There are some variables though that nobody knows,  
13 and part of the problem is the coding problem as to  
14 how the data came into the census.

15 There may well also be another problem as  
16 to whether the definition of what is a poor person  
17 in 1980 is the same thing as what it was in 1970. So,  
18 bottom line, we don't have a firm figure for the gross  
19 population, but we are expecting that it will not be  
20 significantly changes, although it will probably be  
21 different.

22 The biggest and toughest problem that the  
23 1970 data doesn't help us with is where the poor popula-  
24 tion is located, and I think all of us, and certainly  
25 I feel and the staff feels, that the changes in poor

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1 person population from 1970 to 1980 will be significant,  
2 and would be so significant that you would be reluctant  
3 to base a reapportionment now on that old data.

4 I think also that we need to realize that  
5 this reapportionment when it occurs is going to have  
6 a very significant impact on a relatively small number  
7 of programs at the top of the scale of per capita dollar  
8 funds, and will have a smaller and perhaps not very  
9 significant impact on the programs at the bottom of  
10 the scale who will be receiving the reapportioned dollars.

11 Consequently, it is my feeling that reappor-  
12 tionment should be done on the best available data,  
13 so that those programs who will bear the biggest burden,  
14 i.e., those programs at the top of the scale who will  
15 be losing dollars, will be losing dollars on as close  
16 and as accurate and as relevant data as we can have  
17 available at that time to deal with.

18 Is Chairman Harvey now hooked in? Chairman,  
19 Harvey are you receiving us adequately?

20 MR. HARVEY: Yes, you're loud and clear.  
21 Thank you very much.

22 CHAIRMAN DeMOSS: For the benefit of the  
23 audience, Chairman Harvey is now participating by tel-  
24 phone conference phone from Indianapolis.

25 MR. HARVEY: Just tell me, Harold, who is

1 present among the board members. Is everybody there?

2 CHAIRMAN DeMOSS: speak again, Bill.

3 MR. HARVEY: Harold, who is present among  
4 our board members, yourself, and Howard and who else?

5 CHAIRMAN DeMOSS: Bill Olson and Clarence  
6 McKee is moving around various places, but generally  
7 is here.

8 MR. HARVEY: It sounds like a very distinguished  
9 group. I'm glad to be with you.

10 CHAIRMAN DeMOSS: All right. Rather than  
11 stop and try to bring you up to date, Bill, I think  
12 we had better just move along.

13 MR. HARVEY: Go right ahead. I'll just start  
14 where I am.

15 CHAIRMAN DeMOSS: Consequently, it seems  
16 to me that we just are unable at this time to make  
17 a fair and equitable reapportionment as contemplated,  
18 we think, by the rider to the 1982 continuing resolution.

19 I think that it would be important for the  
20 staff to move forward, wherever it can, with development  
21 of data and studies that will ultimately bear on this  
22 reapportionment question. In that regard, Clint, let  
23 me just ask a question and make a quick sidestep here.

24 I remember in Houston that we discussed the  
25 possible need for some outside expert advice to assist

1 the staff in analyzing population trends, population  
2 changes, economic cost factors and other things, and  
3 I think at that time, the committee, at least sort  
4 of tentatively said you could go ahead.

5 Have we got anybody onboard yet that would  
6 serve in that role as an advisor or expert to the staff  
7 about census data and demographic population trends  
8 and changes?

9 MR. LYONS: No, we have not, but what we  
10 basically did was to try to get all of the data together  
11 before we made that set of decisions. When the census  
12 told us that we did not have good data with regard  
13 to income, then I just put a halt on the whole thing.  
14 We didn't think it made any sense to obligate any monies  
15 until we were sure that we had all of the data, good  
16 data that should be available to a person making such  
17 an assessment.

18 CHAIRMAN DeMOSS: Let me say this. I feel,  
19 and I think this committee feels, and I feel like the  
20 board will feel, that as soon as we are able to comply,  
21 we should and must do that, and I don't want there  
22 to be any continuing lag time if we are waiting on  
23 census data. I recognize you have to wait until they  
24 say it's good data and you can work with it, but on  
25 the other hand, I don't want there to be any lag time

1 the '70 census data.

2 MR. DANA: Because as I read the continuing  
3 resolution, we are focusing on the basic field grant,  
4 but the issue is whether, and this is something that  
5 we might want to ask Congress, is whether or not we  
6 should adjust the population within each program downward  
7 for that subgroup that is being served through another  
8 program, like the Native American Program.

9 My second question is, do we have within  
10 the corporation at this time sufficient data to determine  
11 either in a program area or in regional areas differences  
12 in cost of providing two lawyers and the full support  
13 staff.

14 The feeling I have is that if Congress wants  
15 us to focus on minimum access, that is spreading a  
16 level of service rather than just dollars, it may be  
17 that we can't -- that we are not able to do any better  
18 than focusing on a dollar, even dollar across the country,  
19 but the fact that the federal bureaucracy somewhere  
20 can produce data that permits us to make refinements  
21 on that, it seems to me that that would be an appropriate  
22 thing for us to consider.

23 I don't know whether we have it inhouse or  
24 if someone else has it, but it is the sort of thing  
25 that I think we ought to at least consider in making

1 for other studies or other things that we could be  
2 doing now. Do you and the staff feel there is anything  
3 that we could be moving forward on to deal with any  
4 aspects of the data or the analysis at this time?

5 MR. LYONS: I think at the staff level we've  
6 done just about everything we can do. Obviously, it  
7 would be informative to us if our committees in the  
8 Congress could give us further guidance on what it  
9 is they really intended.

10 I don't know if that's going to happen, because  
11 I'm not sure they knew what they intended, but basically  
12 I think we've done as much as we can do. We've looked  
13 at all of the data. We know where all of the programs  
14 are in terms of per capita funding. We've sort of  
15 looked at the mean and the average and all of that,  
16 and we're just stymied right now based on some data  
17 that we need to get.

18 CHAIRMAN DeMOSS: Bucky? Excuse me, Howard  
19 Dana?

20 MR. DANA: Clint or Alfreda, do we have the  
21 ability to identify the number by program, the number  
22 of special subgroups, the number in special subgroups  
23 like Native Americans or migrants that are being served  
24 by special grants within each program?

25 MS. HARVEY: I believe so from the data,

1 this judgment.

2 MR. LYONS: Your question basically is whether  
3 or not we can accrue the capability to upgrade the  
4 cost of doing business with two lawyers per 10,000  
5 people?

6 MR. DANA: What I'm really --

7 CHAIRMAN DeMOSS: Let me chime in here, and  
8 let me see if I can -- what the question to the Congress  
9 ought to be, it seems to me, is do they mean reapportion-  
10 ment of just the basic field grant which would then  
11 leave those special additional dollars that are given  
12 to various programs on the basis of cost factors un-  
13 affected.

14 As I understand it, there are various programs  
15 who in addition to a basic field dollar amount get  
16 a special dollar amount for costs in their areas, is  
17 that true?

18 MR. LYONS: Let me just try to clarify a  
19 little bit. There are dollars in the national program  
20 for basic delivery that are focused in on various kinds  
21 of problems and various kinds of delivery methodology,  
22 Native Americans and migrants being one.

23 CHAIRMAN DeMOSS: Let's exempt them. I'm  
24 not talking about them.

25 MR. DANA: Well, I am.

1 CHAIRMAN DeMOSS: Well, you were talking  
2 about that in your first question. I understand your  
3 first question, but the second question that I thought  
4 I heard you saying, and that I wanted to address is,  
5 exempting Native Americans and other special groups,  
6 it is my understanding that other field programs get  
7 a basic field grant, and then they get some additional  
8 dollars that are based on variation of costs in their  
9 area, is that true?

10 MR. LYONS: No, that is not entirely true.  
11 What we have given out, what previous boards have done,  
12 have, pursuant to a congressional directive, have let  
13 certain dollars out for special purposes. That may  
14 be premised in part upon cost variations, rural delivery  
15 dollars, to address the variances in what it costs  
16 to deliver legal services in rural areas. Salary  
17 comparability to try to bring the competitive level  
18 in the marketplace of the legal service programs com-  
19 peting for good attorneys out there with similar public  
20 entities who go into the marketplace for lawyers.

21 All of those dollars are out there, and are  
22 computed on the basis or added to the overall grant  
23 amount of an individual program, but it could be argued,  
24 at least as a way of informing us, that those dollars  
25 focus on specific problems, and indeed, those problems

1 had their genesis in terms of our response in congressional  
2 concern, so it could be argued, at least, that Congress  
3 did not intend for us to go back and start reallocating  
4 those dollars.

5 CHAIRMAN DeMOSS: That's exactly the point  
6 I'm making. I don't want us to argue one way or another.  
7 Specifically on page 44 of the staff report, you talk  
8 about the adjustment that you made on per capita funding  
9 to take out a sum of dollars to come up with what the  
10 staff feels was really the basic field grant. That's  
11 one of the questions I would like for us to pose in  
12 whatever manner we can to whoever we talk to at the  
13 Congress, is that assumption which the staff made,  
14 and I understand the reasons why you made it. Is that  
15 what Congress intended for us to do, that is to exempt  
16 certain dollars from reapportionment that were being  
17 made to certain programs on the basis of prior congressional  
18 expressions or whatever you referred to here in this  
19 paragraph about the source of those.

20 Denny?

21 MR. RAY: I was in on the minimum access  
22 meeting in Chicago in November of 1975 of this committee.  
23 I was one of the architects of the concept, and it's  
24 always consisted of two parts. One was a funding area  
25 we were addressing. The other was a coverage concept.

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1 It's important within the clarification for Congress  
2 to know which of those or both of those they're after,  
3 because, of course, coverage of all the counties in  
4 the United States still remains at a percent level.

5 I agree with those of you who believe from  
6 the funding standpoint we should not look as minimum  
7 access as separate from funding, that is to say the  
8 \$6.20, to the extent it is approached that way in that  
9 concept.

10 But, the question then is, is everybody covered.  
11 Then the --

12 CHAIRMAN DeMOSS: Excuse me, Denny, would  
13 you come to the mike? We're not picking you up on  
14 the record.

15 MR. RAY: If all that's meant is whether  
16 all the counties are covered, then the contingency  
17 that leads off the rider is met, and you would not  
18 need to make any adjustment.

19 There are some other points I'd like to bring  
20 up. With respect to the cost of doing business, the  
21 study was made, as perhaps you are aware of some years  
22 ago, and it never did reach any satisfactory conclusions,  
23 except that it costs more in California than any other  
24 place, there was an attempt of a kind of abortive nature  
25 to give some funds once for some rural delivery adjustment.

1           If you look in a serious way at the cost  
2 of doing business as it varies from one part of the  
3 country to another, I would suggest to you that you  
4 really have to also look at the delivery mechanisms  
5 and the nature of the client population being served,  
6 and whether it, as many people believe, costs a good  
7 deal more to serve in an essentially rural population  
8 where you have a scattered rather than a dense client  
9 population.

10           Obviously that would impact significantly  
11 on the cost of doing business. I also would like to  
12 recommend that you adopt a somewhat gradual approach  
13 to making the adjustments whenever you feel you have  
14 to, for this reason.

15           Actually, Harold, there will be a very heavy  
16 dollar impact on many programs at the bottom end of  
17 the per capita scale, because you're going to take  
18 the client population shifts into account at the same  
19 time, and it's in the south that at least the current  
20 readings of the '80 census data, the largest losses  
21 of client population occurred.

22           Virtually all the programs in the south are  
23 funded at the bottom of the per capita scale now, the  
24 \$6.20, and have historically been the most underfunded  
25 programs in the country. Back when we had, in fact,

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1 the largest client population in the south and southwest,  
2 those programs were receiving the lowest amounts of  
3 money, and now it appears that the pendulum has swung  
4 in terms of the movement of clients, and the south  
5 and southwest which never had equitable funding in  
6 the years when they needed it are going to lose money,  
7 and that ought to be done not overnight, but on some  
8 graduated basis.

9 The last point I want to make is with respect  
10 to the definition of the poverty population. The census  
11 data uses the governmentally defined poverty line devel-  
12 oped by the Bureau of Labor Statistics, as you're aware,  
13 but it also has individual statistics for each county  
14 in the United States of what our eligibility standard  
15 is, 125 percent of the poverty line.

16 Therefore, it's possible, and I made this  
17 point in Houston, to develop two separate tracks of  
18 analysis in terms of where the population exists for  
19 each program in the country -- one, simply using the  
20 governmentally defined poor, the other using our real  
21 life eligibility standards of 125 percent of that poverty  
22 line, because those figures differ substantially from  
23 one program to another. That is a loss of governmentally  
24 defined poor might be much greater than the loss of  
25 eligible clients for any given program, so it has a

1 a range around the mean or in some way a range of high  
2 to low per capita funding that would be closer together,  
3 but would not be flat all the same, it would help us  
4 definitionally.

5 Howard Dana?

6 MR. DANA: I think it's important to know  
7 that the mean of the range between \$6.20 and \$17 is  
8 \$6.53 so that if we were to approach this on a --

9 CHAIRMAN DeMOSS: Using '70 data.

10 MR. DANA: '70 data and all the problems  
11 based upon the staff's analysis without taking into  
12 consideration any of the other factors that have been  
13 alluded to here, suggests that with your eyes closed,  
14 you would raise some programs from -- obviously many  
15 programs from somewhere between -- that are now at  
16 \$6.20 up to \$6.53, and you would drop all the programs  
17 above that down to \$6.53. I don't know whether a study  
18 has been done anywhere that focuses on the relative  
19 costs of providing legal services for persons at or  
20 near the eligibility line and persons that are well  
21 below it.

22 It seems to me that from what we've learned  
23 this year that in some parts of this country, there  
24 is a far larger percentage of the poor population at  
25 the bottom end of the poor population than relative

1 significant dollar impact as to which of those tracks  
2 you end up using.

3 CHAIRMAN DeMOSS: Thank you, Denny, I appreciate  
4 your comments, and I would like for the staff to include  
5 on the list of topics to be explored with Congress  
6 or congressional representatives the topics that Denny  
7 raised which I think are very pertinent relating to  
8 the definition of minimum access, whether you are talking  
9 about a funding level or you're talking about geographi-  
10 cal coverage, the question of the rapidity with which  
11 Congress expects this reapportionment to be accomplished,  
12 recognizing that there can be in individual cases some  
13 substantial changes of dollars, and do they want us  
14 to make it all whack at one time, or do they want us  
15 to move over some period of time, and recognizing the  
16 problem of definition of what the poverty population  
17 is.

18 I don't know whether we can get there, but  
19 it would seem to me that if we could get the Congress  
20 to tell us some range of variation between low per  
21 capita funding and high per capita funding that they  
22 would deem to be within the range of what they think  
23 is acceptable, We are hearing them as saying a range  
24 from \$6.20 per capita low to \$17 per capita high is  
25 too much. If they could define for us in some way

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16 \$6.20 up to \$6.53, and you would drop all the programs  
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18 has been done anywhere that focuses on the relative  
19 costs of providing legal services for persons at or  
20 near the eligibility line and persons that are well  
21 below it.

22 It seems to me that from what we've learned  
23 this year that in some parts of this country, there  
24 is a far larger percentage of the poor population at  
25 the bottom end of the poor population than relative

1 to the total mix of poor. I do not know whether that  
2 means that that particular mix requires more or less  
3 legal assistance, and it seems to me, Denny, following  
4 up on the point you were making that if the south and  
5 the southwest is making real progress in terms of the  
6 number of percentage of the population that is not  
7 poor, and hence the number of poor people may be going  
8 down, the question is whether the remaining poor that  
9 haven't made it in what is essentially an expanding  
10 economy, will require incrementally more legal services  
11 than they might otherwise expect them to require on  
12 the average.

13 I don't know whether there are any studies  
14 on that, but it would be helpful in implementing this  
15 policy if there were studies, if we were aware of them  
16 so that we could take that into consideration in making  
17 this analysis.

18 CHAIRMAN DeMOSS: Any other comments?

19 MR. WATTS: Rodney Watts, Wayne County Neighbor-  
20 hood Legal Services in Detroit. I have a couple of  
21 comments and a couple of questions.

22 I notice that there is a lot of attention  
23 being given to the amount of poor people in the service  
24 area. I was wondering if any study had ever been made  
25 to compare the demands for services against the number

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1 of poor people in a given area. For instance, based  
2 on the 1979 data, my program has approximately 279,000  
3 poor people in the area. In 1980-81, the number of  
4 client contacts was approximately 11,000 in the various  
5 categories. That's roughly one person out of 30 demanding  
6 our service.

7 It seems to me that if you're going to --  
8 and I realize that given the time frame within which  
9 we're working there is probably not sufficient time  
10 to address this issue, but certainly a population in  
11 and of itself ought not to be the only consideration.

12 For instance, if a program is not doing any  
13 kind of effective outreach, and is continually being  
14 funded based on the poor population, when the demand  
15 for services is way out of whack compared to the national  
16 average, that is it is extremely low compared to the  
17 poor population, I would submit there ought to be some  
18 adjustment there, particularly where you have perhaps  
19 another program over here where the ratio of the demand  
20 versus the poor population is considerably higher.

21 I would think that this corporation would  
22 be more interested in channeling these resources to  
23 the latter situation.

24 The second thing I wanted to address was  
25 the issue of when. Now I understand that the Census

1 Bureau may have made some mistakes in terms of coding,  
2 and I was very heartened to hear Mr. DeMoss indicate  
3 that notwithstanding that, perhaps there ought to be  
4 some thought given to going with the most recent and  
5 relevant data possibly in making adjustments as we  
6 go. That's okay.

7 But I'm wondering when the Census Bureau,  
8 if it has indicated, is going to make these adjustments.  
9 Are we talking about months, weeks, years?

10 CHAIRMAN DeMOSS: Let's stop right there  
11 and find out what the staff knows. Do we have any  
12 input on projected target time?

13 MR. LYONS: Alfreda?

14 MS. HARVEY: Their latest estimate was sometime  
15 in early January, that at that point in time, they  
16 should have some indication of what the impact of the  
17 errors were.

18 MR. WATTS: I would also like to ask, and  
19 I guess Clint could answer this, historically back  
20 when we were using the \$7 per poor person, I guess  
21 even now, are we funded based on the 125 percent or  
22 the 100 percent level?

23 MR. LYONS: Bucky, do you know that? I think  
24 it's the 100 percent.

25 MR. ASKEW: What does Congress use?

1 MR. WATTS: Are we funded on the 100 percent?

2 As you know, we serve 125 percent.

3 MR. LYONS: In our regulations, we permit  
4 programs to serve up to 125 percent as a definition  
5 of the poverty population, but the money we get is  
6 premised upon 100 percent, and that's the way we give  
7 it out.

8 MR. WATTS: Then I would ask the committee  
9 to take a look at this issue. I think there has to  
10 be some analysis. I recognize that programs will differ  
11 in terms of their approach as to whether or not they're  
12 going to service at 100 percent or 125 percent, but  
13 I would submit to you that if the majority of programs  
14 in the country are, in fact, using the 125 percent  
15 figure, then there might be some merit to using that  
16 figure in coming to whatever the average minimum access  
17 dollar amount is as opposed to using the 100 percent  
18 figure.

19 CHAIRMAN DeMOSS: Rodney, I don't know if  
20 it would make any difference if you use it consistently.  
21 I mean if we use 100 percent of poverty population  
22 in all cases or if we use 125 percent of poverty popula-  
23 tion in all cases, I don't think you're going to end  
24 up with any difference mathematically in the result.

25 I hear you, and we hear all of this stuff

1 just can't quantify and, consequently, they would be  
2 inappropriate for putting them into the formula. But,  
3 a program which is actually servicing 25 percent of  
4 its client-eligible population, I think, has to be  
5 looked at differently than a program that is servicing  
6 significantly less. That's all I'm saying.

7 MR. LYONS: Let me just say to everyone in  
8 the audience that these issues being raised around  
9 the formulation of an allocation approach are not novel.  
10 This corporation, as Denny Ray indicated, did consider  
11 very thoroughly all of the factors and the complications  
12 involved in trying to fashion an allocation strategy  
13 that, one, could be as simple and equitable as we possi-  
14 bly could make it, and, two, on a political level that  
15 the Congress could understand, could perceive as being  
16 simple and equitable and respond to by appropriating  
17 the money.

18 I guarantee you the more complicated you  
19 get in fashioning a strategy for allocation of monies  
20 across this country to the poverty population, the  
21 more problems you run into in trying to get people  
22 to comprehend, particular in the Congress, and understand  
23 that allocation.

24 So these are not new issues. The corporation  
25 in the past simply made a decision to go along with

1 about trying to get things as narrowed down and focused  
2 as we can, but I think all of you need to understand  
3 that there is a limit to data and to human time and  
4 effort that we probably can't give every factor the  
5 degree of influence that if we lived in a perfect situa-  
6 tion we would like to.

7 MR. WATTS: Nor probably should you, because  
8 you would probably end up studying the issue to death  
9 and never reaching any kind of conclusion.

10 I'm raising these issues primarily because  
11 finally the issue is focused here. I come from a program  
12 where the clients have been raising the issue of the  
13 discrepancies between the funding level of programs  
14 for at least eight years, and finally, it's reached  
15 the board's attention. I probably also recognize that  
16 you don't have time to do the kind of detailed analysis  
17 that I'm talking about, but I would hope that particularly  
18 since Congress is interested enough in this issue to  
19 tack it on to the continuing resolution that certainly  
20 there will be some study done in the course of the  
21 next year to bring about a situation where not only  
22 is population rewarded, programs rewarded based on  
23 population, but that some other things, some other  
24 quantifiable things be factored in.

25 I recognize there are certain things you

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1 the most simple formulation that it could devise while  
2 at the same time responding to some other more critical  
3 factors of equity and population differences.

4 CHAIRMAN DeMOSS: Bill Olson?

5 MR. OLSON: Harold, I want to go back to  
6 something you raised before with respect to the spread  
7 between the mean per capita funding level and the lowest,  
8 and I guess to ask staff. On page 44, in the second  
9 paragraph, there is a sentence that says, "The calcula-  
10 tions of per capita funding level are based on 1982  
11 grant levels reduced by salary comparability funds  
12 and rural adjustment funds."

13 First of all, does anyone have any idea how  
14 much salary comparability funds and rural adjustment  
15 funds there are?

16 MS. HARVEY: The total of the two are around  
17 \$9 million. I don't know the break between the two  
18 of them.

19 MR. OLSON: \$9 million. Have you done the  
20 same calculations in terms of per capita funding with  
21 those funds included in order to come up with per capita  
22 funding levels?

23 MS. HARVEY: We have not.

24 MR. OLSON: Would it be fair to assume that  
25 those particular funds, salary comparability funds

1 and rural adjustment funds might go to the programs  
2 that are funded on the relatively lower end of the  
3 scale?

4 MS.HARVEY: I really don't know what the  
5 distribution was in terms of which programs received  
6 the bulk of the \$9 million.

7 MR. OLSON: I guess what I'm suggesting is  
8 if that 9 million were added it, since that is funds  
9 that we do provide local programs, it may substantially  
10 skew the tables and the results that are shown with  
11 respect to the per capita funding level and the variance  
12 from that, and I would suggest that perhaps this is  
13 one thing that it shouldn't be too hard to do, simply  
14 factor that amount in, and to see with all funds that  
15 we provide to the local programs, what type of distribu-  
16 tion curve we find.

17 MR. LYONS: We can do that, and we can provide  
18 those various levels of analysis, but, at the same  
19 time, I want the committee and the board to understand  
20 that it also skews the curve where you factor those  
21 dollars in in arriving at your per capita when, in  
22 fact, the Congress intended that we treat those funds  
23 specially for a special purpose aside from the basic  
24 issue of delivery. That is the only reason that we  
25 treated it as an exclusion, and, of course, it's a

1 very simple mathematical approach to factor it back  
2 in, and we can do that level of analysis also.

3 MR. OLSON: I think it would be particularly  
4 useful, especially if it showed a much lower degree  
5 of variance than one might think otherwise would be  
6 present among programs.

7 CHAIRMAN DeMOSS: I think Bill's point is  
8 a valid one, that if those special funds were, in fact,  
9 going to those programs who are at the bottom of the  
10 scale at \$6.20, then you may find that there's not  
11 as many at \$6.20 that may be up somewhere else. I  
12 think that would be at least informational. The principle  
13 though would be guided by what Congress' intent was.

14 If the Congress says, we don't intend reapportionment  
15 of those special funds, then we don't have  
16 to worry about it any more, but I think we need to  
17 ask that of Congress. I don't know whether you can  
18 get an answer from the Congress.

19 MR. LYONS: Well, I've been trying on this  
20 issue for a number of years, and it's pretty hard.

21 CHAIRMAN DeMOSS: Are there any other comments  
22 from the audience on this question of the impact of  
23 the minimum access provision of the continuation resolution?

24 Let me move forward then to call for a vote  
25 on my motion which is that all grants for 1982 contain

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1 a condition that will require readjustment of their  
2 grant amount when 1980 census data is available, we  
3 have explored some of these questions about congressional  
4 intent, and the staff has worked up an appropriate  
5 analysis, and that those changes would take place  
6 prospectively, i.e., we would not expect to if this  
7 change occurs in mid-year, we would not expect to go  
8 back to the first of the year and make the adjustment  
9 then. We would make it from the time that the board  
10 adopts the reallocation formula and implementation.

11 Is there any other discussion? If not, I'll  
12 call for a vote. All in favor, say aye.

13 (A chorus of ayes.)

14 CHAIRMAN DeMOSS: It passes.

15 MR. OLSON: I would just add, and perhaps  
16 this is by way of debate, but I think that what you're  
17 saying, Hal, is that we put the grant condition in  
18 in order to preserve the flexibility to be able to  
19 make those adjustments based on the new staff information  
20 we'll be working up, the congressional input that we  
21 get concerning what they really meant and whatever  
22 they decide in the next two weeks.

23 So, in other words, it would simply be preserving  
24 out right to be able to go back and more clearly follow  
25 the wishes of the Congress, isn't that what you're

1 saying, rather than to decide the issue in final today.

2 CHAIRMAN DeMOSS: That's right. All I'm  
3 saying is that we should recommend to the board that  
4 all 1982 grants have this special condition which would  
5 permit the board at sometime during 1983 to decide  
6 reallocation and make it applicable prospectively from  
7 that date on.

8 MR. OLSON: That's what I understood it to  
9 be. I just want to clarify it, and I concur.

10 CHAIRMAN DeMOSS: Now, I think it is important.  
11 Nobody knows how to quantify this finally on the basis  
12 of '80 census data right now, but I think it is important  
13 that the programs be aware of where you would fall  
14 if you used 1979 data.

15 All of the field programs are going to have  
16 to make some plan for the contingency that in fact  
17 in 1983, some of the programs at the top end of the  
18 scale are not going to have as many dollars as they  
19 think they're going to have, and some at the bottom  
20 of the scale may have more dollars.

21 Everybody needs to understand that there  
22 is changes in everybody's, top and bottom of the scale,  
23 that can occur from movements and shifts of poverty  
24 population, so I think everybody needs to be forewarned,  
25 and for that reason, I think some sort of special

1 communication ought to go out from the staff to all  
2 of the programs advising them of this recommendation  
3 made by this committee which will go to the board for  
4 action on the 16th and 17th, and then they need to  
5 be alert to whatever the board decides to do on the  
6 16th and 17th. Hopefully, the board will go along  
7 with this recommendation, but I would encourage the  
8 staff to get out a special communication to all the  
9 field programs alerting them to this problem.

10 Anything else?

11 MR. HARVEY: Hal, would you restate your  
12 motion one more time please?

13 CHAIRMAN DeMOSS: My motion is that all grants  
14 for field program funds, basic field grants for 1983,  
15 shall be subject to a special grant condition such  
16 that when the 1980 census data is available, clarifica-  
17 tion has been obtained by the staff from the Congress  
18 as to its intent regarding the continuing resolution  
19 provision, and the staff has made the necessary adjust-  
20 ments and refinements in all the data, that the corpora-  
21 tion, the board of directors will revise all grants  
22 prospectively to carry out the expressed will of the  
23 Congress that as near as there may be possible, there  
24 is an equal distribution of basic field grant funds.

25 MR. HARVEY: Thank you.

1 CHAIRMAN DeMOSS: Denny?

2 MR. RAY: I just want to make sure I understand.  
3 There is a difference between your motion and Bill's  
4 interpretation. You're not simply reserving the right,  
5 you're saying you may do this, but your motion does  
6 call for the reallocation to occur, as I heard it.

7 CHAIRMAN DeMOSS: Yes, we intend that. We  
8 are aware that there are programs who feel like they  
9 have been short-dollared, and they want to get more  
10 money from this basic concept of reallocation.

11 We are aware of that, and we intend to implement  
12 it just as soon as the data is available, and the staff  
13 can work it up and present it in an intelligent form.

14 Okay. Next line item, I.A.2, Native American  
15 Programs, is there any objection to the staff's recommenda-  
16 tion about the appropriation for that amount, \$5,496.944?  
17 Hearing none, I'll move on.

18 Line I.A.3, Migrant Programs, is there any  
19 objection to the staff's recommendation regarding those  
20 programs? If not, I would like to propose as a new  
21 item 4, I.A.4, a budgetary recognition of the recommenda-  
22 tion of the grants and contracts committee for funds  
23 directly to the field programs for client training,  
24 education and activities, and I would like to move  
25 that we insert as a new line item I.A.4, for client

1 training and education at the field level, the sum  
2 of \$292,000 -- well, I don't know what the figure will  
3 be, but the sum of \$1000 per program, and that may  
4 be 286, 292 or some figure in that range.

5 Let me finish, Mary Ellen, with the expressed  
6 earmark and condition that those funds be use solely  
7 and exclusively for client training and education and  
8 activities, and that the disbursement of those funds  
9 be subject to the decision of the client members of  
10 the Board of Directors of those recipient programs.

11 I would further like to add to this motion  
12 a provision that there be a special grant condition  
13 in all basic field program grants requiring the expendi-  
14 ture by all field programs of at least \$1000 or one-  
15 quarter of one percent of their basic field grant,  
16 whichever is the greater, for client training, education  
17 and activities, and that that expenditure would be  
18 a budgetary amount set forth on their individual field  
19 program budgets and would be monitored and reviewed  
20 for compliance by the national program.

21 If I can get a second, I'd like to talk a  
22 little bit.

23 MR. DANA: Question.

24 CHAIRMAN DeMOSS: Give me a second.

25 MR. DANA: You've got a second. Would the

1 one-quarter of one percent of the -- would the total  
2 amount be a function determined by the clients or just  
3 the \$1000? In other words, if there is a program that  
4 has a million dollars, I understood your motion to  
5 require \$2500 to be available for client training and  
6 development and education.

7 Do I understand your motion to require that  
8 that \$2500 be spent in accordance with --

9 CHAIRMAN DeMOSS: Like the thousand, yes.  
10 The intention would be that these funds would be earmarked  
11 and set aside by the field programs. The first thousand  
12 of it would come from an additional grant from national,  
13 but the rest of their one-quarter of one percent of  
14 their basic field grant would have to come out of their  
15 program dollars and would be used for client training  
16 and education and disbursements of that would be approved  
17 by committee or a group of the client representatives  
18 of that local board.

19 As I mentioned in the beginning, this is  
20 in an attempt to implement what I understand the general  
21 recommendation of the special grants and contracts  
22 committee. I know it's got more detail in it than  
23 what came out of that committee, but I'm putting it  
24 in in an effort to get that into the budget.

25 MR. OLSON: Hal, let me just ask a question

1 about how we're proceeding. I have some fear that  
2 we're going to go through the whole budget from I.A.,  
3 I.B and I.C which is logical and fine, and then we're  
4 going to add monies into certain line items, and then  
5 get to the end and find out that, for the major initia-  
6 tives that this board has down at new directions for  
7 the private bar, that we're going to find ourselves  
8 without any money except for the one-time money which  
9 is approximately \$1.1 million, I think it is, left.  
10 We may even spend that along the way.

11 In other words, if we go line by line and  
12 simply up projects without taking the money from some-  
13 where, I would suggest that we're going to get to the  
14 end and possibly not know -- we'll be taking money  
15 away from projects that if we had proceeded in a different  
16 order through the budget, we would have wanted to fund.

17 CHAIRMAN DeMOSS: Let me see this as a matter  
18 of rules of procedure, and I think what we need to  
19 do probably is have some special motion that says we  
20 will make inserts line by line, and then at the end  
21 we will have another vote on the whole before it is  
22 finally recommended. That's what I'm simply trying  
23 to accomplish here.

24 You are correct that line item E.6 on page  
25 41 now shown as \$4,645,265 is the catch-all pot out

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1 of which dollars go in and out depending upon what  
2 we do with other line items. That pot has already  
3 been reduced if this committee follows the recommendations  
4 of grants and contracts, has already been reduced by,  
5 I think it's 1.3 million or 1.2 million or something  
6 like that.

7 This additional \$292,000 max as I'm proposing  
8 would likewise come off of that, and we are probably  
9 down to 3 million or slightly under 3 million as what's  
10 left in that catch-all pot.

11 MR. OLSON: If that's your proposal then  
12 that it basically comes out of the new directions for  
13 the private bar category, not wanting to see that,  
14 I would move to amend your motion to say that we would  
15 expend this \$292,000, and that it would be taken from  
16 the line item for the National Clients Council.

17 CHAIRMAN DeMOSS: Is there a second to that  
18 motion?

19 MR. HARVEY: Second that motion.

20 CHAIRMAN DeMOSS: The motion is that my proposed  
21 292 come out of the line item for the National Clients  
22 Council, C.1, be a reduction.

23 MR. DANA: May I ask a question?

24 CHAIRMAN DeMOSS: Yes.

25 MR. DANA: It would be my understanding that

1 \$225,000 of the \$292,000 comes out of line I.E.3.

2 CHAIRMAN DeMOSS: Well, I.E.3 all flows down  
3 into E.6, I mean, so you can say, yes, it came through  
4 there, but what we're trying to monitor is what happens  
5 to E.6 as we make these changes, and that's the bottom  
6 line catch-all figure.

7 MR. DANA: My point, Mr. Chairman, is that  
8 I would not second Mr. Olson's motion, because in my  
9 judgment, most of the money already is coming from  
10 the \$225,000 that we are taking -- it is proposed that  
11 we take away from the National Clients Council on line  
12 E.3.

13 CHAIRMAN DeMOSS: All right.

14 MR. OLSON: Let me say that first of all,  
15 according to the staff materials, the \$225,000 is not  
16 being taken away. It's simply not again being given.  
17 It was a demonstration project, the \$225,000, which  
18 the staff proposed that we do not include in the base  
19 for the funding for the Clients Council.

20 If your oppose it and wish to not second  
21 it, fine. I've seconded motions I haven't agreed to  
22 so we could get a vote on them in which case you could  
23 vote no, but I would appreciate it if we could second  
24 it so we can get a vote, because I'd like to vote for  
25 my own motion.

1 MR. HARVEY: Well, I'll second that motion  
2 of Bill's.

3 CHAIRMAN DeMOSS: We hear Indianapolis, but,  
4 Mr. Chairman, I think you are only an ex officio of  
5 this committee.

6 MR. OLSON: I'd like to give you a vote Bill.

7 CHAIRMAN DeMOSS: I have to say that the  
8 second has to come from those present here.

9 MR. OLSON: I would ask Howard or Hal to  
10 second my motion.

11 MR. LYONS: A point of information, I do  
12 expect and I do indicate in the briefing book that  
13 we still will recapture some monies as a result of  
14 our fund dollars policy that can be utilized as part  
15 of the new directions effort. I anticipate that to  
16 at the very minimum \$2 to \$3 million.

17 CHAIRMAN DeMOSS: Well, Mr. Olson, I will  
18 second it on condition that it does not obligate me  
19 to vote for it.

20 MR. OLSON: I don't believe seconds ever  
21 require you to vote for it.

22 CHAIRMAN DeMOSS: The motion is on the floor.  
23 Is there any discussion. Mr. Watts?

24 MR. WATTS: Just some clarification.

25 CHAIRMAN DeMOSS: Before you get into it,

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1 the motion that's on the floor is Mr. Olson's amendment  
2 to take the dollars for my insert from Clients Council  
3 line C.1. Do you want to speak to that?

4 MR. WATTS: So he essentially has made an  
5 amendment to your motion.

6 CHAIRMAN DeMOSS: Correct.

7 MR. WATTS: I wish to speak on your motion.

8 CHAIRMAN DeMOSS: Does anybody wish to speak  
9 to Mr. Olson's amendment?

10 MS. HOLLIE: I don't know which I want to  
11 speak to.

12 CHAIRMAN DeMOSS: Let me ask, that because  
13 of the problem of the court reporter in hearing and  
14 getting everything on the record, I'm going to have  
15 to ask everybody in the audience, if you want to speak,  
16 to go to where the microphone is so that we can get  
17 you on the record. Would you give us your name for  
18 the record and everything?

19 MS. HOLLIE: My name is Nelwynne Hollie.  
20 I am a client board member of the National Client Council.  
21 I am the President of the board.

22 I would like to understand Mr. Olson. Did  
23 he indicate that his understand that a portion of this  
24 money was a one-time amount of money that was given  
25 for a special purpose. Is that what you said?

1 MR. OLSON: What I said was that under line  
2 item I.E.3 of the budget, there is \$225,000 for client  
3 advocacy which was, according to my understanding and  
4 according to my reading of the board materials, a one-  
5 time gift to the Clients Council or grant to the Clients  
6 Council which the staff recommended not be included  
7 in the base for the Clients Council for next year,  
8 and regardless of whether that money had been given  
9 or not, my motion, I think, fairly reflects what we  
10 were trying to get at yesterday, to put the money for  
11 client involvement into the hands of the local groups  
12 at the expense of the salaries and such that are being  
13 spent at the National Clients Council.

14 MR. LYONS: Well, Ms. Hollie, let me accurately  
15 reflect what the staff did and what the staff intended.  
16 What the staff did was simply what it recommended with  
17 respect to national and state support. That was a  
18 reduction in a particular level of grant of the Clients  
19 Council in order to funnel some money into some new  
20 directions.

21 The intent, when the board made this grant  
22 to the Clients Council, was not that it would be of  
23 any particular term. It was just that Clients Council  
24 can be reduced as anybody else. We are not carrying  
25 out a board intent that we take the money back this

1 year, simply a recommendation on the staff that on  
2 a competitive level, there are other things that are  
3 needed, so we're reducing the client council grant  
4 by the amount of the 225.

5 MS. HOLLIE: I understand what you're saying.

6 MR. OLSON: If I could just respond to that,  
7 just to read what it says in the board book on page  
8 eight of the memo, page 30 of the board book, it says,  
9 "However, client advocacy in self-help must be an inte-  
10 gral part of every local program and should not be  
11 left to further special projects,"and that's with refer-  
12 ence at this point to \$225,000, so it seems to me to  
13 be an affirmative statement. Whether it was intended  
14 that way or not, I don't know, but I concur with it  
15 as an affirmative statement that we should not be funding  
16 these matters as special projects, but they should  
17 be an integral part of every local program in order  
18 to insure accountability of client needs.

19 MS. HOLLIE: I understand. I was asking  
20 for clarification. My understanding was that the recom-  
21 mendation was that it come out of C.1.

22 CHAIRMAN DeMOSS: Yes, that's the motion,  
23 is that any dollars that are put into any new I.A.4  
24 by my motion come out of C.1.

25 MS. HOLLIE: As for the \$225,000, our

1 understanding of that was that was a one-time grant  
2 that was given to us at that time, primarily because  
3 local programs were not following at least what the  
4 board at that point felt was necessary in terms of  
5 training and client involvement.

6 I would like -- I guess I'm still having  
7 problems understanding when you're talking about E.3,  
8 as Mr. Olson has indicated. He's talking about that  
9 particular money, and then you're saying that you're  
10 talking about C.1.

11 CHAIRMAN DeMOSS: E.3, we really ought not  
12 get off on that sidetrack. It's a budgetary adjustment  
13 at this point, and the amendment on the floor is to  
14 require that any funds created by the new item, I.A.4  
15 that I am proposing would be taken out of C.1, and  
16 which would mean that we would get the funds for I.A.4  
17 by reducing National Clients Council. That's the purpose  
18 and thrust of the motion, and if you want to speak  
19 to that.

20 MS. HOLLIE: I'd like to speak against that  
21 motion, just simply that I would like to speak against  
22 that motion.

23 CHAIRMAN DeMOSS: Any other comments? If  
24 not, I will call for a vote. Excuse me, Mary Ellen?

25 MS. HAMILTON: What I'm concerned about,

1 is you're talking about putting \$1000 into the field  
2 program for client activity. You're going to hurt  
3 some of the programs out there now that get more than  
4 \$1000.

5 CHAIRMAN DeMOSS: No, you didn't understand  
6 my motion. The motion requires every program to expend  
7 at least \$1000 or one quarter of one percent of their  
8 basic field grant.

9 MS. HAMILTON: I understood that.

10 CHAIRMAN DeMOSS: We're not capping anybody.  
11 If they're spending more than that, that's great.

12 MS. HAMILTON: What I'm fixing to say is  
13 you are saying \$1000. The programs that the clients  
14 have fought to get more than \$1000, the board of directors  
15 that didn't want to give it to us, now can say, we  
16 don't have to give you that much. We only give you  
17 a quarter or a \$1000.

18 CHAIRMAN DeMOSS: Well, they haven't read  
19 my motion, and we will get the Inspector General to  
20 correct them on that, I assure you, because that is  
21 not the intent.

22 Those programs which are already dealing  
23 at the local level with client needs, we encourage  
24 them and want them to go forward, and perhaps they  
25 may, in fact, be spending more than a quarter of one

1 percent.

2 MS. HAMILTON: Yes, they are.

3 CHAIRMAN DeMOSS: But if they're not, then  
4 we are going to require them to expend at least that  
5 amount, and we're going to give them the first \$1000  
6 of it, and it's going to be earmarked. It can't be  
7 spent except by the client members of the board, and  
8 I hope this will give the client community access to  
9 dollars for their training and education that we have  
10 heard from you and numerous other people as being a  
11 crying need.

12 MS. HAMILTON: Don't misunderstand. The clients  
13 in the community need money, but I don't think that  
14 the money should come from the expense of the Clients  
15 Council. What I'm attempting to say is, taking it  
16 from the Clients Council, this is the first attempt  
17 of the board that has been labored at the abolishment  
18 of legal service, to weaken the one facet that is very,  
19 very strong out in the community, the client community.

20 Once you destroy the voice of the client  
21 community, then you're on the road to doing what is  
22 supposed to be done by this board. I'm very concerned.  
23 You do not cut off our one source of communication  
24 to give it to the new directions of the private board.  
25 If we don't have anybody to help us with the new

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1 direction of the private bar, then you have just put  
2 us back in the corner ten years. So what I'm concerned  
3 about is the next thing is you're talking about giving  
4 money with no mechanism or training that will be handed  
5 down to the new clients on how to deal with it. I'm  
6 concerned about what you're doing.

7 I don't think that right now you are ready  
8 to start a client council and give it to a local program.  
9 I don't think that's the way it should be handled.  
10 I think it should be studied a little bit more.

11 CHAIRMAN DeMOSS: Thank you, Mary Ellen.  
12 Any other comments?

13 MS. WORTHY: I guess I can speak to the alloca-  
14 tion of money to clients through programs, based on  
15 the fact it was one of the things that we talked about  
16 as a committee. We didn't talk about extra money.  
17 We were concerned with the fact that some programs  
18 were not involving clients, and training.

19 The proposal was, and that's one thing I  
20 can say that Mr. Olson agreed on, was that we talk  
21 about putting a mandate on programs to put a certain  
22 amount of money out of their budget allocated for client  
23 involvement, that that is what we discussed. That  
24 was the proposal that was laid out. Mr. Olson spoke  
25 to that, and agreed to that, but we did not talk about

1 taking some extra \$2000 and something and put it there.  
2 We did not talk about taking a program's money to provide  
3 that. We talked about making the project directors  
4 concerned with involving clients in the program and  
5 we did not talk about we'll take that from another  
6 program in order to do that.

7 So if we're saying that this morning, if  
8 that's the recommendation from Mr. McKee, that is wrong.  
9 That is not what we talked about and agreed to. We  
10 did not talk about taking any extra money from anywhere.  
11 We talked about taking part of their allocated budget  
12 money and allocating a line item in there for the involve-  
13 ment of clients. That is what was said, and I'm speaking  
14 from the facts.

15 Other clients can speak to the fact that  
16 they heard this. I'm saying what we discussed, because  
17 I was there, and to take a program, the voice of poor  
18 people that poor people organized so that they could  
19 have that void, so that they could have someone there  
20 to help us get training, and to take money from that  
21 program, from their budget, I think is going against  
22 what you all told me that you were concerned about  
23 when you first came to this board.

24 I have a real problem with that. That is  
25 my voice. That is the place I can call or write a

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1 letter and say, I need some training in my community.  
2 They can help me get that done, but to take that program  
3 and strip money out of there, that is not fair, and  
4 that is not what we talked about. I hope that we can  
5 remember what we talked about which Mr. Olson was so  
6 strong on, making sure that those programs were concerned  
7 and that they put a line item in their budget to include  
8 clients.

9 We didn't talk about taking money from a  
10 program, a program that we are all about, a program  
11 that is made up of people that this program is all  
12 about. I hope that you will remember that.

13 CHAIRMAN DeMOSS: You are speaking against  
14 Mr. Olson's motion. Thank you. Is there any other  
15 comments? If not, I'll call for a vote.

16 MR. OLSON: Let me just make one last statement  
17 in favor of my amendment which is, I think, the underlying  
18 theme of all the discussions that have gone heretofore  
19 with the obvious exception of some comments is that  
20 we should be moving from the national to the local  
21 level this responsibility. I think that's where it  
22 can be best met, and I think that's what the passage  
23 of this amendment would help effectuate.

24 MR. LYONS: Mr. Chairman, let me just make  
25 a comment about that. We heard Ann Bailey very articulately

1 CHAIRMAN DeMOSS: One vote, and the chairman  
2 votes no. The amendment fails. We are back to my  
3 main motion which is to insert a new line item I.A.4  
4 for client training quantified at \$1000 per program  
5 with the conditions that I've talked about, about utiliza-  
6 tion, control of these funds, and the additional grant  
7 requirement that each program expend one-quarter of  
8 one percent of its basic field grant, at least one-  
9 quarter of one percent of its basic field grant or  
10 \$1000, whichever is greater, in support of client training,  
11 client advocacy, client education, and that those funds  
12 likewise would be controlled by the client members  
13 of the board.

14 Is there any further comment on this motion?

15 Yes, Dale?

16 MR. JOHNSON: Yes, again Dale Johnson. I'm  
17 fully in support of the intent of your motion, Mr.  
18 DeMoss, which is to increase client involvement at  
19 the local level and to get more money into that effort.  
20 I think the corporation should try its best to do that.  
21 The problem that I have is with the second aspect of  
22 it, mandating that a portion of the budget from the  
23 local programs be given to that.

24 It causes a problem because of our planning  
25 with the 25 percent cutback and the possibility of

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1 state yesterday, and I'm amazed to hear Bill say that,  
2 because if what she said is a description of what happened,  
3 it is a classic example of exercises in American democracy.

4 What she said was that at the local level,  
5 program level, clients come together to form organization  
6 and then move those to a state level, elect representa-  
7 tives that go all the way up to the national level  
8 where a group of clients is sitting on boards to monitor,  
9 to look at national issues that affect clients, and  
10 I don't understand why that is not a function of locali-  
11 zation. I'm at a loss to understand it.

12 CHAIRMAN DeMOSS: Any further comment?

13 MR. JOHNSON: I'm Dale Johnson from Community  
14 Action for Legal Services, New York City, I'm Executive  
15 Director. I'm not certain what we're commenting on  
16 now, if we're still commenting on --

17 CHAIRMAN DeMOSS: We're speaking on Mr.  
18 Olson's amendment to my main motion.

19 MR. JOHNSON: I want to speak to your motion.

20 CHAIRMAN DeMOSS: All right. Any further  
21 comment on Mr. Olson's amendment? All in favor, say  
22 aye?

23 (A response of aye.)

24 CHAIRMAN DeMOSS: One vote. All opposed?

25 (A response of nay.)

1 reapportionment of funding, the 10 percent private  
2 bar, which now may be increased based on some discussion  
3 that we have heard.

4 It creates an increased hardship, and I would  
5 like to be able to expand the amount that we do for  
6 clients at the local level, but I would like to see  
7 if the corporation can come up with the additional  
8 funds for us.

9 It's fine to talk about that, when we're  
10 having expanded funding and earmarking part of our  
11 budget in that regard, but it's going to create a difficult  
12 situation for me when I have to now rebudget \$20,000  
13 for a specific purpose when I'm not getting any additional  
14 funds, and that may be another attorney that I hadn't  
15 planned on letting go that I'll have to let go at this  
16 point.

17 Further, a technical point perhaps, if we  
18 do go this route and it's left to the sole discretion  
19 of the client board members, that they have final authority  
20 on the expenditure of these funds, the allocation and  
21 expenditure of these funds, I don't know what legal  
22 questions it raises within the states about board responsi-  
23 bility and their ability to delegate or totally assign  
24 authority in their decisionmaking role. They can never  
25 escape liability on the delegation, but I think we're

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1 speaking of the total assignment of authority, and  
2 it's just a technical issue that I want to raise for  
3 the board's consideration.

4 CHAIRMAN DeMOSS: Well, I'm comfortable with  
5 my requirement that the disposition be controlled  
6 by the client board members of the program. I think  
7 they are members of the board, and I don't have any  
8 problem with that. If you've got a real legal problem,  
9 I'm willing to hear it, but I don't have a legal problem  
10 with it.

11 MR. JOHNSON: No, my point was I wholeheartedly  
12 agree with you that they should be making these decisions  
13 and making the very strong recommendation, but if it's  
14 the board's ultimate responsibility to make these deci-  
15 sions as a whole, I don't know what the answer to that  
16 is, but I'm raising the issue.

17 MR. OLSON: Can I just ask, did you say that  
18 you were going to fire a staff attorney if we passed  
19 this?

20 MR. JOHNSON: No, not necessarily. What  
21 I'm saying is you can always devise some method in  
22 terms of reallocation of your funds based upon a reduction.  
23 You're going to have to make up the money somehow.  
24 If I'm fully budgeted at this point, and there is a  
25 further mandate, whether to increase private bar

1 involvement by 5 percent or create a new program and  
2 do something with that money that I had not planned  
3 for, I have to find the money somewhere, whether it's  
4 through reducing my expenses, and most of my expenses  
5 are personnel expenses.

6 CHAIRMAN DeMOSS: Let me ask, Mr. Johnson,  
7 what are you now spending on client education and training?

8 MR. JOHNSON: Well, I think in New York City  
9 we were able to receive some foundation funding to  
10 do community education and things of that nature, and  
11 we have an ongoing training program that I imagine  
12 if you factored in our staff time in that and had that  
13 be considered to be going toward the meeting of the  
14 quarter of one percent requirement, it's in excess  
15 of \$20,000. If it's an actual dollar expense outside  
16 of staff expenses going toward that effort, then it  
17 may create a problem.

18 CHAIRMAN DeMOSS: I'm willing, if anybody  
19 can give me -- I don't want to see dollars inappropriately  
20 line itemed and committed at the field level if they  
21 can't be effectively used, but by the same token I  
22 feel very strongly, having heard everything that I've  
23 heard, that we have got to bring the field programs  
24 to attention to the responsibility of dealing with  
25 their client training. I don't know. Maybe the

1 requirement of one-quarter of one percent in your case  
2 is an aggregate number of dollars that could not be  
3 effectively spent on your clients. If it is, I would  
4 certainly be willing to amend my motion by letting  
5 the staff review the obligation to expend the full  
6 amount in each individual case, taking into consideration  
7 that if you've got a program that's one-quarter of  
8 one percent means \$50,000, you can't spend that much.

9 MR. JOHNSON: I'm sure we could, and I'm sure  
10 it could be effectively spent, and that there would  
11 be great benefit derived from it. The only point that  
12 I'm making is that we are in a dilemma right now. I  
13 think both goals are admirable, and we should strive  
14 towards increasing the client involvement, because  
15 I think there is a great deal of work in that.

16 We're trying our best, but with our limited  
17 dollars, I want to work with coming up with a solution  
18 to it, and I'm not certain that this is the correct  
19 solution where you earmark.

20 CHAIRMAN DeMOSS: Mr. Olson wants to ask  
21 you some questions.

22 MR. OLSON: I just want to ask, how much  
23 are we talking about? What is one-quarter of one percent  
24 of your budget?

25 MR. JOHNSON: Probably in excess of \$20,000.

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1 MR. OLSON: I see your point then.

2 MR. MCKEE: This dilemma here of some do,  
3 some don't, and all these confusions, the language  
4 of what the committee talked about Saturday that they  
5 recommend to the board, it's not that this money will  
6 be determinantly utilized by a project director as  
7 he sees fit, and not that the board will determine  
8 it locally, the language that we talked about was that  
9 substantial discretion on the utilization of that money  
10 would be by the clients of the board.

11 So if you have a 30-member board, and it's  
12 in compliance, you have ten clients, that the discretion  
13 on the use of the money would be substantially determined  
14 by the ten clients on the board. Therefore, your concern  
15 and problem with your budget and other concerns, the  
16 main empahsis on how it's spent will be with the client  
17 persons on the board and not so much the project director  
18 of the board.

19 He'll have a say in it, but I think you're  
20 talking about how you're going to allocate all this  
21 money.

22 MR. JOHNSON: Absolutely, because it's coming  
23 out of --

24 MR. MCKEE: The theory is, our intent is  
25 that the clients will tell you how they want that aspect

1 of it used, substantial discretion on how it's used.  
2 The language was the clients on the governing board  
3 shall have substantial discretion in determining the  
4 best means of utilizing the funds available to them  
5 consistent with the purposes of the act.

6 MR. JOHNSON: I imagine with that type of  
7 language, it gives the clients a great deal of discretion  
8 as to how it would be allocated.

9 I don't disagree with what we're trying to  
10 do. It's just a matter of trying to do it with a limited  
11 amount of dollars. I'm certain that there are other  
12 line items in the budget that if we could get an influx  
13 of additional money into the programs, I would be more  
14 than happy to commit that money without any reservations.

15 CHAIRMAN DeMOSS: Let me point out that you're  
16 getting \$1000 new money that ain't been in your pocket  
17 before. That's the purpose of my motion is to give  
18 you the first thousand. That ain't much in your case,  
19 a big program, but it is something. Mr. Dana?

20 MR. DANA: Mr. Johnson, how many different  
21 boards influence the expenditures of the \$8 million  
22 you're talking about?

23 MR. JOHNSON: In effect, nine different boards.

24 MR. DANA: So we're talking about \$20,000  
25 for client training and development for nine separate

1 boards?

2 MR. JOHNSON: I don't know how it would be  
3 interpreted.

4 MR. DANA: The point is that you are not  
5 just one program.

6 MR. JOHNSON: For the funding aspect of it,  
7 we are. We receive the grant. We, in turn, give the  
8 money to the nine delegate corporations. The expenditure  
9 of those monies are determined by the local boards  
10 within the framework of what they've received. I also  
11 receive a portion of it, so if it's not looked directly  
12 to me where it's \$20,000, and it's \$20,000 spread out,  
13 it is a different matter.

14 MR. DANA: I don't want to tell you your  
15 business, but it seems to me that rather than take  
16 on the client community in this country, you ought to  
17 be focusing on the fact that you have clients in nine  
18 different boards that are involved. It's not just  
19 \$20,000 for one set of clients.

20 MR. JOHNSON: But, see, it's not a matter  
21 of taking on the client community, because I happen  
22 to be fully supportive of what they're trying to accom-  
23 plish, and I want that to be accomplished, but the  
24 problem is, is when you start spreading out the money  
25 as it's being done, the effectiveness of it, I question

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1 the wisdom of expending what would then be a further  
2 breakdown of \$1000 per board.

3 CHAIRMAN DeMOSS: Our feeling is that \$1000  
4 a board is probably going to get spent on the basis  
5 of sending two or three members, client members of  
6 that board, at different times to two or three different  
7 training sessions or whatever it may be.

8 MR. JOHNSON: If that's the situation, then  
9 I would say it's already being done in a grand scale  
10 in New York City. What I would rather see happen is  
11 if that \$20,000 was going to be spread out in that  
12 manner, I think that it's more effectively used by  
13 that central organization making the determination  
14 and being able to build up their local network, and  
15 it should be left up to them.

16 I shouldn't have anything to do with that  
17 money to begin with.

18 MR. DANA: So you're speaking against Mr.  
19 Olson's motion.

20 MR. JOHNSON: Yes, I would say --

21 CHAIRMAN DeMOSS: Mr. Olson's motion has been  
22 defeated.

23 MR. JOHNSON: What I would like to see happen  
24 if that additional money was given to them where they  
25 had the discretion over it, as opposed to saying a

1 segment of my board had the discretion over it which  
2 eliminated the rest of my board, we basically would  
3 have no control at that point, and I think that the  
4 Clients Council 's already structured to have a system  
5 that meets the needs of the clients, and with the addi-  
6 tional amount of money -

7 MR. DANA: Mr. Chairman, Dale has just raised  
8 an interesting legal question, and that is whether  
9 we can tell a corporate entity in New York State that  
10 its board doesn't have authority over certain monies,  
11 and that only a committee of that board has that authority.

12 I would ask that --

13 CHAIRMAN DeMOSS: They will be taking on  
14 the client community there if they raise that as a  
15 legal question.

16 MR. DANA: My sense is that what we should  
17 ask our staff to do and general counsel is to help  
18 us implement this consistent with local law, and that  
19 is -- and I understand that the thrust of your motion  
20 is --

21 CHAIRMAN DeMOSS: Can't we solve it by saying  
22 the funds will be expended upon recommendation made  
23 by the client members of the board?

24 MR. JOHNSON: Certainly, that would be one  
25 way to address it, and it's exclusively for the use

1 of that.

2 MR. OLSON: To the extent the recommendation  
3 would have to be followed, we're back in the same diffi-  
4 culty.

5 CHAIRMAN DeMOSS: We're going to have to  
6 monitor this. If everybody wants to start picking  
7 on legal technicalities, we're going to have to monitor  
8 them, and we're going to have to send the IG down there,  
9 and say, what are you doing with your client funds,  
10 show us, and we'll do that.

11 I would hope everybody would approach this  
12 from the standpoint that what we are trying to do is  
13 to create a special fund and a special obligation for  
14 more client involvement, training, education at the  
15 program level.

16 MR. JOHNSON: I understand that, and I agree,  
17 and I think that you have the policing mechanism there  
18 already. If you had the National Clients Council have  
19 some control and authority over those funds, then I  
20 think you have it resolved.

21 MR. McKEE: Mr. Chairman, I never knew we'd  
22 have so much trouble. You know, I've heard this discussion  
23 all over the country at different times about client  
24 control over funds, and clients having an input at  
25 the local level. So when those provisions were considered

1 and put in, I never dreamed it was going to raise all  
2 this hassle about what happens with the money. We  
3 should have a provision that says the control of it  
4 basically is with the clients. I don't see Mr. Dana's  
5 point legally. If you're giving money to a non-profit  
6 corporation locally, you can attach conditions to it  
7 in terms of how it's spend.

8 MR. LYONS: There is, Clarence, a legal point.  
9 There seems to me that this corporation would have  
10 a problem dictating how a board of directors incorporated  
11 by a state would vote on how to allocate its money.  
12 In fact, an interpretation could be that you're excluding  
13 certain directors on those local boards from voting  
14 on how certain funds would be spent.

15 It is not a mere technicality. It is a legal  
16 issue that must be looked into and addressed. and you  
17 have a staff to do that.

18 CHAIRMAN DeMOSS: I want the staff to address  
19 this. Let's not try to solve this legal issue. We  
20 can't. Let's let the staff look into it, but the intent  
21 of my motion is to vest as much discretion in the client  
22 members of the local board as we legally can, controlling  
23 the expenditures of these funds.

24 MR. MCKEE: I'll just make one last point  
25

1 before I go, and that is to Clint's point. The Office  
2 of Economic Opportunity had strict guidelines in the  
3 regulations back in the sixties in terms of its money,  
4 maximum feasible participation by poor persons, and  
5 there was never any legal hassle about that fund.

6 CHAIRMAN DeMOSS: Yes, ma'am.

7 MS. HOLLIE: Mr. DeMoss, I would like to  
8 thank the committee for considering this as an option.  
9 I can speak personally as an eligible client of many  
10 agonizing hours of trying to convince my program to  
11 allocate resources sufficient to, at least from my  
12 perspective, involve a large number of clients, in  
13 our training. So I applaud you in your attempt to do  
14 this.

15 I would say that I don't envision the same  
16 legal problem that other people have been discussing  
17 simply because it's a line item in the budget, and  
18 the same way the director has discretion on other line  
19 items, I see no legal problem with the client members  
20 of the board having the discretion of this particular  
21 line item.

22 So simply as a line item in the budget, such  
23 as travel, personnel and everything else, I really  
24 don't see the legal complications.

25 CHAIRMAN DeMOSS: Thank you.

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1 MS. HOLLIE: I would ask you that somewhere  
2 in your language, you might want to not limit it to  
3 only client members who are on the board. I would  
4 like to see something to say in consultation with other  
5 members of the client community. We don't always have  
6 a full representation of all segments of the client  
7 community on all of our program boards, and I would  
8 hate to see this attempt become bogged down in a lot  
9 of bickering and internal things within programs and  
10 external problems with the client community.

11 So I would like for a little more in terms  
12 of explanation in client involvement in the decision-  
13 making of that.

14 CHAIRMAN DeMOSS: I personally as the mover  
15 of the motion, I am comfortable with the client board  
16 members having the discretion. I would not want to  
17 try to define anybody else in the client community  
18 that could have a say over this. If you haven't got  
19 a full client complement, that's a problem that you  
20 need to raise, and it is another problem, but it is  
21 not a problem in my view of the discretionary control  
22 over these funds which I feel should be in the client  
23 members of the local board.

24 MS. HOLLIE: Thank you.

25 MR. HARVEY: Hal, can I ask you a question?

1 CHAIRMAN DeMOSS: Bill Harvey in Indianapolis,  
2 yes, sir.

3 MR. HARVEY: I think maybe this is a simple  
4 one, but in the sense of your motion, the percentages  
5 that you talked about that limited to LSC generated  
6 money in the granting of it?

7 CHAIRMAN DeMOSS: Yes, sir, it is key to  
8 the basic field grant, one-quarter of one percent of  
9 the basic field grant coming from LSC.

10 MR. HARVEY: So if a program receives a million  
11 dollars, let's say, from the Ford Foundation, it does  
12 not apply to that?

13 CHAIRMAN DeMOSS: I would not expect them  
14 to figure their client training funds including any  
15 other funds other than what is coming directly from  
16 this corporation.

17 MR. HARVEY: Thank you.

18 CHAIRMAN DeMOSS: Bucky?

19 MS. ASKEW: Yes, just one point of clarification.  
20 Your motion anticipates that a program would spend  
21 a minimum of \$2000, \$1000 of which would come from  
22 a grant from the corporation and \$1000 would come from  
23 their basic field grants?

24 CHAIRMAN DeMOSS: No, sir, I did not intend  
25 that. For the smaller programs, those with \$400,000

1 or less basic field grant, I would not expect them  
2 to have to come up with any more money out of that.  
3 I think the \$1000 that they get from us is all that  
4 I'm expecting them to have to commit.

5 MR. OLSON: Let me just say, wasn't your  
6 language that they would spend \$1000-plus, a special  
7 grant condition requiring field programs to spend at  
8 least \$1000 more or one quarter of one percent, whichever  
9 is greater. I guess you mean whichever is lesser?

10 CHAIRMAN DeMOSS: My motion was that each  
11 program get \$1000 earmarked for client training and  
12 development; that in addition to that, there be a special  
13 grant condition requiring each program to expend at  
14 least (one) \$1000 or (two) one-quarter of one percent  
15 of their basic field grant, whichever is the greater.

16 MR. OLSON: And that (one) \$1000 could be  
17 the \$1000 we're giving them?

18 CHAIRMAN DeMOSS: Absolutely. For the small  
19 programs, we are probably funding the \$1000 for their  
20 participation, and in my view, that's what we ought  
21 to do. For the bigger programs, they're going to have  
22 to add dollars on top of our \$1000 to get up to at  
23 least one-quarter of one percent of their basic field  
24 grant. Yes, ma'am?

25 MS. HOLMES: My name is Avis Holmes, and

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1 I am a board member of Wayne County Neighborhood Legal  
2 Services. I am a 9 percent at-large, I guess you would  
3 call it, but I'm selected by the Clients Council to  
4 fill that spot.

5 I want to congratulate you, Mr. DeMoss. I  
6 wholeheartedly support your proposal exactly as you  
7 presented it with the understanding that those programs  
8 who want to give more can do so. I think that some  
9 of the concerns expressed are unfounded.

10 In Wayne County, I can't remember how many  
11 years, maybe four or five years, the board has allocated  
12 funds, a line item for the clients. It's now \$11,000.  
13 It works very well. The clients simply give an outline  
14 of how they intend to use this money. This is presented  
15 to the board along when they're considering the budget,  
16 and they approve that. The clients do not get the  
17 actual cash money. The issue a voucher to the director.  
18 If it's consistent with the grant that we have presented,  
19 then it's simply approved. It works very well.

20 I think it's one of the reason why we have  
21 such an active Clients Council among the whole county,  
22 because the funds were there to encourage participation.  
23 I think this is an excellent commitment to citizen  
24 participation on the part of the Legal Services Corporation,  
25 and I certainly applaud you for your effort.

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1 CHAIRMAN DeMOSS: Thank you, Ms. Hólmes.  
2 Any other comments?

3 MR. OLSON: I have a questions. Where did  
4 the 292 come from? Did you say it was for every --

5 CHAIRMAN DeMOSS: It is 286 or 292 quantified  
6 depending upon -- the question is that there are six  
7 programs that fall in some special category. Is that  
8 right. Alfreda?

9 MS. HARVEY: Yes, those were the demonstration  
10 projects.

11 MR. OLSON: What does the number 323 include?  
12 Does that include the state and national support centers.

13 MS. HARVEY: And migrants and Native Americans.

14 MR. OLSON: So this would be field programs,  
15 not including national and state support and not including  
16 what else?

17 MS. HARVEY: Native Americans and migrants.

18 CHAIRMAN DeMOSS: Any other comments or questions?

19 MR. OLSON: I just reinforce the comment  
20 about the difficulty I think we begin to face when  
21 we sever the delivery of funds to programs and account-  
22 ability. I think we can hold programs accountable  
23 in toto. I don't have any problem with that. I think  
24 that some segments of the board, if we said all the  
25 lawyers get to control this money, that would be equally

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1 bad, and I think you cease to have accountability over  
2 money when you begin to have alternative distribution  
3 mechanisms other than the board itself. So for that  
4 reason and the other reasons I've stated, I would oppose  
5 this.

6 CHAIRMAN DeMOSS: Any other comments? The  
7 motion is on my main motion to add a new line item  
8 for clients training at the local level as previously  
9 defined. All in favor, say aye?

10 (A chorus of ayes.)

11 CHAIRMAN DeMOSS: Opposed, no?

12 (Response of no.)

13 CHAIRMAN DeMOSS: The chairman casts a vote  
14 in favor, so the motion passes, and this will be recom-  
15 mended to the board.

16 Line item 5 will become what is now shown  
17 as 4, reserve for special adjustments, and is there  
18 any objection to the staff recommendation on this?

19 Hearing none, we will move to category I.B,  
20 national and state support, line item 1. I would  
21 move that for national support the budget reflect one-  
22 quarter of the amount shown in the lefthand column,  
23 that is FY '83 base, one-fourth of that amount as budgeted  
24 and allocated for national support and immediately  
25 below that, an item showing reserved for future allocation

1 in the amount of the other three-fourths of that amount.  
2 This is to implement what I understand to be a recommenda-  
3 tion of the grants and contracts committee that those  
4 entities receiving national support dollars would receive  
5 a three-month contract, either a new or an extended  
6 contract, depending upon the recommendation of staff,  
7 and the remainder of what is shown in FY'83 base would  
8 be subject to further decision by this board.

9 I think we ought to reflect it as a reserve  
10 therefore, not presently budgeted, but for the purposes  
11 at this time until the board makes a further decision  
12 about that, we would carry the remainder of the FY  
13 base item as a reserve. This motion, of course, takes  
14 into effect that the Committee on Grants and Contracts  
15 did not adopt the staff recommendation for a 10 percent  
16 reduction or a reduction in that line item, and that,  
17 therefore, is the reason why we are dealing with the  
18 FY base as shown in the lefthand column.

19 Is there a second?

20 MR. OLSON: I'll second it, and then I want  
21 to make an amendment.

22 CHAIRMAN DeMOSS: Motion has been made and  
23 seconded.

24 MR. OLSON: I concur in that. I think that's  
25 what we did yesterday. Let me just make a general comment,

1 Hal. There were a number of grant conditions that  
2 were discussed yesterday that we're now taking up at  
3 a particular time today. I assume you're not intending  
4 for every single one --

5 CHAIRMAN DeMOSS: The grant conditions that  
6 that committee recommended, we're not attempting to  
7 pass on one way or another.

8 MR. OLSON: So those will go to the board.

9 CHAIRMAN DeMOSS: They are for the board  
10 to decide what grant conditions should be included  
11 in those national support grants.

12 MR. OLSON: One of the things that we talked  
13 about yesterday and one of the things there is a proposal  
14 for is to have a 10 percent cut in the elimination  
15 of the Washington offices. What I would like to do  
16 is in accordance -- I'd like to stock with all of your  
17 motion, except I'd like to make an amendment that in  
18 the first three months, there be a ten percent cut  
19 which would be reflected by the board's wish to see  
20 the Washington offices of the support centers which  
21 have more than one office closed during this period,  
22 or at the earliest time.

23 CHAIRMAN DeMOSS: The motion amendment has  
24 been made. Is there a second?

25 MR. OLSON: I think the other thing I want

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1 to say is that this money would go back into replenishing  
2 what we've now depleted somewhat, the new directions  
3 for the private bar, and would attempt to insure that  
4 that category doesn't suffer as we go through the budget  
5 too badly.

6 CHAIRMAN DeMOSS: I frankly -- I'll be frank  
7 with you, Bill. I don't remember that grants and con-  
8 tracts made a specific recommendation except as part  
9 of what it was recommending to the board, and if adopted  
10 by the board that the Washington offices would be phased  
11 out in the three months that we are giving them an  
12 extended grant. I would agree with you that there  
13 probably would need to be an adjustment in this budget  
14 item.

15 But, since we're not really passing on those  
16 amounts here, I wonder, do we need to implement right  
17 now?

18 MR. OLSON: My recollection was that closing  
19 the Washington offices was something that receive substan-  
20 tial support. Whether it was part of an official recom-  
21 mendation, we'll have to await the writing of the minutes.

22 MR. LYONS: Mr. Chairman, let me just try  
23 to clarify my understanding of what happened yesterday.

24 CHAIRMAN DeMOSS: Yesterday was Saturday,  
25 and I know we've all lost a day.

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1 MR. LYONS: Yes, we're becoming more confused  
2 by the moment. My understanding was that the grants  
3 and contract committee recommended that we defer or  
4 postpone final decision making or only commit grants  
5 for three months in the area of national support and  
6 state support, and that it be done so at the annualized  
7 level that was previously committed and specifically  
8 rejected the staff proposal to commit to a ten-months  
9 commitment to all categories of grantees with a reduc-  
10 tion of 10 percent for state and national support.

11 So that committee specifically rejected a  
12 ten percent cut at this time. It also in my judgment  
13 based on my recollection of what happened did not make  
14 a decision or a recommendation to move any money out  
15 of the support category, but simply said it would defer  
16 final decisionmaking on the support area in order to  
17 look at the issues of overlap, duplication and the  
18 Washington offices, as I remember.

19 So whatever Mr. Olson is recommending with  
20 respect to the movement of money and the reduction  
21 of those funds in the first three months for national  
22 support is entirely a new effort and is inconsistent  
23 with what the grants and contract committee did yesterday  
24 based on my understanding.

25 MR. OLSON: I always appreciate hearing

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1 from the President, but I think just in looking at  
2 some notes from Clarence, he said the recommendation  
3 also includes the phasing out and closing or separate  
4 Washington, D.C. offices and national support centers.

5 I know that we did not decide to make the  
6 ten percent cut, but I knew that we did decide, I thought,  
7 to have this closing regardless of what we did on Sunday.  
8 That is my proposal, and I offer it as an amendment  
9 to Mr. DeMoss' resolution.

10 MR. LYONS: I would just simply challenge  
11 Clarence's recollection in the same way I challenge  
12 yours.

13 CHAIRMAN DeMOSS: Let's don't get into every-  
14 body arguing about their recollection. Is there a second  
15 to this motion?

16 MR. OLSON: I would hope I could get this  
17 seconded as well just so we could vote on it.

18 CHAIRMAN DeMOSS: As an accommodation to  
19 you, I will second it, and I will tell you ahead of  
20 time I'm going to vote against it. Now if we want  
21 to spend a whole lot of time on this, it's up to you,  
22 or perhaps we ought to hear from Mr. Dana. I think  
23 he may have the swing vote.

24 MR. DANA: My view is that what the grants  
25 and contracts committee recommended to the board was

1 that the new President and his staff have three months  
2 within which to study national support, and that rather  
3 than make the ten percent cut that the staff was recom-  
4 mending that we take three months and let President  
5 Bogard and the people that he will bring with him study  
6 this matter.

7 I sat quietly and listened to that, and while  
8 I didn't agree with every decision of that committee,  
9 it doesn't seem to me that it makes any sense in the  
10 short run to prejudge the President's view. I will  
11 say that in my judgment, the Washington offices of  
12 the national support centers have a very, very heavy  
13 burden to demonstrate why they should be maintained,  
14 assuming the continuing resolution language continues.

15 So I would at this time not second or vote  
16 for this amendment.

17 CHAIRMAN DeMOSS: Then in the interest of  
18 time, I will call for a vote on Mr. Olson's amendment.  
19 All in favor, say aye.

20 (Response of aye.)

21 CHAIRMAN DeMOSS: Opposed?

22 (A chorus of nays.)

23 CHAIRMAN DeMOSS: The motion fails. Is there  
24 any other comment then about line item B.1, national  
25 support, as proposed by me which is one-third being

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1 budgeted to cover the three-month -- one-fourth being  
2 budgeted to cover the three-month contract, and the  
3 remaining three-fourths being shown as a reserve for  
4 future allocations?

5 MR. LYONS: In this category.

6 CHAIRMAN DeMOSS: In this category.

7 MR. OLSON: In an effort to speed it up,  
8 I won't make a motion if you both tell me you'll vote  
9 against it. I would suggest that I would like to move  
10 to amend this again to say that there would be -- although  
11 there would be no ten percent cut over these three  
12 months that the appropriations and audit committee  
13 recommendation would implicitly contain a proposal  
14 to eliminate the D.C. offices. Would either of you  
15 vote for that? If you would, I'll offer it. If you  
16 wouldn't, I won't it.

17 MR. DANA: Is this the same recommendation?

18 MR. OLSON: Without the ten percent.

19 MR. DANA: That the grants and contracts  
20 committee rejected on Saturday with you voting in the  
21 affirmative?

22 MR. OLSON: I don't think so, because I think  
23 what I'm proposing now is no dollar cut, but simply  
24 elimination of the D.C. Offices. I don't think we  
25 ever voted on the elimination of the D.C. offices,

1 and if anybody's recollection is to that effect, then  
2 they remember something I don't. Would either of you  
3 vote for it? Otherwise, I won't bother.

4 CHAIRMAN DeMOSS: No.

5 MR. OLSON: Howard?

6 MR. DANA: I would note vote for that.

7 MR. OLSON: Thank you.

8 MR. DANA: The impression that I have received  
9 is that the grants and contracts committee has asked  
10 President Bogard and his new staff to spend the next  
11 three months exploring the future of national support,  
12 and voted and encouraged that there be a careful considera-  
13 tion of closing those offices.

14 I think that to close the offices on January  
15 1 which is less than a month away would involve a deci-  
16 sion which would questionably mean that it would throw  
17 this corporation into turmoil at a time when continuity  
18 and careful consideration is required, and that is  
19 the reason I wouldn't go along with your suggestion.

20 CHAIRMAN DeMOSS: Yes, excuse me, I forgot  
21 where we were. We were still on my main motion. You  
22 didn't ever make that motion in view of your tally  
23 of votes?

24 MR. OLSON: That's correct, I did a quick  
25 nose count, but I would submit that if that throws

1 the corporation into unacceptable turmoil, there is  
2 darn little that we're going to be doing to effect  
3 any change in the status quo.

4 CHAIRMAN DeMOSS: Yes, sir, go ahead?

5 MR. SABLE: Mr. DeMoss, my name is Robert  
6 Sable. I as, as you know, the Executive Director of  
7 the National Consumer Law Center and also the Chairperson  
8 of the Organization of Legal Services Back-up Centers.

9 You have before you, as I understand it,  
10 two recommendations, the staff recommendation and a  
11 recommendation from the grants and contracts committee.  
12 We received the staff recommendation late Wednesday  
13 and submitted a written statement to the grants and  
14 contracts committee which I think you have, and I would  
15 urge you to consider that.

16 I would like to address myself simply to  
17 the grants and contracts recommendation on the three-  
18 months funding.

19 CHAIRMAN DeMOSS: I think, Mr. Sable, let  
20 me say that I'm not sure whether that is germane to  
21 what we've got to try to do today, and in the interest  
22 of time, I would like for us to move ahead. We are  
23 already at 12:30, and we've got some other things to  
24 do. I know that you and the back-up centers are not  
25 happy with the three-month contract. I don't think

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1 that it's a function of this committee to reopen that  
2 issue here. I think that issue is germane to the full  
3 board consideration on whether or not to adopt the  
4 recommendation of the grants and contracts committee,  
5 and at that time, I would encourage you to speak on  
6 the subject of the three months.

7 MR. SABLE: We did not have an opportunity  
8 to address that issue. It's my understanding from  
9 the way you have presented your motion that it is within  
10 the purview of this committee to recommend to the full  
11 board what the grants and contracts committee recommended,  
12 or that you could recommend that that line be extended  
13 for a year.

14 While I understand that you're aware of the  
15 issues, I think that we should have the opportunity  
16 to state our position on this for the record. I will  
17 be brief.

18 CHAIRMAN DeMOSS: Go ahead.

19 MR. SABLE: I would simply say that this  
20 recommendation of three months would be entirely appro-  
21 priate had the grants and contracts committee found  
22 difficulties with the national support centers in their  
23 look at the national support centers over a year, and  
24 then it would be quite appropriate to take a three-  
25 month period to come up with some new recommendations,

1 but, in fact, there was no such finding. We, the national  
2 support centers, cooperated fully with that committee.  
3 We provided them with all the information they wanted.  
4 What problems did come up were addressed by this board.  
5 Now at the last minute, in their meeting, they have  
6 raised a number of new questions about national support,  
7 about restructuring of national support, about the  
8 allocation.

9 We welcome those questions. I think they're  
10 all appropriate questions. I think they're more than  
11 appropriate. I think it would be the responsibility  
12 of this board to consider those questions; however,  
13 I do not believe that it is appropriate, given that  
14 you looked at the national support issue for a year,  
15 to now leave us hostage to this three months.

16 I would just ask this committee to consider  
17 briefly the impact of that three months on this national  
18 program. Most importantly, on the staff, as you know  
19 the national support center is made up largely of senior  
20 people who have been a part of this program for many  
21 years. I myself have been a legal services attorney  
22 for 14 years, and I think I'm typical of many national  
23 support people.

24 Now, I made my decision that legal services  
25 is my career, and I will see this thing through, but

1 I have staff members and other support people have  
2 staff members. They've been anxiously watching this  
3 year, as we've provided data, as we look to this committee  
4 waiting for a decision, and now, to be told that their  
5 professional lives are sitting for three more months,  
6 I'm afraid that we're going to begin to lose those  
7 precious people.

8 Those are people who I submit to you, you  
9 will want to see in this program regardless of what  
10 ultimate recommendations you come up with on a restructuring  
11 and whichever way they go. To lose them to this program,  
12 I submit, would be a tragedy.

13 Secondly, as you and I have discussed informally,  
14 the national support centers are no the only repository  
15 of experienced people in this program. There are other  
16 experienced people throughout the country who have  
17 been here five, six, ten years and who are trying to  
18 make career decisions as to whether they should stay  
19 the course with this program as well.

20 For them to see this example of this program  
21 having spent a year looking, having found excellent  
22 service, having found no major problems, and then to  
23 be told that their careers are subject to a three months  
24 time bomb, I submit that they will begin to make the  
25 clear inference that when their turn comes and local

1 service delivery is looked at that they will be subject  
2 to the same problems, and they will begin to leave.

3 Secondly, our work as national support centers  
4 is put seriously in jeopardy by this. Local programs  
5 call us. They would like to embark on a major case.  
6 Can we provide them with back-up service? What can  
7 we tell them when we can only promise them that we  
8 will be around for three months.

9 We have a 26-volume manual sect that this  
10 corporation has invested, I don't know, substantial  
11 amounts of money in. Those manuals are due to be supplemented  
12 as a major project. Should we start them, should we  
13 stop them and let them go out of date? What are we  
14 supposed to do for three months?

15 Training which we provide throughout the  
16 country on well more than a three months time period,  
17 you're asking us what are we to tell local programs.  
18 Secondly, it is appropriate that it be studied. It's  
19 certainly appropriate that the new staff study the  
20 issues, and we have no quarrel with that. We welcome  
21 that study, but I would urge you to consider that when  
22 your predecessors made such a study in 1974 on the  
23 board that was appointed by President Ford, on a much  
24 simpler question of whether or not national support  
25 centers were involved in the provisions of legal assistance,

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1 it took them nearly six months. They visited every  
2 center. They got outside experts to come and a look.  
3 They prepared position papers, and they allowed time  
4 for response, and I do not believe that a new president  
5 having to come in, select his new staff, is going to  
6 be able to provide you with the information that you  
7 need in the court of three months.

8 So I would strongly urge you to reject this  
9 three months. If a year is not sufficient, at least  
10 extend this three months period. I do not believe  
11 that you are serving the clients of this country nor  
12 the field programs of this country by that recommenda-  
13 tion. Thank you.

14 CHAIRMAN DeMOSS: Thank you, Mr. Sable. Is  
15 there any further discussion on the motion?

16 MR. OLSON: Just one sentence is that I guess  
17 as the only members of grants and contracts present  
18 at the meeting today, I have a very different interpre-  
19 tation of the last year where we have held hearings  
20 around the country, and grants and contracts has made  
21 investigation, raised serious problems concerning the  
22 way in which the support centers were functioning and  
23 the fact that we should look at alternatives to make  
24 sure that the functions were met, but not necessarily  
25 by funding them, serious problems with the Washington

1 but not many who receive their separate funding under  
2 line item B.2.

3 I think, therefore, we have a problem in  
4 interpreting and implementing, and it would be my recom-  
5 mendation, and I realize that this is not consistent  
6 with what the grants and contracts committee did, but  
7 it seems to me, and I so move, that line item B.2 be  
8 stated at \$6,515,890, the amount shown in the lefthand  
9 corner, for the full one year appropriation, and if  
10 I can get a second to that, I will speak to it.

11 MR. DANA: Second.

12 CHAIRMAN DeMOSS: The problem here is that  
13 in my understanding, the much greater proportion of  
14 this \$6 million goes to the field programs, and since  
15 we have already said we want the field programs to  
16 continue on a 12-month basis, I would interpret what  
17 the grants and contracts committee intended to do was  
18 to give them just what they got in '82, which would  
19 include both basic field grants and items that were  
20 for state support which were part of their basic grant.

21 For that reason, I feel like this item should  
22 be budgeted for the full 12-month period to make it  
23 consistent with what was done and their basic field  
24 program grant line item I.A.1, and I would urge the  
25 committee to adopt the recommendation.

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1 offices, serious problems with lobbying, serious problems  
2 with class actions, serious problems with the direct  
3 delivery of legal services of individual persons without  
4 an intervening local field program, a number of issues,  
5 and I would think that the record should reflect that.

6 CHAIRMAN DeMOSS: Any further discussion  
7 on the main motion dealing with line item B.1? If  
8 not, I call for a vote. All in favor, say aye.

9 (A response of aye.)

10 CHAIRMAN DeMOSS: You're not voting? Excuse  
11 me. All opposed, say no.

12 (A response of nay.)

13 CHAIRMAN DeMOSS: The Chairman casts the  
14 vote aye. The motion is passed.

15 We turn now to the line item B.2 for state  
16 support, and in this area, I think we have a problem  
17 from a budgetary standpoint. I heard the committee  
18 on the grants and contracts indicate a desire to fund  
19 field programs for a full 12 months. I also heard  
20 them categorize this line of state support as being  
21 in the three-month category, like national, but the  
22 problem is that most, and I'll have to get the staff  
23 to speak to this, but most of what is in line item  
24 B.2, state support, goes to the field programs as part  
25 of their grant, and there are some separate entities,

1 Any discussion?

2 MR. OLSON: I think you started off by saying  
3 you realize that this is in variance with what we did  
4 Saturday.

5 CHAIRMAN DeMOSS: It could be. I don't know.  
6 I'm not sure that grants and contracts, when they cate-  
7 gorize state support as being in the three-month renewal  
8 category really realized that the far greater portion  
9 of that state support line item went to the basic field  
10 programs which they use right now as part of the variety  
11 of methods which exist by which state support activities  
12 are conducted, i.e., joint ventures. They do their  
13 own things, programs get together, do their own training,  
14 CLE type stuff and so forth.

15 That's the reason why I'm raising it here  
16 as a budgetary matter, because it is my feeling that  
17 what I heard basically grants and contracts saying  
18 is that we want a field to continue as they did in  
19 '82 with the dollars they had in '82, and that's the  
20 reason why I think it ought to be budgeted for a full  
21 12-month commitment.

22 MR. OLSON: I could not disagree with you  
23 more as to what happened on Saturday. We discussed  
24 this specific issue. We, in fact, asked the specific  
25 question as to how much of this money went to local

1 programs and then was turned around and handed to state  
2 support centers. The answer was it was unknown, but  
3 it was well under \$1 million.

4 Obviously, if you want to do something differ-  
5 ently, we can, but let's just keep the record straight.  
6 This is, again, perhaps you and Howard have better  
7 recollections, but Clarence and I who were on the com-  
8 mittee, believed to the contrary. In fact, Clarence's  
9 notes say the committee recommended that contracts  
10 and grants for national and state support to be only  
11 for a three-month period, to the end of March 1983,  
12 and obviously, if you want to do something different,  
13 that's fine.

14 I, for one, would like to speak in favor  
15 of leaving this flexibility in the hands of the board  
16 and give the new president an opportunity to look at  
17 this. All the same reasons apply. This is a segre-  
18 gatable part of the funding that goes to the local  
19 programs. It's a separate item on the grants schedule,  
20 as was explained to us at the grants and contracts  
21 committee meeting, and it can be very easily handled  
22 on a separate basis. The full amount of money that  
23 we want to give them for keeping a field program, we  
24 can give them, but that doesn't mean that just because  
25 the funding mechanism is through local programs, including

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1 the 28 that we talked about on Saturday again, that  
2 were some number that were statewide programs, just  
3 because they happen to be funded through those local  
4 programs doesn't mean that we, I believe, should give  
5 up the flexibility on this, and for all the same reasons  
6 that both of you use to support your motion before  
7 apply here.

8 CHAIRMAN DeMOSS: Yes, Mr. Dana?

9 MR. DANA: I seconded this, and based on  
10 the discussion to date intend to vote for this motion.  
11 It seems to me from what I understand, and I frankly  
12 think that there is a hole in our education in this  
13 area, we have focused to a degree on national support  
14 and to a degree on local programs, but we have had  
15 relatively little, in my presence, education on the  
16 function of the state support line item in our budget,  
17 but it is my understanding that in most states that  
18 have state support money, the functions performed with  
19 that state support money are varied from state to state.

20 The division of the total function of the  
21 total provision of legal services that occurs in one  
22 state as between state and local dollars is different  
23 from state to state. I understood the grants and contracts  
24 committee as wanting to stabilize the state programs  
25 and give them the assurance that they are to continue,

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1       albeit with a variety of grants and special conditions,  
2       but continue for one full year.

3               I think that there wasn't an opportunity  
4       to explain to that committee the disruption that would  
5       flow from it which would vary from state to state,  
6       but the disruption that would occur is we peeled off  
7       some monies or put the state support monies at risk.

8               So notwithstanding the fact, and I agree  
9       with Mr. Olson that the recommendation of the grants  
10       and contracts committee was otherwise, I would support  
11       your motion, and I would urge this committee to recommend  
12       that we move the state support over and put it under  
13       the category of the basic field grant, and out of the  
14       category of the national support centers which is where,  
15       in my judgment, they belong.

16               I think the national support centers are  
17       a separable item to be considered with national functions.  
18       I think the state support dollars, as I understand  
19       them, are better considered it was part of the provision  
20       of legal services that occurs at the state level. So  
21       I would support your motion.

22               CHAIRMAN DeMOSS: Is there any discussion?

23               MR. OLSON: I would ask what disruption you're  
24       talking about, Howard. I must have missed the discussion  
25       that maybe Clint and you had, but apparently you said

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1 there's information the staff has that wasn't available  
2 to be presented at the meeting on Saturday. I don't  
3 understand what information that is. If you could  
4 share with me, I would appreciate it.

5 MR. DANA: I would be happy to. It's my  
6 understanding, and it's subject to constant change,  
7 is that in about 41 states, state support dollars are  
8 used in a variety of different ways to supplement and  
9 augment the provision of legal services.

10 In some states, they perform training. In  
11 some states, they perform as a center if the dollars  
12 are used for legislative and administrative advocacy,  
13 now, severely limited, and in some states it is used  
14 for coordination, and that sort of thing. Mr. Johnson  
15 uses some state support monies to run what is in a  
16 sense the New York City state support component, and  
17 it is in many, many states an integral part of the  
18 basic field grant.

19 I did not understand that as an observer  
20 to the committee on Saturday, and I understand it now,  
21 and I've been -- my education in that regard has been  
22 enhanced at breakfast yesterday by two representatives  
23 from state supports. Does that answer your question?

24 MR. OLSON: I guess so, but the conclusion  
25 I would come to, if I believed we had inadequate information

1 about this particular issue and had some substantial  
2 confusion about the functions that are served and didn't  
3 feel that we'd had adequate information to date, would  
4 be to fund this program for three months, because I  
5 think that would be the conclusion I would come to.

6 You would have an interim funding. You would  
7 have an examination. You would have an opportunity  
8 for further staff work, for further investigation by  
9 the board, and within that program, be able to make  
10 a reasoned judgment. To fund it for the entire year  
11 is to insure the preservation of the status quo for  
12 an entire year, even if that is a very bad thing. To  
13 say that we don't have adequate education on this issue  
14 and then to conclude that, therefore, we should fund  
15 this program for an entire year is to my way of thinking  
16 a non sequitur.

17 It would militate very strongly for a three-  
18 month extension.

19 MR. LYONS: Mr. Chairman, just let me say  
20 that all of the information regarding state and national  
21 support has been given. There are voluminous materials  
22 that have been given to the board at the time they  
23 came onboard and subsequent to that. What we did not  
24 do is prepare a detailed summary in the way we did  
25 of national support of this particular effort, and

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1 any board member or committee member who has approached  
2 me at any time about a clarification of what these  
3 efforts are about, I've attempted to give them to them,  
4 so there are no secret meetings or anything going on,  
5 and the only corperation we have going on around here,  
6 Mr. Olson might know about.

7 MR. OLSON: Could you repeat that please?  
8 As a matter of personal privilege, could the President  
9 repeat what he said?

10 MR. LYONS: Is that there are no secret meetings  
11 or anything where information is shared, and the only  
12 mini-corporation around here in my judgment is out  
13 of your office.

14 MR. OLSON: Could you explain that?

15 CHAIRMAN DeMOSS: Let's done't get into this,  
16 Bill.

17 MR. OLSON: He can either retract it or explain  
18 it. I don't care which.

19 CHAIRMAN DeMOSS: Well, I'm going to rule  
20 the whole discussion out of order at this time, and  
21 let's move on and get a decision.

22 MR. OLSON: I didn't start that discussion,  
23 Mr. Chairman, and an attack was made apparently by  
24 the President. I ask he explain or rescind it.

25 CHAIRMAN DeMOSS: This can't be -- the issue

1 here can only be ultimately resolved by the board of  
2 directors, and I think that's where it's going to have  
3 to be resolved. Do they want to go with continuation  
4 of field programs at their 1982 level, including both  
5 basic field grant and the dollars that the field program  
6 gets that are earmarked as state support, or do they  
7 want to segregate and put a three-month hold on those  
8 dollars? You have a different view and interpretation  
9 of what happened.

10 I don't know for sure that this was really  
11 focused on by the committee, and for that reason, as  
12 a budgetary matter as structuring the budget which  
13 I think this committee has to do, it seems to me appro-  
14 priate that we give the implementation to the greater  
15 weight in effect to the desire on the part of grants  
16 and contracts to continue field programs as they were  
17 at 1982.

18 Let's don't degenerate into personal comments,  
19 accusations or anything else.

20 MR. OLSON: I concur, Hal, and, therefore,  
21 I would request to you as chairman to have that comment  
22 stricken from the record.

23 CHAIRMAN DeMOSS: I will so strike the Presi-  
24 dent's comments from the record.

25 MR. HARVEY: May I make a comment please?

1 CHAIRMAN DeMOSS: Yes, Mr. Harvey.

2 MR. HARVEY: Thank you very much. I would  
3 hope that the committee would accept the recommendation,  
4 at least my recollection of the recommendation of grants  
5 and contracts in this area. My hope is that as I've  
6 said to that committee on Saturday, I would hope to  
7 see offices reopened. I would hope to see much more  
8 efficacious delivery systems developed. I would hope  
9 to see more persons served with legal assistance who  
10 are in need than we are serving today.

11 On Saturday, on a couple of occasions, I  
12 made reference to the Judicare Program which has a  
13 very limited function in the Legal Service Corporation  
14 apparatus today and has had a limited function since  
15 1974.

16 I think that with monies such as that pre-  
17 sently allocated to state support centers that those  
18 monies might be freed up for the implementation of  
19 a different kind of delivery system that we can better  
20 fulfill and mandate from the Congress which is to maxi-  
21 mize the delivery of legal services to persons who  
22 are in need or who are poor and those are not synonymous  
23 categories.

24 If your committee makes this kind of recommenda-  
25 tion, I recall President Lyons says, I think, on

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1 Saturday, if it's in the budget in this way, then there  
2 is a commitment. Of course, if the board accepts it,  
3 then it seems to me that the only thing your committee  
4 is doing is urging the status quo which is to urge  
5 the adoption or maintenance of a system which, I think,  
6 knowingly delivers lesser legal services to persons  
7 in need or who are poor than what alternative systems  
8 would deliver.

9 I, therefore, would urge you to give President  
10 Bogard, as Howard Dana said, consider the national  
11 support categories, and for those same reasons, give  
12 President Bogard and his staff an opportunity to explore  
13 and to maximize and to expand delivery systems using  
14 this state support money all of which is entirely com-  
15 patible with maintaining the present view of services,  
16 but expanding those, if we lock this money into present  
17 field services --

18 CHAIRMAN DeMOSS: Thank you, Bill. Let me  
19 just simply say that the action of this committee is  
20 intended to force a decision on this issue by the whole  
21 board. I don't know how the whole board is going to  
22 come down on it. They may very well go with the three-  
23 month limitation, but if this committee reports the  
24 budget in this fashion, I know we will get board action  
25 on it. Is there any further discussion?

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1 CHAIRMAN DeMOSS: The chairman casts the  
2 vote aye, and the motion passes. The last item in  
3 category B is the clearinghouse. Is there any objection  
4 to the staff recommendation as shown on page 40?

5 If not, I assume the committee will approve  
6 that.

7 MR. OLSON: Hal, let me say that one of the  
8 things that came up with the grants and contracts meeting,  
9 I think we can all agree on some sort of recollection,  
10 is that the clearinghouse was doing a very fine job  
11 with respect to having a brief bank and assisting local  
12 programs in a support function. I think that some  
13 thought ought to be given to, frankly if I were doing  
14 this, and I'm not apparently, I would take funds away  
15 from national and state support and give it to the  
16 clearinghouse.

17 I think the clearinghouse which now has some-  
18 thing in excess of 33,000, I think, briefs on file  
19 which is gaining briefs at the rate of thousands per  
20 year is engaged in computerizing those briefs so as  
21 to facilitate access by local programs that call in,  
22 is serving two regions of our country in computer assisted  
23 legal research which is really a thing of the future  
24 for us to most effectively and efficiently provide  
25 representation. I would think that the number on

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1 MR. HARVEY: Are you going to break for lunch  
2 fairly soon?

3 CHAIRMAN DeMOSS: We were aiming to break  
4 at 1:00, and we probably will. There is one other  
5 item that would get us through category B, and I think  
6 it's a no objection item, and we will probably break  
7 at that point.

8 MR. HARVEY: Thank you.

9 CHAIRMAN DeMOSS: If not, I call for a vote  
10 on the motion.

11 MR. OLSON: Just another point of inquiry  
12 so I don't waste our time. I would like to suggest  
13 a ten percent cut in that to fund, again, new directions  
14 for the private bar if either of you would be willing  
15 to support such a -- taking ten percent out of state  
16 support and putting it into that category, if either  
17 of you would be willing to support that.

18 CHAIRMAN DeMOSS: Well, the simple answer  
19 is no. Howard?

20 MR. DANA: No.

21 MR. OLSON: Thank you.

22 CHAIRMAN DeMOSS: All in favor, say aye.

23 (A response of aye.)

24 CHAIRMAN DeMOSS: Opposed, no?

25 MR. OLSON: No.

1 the clearinghouse line of \$760,000 is low, and I would  
2 say low by a very, very substantial amount. Now, if  
3 I had my druthers, I would put all these library func-  
4 tions into the clearinghouse, or at least a substantial  
5 portion of the national/states' library functions into  
6 the clearinghouse.

7 I don't know that I have a specific recommenda-  
8 tion to raise. I think it would be very difficult  
9 to fashion one here today. I would request that staff  
10 would give us an option with respect to this before  
11 this item comes to the board so as to allow us to increase  
12 the clearinghouse item, to continue to do what it has  
13 been doing most effectively over the last several years.

14 CHAIRMAN DeMOSS: All right, staff will work  
15 up some report on Mr. Olson's request. At this time,  
16 ladies and gentlemen, we need to adjourn. I would  
17 ask that we reconvene at 2:00 at which point we will  
18 take up category C.l.C.

19 (Whereupon, the meeting adjourned at 12:57  
20 a.m., to resume at 2:00 p.m., this same day.)

21

22

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PKF 1

A F T E R N O O N   S E S S I O N

2

(WHEREUPON, contact with Board Chairman Harvey

3

was telephonically established.)

4

CHAIRMAN DeMOSS: Bill Harvey.

5

MR. HARVEY: Speaking.

6

CHAIRMAN DeMOSS: You are wired in and

7

available?

8

MR. HARVEY: Yes, I am, sir.

9

CHAIRMAN DeMOSS: All right.

10

I would ask this session of Audit and Appro-

11

priations Committee to reconvene. We have Mr. Olson,

12

Mr. Dana and myself present, which constitutes a quorum.

13

We ceased at Line Item 1-C, the last go-round.

14

I would like to now propose for Line Item C-1, National

15

Clients Counsel, an appropriation of one-fourth of

16

\$524,700; followed by a reserve item for the remaining

17

three-fourths of that amount, to be allocated in the

18

future.

19

This would bring the budget into compliance

20

with the request of the Contracts and Grants Committee

21

on this subject, and I would move its adoption if I can

22

get a second.

23

MR. DANA: Second.

24

CHAIRMAN DeMOSS: I think it is a relatively

25

straightforward implementation of the Grants and Contracts

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1 Committee's decision viz a viz the National Clients  
2 Counsel, and the floor is open for any discussion.

3 MR. OLSON: Since we have adopted the results  
4 of Saturday's Grants and Contracts meeting with some  
5 unevenness, I would propose to move to delete all funding  
6 for the National Clients Counsel at this time, hoping I  
7 can get a second.

8 CHAIRMAN DeMOSS: Well, following my prior  
9 practice, I will second the motion to give you an oppor-  
10 tunity to speak, but with the understanding that I don't  
11 intend to vote for it.

12 MR. OLSON: I will simply add one thought to  
13 what I've said before, which has pretty much been respon-  
14 sive to the issue here.

15 I, too, think that the need for -- Because of  
16 the absence of accountability, particularly in a staff  
17 attorney system, the absence of a market mechanism for  
18 providing accountability, we have a tremendous responsi-  
19 bility to ensure the client -- the individual needs of  
20 individual clients are met.

21 I have a real problem in that I don't think  
22 that the mechanisms we've used have been successful.  
23 I think for us to continue to fund those mechanisms which  
24 have not been successful simply because they're there  
25 is not the way I choose to go.

1 I like the concept of having a local control  
2 in this area to ensure local accountability to local  
3 clients, but I would do that to the exclusion of the --  
4 this National effort. I think it's possible we could  
5 have a national client's coordinating effort but not in  
6 this fashion. And if this succeeded, I think we should  
7 move to find another vehicle to provide some national  
8 coordination to ensure client accountability, but always  
9 realizing that the primary impetus should be at the  
10 local level.

11 CHAIRMAN DeMOSS: Any further discussion on  
12 the Olson amendment to delete all funds from the National  
13 Clients Counsel?

14 If not, I will -- Wait a minute. Okay. We do  
15 have a speaker. Excuse me.

16 MS. HOLLIE: Yes. My name is Nell Hollie.  
17 I would like to say to Mr. Olson that I agree. In some  
18 cases, the National Clients Counsel has not been effec-  
19 tive as it could have been. However, I'm sure you under-  
20 stand and are well aware of the constraints upon which  
21 we operate financial; and had, in fact, that organization  
22 been funded in any substantial, reasonable funds over the  
23 period of time, perhaps it may have been able to do a  
24 lot better job along some of the goals that we have  
25 attempted to do. And with that, I will leave it.

1 CHAIRMAN DeMOSS: Any further commentary on  
2 the Olson amendment?

3 If not, I'll call for a vote. All in favor  
4 of Mr. Olson's amendment, say "Aye".

5 (One "Aye")

6 CHAIRMAN DeMOSS: All opposed, say no.

7 (One "NO" vote)

8 CHAIRMAN DeMOSS: The Chairman casts a "no"  
9 vote. The amendment fails.

10 We're back to the main discussion, which is  
11 the Line Item C-1 for the National Clients Counsel,  
12 one-fourth budgeted, three-fourths held for reserve for  
13 future allocation.

14 Any further commentary?

15 If not, I'll call for a vote on the main motion  
16 which deals with the Line Item for the National Clients  
17 Counsel. All in favor, say "Aye".

18 (One "Aye")

19 CHAIRMAN DeMOSS: All opposed, "no".

20 (One "No vote")

21 CHAIRMAN DeMOSS: The Chairman casts a vote  
22 "Aye". That item is dealt with.

23 Item C-2, R.H. Smith's Fellowship. I would  
24 propose that the budget include \$4,133,999 as shown in  
25 Column 1 of the staff budget.

1 MR. OLSON: I would move to -- I'll be glad to  
2 second that.

3 CHAIRMAN DeMOSS: All right. It's been moved  
4 and seconded that the Smith's Fellowship receive the  
5 amount shown in Column 1 of the staff report. Are there  
6 any discussions or amendments?

7 MR. OLSON: I'd like to move to amend that to  
8 provide for three-month funding for -- to provide for no  
9 funding at this time, because there is continued funding  
10 for six months under prior appropriations to this program,  
11 and to provide for a review at the January or at the very  
12 latest the February meeting of the Board, based on recom-  
13 mendations from staff as to how to proceed with respect  
14 to the program. But at this time, the entire amount of  
15 funds be carried as an undesignated line item to be  
16 allocated at a later time by the Board, should the Board  
17 make a decision to continue funding of the program.

18 CHAIRMAN DeMOSS: Since we've worked out this  
19 nice little accommodation, I guess we'll continue it.  
20 I will second it, with the understanding that I am intend-  
21 ing to vote against it.

22 You want to discuss it?

23 MR. OLSON: I think I pretty well discussed it.

24 CHAIRMAN DeMOSS: All right. Any comments  
25 from anybody?

1           If not, I'll call for a vote on the Olson  
2 amendment, which is to hold all of the amount for the  
3 R.S. Smith's Fellowship in a reserve for future alloca-  
4 tion.

5           All in favor, say "Aye".

6           (One "Aye")

7           CHAIRMAN DeMOSS: Opposed?

8           (One "No")

9           CHAIRMAN DeMOSS: The Chairman votes "no".

10          The amendment fails. We're back to the original motion.

11          MR. OLSON: I'd like to make a second amendment  
12 to make a ten percent cut in the program, in accordance  
13 with the staff proposal, and consider those funds as part  
14 of the funds that would be saved as part of the new  
15 directions for the private bar.

16          CHAIRMAN DeMOSS: It's my understanding, really,  
17 Bill, and I think in the sense of expediting time that  
18 that issue was crossed by the Contracts and Grants Commit-  
19 tee, i.e., that there -- that they did not endorse the  
20 staff ten percent deduction. And in the interest of  
21 saving time, I think I'm just not going to second that.

22          MR. OLSON: Well, it's certainly your preroga-  
23 tive. It didn't stop us from giving twelve-month funding  
24 to State support centers at some odds with what happened  
25 yesterday, but --

1 CHAIRMAN DeMOSS: But that was because of what  
2 I deemed to be an obvious budgetary conflict, and I have  
3 admitted to the fact that I had proposed something that  
4 was not absolutely consistent on that issue with what  
5 Grants and Contracts did, but I just -- I think in the  
6 interest of time, I'm not going to second it.

7 MR. OLSON: Okay. I would just say that I  
8 think it's something that's eminently supportable, some-  
9 thing we never did get fully to discuss yesterday, since  
10 we went quickly to the motion of Mr. McKee to have the  
11 full year funding. I think it's a good idea. I'd like  
12 to see either one of you second it. If you won't, that  
13 obviously means you would have voted against it, which  
14 is final.

15 CHAIRMAN DeMOSS: Hearing no second, the Chair  
16 will rule that the motion fails for lack of second.

17 Are there any further discussion on the  
18 R.H. Smith Fellowship?

19 If not, I call for a vote on the original  
20 motion. All in favor, say "Aye".

21 (One "Aye")

22 CHAIRMAN DeMOSS: Opposed?

23 (One "No")

24 CHAIRMAN DeMOSS: The Chairman votes "Aye".

25 The motion carries.

1           Line Item C-3, \$75,000 for the Summer Intern-  
2 ship. I would like, maybe, if somebody would explain  
3 the significance of the placing of this in the one-time  
4 allocation column. I mean, we end up with the same  
5 \$75,000, but --

6           MS. HARVEY: As was disclosed at the Houston  
7 meeting, that amount was not dispersed in Fiscal Year 1982,  
8 and consequently, we thought that we should allocate  
9 1982's money for Fiscal Year 1983, it would reach that  
10 amount of face going to the new direction.

11           CHAIRMAN DeMOSS: Okay. All right. I under-  
12 stand. Are there any objections to the Line Item as  
13 stated in the staff report? If not, it'll be approved as  
14 stated.

15           We move to Category D, Program Maintenance and  
16 Improvement, \$640,000. I think I need a little bit of  
17 explanation here also about why we have \$640,000 in the  
18 revised base and \$46,000 in the one-time allocation.

19           MS. HARVEY: The one-time allocation is to  
20 fulfill a commitment to the purchase of software which  
21 we made, I believe, at the end of Fiscal Year '81, and  
22 that approval of that software has not taken place yet.  
23 So consequently, those funds have not been expended, but  
24 they are committed.

25           CHAIRMAN DeMOSS: All right. Is there any

1 objection to Line Item D, 1-D?

2 If not, it will be approved as stated in the  
3 staff report.

4 Line Item E, Demonstration Projects, Program  
5 Development, Experimentation.

6 MR. OLSON: Can I just ask if there were any  
7 staff -- with respect to -- I don't mean to re-litigate  
8 this, but I didn't speak quickly enough perhaps.

9 I just want to ask if there were any cuts that  
10 were conceived by staff or considered as options in the  
11 program maintenance and improvement. I particularly  
12 think the C.A.L.R. Project is very useful. The technical  
13 assistance part, I'm not entirely sure about, because  
14 I don't know if I fully understand it. But is that --  
15 Is there any flexibility that you see or viable options?

16 Admittedly, we all have different views as to  
17 legitimate options were, but do you see any options with  
18 respect to that?

19 ACTING PRESIDENT LYONS: Well, what we were  
20 basically attempting to do is carry forward our  
21 capability to assess what the national program, keeping  
22 up with the technology that is presently available to  
23 the profession to enhance its productivity capabilities.  
24 We are still looking at a lot of things, and I think the  
25 best answer I can give you is that, based on the

1 information we had available to us, the indications were  
2 that we should continue this effort at this level; but  
3 you know, we still think and we have been looking at it  
4 as the results of the work we are doing come in, and you  
5 can adjust as you go along in this category, as we have  
6 the quarterly budget reviews.

7 MR. OLSON: Is this the budget category that  
8 would include the funding of the Clearinghouse for the  
9 two regions that does the C.A.L.R. work?

10 ACTING PRESIDENT LYONS: This is for the  
11 computer -- part of it is for the computer-assisted  
12 legal research that is being carried on by the Clearing-  
13 house.

14 MR. OLSON: Who is conducting the other computer-  
15 assisted legal research, other than those two regions  
16 Clearinghouse handles?

17 ACTING PRESIDENT LYONS: Bucky.

18 MR. ASKEW: Massachusetts Institute; Greater  
19 Upstate Law Project; the Ohio State Legal Services Program;  
20 Legal Aid Services in Northwest North Carolina which is  
21 Winston-Salem, North Carolina; Western Center on Law and  
22 Poverty in the Oregon Legal Services; and Clearinghouse  
23 on Legal Services.

24 MR. OLSON: Can I assume that each of those  
25 projects is responsible for a region?

1 MR. ASKEW: I think that's correct. Yes.  
2 Some have multi-regional responsibility, and some only  
3 have one region responsibility.

4 MR. OLSON: Operationally, do these programs  
5 work like support centers in the sense that they take  
6 telephone inquiries and then perform computerized legal  
7 research to help the local staff attorney?

8 MR. ASKET: That's right.

9 MR. OLSON: But these -- Is there any reason  
10 that this funding is not considered part of the support  
11 function, or under National and State support?

12 ACTING PRESIDENT LYONS: The only reason is  
13 that it's experimental. That is the operational difference.  
14 Once the technology is verified, as a result of the  
15 experiment, and we know that it is productive and cost-  
16 effective, then we can move to the next question of where  
17 it can be more effectively and efficiently placed in  
18 terms of the utilization.

19 MR. OLSON: Okay. If I could just ask that  
20 the staff give us a list of the recipients of those funds  
21 and the dollar amounts; because I don't think that's one  
22 thing I've ever seen. I think it's a good program. I  
23 think this is the -- We should be devoting substantial  
24 resources here. The technical assistance part, like I  
25 said, I don't know; but C.A.L.R., I think, is outstanding.

1 CHAIRMAN DeMOSS: All right. Line Item E-1,  
2 2, 3, and 4; since they are all very simple and self-  
3 explanatory, I will ask for any objections to those as  
4 a group.

5 Hearing none, they will be approved as presented  
6 by the staff report.

7 Line Item 5, Program Development, and Experi-  
8 mentation, aggregate \$232,740. Is there any objection  
9 to that item?

10 MR. OLSON: I frankly can't recall what that is.

11 ACTING PRESIDENT LYONS: Well, it is -- it's a  
12 fund, basically, an in-house capability to give the  
13 Corporation staff here the ability to go out into the  
14 field by use of contractors or otherwise, to try to get  
15 data on and assess what changes, what problems, are  
16 going on in the national program that need response from  
17 the corporate entity right away.

18 Examples of that are: projects like, when we  
19 knew that we were going to have a 25% cut in this national  
20 program, we developed a project whereby we attempted to  
21 project outlays and how those cuts could best be handled,  
22 in the national program, either by a sort of an academic,  
23 theoretical approach, by way of advice to the program;  
24 but at the same time by contractors being out in programs  
25 assessing and observing the kind of innovative way that

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1 programs themselves were handling the problem. And we  
2 compiled that data and information, drew conclusions  
3 and produced manuals and papers for legal services pro-  
4 grams to utilize in accomplishing the reduction in a  
5 systematic way.

6 In my judgment, it is one of the -- That project  
7 is one of the reasons that this program was able to sur-  
8 vive the 25% cut with the level of reduced trauma and  
9 anxiety that it did. So basically, those type of projects  
10 an attempt to use this living laboratory that we have  
11 out in the field and the innovative ideas going on out  
12 there to replicate where they need replicating, to capture  
13 those experiences or replicate them for increased  
14 efficiency. And quality.

15 MR. HARVEY: Hal, a question.

16 CHAIRMAN DeMOSS: All right. Bill Harvey.

17 MR. HARVEY: Thank you very much. Clint, I'm  
18 very interested in what you've just said. I take it that  
19 that was done when, in Calendar Year 1981?

20 ACTING PRESIDENT LYONS: Yes. '82.

21 MR. HARVEY: In '82. Did those reports which  
22 you just commented on reflect \$41 million surplus which  
23 we learned about in June?

24 ACTING PRESIDENT LYONS: I'm sorry, Chairman  
25 Harvey. Would you repeat that question?

1 MR. HARVEY: Those reports which you just spoke  
2 about, did they reflect the cumulative \$41 million sur-  
3 plus, the carry-over from '81 to '82 which the Board  
4 learned about in June of this year?

5 ACTING PRESIDENT LYONS: Well, the answer to  
6 the first part of your question is, no. We had a separate  
7 effort aimed at monitoring the fund balance issue; and  
8 the Board first learned about the fund balance issue in  
9 March or May of 1982. This Board. The current Board had  
10 been advised of it previously.

11 MR. HARVEY: Okay. Thank you.

12 The second question is, Harold, wouldn't --  
13 Shouldn't the Board and staff consider placing this  
14 program development and experimentation, since there seems  
15 to be such flexibility in the way that those four words  
16 have been implemented, under the Office of Inspector  
17 General, Item 11, D-11? Or want to change the budget  
18 sheet? At least it might be understood that that office  
19 with the supervised E-5 money?

20 CHAIRMAN DeMOSS: Yes. My first answer, Bill,  
21 would be that the Office of Inspector General in the  
22 staff report that we're considering does have a \$200,000  
23 budgetary allotment for it, as now stated. Are you saying  
24 it should go up to \$400,000?

25 MR. HARVEY: Either that, or that the Committee

1 would give an interpretation to the budgetary presentation  
2 that that office would have access to or superintend that  
3 program development and experimentation area.

4 CHAIRMAN DeMOSS: Clint wanted to make a response  
5 to your question.

6 ACTING PRESIDENT LYONS: I'll yield to Mr. Dana.

7 MR. DANA: Let me just jump in ahead. It's my  
8 understanding from the materials -- and Clint, maybe you  
9 can answer this -- is that the \$232,000 is available.  
10 It is uncommitted and would be available to the Corpora-  
11 tion to help with the new directions for private bar  
12 monies that we hope to commit at some point.

13 Is that correct?

14 ACTING PRESIDENT LYONS: That is correct.  
15 Whatever you choose to do, out of our delivery research  
16 effort, to try to implement anything we want to imple-  
17 ment, it is to give a strong analytical base and data  
18 base to whatever decisions we make. And it's that kind  
19 of effort that looks at what's happening, sort of  
20 develops the papers and captures the data and experience  
21 to give support to the directions that we take.

22 MR. DANA: Are there any contracts committing  
23 any of that money for next year?

24 ACTING PRESIDENT LYONS: I don't think so, at  
25 this point.

1 MS. HARVEY: The #32,000 of some of the one-  
2 time committed complete activities that were started in  
3 1982. For the \$200,000, it's not committed; but the  
4 \$32,000 is.

5 MR. DANA: And presumably, would not be com-  
6 mitted until we make some judgment as to what to do with  
7 the next item.

8 MS. HARVEY: The \$200,000?

9 MR. DANA: Yes.

10 MS. HARVEY: That's correct.

11 CHAIRMAN DeMOSS: All right. Any more discus-  
12 sion of Line Item E-5?

13 MR. HARVEY: That's fine. Thank you, Harold.

14 CHAIRMAN DeMOSS: Is there any objection to  
15 Line Item E-5 as stated in the staff report?

16 If not, it'll be approved as stated.

17 Line Item E-6, New direction of the bar.

18 This figure will, in effect, be our plug figure which  
19 will end up being whatever is -- the \$4,645,000 is  
20 going to be reduced by the variety of deduction items  
21 shown in Column 2 which were not approved and did not  
22 get put into the budget, plus it'll also be reduced by  
23 the new Line Item I.A-4 which covers the funds going  
24 direct for client training in the programs.

25 So after those changes have been made, what is

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1 left will be reflected here. Correct?

2 MR. OLSON: Can I ask if anyone --

3 CHAIRMAN DeMOSS: And in order of magnitude,  
4 I don't know that we can tell you precisely; but the  
5 order of magnitude should be \$2,900,000 to \$3 million.

6 MS. HARVEY: That's correct.

7 CHAIRMAN DeMOSS: Is there any commentary  
8 about Line Item E-6?

9 MR. HARVEY: Harold, you say your ball park  
10 figure is \$2.9 - \$3 million, rather than \$4.6 million?

11 CHAIRMAN DeMOSS: Correct.

12 MR. DANA: Mr. Chairman, I would -- I frankly  
13 think that the staff has made some excellent recommenda-  
14 tions, but I'm really not prepared at this time to make  
15 a decision in this area; and I think it would be appro-  
16 priate to wait for -- well, to permit the Board and the  
17 new administration to have that available to stake out  
18 new directives over the next few weeks and months.

19 I would like to approve that item, and leave it  
20 in there; but leave it in the reserve category that --  
21 which is undesignated as of this time.

22 I would so move.

23 CHAIRMAN DeMOSS: Is there a second?

24 MR. OLSON: No, sir.

25 CHAIRMAN DeMOSS: May I accord to him the same

1 privilege?

2 MR. CLSON: Sure, as long as you're going to  
3 vote for him.

4 (Laughter.)

5 CHAIRMAN DeMOSS: I will second it. You want  
6 to speak to it any further than what you've spoken?

7 MR. DANA: No.

8 CHAIRMAN DeMOSS: Let me ask: It would be my  
9 interpretation that, as stated by the staff, it is a  
10 line item of budget allocation which -- as to which there  
11 are now no existing commitments, and it would be the  
12 responsibility of the Board to pass on the disbursement  
13 of funds out of this line item in the future. Am I  
14 correct in that?

15 ACTING PRESIDENT LYONS: No. I don't think  
16 that's correct. Let me tell you what it is. Not exactly  
17 correct.

18 What this item is earmarked for is to fund  
19 some of the concepts without the specific projects that  
20 the staff laid out to you in its paper to you in the  
21 briefing book. And I would assume what would happen  
22 with the new administration is that, as the staff explores  
23 the background papers and develop the projects for this  
24 particular direction and concept, that they would come  
25 back and inform the Board, and the Board would agree or

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1 not agree that they should proceed in a particular  
2 direction. But I can tell you that all of the concepts  
3 laid out in these new directions have an empirical base,  
4 an experimental base, in what is happening out there  
5 right now, and it was just an attempt to capture some of  
6 those experiences and broaden them to further elaborate  
7 the resources we have, to bring in more resources without  
8 having to continually go to the Federal treasury for  
9 those increases.

10 But you are correct in the sense that the staff,  
11 as they develop specific plans, should come back to you  
12 and inform you of those plans and give you the option of  
13 saying, That's the right direction, or it's not.

14 CHAIRMAN DeMOSS: Well, Clint, let me ask you  
15 a question, just to get this thing right out on the table,  
16 where everybody can talk about it.

17 Suppose the Board wanted to use some of these  
18 funds for development of a Judicare delivery system.  
19 Having passed this motion and having the staff's report,  
20 would there be any question that they could not so use  
21 these funds?

22 ACTING PRESIDENT LYONS: No, it wouldn't.  
23 I mean, that's not what my intent was, and that's not  
24 what the concept is. But the Board could listen to the  
25 plans that are developed and, if it wanted to change its

1 category to, say, we'll use it for Judicare delivery,  
2 then they could do that.

3 Part of these monies, as conceived by the  
4 staff, would be to test out some of the delivery experi-  
5 ences further that Mr. Olson and others have indicated  
6 that were unsatisfactory in the delivery system study,  
7 like the voucher systems and those kinds of things.

8 Again, it is an attempt by this staff to give  
9 this Board an opportunity to make judgments based on  
10 experiments, study and sound analysis, as opposed to  
11 a priori conclusions up front.

12 So the Board can change it, is the answer.

13 CHAIRMAN DeMOSS: Well, what I'm trying to get  
14 to is the effect of Mr. Dana's motion by labeling this  
15 as reserve, does that really do anything more or different  
16 from what we now have as this broad category which is  
17 uncommitted, unspecifically allocated to any specific  
18 project that would have to be done by the Board at some  
19 later date?

20 ACTING PRESIDENT LYONS: Can I make a suggestion  
21 how you would handle this? In my judgment, the new  
22 directions allocation does not have specific projects  
23 at this time to tie up specific amounts of money. What  
24 you can do is, earmark it for new directions for the  
25 private bar, which could encompass any kind of new

1 delivery or whatever. And you can instruct the staff as  
2 part of your motion to come back with specific plans in  
3 that area, and you will approve it then or not approve it.

4 MR. OLSON: Let me say that I would oppose the  
5 effort to just make this generally undesignated funds,  
6 because it would be all of a sudden all that much easier  
7 to divert and spend to supplement other categories. I'd  
8 like to leave it there, which is -- leave it there for  
9 new directions for the private bar, understanding what  
10 Clint said, the possibility of grants to State bar  
11 associations, training and technical assistance to local  
12 bars, joint projects with bars' organizations, training,  
13 CLE involvement, vouchers, pro bono, delivery systems, etc.

14 I think that, if we simply make it undesignated,  
15 we're going to find it all the much easier to fritter  
16 away; as opposed to leaving it in the area where this  
17 Board can place its stamp on the program. And that's  
18 what I'd like to do. I'd like to leave it there for  
19 that purpose.

20 MR. DANA: All right. Mr. Chairman, I would  
21 quickly withdraw my motion, and second Bill's.

22 CHAIRMAN DeMOSS: All right. Second Bill's?  
23 Did you make a motion on this?

24 MR. OLSON: No. Not unless I wasn't looking.

25 CHAIRMAN DeMOSS: All right. Mr. Dana has

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1 withdrawn his motion, so we're back to the adoption of  
2 the staff Line Item E-6, knowing that the stated figure  
3 in the far right is not right, that it will be something  
4 in the order of magnitude of \$2.0 - \$3 million or  
5 something like that.

6 Any further comment?

7 If not, then any objection to the staff report,  
8 I guess, is what we're at, recognizing that the staff  
9 report as stated is going to be adjusted by all the other  
10 things we've done.

11 All right, that's approved.

12 We move to Category II, Support for Legal --  
13 Provision of Legal Assistance, Item A, Office of Field  
14 Services, 1. Headquarters. Is there any objection to  
15 the amount stated in the staff report for Item 1, Head-  
16 quarters?

17 If not, it will be approved as stated.

18 Item 2, Regional offices and evaluations.

19 What is the significance of the addition to the base,  
20 Alfreda?

21 MS. HARVEY: It's simply a transfer between the  
22 OFS Headquarters and the Regional offices to locate the  
23 staff of the -- actually, Regional Training Center  
24 Coordinators. They're located physically in the Regional  
25 offices, and we're simply moving their costs to the same

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1 location where they are.

2 CHAIRMAN DeMOSS: All right. Any objection to  
3 Line Item 2?

4 If not, it'll be approved as stated.

5 Line Item 3, Management and Technical Assist-  
6 ance, \$250,000. Any objection to that line item?

7 Item 4, Training and Development, \$125,000.  
8 Any objection to that line item?

9 MR. OLSON: Hal, could I have some discussion  
10 on this issue? I see the -- Originally, last year we  
11 were supposed to spend \$2 million, and during the course  
12 of the year it was reduced to \$125,000.

13 CHAIRMAN DeMOSS: I don't think that's a correct  
14 statement of what happened. I think we'd better let  
15 Alfreda speak to what the line item really reflects.

16 MS. HARVEY: The \$2 million that was included  
17 in the base in the 1982 budget represented primarily  
18 two-year grants to the Regional Training Centers. So  
19 consequently, they have been funded for the '83 period,  
20 and those amount of grant funds would not be required in  
21 1983. Consequently, the large reduction.

22 MR. OLSON: What happens to the Regional  
23 Training Centers?

24 MS. HARVEY: At what point in time do you mean?

25 MR. OLSON: If we adopt \$125,000 budget line

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1 item, what would be the implication? Are they all to  
2 close?

3 ACTING PRESIDENT LYONS: No. The implication  
4 is that you would -- When you do your next budget, if  
5 you approve this one, you will consider whether or not  
6 after the expiration of that two years you wanted to  
7 re-fund them again.

8 MR. OLSON: Oh, I'm sorry. So what you said,  
9 they were funded for a two year period out of last year's  
10 money.

11 ACTING PRESIDENT LYONS: Right.

12 MR. OLSON: So in essence, that's \$1 million  
13 a year, and we just paid it last year.

14 ACTING PRESIDENT LYONS: Right.

15 MR. OLSON: Oh, I see.

16 Let me ask this question, which requires, I  
17 guess, skipping a bit in the budget; but we used to have  
18 the Office of Program Support responsible for training.  
19 Other than this line item in the budget, what other  
20 category in the support for the provision of legal  
21 assistance would have a training component?

22 ACTING PRESIDENT LYONS: Okay. We have out  
23 there right now the \$2 million, two year commitment.  
24 Okay? We have in the Regional offices those Regional  
25 Training Coordinators costing approximately \$150,000.

1 And we have here as left in and recommended to you,  
2 \$125,000 for training activities.

3 So that is the amount of money that we have  
4 under support for the provision of legal assistance for  
5 training.

6 "R. OLSON: Is there any other category of  
7 the administration of the Corporation itself that has  
8 a training component like the Office of Program Support  
9 used to? In other words, is anything substituted for  
10 the old Office of Program Support?

11 ACTING PRESIDENT LYONS: Well, what we do have,  
12 we have a training coordination unit which represents --  
13 which is represented by this \$125,000, basically, as  
14 proposed; and again, we have the Training Coordinators.  
15 You have the flexibility of the \$2 million again next  
16 year, depending on what you want to do with it.

17 Simply, what we've attempted to do with that  
18 is maintain the core staff throughout the Regions and  
19 at Headquarters, in this amount of money, to impact on  
20 the localization of the training. We have a person who  
21 has developed some very detailed and significant back-  
22 ground papers on training, and which will be available  
23 to you through our delivery research efforts in the  
24 library. And I think it will be significant help to  
25 you in helping you make your decisions about training.

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1           Basically, that's the money we have. The rest  
2 of the money for training is dispersed throughout the  
3 other components of the budget. Is that basically  
4 correct?   Alfreda?

5           MR. OLSON: From my own perspective, it seems  
6 to me \$125,000 to be spent in the National office on  
7 training would be a very low number indeed. I may have  
8 a proposal in a minute. I don't think --

9           ACTING PRESIDENT LYONS: It's \$275,000. We've  
10 got the Regional Training Coordinators. The National  
11 office --

12          MR. OLSON: I understand what you're saying.  
13 I've got another possible proposal, but it doesn't  
14 necessarily have an impact on this line item. So with  
15 the understanding that I can raise the issue of training  
16 in a minute, I'll be glad to approve that.

17          CHAIRMAN DeMOSS: All right. Line Item A-4  
18 is approved. We go now to Category B, Management and  
19 Administration.

20                 Line Item 1, Board of Directors, \$243,721.  
21 Any objection to that item?

22                 Line Item 2, Executive Offices, \$466,043.  
23 Any objection to that item?

24                 Item 3, General Counsel's Office, \$432,171.  
25 Any objectio to that item?

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1 MR. OLSON: I'd just like to ask if that's  
2 enough. From what I was hearing Saturday afternoon, if  
3 we did anything, we were going to find ourselves in court,  
4 and I think we may find ourselves in court with some  
5 regularity, if we do anything.

6 CHAIRMAN DeMOSS: Could you all quantify on  
7 that General Counsel's Office the \$67,000 addition to  
8 base? I mean, was that analyzed in any way as to how  
9 many lawyers or what?

10 ACTING CHAIRMAN LYONS: What we simply did was,  
11 I think, to add another lawyer position and some litiga-  
12 tion funds. Is that correct, Alfreda?

13 MS. HARVEY: That's correct. We have, I think,  
14 a contingency of, like, \$60,000 in the litigation account;  
15 and this \$67,000 would include the addition of one  
16 professional staff person. And as always, the expenditures  
17 would be monitored quarterly, so we get an opportunity  
18 to review the expenditures during the year.

19 MR. OLSON: With the caveat that I would hope  
20 the General Counsel would realize that at least this  
21 member of the Board is eager to spend money in that  
22 category, if necessary, to keep us out of jail and in  
23 order to vigorously defend our initiatives, when and if  
24 we take them, and spend more money in that category, if  
25 necessary, I'd be pleased to agree to that category.

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1 CHAIRMAN DeMOSS: Yes, sir.

2 Category 4, Equal Opportunity, \$153,036.

3 Any objection to that line item?

4 Line Item 5, Comptroller's office, \$466,000.

5 Any objection to that line item?

6 Audit Division, \$322,487. Any objection to

7 Line Item 6?

8 Line Item 7, Division of Administration,

9 \$1,788,277. Any objection to that line item?

10 Line Item 8, Government Relations, \$125,486.

11 Any objection to that line item?

12 No. 9, Public Affairs, \$184,111. Any objection

13 to that line item?

14 Office of Information Management, \$606,940.

15 Any objection to Line Item 10?

16 MR. OLSON: How did we make that saving?

17 \$250,000?

18 ACTING PRESIDENT LYONS: I'm sorry, Bill.

19 Where are you?

20 MR. OLSON: Office of Information Management.

21 CHAIRMAN DeMOSS: That's not a saving. That's  
22 a deduct that we're taking out of that office to give us  
23 something in new directions.

24 MS. HARVEY: That was the determination of  
25 the functions of --

1 MR. OLSON: The training resource center.  
2 Am I confusing -- Can you explain that?

3 MS. HARVEY: That was what you would probably  
4 have recalled to have been a part of the Office of  
5 Program Support, and it basically had to do with the  
6 distribution of training materials, which is now provided  
7 by the Regional Training Centers.

8 MR. OLSON: They're the people with the  
9 cassettes from the D.C. Arts.

10 CHAIRMAN DeMOSS: Any objection to Line Item 10?  
11 Line Item 11, Office of Inspector General,  
12 \$200,000. I think it would helpful, maybe, if you would  
13 quantify what the staff came up with in terms of staffing  
14 of this, that was reflected in this dollar amount.

15 MS. HARVEY: Basically, to support the staff's  
16 proposal to the Board, I believe, at the Indianapolis  
17 Board meeting regarding the creation of the Office of  
18 Inspector General, which would reflect a Director, two  
19 professionals -- I'm not sure if they're attorneys, and  
20 one support person. We felt comfortable that this would  
21 at least be a good place to start in 1982, since there  
22 are at least three months already where they have been --  
23 almost three months where no costs have been incurred,  
24 and will also be subject to review during the course of  
25 the Fiscal Year.

1 CHAIRMAN DeMOSS: All right. Any objections to  
2 Line Item 11?

3 Category C, Unallocated, \$150,000. That's  
4 been a fairly traditional amount to carry in Unallocated.  
5 Isn't that correct?

6 MS. HARVEY: That's correct.

7 CHAIRMAN DeMOSS: Any objection to Item C  
8 under Category II?

9 If not, then we are -- I will now entertain  
10 whatever you want to propose viz a viz the training issue  
11 or whatever it was that you said you wanted to --

12 MR. OLSON: Okay.

13 Let me do that. Let me also first say, because  
14 I don't know where else to raise it, just to mention for  
15 the record what we discussed between us with respect to  
16 the categorization of these expenses.

17 One of the things that's perplexed me is the  
18 way in which we categorize expenses, since we talked about  
19 this a little bit Saturday. But we have the component  
20 Provision of Legal Assistance, and we have component  
21 Support for the Provision of Legal Assistance: and then  
22 we classify National and State Support and Special  
23 Programs under the provision as opposed to under Support.  
24 And I think this is something that ought to be carefully  
25 looked at to ensure that our budget proposals and our

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1 audit -- the audit both fairly reflect what happened in  
2 the Corporation and our forthcoming and useful, in terms  
3 of being informational vehicles, to those on the Hill  
4 and everyone else.

5 So I just wanted to mention that. I know that--

6 CHAIRMAN DeMOSS: Let me back up that with  
7 that there was some discussion among the Committee at  
8 lunch which would contemplate that we would ask the staff,  
9 particularly those that deal basically with budgetary  
10 matters, but also perhaps to some extent the need of the  
11 legal counsel might be needed, to work with Mr. Olson  
12 and with Joe Callas of the Auditors to explore without  
13 any commitment on this Committee's part a rearrangement  
14 of our budgetary presentation, to perhaps get to three  
15 or more basic categories rather than just two, and that  
16 we would basically be thinking about one category that  
17 would deal directly with expenditures, two programs, a  
18 second category that would deal with indirect expenditures  
19 to programs, i.e., for support or things that didn't go  
20 directly to the programs but in some way ultimately  
21 inured to their benefit. And three, a category of  
22 General Administration and Overhead type expenditures.

23 If you are willing, Mr. Olson, I would like  
24 for you to move forward on that with the staff and with  
25 Joe Callas in Washington and explore that.

1           Let me say that I have already raised with  
2 Mr. Olson the fact that I do not want us, by way of this  
3 recategorization, to achieve any inadvertent legal  
4 consequence on any recipient. And I am not versed enough  
5 at this time to know whether there are any of those,  
6 but Mr. Olson has indicated that that will certainly  
7 be what they will explore as a matter of analysis of  
8 this; and if there are such consequences, they will be  
9 expressly stated and presented to the Committee for  
10 consideration if, as a result of recategorizing our  
11 budget, we produce a legal consequence on the status or  
12 the rights of any recipient of the programs.

13           ACTING PRESIDENT LYONS: I'd just like to make  
14 two points of information. One is, I think that it is  
15 generally the opinion among staff members and members of  
16 our Appropriations Committee on the Hill that this  
17 Corporation provides the most informative document with  
18 respect to budget allocation and budget allocation deci-  
19 sions of any agency that they have any experience with.  
20 The staff is there, and members of the Committee have  
21 so stated that to the Corporation.

22           I think at the same time our auditors over the  
23 years have expressed a view that the way we capture and  
24 disseminate information is one of the best in the non-  
25 profit industry. Of course, that does not preclude the

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1 possibility for improvement, but you might want to know  
2 that as a point of information.

3 CHAIRMAN DeMOSS: I hope that you or anybody  
4 doesn't take this as any inference on the part of the  
5 Committee that anything has been misrepresented. What I  
6 have said is that I think we ought to explore it.  
7 Mr. Olson is interested in it. He can work with the  
8 staff here in Washington and with the auditors.

9 The auditors did have some comments to us at  
10 noon today which, in my mind, tended to indicate that  
11 they thought we could properly make a better job of  
12 presenting this. And I think we ought to explore it.

13 We are not committed. We are not obligated  
14 to anything, but I think it should be explored.

15 Yes, sir?

16 MR. ROBERT SABLE: I just wanted to remind the  
17 Board and the staff that in 1975 running into early '76  
18 the Corporation did a major study of the National Support  
19 Centers addressing the question of the extent to which  
20 the work that they did was legally and practically con-  
21 sidered the provision of legal assistance as opposed to  
22 other categories. And I should think that that study,  
23 which I think got delineated the Polikoff Study, would  
24 be -- should be considered as you consider this.

25 Their conclusion, as you probably can see from

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1 the way that this is set out with the bulk of the work  
2 that the National Support Centers do is properly con-  
3 sidered the provision of legal assistance; but you would  
4 want to take a look at that.

5 Thank you.

6 CHAIRMAN DeMOSS: Thank you.

7 All right. Now that's all just discussion and  
8 commentary. Now do you want to -- Have you got all  
9 your thoughts together while I've been doing all this  
10 speaking about what you want to do about training?

11 MR. OLSON: You did a great job. We will take  
12 a look at seeing if a functional presentation of the  
13 budget is more useful and more informative, and take into  
14 account the 1011 implications, not so -- so that the  
15 Board is not -- does not do anything by inadvertance.

16 Let me say that I would like to make a final  
17 attempt to perform the budget to provide for two needs  
18 that I think are unmet. One of them is the in-house  
19 training component, the fact that the Office of Program  
20 Support used to be a very important, very large part of  
21 this Corporation; and I for one am not satisfied with  
22 the way in which decentralized training has been conducted.

23 I think it's been a good -- There certainly are  
24 good reasons for doing it in different ways. I, for one,  
25 don't think the way we handle it now is to have maximum

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1 efficiency and effectiveness by the delegation of the  
2 responsibility to virtually every grantee and contractor  
3 or the Corporation.

4 I also believe that the concept that we had  
5 of a research institute in the sense of an in-house capa-  
6 bility was something that was worthwhile. And in fact,  
7 I think that this research institute could meet some of  
8 the same needs as the support centers now serve.

9 Accordingly, I'd like to make a proposal to  
10 have a ten percent cut in the National Support Centers  
11 and a ten percent cut in the Reggie Program, which would  
12 amount to approximately 900, and some-odd thousand dollars,  
13 for purposes of funding a revitalized, renewed research  
14 institute, and for purposes of funding a renewed and  
15 revitalized Office of Program Support in the training  
16 area.

17 We used to spend, in Fiscal '84 I think it was,  
18 over \$3 million in those two areas. This would renew  
19 only a small portion of those funds, less than one-third;  
20 but I think it would be a step in the right direction.  
21 And I would urge us to allocate the funds in that way  
22 to provide for the most efficient and effective delivery  
23 of legal services that we can.

24 CHAIRMAN DeMOSS: Is there a second to the  
25 motion?

1 MR. OLSON: After all that talking, at least  
2 I have to get a second.

3 CHAIRMAN DeMOSS: All you'll do if I second it  
4 is talk some more.

5 (LAUGHTER.)

6 MR. OLSON: No one else will. I won't, I  
7 promise.

8 CHAIRMAN DeMOSS: You promise not to talk  
9 anymore.

10 MR. OLSON: If no one else does. If that's  
11 what's required, Hal, get a second.

12 CHAIRMAN DeMOSS: All right. I'll second it,  
13 just to hear if there's anything that anybody else  
14 wants to say on it.

15 MR. DANA: I'd like to speak against the  
16 motion briefly.

17 It seems to me that our decentralization of  
18 training didn't go far enough, and frankly I think that  
19 what we should strive to do is put the training function  
20 directly on the local office where it is in private law  
21 firms around this country.

22 I think it's premature, frankly, to do this  
23 at this time; but I would like to see the staff develop  
24 a approach whereby we would require every program to  
25 spend "X" percent of their budget on lawyer training, and

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1 insist that that be done -- and insist that that be done  
2 and monitor it to make sure that from a C.I.E. standpoint  
3 that is going on.

4 I believe that organizations that, like the  
5 American Bar Association, N.I.E.D.A., and law schools  
6 and the Corporation and/or its various grantees could  
7 be encouraged to offer training programs that -- to which  
8 the grantees could then make up their mind as to whether  
9 or not they wanted to go. I feel that the sense is that  
10 a better product would be -- that we could delivery a  
11 better training product if the people closest to the  
12 lawyers involved made the judgments as to what kind of  
13 training they wanted and where to go to get that  
14 training.

15 The notion of semi-decentralization, which is  
16 what I think we have now, is maybe the worst of both  
17 worlds in that we as Directors don't have any control over  
18 it, and maybe the grantees don't have as much control  
19 as I would like. But I think bringing back the training  
20 function within the Corporation, in effect, reconsolidat-  
21 ing the training function, is the wrong direction.

22 CHAIRMAN DeMOSS: Do you make that in the form  
23 of a substitute motion?

24 MR. DANA: At this time, I do not. My feeling,  
25 I would like to have -- Besides, there's a motion on

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1 the floor. I'm not that sure of the suggestion to make  
2 it in the form of a motion at this time.

3 CHAIRMAN DeMOSS: All right. The motion on  
4 the floor is Mr. Olson's motion to take a ten percent cut  
5 out of National Support Centers and a ten percent cut  
6 out of Reggie Programs and bring those back to the  
7 National level for enhancement of a training program at  
8 the national level.

9 MR. OLSON: And the research institute.

10 CHAIRMAN DeMOSS: And the research institute.

11 Is there any other discussion on Mr. Olson's  
12 motion?

13 Mr. Watts.

14 MR. RODNEY WATTS: I guess as a Project Director  
15 I'm particularly sensitive to this whole issue of train-  
16 ing. And I guess I have problems with many of the models  
17 that have been presented over the years. While the  
18 Legal Services Corporation indeed put together some very  
19 fine training models when training was centralized,  
20 I'm not quite sure that the appropriate needs analyses  
21 were always done, in order to determine from a local  
22 level whether or not they were presenting the kind of  
23 training that we needed.

24 I wasn't around when the decision was made to  
25 decentralize, but I can only guess that there was some

1 consideration given to the idea that perhaps local pro-  
2 grams knew better what their training needs were.

3           The other thing that concerns me is this period  
4 of time when the new President and staff will be looking  
5 at State and National Support Centers. It would seem to  
6 me that before a decision is made budgetarily, either  
7 adopting Mr. Olson's position or Mr. Dana's position,  
8 that you certainly want to look at the kinds of things  
9 that the State and National Support Centers are doing  
10 with training.

11           Again, the idea as I heard it articulated on  
12 Saturday and again here today, was to what degree is  
13 duplication happening? And I share Mr. Olson's concern  
14 that perhaps there is some duplication happening viz a viz  
15 the National, State Support Centers, and the local  
16 programs.

17           In Region IV where I am, there is a proposal  
18 bandying around with regard to -- and I guess it may have  
19 been effectively stopped; I have to look at it -- by  
20 the Contracts and Grants Committee's recommendation with  
21 regard to paying dues; but we have a Committee on Regional  
22 Training, and some thought was being given to programs  
23 kicking in in order to provide basic lawyer and skills  
24 training, which is a very expensive training item, but  
25 it is also a very necessary training item.

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1 I would just hate to see this Committee take  
2 a position at this time with regard to shoveling money  
3 around, until a good, hard look-see can be taken at  
4 what is the most effective mode of training. It very well  
5 may be that ultimately the National training is the way  
6 to go.

7 Personally, as a Project Director, I would like  
8 to be in a position to decide for my lawyers what is  
9 the best kind of training that they need. And certainly,  
10 if the Board is going to act at all, I would rather have  
11 the Board say in a nonbudgetary way, look, we want "X"  
12 number of hours of training to occur in a given Fiscal  
13 Year, as opposed to telling me how I must do my training.

14 CHAIRMAN DeMOSS: Thank you, Mr. Watts. Any  
15 other comments from anybody?

16 If not, I'll call for a vote on Mr. Olson's  
17 motion. All in favor, say "Aye".

18 (One "Aye")

19 CHAIRMAN DeMOSS: Opposed?

20 ("Aye")

21 CHAIRMAN DeMOSS: You're voting "No"?

22 MR. DANA: I am.

23 CHAIRMAN DeMOSS: And the Chairman votes "No",  
24 so Mr. Olson's motion is defeated.

25 Do you have anything else to deal?

1 Mr. Bill Harvey. Yes, sir?

2 MR. HARVEY: This is not on the Committee --  
3 Before the Board members break, could you come to the  
4 phone for just a minute to discuss another matter? This  
5 has nothing to do with your Committee meeting at all.  
6 You, Howard, Bill -- and you.

7 CHAIRMAN DeMOSS: Come to the phone? You mean,  
8 just pick up the separate phone?

9 MR. HARVEY: Just stay where we are here, and  
10 sort of hover around it.

11 CHAIRMAN DeMOSS: All right. I think we are  
12 close to adjourning, but I don't think we have actually  
13 adjourned.

14 Do you, Bill, feel any need to record an overall  
15 "No" vote on the budget? Do you want now a general  
16 motion, so you can express yourself one way or the  
17 other on the overall budget?

18 MR. OLSON: Well, I think there ought to be a  
19 motion to recommend what the Committee has come out with  
20 which I would intend to vote against.

21 CHAIRMAN DeMOSS: Okay. I move that the  
22 Committee recommend to the Board the budget as revised  
23 by this hearing today in toto.

24 MR. DANA: I second it.

25 CHAIRMAN DeMOSS: Motion has been made and

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1 seconded. All in favor, say "Aye".

2 (One "Aye")

3 CHAIRMAN DeMOSS: Opposed?

4 (One "No").

5 CHAIRMAN DeMOSS: The Chairman votes "Aye",  
6 and the main budget is approved and recommended to the  
7 Committee.

8 Let me -- and I'm appreciative of this, because  
9 I have to get on my way at four o'clock for an airplane .

10 Let me simply advise everybody, we met at noon  
11 today with the auditors for the program. We received  
12 from them a preliminary draft of the 1982 financial  
13 statement of the Corporation.

14 While it was a preliminary draft, they said  
15 they could tell us that there was no fundamental problems  
16 of any kind, and that it was in their terminology of  
17 the auditors would be a clean report.

18 So the operations for this year have been  
19 conducted in the manner in which they have consistently  
20 been conducted, in accordance with good, sound accounting  
21 practices, and with all of the adequate records that the  
22 auditors feel are necessary to support the receipt and  
23 disbursement of these funds.

24 Is there any other -- I don't guess there is,  
25 and I'd better not open it up.

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1 MR. DENNY RAY: You're not going to deal with  
2 the '84 --?

3 CHAIRMAN DeMOSS: Excuse me. We've got to get  
4 back to our agenda. Thank you, Denny.

5 The next item on the agenda is discussion of  
6 the 1984 budget, which is presented in pages 79. Thank  
7 you, Bucky, for helping me find it in this book.

8 Do we not have a display of the 1984 budget  
9 requests? We don't, do we?

10 MS. HARVEY: No.

11 CHAIRMAN DeMOSS: Okay. We are simply asking  
12 for instructions from this Committee as to how to go about  
13 preparation of the 1982 budget request, in terms of  
14 categories and increases, etc.

15 ACTING PRESIDENT LYONS: That's right.

16 CHAIRMAN DeMOSS: Okay. Let me make my first  
17 motion then. Or let me ask a question of the staff,  
18 first of all.

19 There are a variety of the decisions that are  
20 reflected in the 1983 budget as to which we don't know  
21 how they're going to finally come out, depending upon  
22 future action by the Board relative to National Support  
23 Centers, Client's Counsel, etc.

24 It would be -- What does the staff propose that  
25 we do in terms of preparation of a 1984 budget to deal

1 with these contingencies that the Board may in early  
2 1983 opt to go a different direction?

3 ACTING PRESIDENT LYONS: I think, one, what we  
4 do is what is important, is the amount that we are going  
5 to be requesting.

6 Secondly, the way the 1984 budget requests in  
7 the past have been constructed is that your 1983 decisions  
8 become your 1984 base. And we would simply reflect in  
9 our request money in those categories, but will reflect  
10 what the Board -- the status of the Board decision-making  
11 on those, in that -- you know, you --

12 CHAIRMAN DeMOSS: There will be some footnoting  
13 or indication that this is subject to reallocation. For  
14 instance, in -- Well, no, we don't get into that. The  
15 reallocation problem among programs wouldn't come out  
16 in the '84 budget request. Excuse me.

17 Okay. All right. Then I would like to move  
18 that the Audit and Appropriations Committee request the  
19 staff to move forward with a preparation of a 1984 budget  
20 request, using the amended 1983 budget as approved by  
21 this Committee as a base to work from, and with a 6 1/2%  
22 inflation increase in all categories.

23 If I can get a second?

24 MR. DANA: Second.

25 CHAIRMAN DeMOSS: As the staff report points out,

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1 I think we are in tough times, and I don't think anybody  
2 in this room doubts that. And I recognize that there is  
3 a real problem about whether this Corporation is going  
4 to get any more money, whether we request it or not. But  
5 it would be my feeling that the Board, and that's the  
6 purpose of this recommendation, ought to be aware of and  
7 cognizant as the Board of Directors of this Corporate  
8 entity that it is experiencing real inflation increases,  
9 and that its grantees and recipients are also in experi-  
10 encing this rising cost of salaries, utilities, rent,  
11 operating expenses of all kinds, and that we would be  
12 remiss if we did not at least request the Congress for  
13 such an increase.

14 I have no idea whether we'd ever get it. That's--  
15 There are a whole range of big economic and budgetary  
16 issues that are -- have in the past and will probably  
17 continue in the future to impact us, but I genuinely  
18 feel that we ought to at least go to the Congress with  
19 a request for an additional 6 1/2% across the board to  
20 deal with this problem.

21 And I so move, and have moved; and you've  
22 seconded.

23 Is there any discussion?

24 Mr. Olson?

25 MR. OLSON: Yeah. From the standpoint of what

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1 you said in your motion, I think you said we're going to  
2 instruct the staff to work with -- to prepare the 1984  
3 budget with the base of \$241 million plus 6 1/2% infla-  
4 tion. And I think that's fine. I think I'd also like  
5 to then -- I'd like to have two items. In other words,  
6 from my point of view, I think what we ought to do is  
7 find out what that would be with and without the 6.5%.  
8 In other words, instruct staff to provide parallel figures  
9 with respect to current funding and -- current funding  
10 plus 6.5%, if that's what you want.

11 Would that be compatible with what you said?

12 CHAIRMAN DeMOSS: Do we need to get this 1984  
13 budget request approved by the Board at the next meeting?

14 ACTING PRESIDENT LYONS: Yes.

15 CHAIRMAN DeMOSS: Okay. The problem is that  
16 we are fast running out of time with all the other things  
17 the staff has got to do between now and then. It would  
18 seem to me that what we ought to really decide is what  
19 this Committee wants to recommend to the Board that we  
20 state to the Congress as our 1984 budget request, and  
21 get on with it.

22 MR. OLSON: Well, are we -- perhaps I misunder-  
23 stand. In the agenda and what I thought we were dealing  
24 with today was a discussion generally of Fiscal '84 and  
25 how we were going to handle it. Are we going to be

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1 requesting, according to what you're saying, an amount  
2 of money from the Congress for Fiscal '84 prior to the  
3 time that '83's funding is known to us?

4 CHAIRMAN DeMOSS: That's likely. What I under-  
5 stand our requirement to be is that, within so many  
6 days after the convening of the new Congress, we present  
7 to the Congress and give a copy of it to O.M.B. for  
8 informational purposes of our 1984 budget request, which  
9 is a -- principally a gross figure but does have to be  
10 broken down to some degree in categories.

11 ACTING PRESIDENT LYONS: Has to be a program-  
12 matic presentation of where the money is going to be  
13 spent.

14 CHAIRMAN DeMOSS: So to the extent that we have  
15 to break it down, what I'm asking the staff to do is to  
16 use '83 budget as the guideline for doing that, and up  
17 every category by 6 1/2%.

18 If we're going to get the Board to review and  
19 act on that at the next meeting, I just think we ought  
20 to get them to do that and get on with it.

21 MR. OLSON: Well, I don't know. My only  
22 question is that I really haven't --

23 CHAIRMAN DeMOSS: Do you think you can get us  
24 more money, Olson?

25 (LAUGHTER.)

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1 MR. OLSON: Well, what I haven't figured out  
2 is, assuming that we're lobbying -- what I haven't  
3 figured out is, you know, 6.7 is that we have about a  
4 half a page discussion in this memo with respect to  
5 inflation adjustment, and another item with respect to  
6 private attorney involvement.

7 I frankly haven't focused on either, thinking  
8 that these decisions were going to await passage of an  
9 appropriation for Fiscal '83 in its finality. That  
10 hasn't yet occurred, and I think we're sort of going in  
11 uncharted waters. Maybe this is the way it always is.  
12 I, for one, would have a hard time figuring out what to  
13 do today with respect to how to vote on your motion.

14 CHAIRMAN DeMOSS: Any other discussion.  
15 Bill Harvey?

16 MR. HARVEY: Yes, I do. Thank you. One of  
17 the questions frequently asked me, and I admit I do not  
18 have an answer to it, concerning budgetary projection  
19 is, What amount of money is seen by the grantee programs  
20 individually from outside sources as a result of attor-  
21 neys' fees and litigation?

22 The statute usually cited on this is  
23 42 U.S.C. § 1988, and usually there's a large sum  
24 referenced from some newspaper article for what-have-you,  
25 where some grantee programs received a package of money

1 as a result of a judge granting that money, as a result  
2 of success in litigation.

3 I don't know the answer to those questions.  
4 But I'm fearful that is going to impact upon budgetary  
5 request of the Corporation. I personally hope it doesn't.  
6 I'm fearful that it will. I'd like to be able to answer  
7 that question. Harold, I know we've got, it seems like,  
8 hundreds of requests going to the staff for information  
9 in the next ten days or so, but if someone, anyone, has  
10 any indication as to -- maybe Bucky and that Office of  
11 Field Services has it buried someplace, but any indica-  
12 tion of the amount of money being received by grantee  
13 programs as produced from attorneys' fees, I'd like to  
14 know that, if for no other reason than to be able to  
15 argue on behalf of the Corporation for its funding and  
16 not be blind-sided by what might be substantial figures.

17 That's my comment.

18 CHAIRMAN DeMOSS: All right. Bucky, do you --  
19 Are you prepared to say anything now, or --? If you are,  
20 I'm delighted to have you speak, but I was looking at  
21 your face and I detected a certain amount of --

22 MR. ASKEW: Well, we do not have that infor-  
23 mation.

24 CHAIRMAN DeMOSS: Do we require it, that in any  
25 annual report that the local program reports to us fees

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1 awarded by judgments in any court proceeding?

2 MR. ASKEW: Charles may be better prepared to  
3 speak to this than I. In the annual audit report sub-  
4 mitted by a program, it would show as income any fees  
5 awarded to a program during the program year; but the  
6 problem we would have, in going through -- and we've done  
7 this before, trying to go through audit reports and pick  
8 out attorney fee awards -- is it's not always described  
9 as attorney fee awards, just other income.

10 So it may be mixed in with other sources of  
11 income, and so there's no way to segregate it out. In  
12 the next ten days, I think we would not be able to collect  
13 that information before the Board. We could collect it,  
14 obviously, over a longer period of time.

15 CHAIRMAN DeMOSS: And I suspect from hearing  
16 Chairman Harvey's comments that we might want to consider  
17 revising the annual reports so as that it would set out  
18 specifically fees recovered by staff attorneys in any  
19 legal law suit, awarded by the court.

20 MR. RITTER: I just have one quick comment,  
21 and that is that, generally speaking, those awards are  
22 one-time money.

23 CHAIRMAN DeMOSS: Yes. I think everybody  
24 understands that. Although there may be one judge down  
25 in Texas that I think would be willing to award attorney

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1 fees on a continuing basis.

2 MR. PITTER: No, that's not what I'm getting at.  
3 In other words, what I'm saying is, it may last for a  
4 couple of months or whatever, but it's not anything that  
5 I think the programs can plan on using for any extended  
6 periods of time.

7 CHAIRMAN DeMOSS: All right.

8 MR. OLSON: Let me just say that, from my point  
9 of view, first of all, I suspect that by the time we get  
10 to the full Board meeting the Congress may well have  
11 adopted a final Fiscal '83 budget level, which would --

12 CHAIRMAN DeMOSS: Would you want to bet? I  
13 will bet you. I will bet you that what the Congress does  
14 is adopt another continuing resolution for three months.  
15 You want to bet?

16 MR. OLSON: Well, I don't know. You're the  
17 big law firm with better sources than me.

18 MR. HARVEY: I think gambling, Mr. DeMoss, is  
19 prohibited in Legal Services Corporation.

20 CHAIRMAN DeMOSS: I'm sorry, Mr. Chairman.

21 MR. HARVEY: All right.

22 MR. OLSON: I would hope that, secondly, I  
23 think if I were picking a number, I would pick 241 better  
24 than 241 plus an increase, given all things considered.  
25 And lastly, I think, witness today, I would have a very

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1 different budget allocation among categories than you  
2 and Howard. With those reasons in mind, I think I'll  
3 abstain from this vote, knowing we will revisit the  
4 issue at the Board meeting.

5 CHAIRMAN DeMOSS: All right. Any other comments?  
6 Yes, sir. Denny Ray.

7 MR. RAY: This is very disappointing, and I  
8 think this whole question has to be put in perspective.  
9 I won't dwell long on it.

10 Let me start, though, with some advise that a  
11 former member of this Board gave. That was Senator --  
12 Ex-Senator Marlowe Cook from Kentucky. When he advised  
13 the Board that it's the Board's responsibility to deter-  
14 mine the needs of the Legal Services Corporation and  
15 its recipients, and leave it to Congress to make the  
16 political judgment as to whether that need can be met.

17 Now I realize, as we all do, that you can't go  
18 to Congress with some outlandish appearing budget request.  
19 But what is proposed is regressive, and I think, irrespon-  
20 sible. Let me give you an example.

21 My program is the third largest in the country,  
22 in terms of funding. So we have more flexibility relatively  
23 speaking, even though we're at the bottom end of the  
24 per capita. On an eligible client basis, we have \$4.33  
25 per year per client. We operate on management and

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1 administration at about 5%, and that includes things  
2 like training that are at least indirectly related to  
3 the provision of representation.

4           You take that out, and we're down to \$4.17  
5 per year per client. Now we did a State-wide legal needs  
6 study, a very definitive one, a few years ago, one of  
7 the few, Howard, in relation to the question you raised  
8 earlier today about whether some sense of legal needs  
9 exist.

10           The average low income family in North Carolina  
11 has seven serious legal problems a year, about 3 1/2  
12 persons in that family. So we're talking about a per  
13 capita annual -- not a per capita, per legal need funding  
14 that we receive of about \$2.10 per client problem a  
15 year. That's impossible.

16           Now a couple of things that you all laudably  
17 want to see done in the future is some significant money  
18 put into client training and education. You want to see  
19 the responsibility for training of our practitioners  
20 done locally.

21           I agree with those concepts, but where is that  
22 money going to come from? Out of the pot that we're  
23 being left with. At the very least -- and I think it  
24 is the very least -- We ought to at least attempt to  
25 stay even with where we are.

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1 We don't do that unless we inject into this  
2 budget request an inflationary increase to reflect 1982.  
3 If we assume, as the estimates are, a 5% cost of living  
4 rise for '82, that's an increase of about \$12 million.  
5 And if we added that to the base and on top of it made  
6 the 6.7 or 6.5 as the case might be, projected increase  
7 for '83 in cost of living, you'd end up with a budget  
8 request of \$270 million.

9 That won't begin to make up for the lost ground,  
10 but at least it enables us to do what I would submit to  
11 you is the bare minimum, and that's to stay even with  
12 where we are.

13 CHAIRMAN DeMOSS: Thank you, Mr. Ray.

14 Any other comments?

15 Alfreda?

16 MS. HARVEY: I'd just like a point of clarifi-  
17 cation. The staff recommendation is the 6.7. The motion  
18 includes 6.5.

19 CHAIRMAN DeMOSS: I meant the staff recommenda-  
20 tion, 6.7. I'm sorry.

21 Any other comments?

22 Call for a vote on the motion. All in favor,  
23 say "Aye".

24 ("Aye)

25 CHAIRMAN DeMOSS: Opposed? Chairman votes "Aye".

1 too. The motion passed, and we'll get the staff to work  
2 up that to present to the Board.

3 All right. Back to our agenda. Is there  
4 anything else that we need to bring up?

5 MR. OLSON: Motion to adjourn.

6 CHAIRMAN DeMOSS: It's been moved and seconded  
7 that we adjourn. All in favor, say "Aye".

8 ("Aye")

9 CHAIRMAN DeMOSS: Adjourned.

10 (WHEREUPON, the Committee adjourned at 3:35 p.m.)

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C E R T I F I C A T E

This is to certify that the foregoing transcript

In the matter of :

Meeting of the Audit and  
Appropriations Committee

Before:

Legal Services Committee

Date:

December 6, 1982

Place:

8th Floor Conference Room  
733 15th Street, N.W.  
Washington, D.C.

represents the full and complete proceedings of the  
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