

LEGAL SERVICES CORPORATION
BOARD OF DIRECTORS MEETING

RETURN TO CORPORATION
SECRETARY ARCHIVES FILE

February 22, 1991

9:35 a.m.

The Washington Court Hotel
Center Ballroom
525 New Jersey Avenue, N.W.
Washington, D.C. 20001

Board Members Present:

George W. Wittgraf, Chairman
Guy Victor Molinari, Vice Chairman
Howard H. Dana, Jr.
Luis Guinot, Jr.
J. Blakeley Hall
William L. Kirk, Jr.
Jo Betts Love
Penny L. Pullen
Thomas D. Rath
Basile Uddo
Jeanine E. Wolbeck

Staff Present:

David H. Martin, President
Maureen R. Bozell, Secretary
David Richardson, Treasurer and Comptroller
Victor Fortuno, Deputy General Counsel
Ken Boehm, Counsel to the Board
Allen Severson, Director of Policy Development
Emilia DiSanto, Director of Monitoring and Compliance
Ellen Smead, Director of Office of Field Services

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MOTIONS:

4, 5, 7, 36, 46, 76, 85, 120, 121, 122, 130

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P R O C E E D I N G S

1
2 CHAIRMAN WITTGRAF: Our regularly scheduled meeting
3 of the Board of Directors of the Legal Services Corporation
4 will be in order. It's my pleasure on this occasion not only
5 to welcome our friends in the audience who are joining us
6 again, some regularly, some occasionally, but also to welcome
7 to the Board and to this Board meeting and to their first
8 Board meeting, Bud Kirk from Florida and Tom Rath from New
9 Hampshire.

10 It's delightful not only to have them but to
11 actually have a Board with 11 members again, a pleasure we
12 haven't enjoyed, I don't think, since May of last year. So
13 we're delighted to have the two of you with us this morning,
14 and we're delighted to have 11 of us together.

A P P R O V A L O F A G E N D A

15
16 CHAIRMAN WITTGRAF: Let us begin by looking at the
17 agenda as published and proposed for today's meeting. All of
18 you should have that before you as the first part of the
19 materials under the beige-covered set of materials or under
20 the beige cover. The Chair is prepared to receive a motion
21 for the adoption of the agenda as presented.

M O T I O N

22

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1 MR. MOLINARI: So moved, Mr. Chairman.

2 CHAIRMAN WITTGRAF: It's been moved by Mr. Molinari
3 that the agenda as presented be adopted. Is there a second?

4 MS. LOVE: Second.

5 CHAIRMAN WITTGRAF: Seconded by Ms. Love. Is there
6 discussion?

7 (No response.)

8 CHAIRMAN WITTGRAF: Hearing none, those in favor,
9 signify by saying aye.

10 (Chorus of ayes.)

11 CHAIRMAN WITTGRAF: Opposed, nay?

12 (No response.)

13 CHAIRMAN WITTGRAF: The ayes appear to have it. The
14 ayes do have it. The agenda is adopted as presented.

15 APPROVAL OF MINUTES

16 CHAIRMAN WITTGRAF: Next we have before us the
17 minutes of our last meeting, the meeting of January 28, 1991.
18 Most of you have just received the draft of the minutes this
19 morning. Let me allow you just a few moments to look quickly
20 through them. You will recall that much of that meeting was
21 spent in Executive Session, and these minutes, of course, deal
22 only with the public, or open session of the Board meeting.

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1 The Chair is prepared to receive a motion for the
2 approval of the minutes as drafted and presented.

3 M O T I O N

4 MR. MOLINARI: So moved.

5 CHAIRMAN WITTGRAF: The approval of the minutes has
6 been moved by Mr. Molinari. Is there a second?

7 MR. HALL: Second.

8 CHAIRMAN WITTGRAF: Seconded by Mr. Hall.
9 Discussion?

10 (No response.)

11 CHAIRMAN WITTGRAF: Hearing none, those in favor of
12 the adoption of the minutes of the January 28, 1991, Board
13 meeting as presented will signify by saying aye.

14 (A chorus of ayes.)

15 CHAIRMAN WITTGRAF: Those opposed, nay?

16 (No response.)

17 CHAIRMAN WITTGRAF: The ayes appear to have it. The
18 ayes do have it. The minutes are adopted as drafted.

19 CHAIRMAN'S REPORT

20 CHAIRMAN WITTGRAF: At this time, the Chair has just
21 a couple of comments to make. First, looking ahead to the day
22 and to the schedules of Board members, as well as the

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1 schedules of our guests, it's the Chair's expectation that we
2 will remain in open, or public session until approximately
3 12:15 p.m.

4 At that time, the Board will be moving to the front
5 steps of the U.S. Supreme Court Building for an annual class
6 photo and returning shortly thereafter for a working lunch and
7 a closed, or Executive Session, beginning at approximately
8 12:30 or 12:45 p.m.

9 The Chair doesn't expect nearly so long a closed, or
10 Executive Session as we had on January 28, as we discuss
11 personnel matters and litigation matters, and hopes to be
12 returning to open or public session at approximately 1:30 p.m.
13 Then, depending upon the length of our deliberations, the
14 Chair anticipates the conclusion of the meeting sometime
15 between 3:30 and 4:30 p.m.

16 You will recall that at our last meeting I suggested
17 and the Board approved the membership of the committees of the
18 Board. Since we met on January 28th, Ms. Pullen, whom I had
19 suggested and whom the Board had selected as Chairman of the
20 Inspector General Oversight Committee, has indicated to me and
21 to Mr. Guinot, the other member of our committee, that she is,
22 because of the press of her schedule, unable to function as

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1 the chairman of that committee.

2 At this time, the Chair accepts Ms. Pullen's
3 resignation and is prepared to receive a motion that Mr.
4 Guinot, instead of Ms. Pullen, be the chair of the Inspector
5 General Oversight Committee for 1991.

6 M O T I O N

7 MS. PULLEN: So moved.

8 CHAIRMAN WITTGRAF: That motion has been made by Ms.
9 Pullen. Is there a second?

10 MS. LOVE: Second.

11 CHAIRMAN WITTGRAF: It's been seconded by Ms. Love.
12 Is there discussion?

13 (No response.)

14 CHAIRMAN WITTGRAF: Hearing none, those in favor of
15 the motion that Mr. Guinot continue in 1991 as he did in 1990
16 as the chair of the Inspector General Oversight Committee,
17 please signify by saying aye.

18 (A chorus of ayes.)

19 CHAIRMAN WITTGRAF: Those opposed, nay.

20 (No response.)

21 CHAIRMAN WITTGRAF: The ayes appear to have it. The
22 ayes do have it. The motion is adopted. Thank you, Mr.

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1 Guinot.

2 Only one other item I want to touch on at this time,
3 and that has to do with our schedule. We will continue to at
4 least plan on meeting on a monthly basis. Depending upon the
5 confirmation process, depending upon the reauthorization
6 process, depending upon the press of business, and depending
7 upon the activities of our committees, we won't necessarily
8 meet every month, as a Board.

9 But I think, much as we did in 1990, we need to, for
10 1991, to attempt to establish a regular meeting time each
11 month, be it the fourth Monday of each month, the fourth
12 Friday of each month, or whatever, so that we can plan our
13 respective schedules accordingly for the balance of the year,
14 keeping in mind that if we meet in December, it will probably
15 be other than the fourth Monday or the fourth Friday of that
16 month.

17 During 1990, we met most frequently on Mondays.
18 That seemed to work fairly well. We've also, I think, had a
19 general feeling that Fridays would be good. In the absence of
20 Mr. Kirk and Mr. Rath last month, I think we had a bit of a
21 consensus towards Fridays, but I'd like to have Mr. Kirk and
22 Mr. Rath speak to their preferences, if any, at this time.

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1 Mr. Kirk?

2 MR. KIRK: My preference would be for Mondays,
3 although, I do trial work, and there are some times when the
4 judge is not going to let me out. But I would think Mondays
5 would be easier for me to plan for.

6 CHAIRMAN WITTGRAF: Mr. Rath?

7 MR. RATH: I would share Mr. Kirk's comments. I
8 have a regular commitment on Fridays. I can accommodate it,
9 but I would --

10 CHAIRMAN WITTGRAF: We understand there's something
11 about the environment in upper New England that causes many,
12 many people with governmental and political experience there
13 that need to be on television on Fridays; is that it? We
14 found that to be true in 1990 and apparently again in 1991.

15 Is there further discussion about the possibility of
16 meeting regularly, planning to meet regularly on the fourth
17 Monday of each month. Keeping in mind there are a few months
18 that have fifth Mondays, we would generally plan for the
19 fourth Monday. Ms. Pullen?

20 MS. PULLEN: I thought I heard you say a couple of
21 minutes ago that this would not necessarily be full Board
22 meetings each month. Would you be contemplating that this

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1 would be a time when committees would generally be expected to
2 schedule themselves in between Board meetings?

3 CHAIRMAN WITTGRAF: I'm hoping that we will be able,
4 insofar as possible, to coordinate the work of the committees
5 and the Board to make, I guess, the best use of the time of
6 the members of the Board. That's not always going to be
7 possible, and it's going to depend a little bit on the plans
8 of the different committee heads. But, if possible, hopefully
9 the two can be in conjunction.

10 I would ask the committee heads to keep that in mind
11 so that if there are other members of the Board who don't
12 happen to be members of a given committee, that they also
13 would have the opportunity to sit in on those committee
14 deliberations.

15 This last month was a bit of an exception, where the
16 Audit and Appropriations Committee met last weekend, but that
17 was due to the urgency of the need to give some figures,
18 particularly for Fiscal Year 1992 to the House and Senate
19 Appropriation Subcommittees.

20 It's my hope that the two schedules, the committee
21 and Board schedules, will be as compatible as possible.

22 MS. PULLEN: I'm seeking clarification, also, as to

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1 whether you contemplate monthly full Board meetings.

2 CHAIRMAN WITTGRAF: I think we should plan for that,
3 but depending, as I said a moment ago, on what happens with
4 the confirmation process, which is not going to be on our
5 schedule, but rather is going to be on the schedule of the
6 Senate, there will be a time when we will be here probably on
7 something other than a Monday, hopefully yet this spring.

8 I suspect that in the summer or in the fall it may
9 not be necessary for us to have a monthly Board meeting. But
10 I think as we all plan our schedules and look at our calendars
11 for the year, to be able to look at a given day each month is
12 probably the easiest way for each of us to plan. I don't know
13 if that's clarification or obfuscation. I guess you'll have
14 to decide. Further discussion about Mondays? Mr. Dana?

15 MR. DANA: Mr. Chairman, I have no particular
16 problem with Monday. The only thing I would observe is that
17 if committees do get organized, it is helpful to have the
18 committee meeting before the Board meeting, which might well
19 require having committee meetings on Sunday which, in the
20 past, has produced a house of anguish.

21 It's a matter of indifference to me, but I think
22 that when we meet on that end of a weekend, it implies either

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1 another meeting for committee members that must meet ahead of
2 time, which requires additional travel, additional cost to the
3 Corporation, or it requires meeting on Sunday or Saturday or
4 the prior Friday and then hanging around over the weekend
5 wherever we are. So, that is the only major concern with
6 Monday that I see.

7 CHAIRMAN WITTGRAF: Further discussion?

8 MR. UDDO: I think that's an important
9 consideration. We'll be having to have committee meetings on
10 Sunday if we meet on Monday, and that, I don't think, is the
11 ideal for anyone, especially if you have public comment and
12 you're expecting people to be available to do that. As I said
13 at the last meeting, I prefer Friday meetings. But I don't
14 know how we can resolve the differences in schedules.

15 MR. MOLINARI: Mr. Chairman, may I make a
16 suggestion? Why don't we try to get a reading as to what the
17 majority of the membership would prefer in terms of a regular
18 committee meeting, be it a Monday or a Friday, and then work
19 from there?

20 CHAIRMAN WITTGRAF: We can do that. Is there
21 further discussion first? Ms. Pullen?

22 MS. PULLEN: As offensive as I find meeting on

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1 Sundays, I would like to also point out that meeting on
2 Thursdays is difficult for people with busy schedules. So,
3 when you're dealing with trying to frame something two days at
4 a time, there isn't any satisfactory answer. Maybe a more
5 satisfactory answer would be to have committee meetings in the
6 interim months, in between Board meetings that don't take
7 place monthly.

8 CHAIRMAN WITTGRAF: I think it may depend a little
9 bit on how much time the committee chairs feel they need,
10 whether a Sunday afternoon and a Sunday evening would be
11 adequate time or not. If it will be, hopefully the two can be
12 in conjunction. If it won't be, then as Ms. Pullen is
13 suggesting, perhaps it will require meetings other than in
14 conjunction with the Board meetings.

15 Let me go around the table briefly and ask for a
16 statement of preference from each member as between Mondays
17 and Fridays, beginning with Ms. Wolbeck.

18 MR. KIRK: Excuse me, Mr. Chairman.

19 CHAIRMAN WITTGRAF: Yes, Mr. Kirk?

20 MR. KIRK: I think Ms. Pullen is asking, are we
21 going to meet every other month or every month?

22 CHAIRMAN WITTGRAF: It's the Chair's position, Mr.

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1 Kirk, that we should anticipate the possibility of meeting
2 monthly, but when all is said and done, I doubt that it will
3 be monthly. But as people look at their schedules for the
4 year, I think if we know that the fourth Monday or the fourth
5 Friday is at least the tentative meeting date, then we can
6 keep that in mind on our personal schedules.

7 How often and when we meet is going to depend
8 particularly on, as I've said, the vagaries of the
9 confirmation process and the reauthorization process. I don't
10 anticipate that we will necessarily meet every month, as I
11 said, but I think it's best that we're able to plan for the
12 year with a specific date in mind each month. Ms. Wolbeck?

13 MS. WOLBECK: Monday.

14 MR. UDDO: Friday.

15 CHAIRMAN WITTGRAF: Mr. Uddo says Friday. Mr. Rath?

16 MR. RATH: Monday.

17 CHAIRMAN WITTGRAF: Ms. Pullen?

18 MS. PULLEN: I don't have a firm preference one way
19 or the other. I suppose Monday would get something of an
20 edge.

21 CHAIRMAN WITTGRAF: Mr. Molinari?

22 MR. MOLINARI: Monday.

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1 CHAIRMAN WITTGRAF: Ms. Love?

2 MS. LOVE: Mondays.

3 CHAIRMAN WITTGRAF: Mr. Kirk?

4 MR. KIRK: Monday.

5 CHAIRMAN WITTGRAF: Mr. Hall?

6 MR. HALL: Monday.

7 CHAIRMAN WITTGRAF: Mr. Guinot?

8 MR. GUINOT: I have no preference. I would say that
9 Monday seems to be more convenient. But I would like to say,
10 just to follow Mr. Kirk's comments, I would hope that we would
11 not have reason to meet too often. Then the committees, after
12 the initial surge of work that we have here, will also have
13 very little reason to meet and spend the Corporation's funds.
14 So with that in mind, I've tried to reduce the number of
15 meetings as much as possible. But Monday is fine.

16 CHAIRMAN WITTGRAF: Mr. Dana?

17 MR. DANA: It's immaterial.

18 CHAIRMAN WITTGRAF: The Chair prefers Fridays, I
19 think, but Mondays clearly have it. So, as we look to the
20 rest of the year, I would encourage everyone to keep in mind
21 with their schedules -- business, professionally, personal--
22 the fourth Monday of each month as a tentative meeting date

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1 for the Board.

2 With that, the Chair will yield the floor to the
3 president for his report. Mr. Martin?

4 PRESIDENT'S REPORT

5 MR. MARTIN: Thank you, Mr. Chairman. I just have a
6 few brief remarks, and they may mirror some of the things that
7 I said at the last meeting, but I think they're worth
8 repeating.

9 Members of the Board and myself, as president, have
10 a shared commitment to restoring the spirit of cooperation
11 that I think should exist between the Corporation's
12 administration and the Legal Services Program that we fund.

13 When I took office last fall, I was concerned by the
14 level of distrust that existed between the programs and
15 headquarters and also by the Corporation staff being innovated
16 by what I considered, or perceived to be, a lack of tension to
17 management, attrition and the constant stress of, I guess,
18 internal as well as external confrontations that had occurred
19 in past years.

20 So, therefore, my priority, first of all, has been
21 to restore communication and trust and to reopen the dialogue
22 between the Corporation and the legal services community by

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1 doing a few things. One, I have been travelling. I shared
2 with you last month where I had been during the preceding
3 three months.

4 In the last month, I have been to Seattle,
5 Washington, to attend the ABA midwinter meeting, where I
6 attended the SCLADE committee meeting as well as the
7 Conference of State Bar Presidents. I have been to New York
8 to visit the principal offices of the legal services for the
9 elderly. I have spent a day and a half in the wonderful State
10 of West Virginia, which has enormous problems.

11 I found it very, very helpful to do these visits. I
12 learned a lot from the program people. I talked to clients
13 and client Board members. I am in the learning process, but I
14 think I am opening a dialogue with all of those who are
15 interested in legal services for the poor, as we all are.

16 Secondly, on February 11th, I held what I'm calling
17 my "president's forum." I had over 20 executive directors
18 from all across the country and from major as well as small
19 programs. I thought that was a positive step, very
20 interesting, and a learning experience for me as well as for
21 the program people.

22 We discussed in that forum a number of issues that I

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1 think have been laying around for years, perhaps, and ones
2 that are on the horizons. I'll just mention a few of them
3 here for you, the Board, so you will know what kinds of things
4 I'm talking about with program directors and getting their
5 input.

6 Timekeeping, the assessment of the unmet legal needs
7 for the poor, the fact that we're now doing a Corporation
8 annual report and a newsletter, which I hope to get input from
9 the programs on, private attorney involvement, streamlining
10 the paperwork process between the Corporation and the programs
11 in terms of the application and the monitoring process. I
12 think paperwork reduction is in order.

13 I think using technology, computer-assisted,
14 transfer of information is certainly something we have to
15 explore and, of course, improving communications. So, those
16 are the issues that we took up with the foremen. It was a day
17 well spent.

18 CHAIRMAN WITTGRAF: Mr. President, let me interrupt
19 you there just a moment. Could you tell us who the members or
20 who the participants in the forum are or were?

21 MR. GUINOT: Mr. Chairman?

22 CHAIRMAN WITTGRAF: Mr. Guinot?

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1 MR. GUINOT: I wonder if the president would not
2 consider making a report of these presidential forum meetings
3 to us on a regular basis, giving us who was there, what was
4 said, and so on.

5 MR. MARTIN: Yes, I would. I think that's a good
6 suggestion, Mr. Guinot. I don't know if I have a list with
7 me. My special assistant is telling me something. Do we have
8 it here?

9 PRESIDENT'S ASSISTANT: We don't have it here, but I
10 can certainly get one by the afternoon.

11 MR. MARTIN: We'll get that for you. It was
12 individuals from -- I can name a few. Dee Miller was there
13 from New Jersey; Dale Johnson from New York; Mr. Tetelman from
14 St. Louis; Regina Rogoff who is sitting in the front row here;
15 individuals from all regions. South Carolina and North
16 Carolina were represented, Missouri, California, an American
17 Indian program.

18 So I will report to you. I have almost a running
19 dialogue of what occurred and all the attendees. I would like
20 to and will submit to you a report in the next week on that.

21 CHAIRMAN WITTGRAF: Is this a rotating group or a
22 fixed group?

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1 MR. MARTIN: Well, I have some different thoughts
2 about that. It's not inexpensive to bring 20 people to
3 Washington, as you know. I thought it was worthwhile. I'm
4 rethinking how to do it. I'm thinking maybe if we have
5 committee meetings out of town, or if we have full Board
6 meetings out of town, I'm thinking of Dave Martin going either
7 a day early or a day late and having kind of a regional forum
8 wherever we go. So, "It isn't fixed," I guess, is the best
9 answer I can give you now.

10 CHAIRMAN WITTGRAF: Thank you. Further discussion
11 on that point?

12 (No response.)

13 CHAIRMAN WITTGRAF: Go ahead, please.

14 MR. MARTIN: Thank you. Well, we're doing an annual
15 report. I mentioned that at our last meeting. For those of
16 you who weren't there, we're doing a newsletter, which I'm
17 getting input from the programs on. I hope that's going to be
18 another method of dialogue and information to really put a
19 positive picture on what we at the Corporation are doing and
20 what is going on in the field.

21 I think that that has been mixed, at least from my
22 perspective in being the president. I want to see if we can't

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1 do more to tap what we're doing that's really good, all across
2 the country. I think the newsletter will be a nice way to do
3 that.

4 In the coming months, there are going to be
5 challenging things for us to do. That is, you, as Board
6 members, are going to go through Senate confirmation. We have
7 to work with the Appropriation Committees in both the House
8 and Senate in preparing a Fiscal Year 1992 program and budget
9 that, I think, demonstrates our commitment to the federal
10 legal services program and also demonstrates prudent
11 leadership and stewardship of the federal dollar.

12 We, of course, Mr. Uddo, with his Reorganization
13 Committee, will be holding meetings on reauthorization. I
14 hope that the key policy issues that are now before us will be
15 shaped in that forum. I think we ought to consider, the Board
16 ought to consider, the issue of competition.

17 Those are some of the things that I think we're
18 facing in our challenges. As an administrator, and I think
19 I'm a prudent administrator, I hope to improve Corporation
20 procedures by reducing the paperwork burden, by improving and
21 creating a good working relationship for the Board to live up
22 to our shared mission of putting the Corporation in a position

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1 to support the work of the legal services programs.

2 I know we can reach, through hard work, this goal.
3 It is probably safe to say, and I've thought about this at
4 great length in the past, that the Legal Services Corporation
5 has been torn between unloving critics and those who are
6 uncritically loving.

7 In my view, the truth is somewhere in between, and I
8 hope to find a middle ground that we can build on together.
9 With that, it finishes my remarks. I would like to introduce
10 to you --

11 CHAIRMAN WITTGRAF: Before we move forward to Agenda
12 Item 5, Legislative Report, is there discussion, questions or
13 comments for the president regarding his remarks?

14 (No response.)

15 CHAIRMAN WITTGRAF: Hearing none, Mr. President?

16 MR. MARTIN: The Legislative Report is next, and I
17 would like to introduce a new staff member. His name is Allen
18 Severnson. He is the new Director of the Office of Policy and
19 Communications. Mr. Severnson has been a Congressional Staff
20 Legislative Director in both the House and Senate.

21 He was Director of Congressional Affairs for the
22 Commerce Department. Most recently, he was the Chief of Staff

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1 to the Deputy Secretary of Transportation. I am thrilled to
2 have him with us, and he is going to provide, I think, some
3 excellent management assistance to me. Mr. Severnson?

4 LEGISLATIVE REPORT

5 MR. SEVERNSON: Thank you, David. I want to say,
6 certainly initially, that this is a challenge for me, to find
7 the right words, to set the right tone. If I could echo what
8 President Martin has said, I think it's clearly going to be
9 part of my functions to make sure that communications with all
10 of you, as members of the Board, in helping you to fulfill
11 your responsibilities and oversight of this Corporation, that
12 as far as the legislative activities that are on deck for this
13 coming year, that you are kept up to date, informed quickly,
14 accurately of everything that will help smooth this process
15 in, again, a variety of ways that have all already been
16 briefly alluded to.

17 A part of your discussion this morning, I know, has
18 already mentioned that your schedules are going to perhaps
19 have to remain a little more flexible this year as compared to
20 others. There is a remarkably busy legislative calendar for
21 this Corporation.

22 The three of them again, in rough order, are

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1 certainly the appropriations process, which is beginning; the
2 authorization process, which will be a longer one; and the
3 confirmation process, all three of which will require some
4 flexibility on behalf of some or all of you in making sure
5 that these, again, go like clockwork.

6 I know that having things go like clockwork is not a
7 huge tradition, necessarily, with the issues of the Legal
8 Services Corporation, but again, we're going to do our best to
9 make sure that whatever the debates are, that you're kept up
10 to date, and that your input is valued and used in the debate
11 on these issues.

12 The appropriations process, as David mentioned, we
13 do have firm dates. Some of these you know about. On March
14 5, the Senate Appropriation Subcommittee on Commerce, Justice,
15 State, the Judiciary and related agencies will meet and have
16 their hearing on the Fiscal Year '92 budget.

17 Chairman Wittgraf and David Martin will testify on
18 behalf of the Corporation at that hearing, which, as usual,
19 will be chaired by Senator Hollings of South Carolina with the
20 ranking Republican, Mr. Rudman of New Hampshire. We have met
21 with Mr. Rudman's legislative director to try to get a read on
22 any key questions that may come up at that hearing.

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1 Obviously, they are looking for a budget from this Corporation
2 to serve as a basis for their deliberations.

3 The House will meet on April 11. We'll have a
4 morning hearing that day, again for Chairman Wittgraf and
5 President Martin. The chairman there, Neal Smith, is well
6 known to many of you. He's done this for many, many years.
7 We know him and we know his staff. The ranking member there
8 is Mr. Rogers of Kentucky.

9 Again, the same canvassing will go forward to make
10 sure that we, insofar as is possible, have as few surprises as
11 possible, which is often half the battle in responding
12 appropriately to them, and in coming up with a budget mark for
13 them to use. The House will eventually move first on the
14 Fiscal Year '92 bill.

15 The House also is seeking an April 15th deadline for
16 the budget resolution for Fiscal Year '92. That's a deadline,
17 as many of you know, that they frequently miss. However,
18 there are high hopes this year April 15th will be the date,
19 and they are obviously looking for a budget mark from the
20 Corporation.

21 On the authorization process, again not as firm. I
22 know that, in the course of Mr. Uddo's hearings in the next

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1 month or two, we will discern a lot of what the key issues
2 are. Some of them we know already. Barney Frank, of
3 Massachusetts, is the Chairman of the Subcommittee of the
4 Judiciary Committee in the House that will be holding
5 hearings, possibly as early as mid-March, on that topic.

6 That, again, is not confirmed, but we're, again,
7 keeping a close eye on that so that we will be ready, because
8 I would be certain that this Corporation will testify at those
9 hearings.

10 The Senate, of course, I frankly do not anticipate
11 any action in the Senate on the authorization this year. This
12 is the first session of the Congress. There will be another
13 one. My guess would be, never underestimate the capacity for
14 delay in the Congress.

15 If we could get a good leg up in the House on the
16 authorization bill, I think that would be something of an
17 achievement, because, as many of you know, we have not been
18 authorized since 1980 and haven't had a bill pass since 1977.
19 I think it's certainly timely that we move forward on that.

20 On the confirmation, as David Martin mentioned, your
21 nominations have been submitted to the Hill. The Labor and
22 Human Resources Committee will be considering those

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1 nominations. I would not expect it for two to three months in
2 the normal process of things.

3 My colleague, Ken Boehm, who I think is known to
4 more of you certainly than I am, and I will be working closely
5 together on that. I know it's an issue of very, very close
6 personal and professional importance to you and to the
7 functionings of this Board.

8 If I could just say, again, our thoughts are to stay
9 in close touch with Senator Kennedy and Senator Hatch and the
10 other members of that committee, to make sure that they have
11 all the information they need before they will even start
12 considering the confirmation process.

13 The individual senators may want to meet with some
14 of you individually or all of you, depending on, again, the
15 nature of the senator's interest in it, the particular
16 questions he may have on the material that is submitted to the
17 committee.

18 Our hope is that we will know in advance to alert
19 you as soon as possible. Some of this is substance. Some of
20 it is courtesy. Again, in all our deliberations here and the
21 congressional affairs process generally, much can be
22 accomplished by conforming quickly and efficiently and

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1 courteously and congenially to what the Hill needs in
2 fulfilling its constitutional function. We hope to do that
3 and will have to work closely and personally with all of you
4 to ensure that that goes ahead.

5 Again, if I could thank you in advance for your
6 cooperation and your flexibility on the events outside these
7 Board meetings that the Hill may demand of you, I would be in
8 your debt. I think it does serve the greater purpose of your
9 work and ours. So thank you both.

10 CHAIRMAN WITTGRAF: Thank you, Mr. Severnson. One
11 question comes to mind. Some of us did receive last fall a
12 questionnaire from the staff of the Senate Labor and Human
13 Resources Committee. Some of us may have completed the
14 questionnaire; some of us may not have completed the
15 questionnaire.

16 Is it fair to assume, or can you help us as to
17 whether or not we should assume, that a new questionnaire will
18 be sent out. If we haven't responded to the earlier
19 questionnaire, we might as well await the new questionnaire?

20 MR. SEVERNSON: I can't tell you that assumption
21 with utter authority. I do know that the questionnaires sent
22 from the committee, either last fall or more recently, we need

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1 an accounting, one, of what the response is to date, whether
2 the form from last fall would be the same one that would be
3 issued now.

4 All those questions are not answered at the moment.
5 But certainly it's something that we need to do immediately
6 because the committee will not move forward until all the
7 paperwork is in.

8 CHAIRMAN WITTGRAF: I think it would be helpful for
9 us to know whether or not there will be a new questionnaire.
10 I'm assuming because it's a new round of nominations and, in
11 fact, some new nominees that it will all be done again.

12 MR. SEVERNSON: We'll get that information. If all
13 of you would, again, check your own history on this, we would
14 want to, again, be able to tabulate and keep track of the
15 submissions, where they are in the process. If we can assist
16 you on any portions of them -- there is, again, a long history
17 of these types of forms. If any of you have questions or any
18 problems with any aspect of them, there is precedent. There
19 is language that can be used that might be of use to you in
20 filling out the form if you have not done so yet. So, again,
21 that is something that is a top priority here.

22 CHAIRMAN WITTGRAF: Further questions or comments

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1 for Mr. Severnson?

2 (No response.)

3 CHAIRMAN WITTGRAF: Thank you very much. Mr.
4 Molinari?

5 MR. MOLINARI: I want to perhaps add a postscript to
6 what he said. I was over at the House yesterday and met
7 Barney Frank and asked him about the issue of reauthorization
8 and whether they were going to give it a good shot this year.
9 He assured me that indeed they would and fully expected to
10 pass a reauthorization bill, probably in keeping with what Mr.
11 Severnson said, the next two or three months.

12 There seems to be some movement on his part in some
13 of the areas of contention. So I think we're moving closer to
14 some type of consensus. We're probably never going to reach a
15 consensus between Barney and Bill McCollum and Stenholm on the
16 other side, but at least there seems to be some movement
17 towards mid ground. I think that's healthy.

18 Also, he expressed the same feeling that, as far as
19 the Senate is concerned, there's no way of knowing what's
20 going to happen there.

21 CHAIRMAN WITTGRAF: I would make one other comment,
22 Mr. Severnson. Mr. Molinari and I have visited about the

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1 possibility of him joining President Martin and me for the
2 appearances before the House and Senate Appropriation
3 Subcommittees. Subject to his schedule as borough president,
4 hopefully he will be with us as well.

5 I'm not sure how much of a speaking part he wants,
6 but obviously his ties with the members of both of those
7 subcommittees are very important. Last year former Board
8 Member, John Erlenborn, accompanied me. His presence was
9 invaluable. I anticipate that Mr. Molinari's will be the
10 same.

11 Anything further, Mr. Martin?

12 (No response.)

13 CHAIRMAN WITTFRAF: At this time, then, the Chair is
14 prepared to move to Agenda Item 6, the Report from the Audit
15 and Appropriations Committee of the Board. It's the Chair's
16 understanding that there are essentially three parts to the
17 report, to our discussion, and to whatever action is required
18 by us as a Board.

19 It's the Chair's further understanding, from
20 visiting with the committee members and from being present
21 only for the tail end of the deliberations of the committee
22 last evening, that Agenda Item 6B probably will generate the

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1 most discussion.

2 Without objection, the Chair anticipates that, in
3 fact, we'll go from item A to item C and then come back to
4 Item B to allow as much time as possible for discussion
5 regarding that item.

6 At this time, the Chair asks Mr. Dana, as the head
7 of the Audit and Appropriations Committee, to present the
8 report of that committee on Agenda Item 6A, the Fiscal Year
9 1990 Uncommitted Carryover Funds, and to suggest any action
10 that may be required of the Board at this time. Mr. Dana?

11 CONSIDERATION OF Fiscal Year 1990 UNCOMMITTED CARRYOVER FUNDS

12 MR. DANA: Thank you, Mr. Chairman. As has already
13 been indicated, the committee had its first meeting last
14 Friday and met all day here, not in this room, but nearby,
15 took substantial testimony from the public. We heard from the
16 Project Advisory Group. We heard from the American Bar
17 Association.

18 The committee has recommended, for your
19 consideration here today, the proposed budget mark that
20 appears on page 29 of the green Board book. It's actually the
21 Audit and Appropriations Committee Meeting book.

22 CHAIRMAN WITTGRAF: Mr. Guinot?

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1 MR. GUINOT: I haven't been back to my office this
2 week for reasons of travel, and I have not received one of
3 those.

4 MR. DANA: Mr. Chairman, I started on the wrong
5 agenda item. The first item that you asked me to talk about
6 was the Fiscal Year 1990 uncommitted carryover funds.

7 CHAIRMAN WITTGRAF: Yes, sir.

8 MR. DANA: If the committee will look to page 1 in
9 the green Board book, the committee will observe, on pages 1
10 and 2, the Corporation's report to us as to what funds are
11 available in 1991 that were authorized and available in 1990.
12 These are the carryover funds. Much of the money has been
13 committed; that is the money in column 1 on pages 1 and 2.
14 The uncommitted carryover funds are in column 2.

15 We heard extensively from -- and there's an
16 explanation in this report that many of you may not have read
17 as to what those funds are. The most controversy that the
18 committee heard involved the migrant funds, \$274,562, which
19 are funds that Congress has dedicated for migrant assistance
20 in four states.

21 There were no migrant programs in those states. For
22 possibly five years, the Corporation has apparently not

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1 aggressively tried to use those funds. So, on an annual
2 basis, they have been available for reprogramming. When this
3 came to light, the president and staff were quick to jump
4 right on the problem.

5 Management is going to endeavor to make sure that
6 these funds that Congress has set aside for programs in the
7 four states indicated are, in fact, used for that purpose as
8 soon as possible. The committee's recommendation,
9 notwithstanding that, is that we reprogram into management and
10 administration only the following items, the \$61,528, the \$3,
11 the \$559, the \$10,095, the \$108,536, and, on the next page,
12 the \$922,284, which collectively total \$1,103,005, which, when
13 added to the \$803,332, which you see in the lower right-hand
14 corner of page 1, will equal \$1,906,337.

15 That, Mr. Chairman, was the committee's motion. The
16 result of that motion, were it to receive your vote, would be
17 that, in addition to those sums, the following sums would be
18 committed for other purposes: the three numbers in the top of
19 that column on page 1, \$300,000 that a prior Board has
20 earmarked for mandatory timekeeping, and \$50,000 that a prior
21 Board has earmarked for Board training for clients.

22 We heard last night that that latter project is well

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1 underway; that apparently we are meeting with producers. The
2 script has been written. It's received comments from the
3 field. So management is proceeding to carry out a prior
4 Board's directive with respect to that \$50,000 in any event.

5 I understand that management has, as a result of the
6 presidential forum, received a request from a Native American
7 program to spend the \$28,559 on a study. I don't know
8 anything more about that. I assume that, at some point, will
9 come to us.

10 The committee, at least, has not made a
11 recommendation at this time as to whether the money set aside
12 for Basic Field programs by Congress for last year and the
13 migrant programs for last year should be reprogrammed or not.
14 In absence of knowing what to do, we have done nothing. Those
15 funds, as envisioned, would remain in that status until
16 further action of this Board.

17 That's the report on this item. Basile Uddo and
18 Jeanine Wolbeck are members of our committee. I'd appreciate
19 anything for you to fill in that I've left out.

20 CHAIRMAN WITTGRAF: Mr. Uddo?

21 MR. UDDO: I think that you covered it all quite
22 actively.

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1 CHAIRMAN WITTGRAF: Ms. Wolbeck?

2 MS. WOLBECK: Yes, I agree.

3 CHAIRMAN WITTGRAF: Are you prepared to present a
4 motion to the Board then, Mr. Dana?

5 M O T I O N

6 MR. DANA: The motion is to move the committee's
7 recommendation that the Board reprogram the following funds
8 into the Corporation's FY 1991 M&A account: the uncommitted
9 funds in our Board book for the Law School Clinic, the
10 supplemental field programs, training and development,
11 national support, state support, and the other funds
12 available, which collectively total \$1,103,005.

13 CHAIRMAN WITTGRAF: You've heard the motion by Mr.
14 Dana. Is there a second?

15 MS. WOLBECK: I'll second it.

16 CHAIRMAN WITTGRAF: There's a second by Ms. Wolbeck.
17 Is there discussion? Mr. Guinot?

18 MR. GUINOT: When you say "transferred to the M&A
19 account," do you mean they are used for purposes of the M&A
20 account?

21 MR. DANA: Correct.

22 MR. GUINOT: The next question I have is, can the

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1 committee tell us why they are uncommitted? In other words,
2 is it lack of providers? I know about the migrant, but could
3 you comment to the others?

4 MR. DANA: The Corporation has provided us an
5 explanation in the Board book. I'm frank to admit that I
6 don't know the answer.

7 MR. MARTIN: Mr. Chairman, I think the gentleman who
8 can provide the answer is --

9 CHAIRMAN WITTGRAF: The Chair recognizes Mr.
10 Richardson or Ms. Smead, if either of them wishes to respond
11 to Mr. Guinot's inquiry. Mr. Dana?

12 MR. DANA: If you don't feel sorry for Mr.
13 Richardson now, you will as soon as he starts to speak.

14 CHAIRMAN WITTGRAF: Yes. I would ask the Board
15 members, as well as the audience, to appreciate and understand
16 that Mr. Richardson has lost his voice due to a bad cold and
17 will be speaking with us just a little bit and relying also on
18 Ms. Smead, the Director of the Office of Field Services, to
19 assist him. Mr. Richardson, as I think most of you know, is
20 the very able Treasurer and Comptroller for the Corporation.
21 If either of you wish to respond, please do.

22 MS. SMEAD: My name is Ellen Smead. Because Mr.

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1 Richardson does not have much of a voice today, I'll be trying
2 to respond to the questions. He and I work very closely
3 together. Since I am the Director of the Office of Field
4 Services, I am involved in the grant making and reviewing
5 grant applications and resolving grant disputes.

6 The reason for the uncommitted carryover in the Law
7 School Clinic line is that we have people that applied for our
8 grants. It's a one-year program, competed annually. They
9 also compete for Department of Education grants.

10 CHAIRMAN WITTGRAF: Ms. Smead, let me interrupt you
11 for just a moment. I think, if I understood Mr. Guinot's
12 inquiry correctly, he's most particularly concerned with the
13 ongoing status of money set aside for the Basic Field
14 programs, the Native American programs and the migrant
15 programs for Fiscal Year 1990, why they haven't been utilized.
16 Mr. Guinot?

17 MR. GUINOT: Particularly those, but if the
18 explanation is short, I wouldn't mind hearing about the
19 others. My concern is, we have these monies here and we are
20 not using them. I would certainly like to see them go to do
21 our job, which is to provide legal services. I'm curious
22 about questions coming from the Hill; why aren't we doing

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1 these things? There must be an explanation.

2 CHAIRMAN WITTGRAF: Mr. Dana first.

3 MR. DANA: Generically, Congress gives us \$300
4 million, approximately, to provide Basic Field programs. We
5 spent all but \$30,000, which may, in fact, be just because it
6 may be the difference between, one, we couldn't get another
7 penny out to all the programs across the board. So that may
8 be the explanation there. I don't know that.

9 The Native American program, we get in the
10 neighborhood of \$8 million, and the same explanation may
11 apply. With respect to those two amounts, that may just be a
12 rounding error. There may be another explanation.

13 MS. SMEAD: Yes, sir. In the Basic Field program,
14 it is just a rounding issue. That money has been reserved in
15 a contingency. For example, if we had had a disaster again,
16 which we hope we never have, but that was money we would look
17 to, to respond to a disaster, if we'd had another hurricane or
18 another earthquake or something.

19 MR. GUINOT: What money is that?

20 MS. SMEAD: That would be the \$30,000 in the Basic
21 Field if that had come up last year.

22 MR. GUINOT: Thirty thousand for a disaster?

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1 MS. SMEAD: Sometimes we get requests like a
2 building burns down, and they may need \$10,000 to help move or
3 for temporary shelter. That has happened in the past. But it
4 was because of a rounding. We didn't have enough money to
5 round off equitably. So it was just reserved in that line for
6 emergencies.

7 On the Native American programs, it was much the
8 same thing. It was also reserved. In fact, it's part of the
9 contingency reserve that we use for special projects. Like,
10 last year we did a training with the National Support Center
11 on Native American issues. So part of the money that's not
12 here, part of the money that was spent from the reserve, was
13 actually used for that.

14 In the migrant, that's been already explained. In
15 the Law School Clinics, we had people -- I'll step back to the
16 migrant program line. I explain how we came about not having
17 four grantees. There are four states, Arkansas, Mississippi,
18 Tennessee, and Alabama. In two of those states, there has
19 never been a grantee; that's Arkansas and Mississippi.

20 In the middle of the 1980s, 1985, those grants were
21 competed twice. The first time we sent out the notice nobody
22 applied. The second time we got one application for each

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1 place. The one for Arkansas was submitted by a Texas program.

2 It was felt by the reviewers at that time that there
3 was not sufficient nexus with the State of Arkansas; that the
4 proposal only planned to have an office open on a part-time
5 basis for four months out of the year, but that wasn't
6 sufficient. There was nobody in Arkansas who applied for the
7 money.

8 In Mississippi, an unincorporated association
9 applied for the money and, thus, was technically not eligible
10 to receive the grant. That, of course, we could assume, could
11 have been corrected by incorporating. But the proposal itself
12 was not sufficient, because it proposed what we would call
13 state support services not direct delivery of legal services.
14 So, that application was also rejected.

15 In Tennessee and in Alabama, there were grantees
16 from about 1979, 1980 until 1985. In both of those states, in
17 the 1976 applications, the applicants said they were no longer
18 interested in receiving migrant funding. So, they voluntarily
19 gave up the funds.

20 MR. DANA: The committee has received some
21 correspondence from the Migrant Legal Action Program, Inc.,
22 which I've distributed to you, as well as a letter from

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1 central Mississippi Legal Services, expressing an interest in
2 this program.

3 I think the Corporation is prepared to make another
4 run at trying to carry out Congress' objective and try and get
5 some services provided in this area in these states.

6 MS. SMEAD: We are planning to go forward to compete
7 the funds in 1991. We are preparing the solicitation packages
8 and expect to start competing them very quickly, the 1991
9 funds.

10 MR. DANA: That's great.

11 CHAIRMAN WITTGRAF: Mr. Guinot?

12 MR. GUINOT: I just wanted to make sure that at
13 least the record shows it was just curiosity why the monies
14 have not been spent. In the budget process we are going to be
15 seeing changes. I would like very much to make clear that I
16 consider our job to get the money out to the grantees and not
17 to keep it here.

18 CHAIRMAN WITTGRAF: Further discussion regarding the
19 motion as to the Fiscal Year 1990 uncommitted carryover funds?

20 (No response.)

21 CHAIRMAN WITTGRAF: Hearing none, those in favor of
22 the motion will signify by saying aye.

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1 (A chorus of ayes.)

2 CHAIRMAN WITTGRAF: Those opposed, nay.

3 (No response.)

4 CHAIRMAN WITTGRAF: The ayes appear to have it. The
5 ayes do have it. The motion is adopted.

6 At this time, the Chair is prepared to have the
7 discussion and that part of the report from the Audit and
8 Appropriations Committee move to Agenda Item 6C, the
9 Consideration of the Fiscal Year 1992 Budget Mark. Mr. Dana?

10 CONSIDERATION OF FY 1992 BUDGET MARK PROPOSALS

11 MR. DANA: Mr. Chairman, the committee, as I've
12 indicated, heard from both the American Bar Association and
13 the Project Advisory Group concerning the need for legal
14 services and concerning the decline in real dollars that has
15 been experienced by the field over the last 10 years.

16 In the lexicon of legal services, there was a
17 concept that developed known as minimum access which was
18 defined as two lawyers per 10,000 poor persons. It was felt
19 by some people, not everybody, that we had actually achieved
20 that objective in 1981, when there was a total budget of \$321
21 million.

22 Since that time, the Corporation has experienced a

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1 substantial budget cut and annual increases which have not
2 generally kept pace with inflation. So we are well below the
3 level in real dollars that we were at back in 1981. Last
4 year, the Board was presented with all of that information,
5 and we proposed an approximately 8.5 percent increase to
6 Congress, recognizing that the need was greater but also fully
7 realizing that we were competing with others for the fiscal
8 dollar.

9 Your committee this time is recommending a similar
10 request of Congress, namely \$355 million, which is, I believe,
11 approximately 8.5 percent increase over the current
12 appropriation, which is \$327 million.

13 The proposal continues an idea that we had had last
14 year, which was to set up a special emergency fund of half a
15 million dollars, to set up a special contingency fund, which
16 would be available to management, which is 3C on page 29, and
17 also to set aside a million dollars really for management and
18 administration but of an unspecified nature, recognizing that
19 next year, for the first time in some time, we will be in a
20 position to, assuming we are confirmed, address the issue,
21 again, of regulations.

22 If an authorization bill is passed, we may well be

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1 given additional responsibilities in the area of timekeeping
2 and competition, which, in order to carry those duties out,
3 will require additional funds. So, we have essentially set
4 aside a million dollars to assist management in that endeavor.

5 I would observe that this budget contemplates a
6 certain amount of carryover. If we were to adopt
7 management's 1991 budget proposal, it was previously
8 anticipated by management that the Corporation would have a
9 million and a half -- I think that's right -- of potential
10 carryover, which is not reflected in these numbers.

11 So, this is a budget request for new dollars. It
12 does not reflect the carryover monies that we've just been
13 talking about for 1990. The number that we were given, and
14 it's very early in the year, but it's halfway through the year
15 almost, was anticipated that if we had a budget of \$11.1
16 million, the whole Corporation, not just M&A, the whole
17 Corporation, would have a million and a half available to
18 reprogram.

19 That number may not be as high anymore because of
20 our desire to get the migrant funds out. Depending upon what
21 this Board does with respect to our 1991 proposal, we may not
22 have as much in the way of carryover in the M&A line. We were

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1 talking about well in excess of a \$12 million M&A line for
2 next year.

3 M O T I O N

4 MR. DANA: With that explanation, Mr. Chairman, I
5 would move that the committee's proposal, which is Proposal A
6 on page 29 of the Board book, be the Corporation's
7 recommendation to Congress.

8 CHAIRMAN WITTGRAF: You've heard the motion. Is
9 there a second?

10 MR. UDDO: I was under the impression that a
11 committee report didn't require a second; is that not true? I
12 mean, I'll second it. I just thought that that was --

13 CHAIRMAN WITTGRAF: That certainly is the procedure.
14 I think what we did last year, Mr. Uddo, and at least I guess
15 what the Chair is doing so far this year, is more formal,
16 because there's an ongoing concern that the committees are
17 funneling or narrowing the parameters, taking care of a lot of
18 the preliminary work. I think we're probably better off to
19 accept it as a motion. I don't think it's too much
20 difference.

21 MR. UDDO: Sure. Then I second it.

22 CHAIRMAN WITTGRAF: Thank you. You've heard the

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1 motion and it's been seconded. The Chair has just one or two
2 comments before we move to further discussion. If you've
3 looked at the following pages, Proposals B, C, and D, I
4 believe I'm correct in stating that those are essentially
5 "seat-of-the-pants" suggestions made, as to B by Mr. Wittgraf,
6 as to C by Mr. Hall, and as to D by Mr. Molinari, when we were
7 queried during the last four weeks by Mr. Richardson to get a
8 sense of what we were thinking.

9 In fact, I believe all the Board members were
10 queried in that regard. I guess due the naivety of Mr. Hall
11 and Mr. Molinari and me, we were willing to make "seat-of-the-
12 pants" guesstimates. The Chair would prefer that those
13 proposals at this point really not be given specific
14 consideration.

15 Obviously, we have the motion on A, and it seems
16 appropriate that being the committee's recommendation, that
17 being the motion, that if anybody has any discussion or any
18 amendments or motions to the motion, that they be directed to
19 that. That is the committee's work, as Mr. Uddo suggested.

20 I think that is the proposal that represents the
21 more detailed thinking. B, C and D, as I say, are rough
22 guesstimates or shots by three of the other Board members made

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1 over the telephone to Mr. Richardson.

2 Is there discussion then regarding the motion,
3 regarding so-called Proposal A? Mr. Molinari?

4 MR. MOLINARI: Before you go for vote, Mr. Chairman,
5 I think it would be helpful to all of us if we could ask Mr.
6 Richardson, if he has any voice left, to just briefly describe
7 the differences between A, B, C, and D.

8 MR. RICHARDSON: Thank you. If you will refer to
9 page 27, they are sort of outlined in a format that you can
10 see. Proposal A increases the budget 7.86 percent. It does
11 make allowance or give money for the Board initiatives and
12 special emergency funds as to each of the other four that
13 follows.

14 The proposal that was put together for Mr. Wittgraf
15 increased the field programs 6 percent. The support lines
16 were increased 4.1 percent with the exception of the training
17 facility, which was not increased. Proposal C saw a 4.1
18 percent increase across the line. Proposal D increased the
19 field programs 4.44 percent.

20 CHAIRMAN WITTGRAF: Thank you, Mr. Richardson. Mr.
21 Molinari?

22 MR. MOLINARI: I have no further questions.

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1 CHAIRMAN WITTGRAF: Further discussion? Mr. Uddo?

2 MR. UDDO: I would just like to say, as a committee
3 member, I think the reason the committee settled on this
4 number was because there was an awful lot of information, as
5 Mr. Dana has said, in support of a higher figure. Personally,
6 the prior Board I served on kept the budget at a very low
7 level for a very long time.

8 I think that caused some significant backsliding in
9 the ability of the legal services providers to do all it is
10 that they are called on to do. I don't think there's really
11 much dispute that there is a significant need for legal
12 services for the poor out there.

13 You should know, of course, that aside from the
14 proposals that you see here, A through D, there were other
15 proposals for significantly higher amounts of expenditures,
16 \$470 million and other much larger suggestions that were made.
17 I think the committee settled somewhere in the middle. One of
18 the reasons that I settled where I did is that I don't think,
19 currently, we need the kind of big figures that were being
20 suggested in some of the other proposals.

21 One of the good things that came out of the time
22 that I was on the Board before was the generation of some

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1 significant amounts of funds from other sources that I think
2 developed largely because of some of what was going on with
3 this Board, specifically, IOLTA funds.

4 IOLTA funds, I think, are going to generate
5 somewhere in the neighborhood of \$140 million or more this
6 year. That is largely available to legal services providers,
7 a little bit different state to state, but that amount of
8 money, I think, is an important factor to consider.

9 Secondly, I think the enhanced pro bono activity
10 that has come about in the past several years is an additional
11 significant supplement from the private sector to the work of
12 the legal services providers. There's also been other private
13 sources of funds that have, over the past several years,
14 supplemented our grantees.

15 So, I think that, taking those private sources
16 together with the budget that we're proposing, I think we're
17 meeting most people's expectations of what's necessary out
18 there to do the job. I'm sure there's always going to be
19 someone who says no, we need a lot more than that.

20 I think it's a very fair proposal when it's taken
21 together with the other sources of funds that are available.
22 One of the other things that concerned me, and it was

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1 mentioned in the testimony, and I don't know that anyone is
2 sure yet what effect this is going to have on the demand for
3 legal services, and that's the war in the Persian Gulf.

4 It was discussed at our committee meeting. The
5 reason that I'm sensitive to that is that Louisiana, the last
6 statistic I heard, has four times as many people over there as
7 any other state. Recently, there's been some publicity,
8 public officials and the like, asking lenders and landlords
9 and the like to please take this into consideration, because
10 apparently many of the families that have been left behind are
11 finding themselves in pretty difficult circumstances.

12 So, there's actually had to be a public plea to
13 restrain from evictions and foreclosures and things like that,
14 which sort of shocked me that families whose breadwinner may
15 be in the Persian Gulf are having to contend with those kinds
16 of problems.

17 From the testimony that we heard, apparently there
18 are going to be some increased demands for legal services for
19 families of military personnel. I think that we need to make
20 sure that our grantees are in a position to respond to those
21 needs without having to reduce their ability to provide the
22 services to the other poor people or sort of consistently in

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1 the pool of folks who need help.

2 So, that was another consideration for me. Maybe
3 it's because I'm from Louisiana and know how many folks we've
4 got there, and how recently there has been a lot of talk about
5 the rather significant strains that it's placing on those
6 families, and how many of them are in very difficult
7 circumstances right now.

8 So, it's one of the reasons why I thought this was a
9 fair proposal. There is going to be some additional demand, I
10 think, because of that war. Yet, on the other hand, I think
11 there is some additional sources of money that have developed
12 that make this a fair budget that ought to go a long way to
13 getting our grantees in a position to do what it is that they
14 are being asked to do.

15 CHAIRMAN WITTGRAF: Mr. Uddo, am I correct in my
16 assumption that the so-called special emergency funds line
17 item of some \$500,000 is the line item that would deal
18 specifically with the type of need you've just described at
19 the end of your remarks?

20 MR. UDDO: I'm not sure that that's how it's been
21 designated. I think that it has enough flexibility into it
22 that it could do that.

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1 CHAIRMAN WITTGRAF: I think when we added that line
2 item to our recommendation for FY 1991, we did so particularly
3 in light of the extra request for legal services that had come
4 from the hurricane and earthquake situations in the fall of
5 1989.

6 MR. UDDO: Right, and I think this is a similar kind
7 of circumstance, an unexpected demand for legal services.

8 CHAIRMAN WITTGRAF: Further discussion? Mr. Dana?

9 MR. DANA: Mr. Chairman, I neglected to indicate
10 that, on page 36 of this green book, the Project Advisory
11 Group has set forth what they wanted us to do. They appeared
12 before us, and both of the chairmen of the appropriate
13 committee of the Project Advisory Group appeared before us and
14 gave impassioned pleas.

15 I'm frankly circulating their written testimony
16 around so that each of you will have a copy. They are
17 available to give another impassioned plea, if the Board wants
18 it. The request of the American Bar Association, I believe,
19 was for \$430 million and the Project Advisory Group is asking
20 for \$475 million, which they feel gets us one-third of the way
21 to where they wanted us to be.

22 They think an appropriate number is up around \$700

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1 million. Those are the kinds of parameters that we were
2 dealing with. I would just say, in defense of our far more
3 modest request, that last year we made a similar request of
4 Congress, and they did not give us all that we asked for.

5 After you get on that side of where Congress is
6 coming from, it doesn't seem to me to make a whole lot of
7 sense to get much higher. At some point you become
8 dismissable, and that is obviously something that none of us
9 want. So, hence a request that is similar to our request of
10 last year.

11 CHAIRMAN WITTGRAF: Our recommendation a year ago,
12 Mr. Dana, was \$343 million, and the Congress ultimately
13 appropriated just over \$327 million.

14 MR. DANA: Correct, and the increase between where
15 we were two years ago and what Congress gave us is the same
16 percentage increase that we are requesting this year over
17 where we are this year as opposed to where we want to be next
18 year. So, in terms of percentages, we are making a comparable
19 request of Congress.

20 CHAIRMAN WITTGRAF: And what percent is that?

21 MR. DANA: It's approximately 8 percent when you
22 average it.

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1 CHAIRMAN WITTGRAF: That is the 7.86 percent
2 referred to on page 27, then?

3 MR. DANA: Yes, plus the substantial increase in M&A
4 and the various contingency funds. When you add it all
5 together, it's in excess of 8 percent.

6 CHAIRMAN WITTGRAF: Further discussion?

7 MR. KIRK: I have a question.

8 CHAIRMAN WITTGRAF: Mr. Kirk?

9 MR. KIRK: Mr. Richardson, I'm looking at page 27
10 where it says Proposal A, management and administration was
11 increased 13.4 percent. I look at Proposal A and I see \$10
12 million allocated for management and administration. I wonder
13 what that was compared against. When you take the million
14 that the Board is reserving to itself, that's only \$10
15 million.

16 The 1991 recommendation by management was \$11
17 million. Even the committee's recommendation last night, when
18 you take out their \$600,000-or-so they reserved for
19 themselves, was \$10 million. It does not appear to be an
20 increase to me.

21 CHAIRMAN WITTGRAF: Mr. Richardson or Ms. Smead?

22 MS. SMEAD: The 1991 appropriation level for M&A was

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1 \$8,821,000. That did not include the carryover, the
2 uncommitted carryover, so called, which in the Senate report,
3 and I'm not sure if it's the House report too, said was to be
4 rolled over and used for M&A. There was 1925 uncommitted
5 carryover that was to be used with the \$8,821,000 for the M&A
6 line.

7 MR. KIRK: So, the 13 percent does not include the
8 carryover?

9 MS. SMEAD: Correct.

10 MR. KIRK: I mean, it seems to me that's not
11 comparing apples to apples.

12 MS. SMEAD: I'm sorry, neither does his \$10 million.

13 MR. KIRK: I beg your pardon? The \$10 million is
14 not included either.

15 MR. RICHARDSON: That's correct, sir.

16 MR. KIRK: And what was the anticipated carryover?

17 MR. RICHARDSON: Mr. Dana had anticipated \$1.5
18 million in carryover. But because the actions in regards to
19 the migrant funds, that has now been reduced to \$800,000.

20 CHAIRMAN WITTGRAF: Mr. Kirk?

21 MR. KIRK: Can management please tell me what the
22 bottom line is? I'm having trouble doing the comparison.

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1 CHAIRMAN WITTGRAF: Mr. Richardson?

2 MR. DANA: If it will help, and Mr. Richardson can
3 either shake his head up and down or no --

4 CHAIRMAN WITTGRAF: Mr. Dana?

5 MR. DANA: If, in fact, the carryover is reduced to
6 only \$800,000, it's possible that -- I understand how Mr.
7 Richardson arrived at it. It's possible that I don't
8 understand what he's proposing. Let's start first from where
9 the committee was operating from and where he was operating
10 from before we did what we did this morning or what we may do
11 this afternoon.

12 It was anticipated that we would have an additional
13 \$1.5 million to spend on M&A in addition to the \$1,100,000,
14 that has been earmarked for M&A matters subject to Board vote.
15 So, the total M&A line, at least as viewed by this member of
16 the committee, was \$11,100,000 plus \$1,500,000 or \$12,600,000,
17 which would be available -- since the Board doesn't actually
18 spend the money; we just direct it to be spent by management
19 administration -- which would be available to M&A to do
20 whatever management and administration wanted to do next year.

21 Now, what Mr. Richardson has just told me is that if
22 we take the \$300-or-so thousand dollars that we have just

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1 taken out of the carryover funds for last year, and we take
2 the \$300,000 anticipated for this year from that same source,
3 and we don't use it as carryover funds, then that would reduce
4 the carryover to \$800,000.

5 If that's true, and my mind tells me that's double
6 counting, but if that's true, we would have only \$11,900,000
7 for next year to spend on management and administration, some
8 of it to do what we are currently doing, some of it to do what
9 we hope to do, based upon recommendations of management that
10 would be voted by the Board.

11 If you compare that with what we spent last year--
12 we spent \$9,700,000 last year; the proposal is to spend
13 \$11,700,000 next year; we have a budget of \$10,700,000 this
14 year -- it's about a 10 percent increase in each of those two
15 years.

16 If you take actual dollars for last year, our
17 current budget for this year, which we propose to be in the
18 neighborhood of \$10.7 to \$11.1, it's in that area, and \$11.7
19 for next year, the overall increase is about \$2 million in the
20 space of two years.

21 MR. KIRK: It just seems to me that when you compare
22 the day-to-day operating money, you've got about \$10 million,

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1 less the money that you proposed that we reserve to ourselves
2 for special projects or whatever our initiatives are. I'm not
3 sure I know what initiatives mean. But that's \$10 million for
4 this year and it would be \$10-something for next year, \$10.7
5 million.

6 MR. DANA: For this year it's \$10.7 million.

7 MR. KIRK: No. We are reserving about \$600,000 for
8 ourselves under your proposal. All right, \$10.7.

9 MR. DANA: \$10.7, that's for this year. For next
10 year, it would be \$11.9.

11 MR. KIRK: But a million of that would be
12 initiatives.

13 MR. DANA: Just as 6 in that category this year in
14 the 10.7.

15 MR. KIRK: I did not understand about the 6
16 initiatives. I understood that was dribbling down to whatever
17 they could prove they needed.

18 MR. DANA: I would view that in the neighborhood of
19 initiatives. In other words, we're proposing to spend more in
20 the area of management and administration than we previously
21 have. We typically do it through some kind of initiatives,
22 whether it gets into competition or whether we get into

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1 timekeeping.

2 Those are the kinds of initiatives that the Boards
3 have been proposing. It's done through the M&A line. Once
4 it's decided by the Board to do something like that, it's
5 management's call. We need to provide management with the
6 resources to get us from where we are to where the Board has
7 directed us to go.

8 Now, much as the discussion last night revolved
9 around a decision to go from where we are now to where
10 management wants to take us, that's what that money is for.
11 The real question, when you get into the issue of this current
12 year, is whether the Board is comfortable with the explanation
13 and understands where management wants to take us with those
14 funds.

15 We asked in the current request for funding that we
16 asked last year. We asked the Congress to give us a sum of
17 money including \$500,000 for Board initiatives and \$100,000
18 for contingency fund. That is really to implement change.
19 So, I view it as part of M&A, but I view it as new and
20 different and therefore requiring an involvement of this
21 Board, prior to actually turning the funds over to management
22 to execute the policy or direction that we decide on.

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1 MR. KIRK: I think some of my question arose from
2 misconception last night. I had understood the \$600,000 was
3 something that you had anticipated if they brought forward,
4 "Hey, I do need an extra guy here and two guys here for
5 everyday operation," that would be available to them. But I
6 see now the \$600,000 is this Board's money for special
7 projects, in other words.

8 MR. DANA: No. If management comes to us and says,
9 "I need 14 or 15 people to do a series of things that are not
10 now being done," under the committee's recommendation of last
11 night, we would have those funds to do that. Again, we're
12 anticipating a conversation we may have later.

13 The issue is whether or not that case has been made.
14 As far as the committee was concerned, it hadn't been. This
15 Board may say, "Give them the money." But the money is there
16 in the budget to do that.

17 CHAIRMAN WITTGRAF: Gentlemen, if I may make an
18 observation just a moment, please. The Fiscal 1992, FY 1992
19 budget mark or proposal, is in many ways largely symbolic, or
20 a message that this Board is attempting to give to the
21 Congress. I don't think that much purpose is served by
22 getting into too much more detail on how we're going to come

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1 to the management administration line.

2 We do understand that it's going to be comprised in
3 part of carryovers from the FY 1991 budget, and we do know
4 that it's going to be approximately in the \$11 million
5 neighborhood. Now, the reason the Chair was concerned with
6 devoting more time to the discussion of the FY 1991 carryover
7 and how it was used was because we would get into detailed
8 discussion.

9 I think what's before us now is simply the message
10 that we want to send to the Congress, as described well by Mr.
11 Uddo and earlier by Mr. Dana, that we do see a need for
12 increased funding in the neighborhood of 8 percent on top of
13 the actual appropriation made for FY 1991.

14 So, I think we can move forward on Item 6C and then
15 get into some detail as we move ultimately to Item 6B. Mr.
16 Guinot?

17 MR. GUINOT: That was my question. I thought they
18 were mixing B and C here for a minute, and I was a little
19 lost. Let's finish with C and get into B.

20 CHAIRMAN WITTGRAF: Further discussion on Item 6C?
21 Ms. Wolbeck?

22 MS. WOLBECK: I'm able to go along with this because

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1 I think we need to get as much as we possible can to the
2 field. I think this is asking for it. I had the same
3 concerns that Mr. Rath had. It didn't look like there was an
4 increase in M&A, but from what I think I have figured out, it
5 should be about an 8 or 9 percent increase in M&A, rather than
6 the 13. But it still is an increase, and I think it
7 corresponds pretty fairly to the increase they're giving to
8 the field. So, that's my thoughts.

9 MR. KIRK: May I asked one more question?

10 CHAIRMAN WITTGRAF: Mr. Kirk?

11 MR. KIRK: I guess this is really the source of it.
12 The B, C, and D proposals all had significantly higher
13 percentages or more money attributed to M&A. I just guess I
14 wonder why those of you who did offer B, C, and Ds felt that
15 was necessary.

16 CHAIRMAN WITTGRAF: I guess I can only speak for
17 myself. For certain, I'll have to let Mr. Hall and Mr.
18 Molinari speak for themselves. But as we made "seat-of-the-
19 pants suggestions to Mr. Richardson, which he was then good
20 enough to incorporate into line item figures, I think that we
21 were not seriously considering the carryover component and
22 were only looking at general percentages. That's probably why

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1 the higher numbers came out then.

2 Mr. Hall or Mr. Molinari may want to take exception.
3 That's where I was coming from, Mr. Kirk.

4 MR. KIRK: Thank you.

5 CHAIRMAN WITTGRAF: Further discussion? Mr. Rath?

6 MR. RATH: Mr. Chairman, as the Chairman stated,
7 what's before us on C in terms of the message that is
8 intended, I have no problem with that. I do want to reserve
9 for later discussion an understanding, and I plead guilty for
10 my own ignorance, which is often painfully obvious, what is in
11 M&A. I want to understand, as we go through this, the nature
12 of the carryover, because I would not want to see the
13 carryover become an incentive for money not to get to the
14 field. That would be a concern that I have.

15 CHAIRMAN WITTGRAF: The carryover is very difficult,
16 I think, for all of us as Board members as well as for our new
17 president and even for some of our more experienced staff
18 members; it is very, very difficult.

19 I think, and please correct me if I'm wrong or
20 inadequate in my explanation, it's a combination of two
21 things: one, the Congress wanting to give bare-bones dollars
22 because of a lack of credibility to the corporate staff in

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1 recent years; and second, the phenomenon that most of the
2 monies are put into the field at a calendar year rather than
3 at a federal fiscal year basis.

4 So, those two phenomena do lead to this unfortunate
5 phenomenon of this carryover budgeting. But that's the reason
6 the Chair did use his discretion in moving to Item 6C ahead of
7 6B, because I think we will get into a much more detailed
8 discussion of the carryover and what it's used for, or
9 specifically in this instance, what it should and will be used
10 for in the balance of FY 1991.

11 Further discussion?

12 MR. MOLINARI: I move the question.

13 CHAIRMAN WITTGRAF: Hearing no further discussion,
14 those in favor of the motion for the adoption of Proposal A as
15 the FY 1992 budget mark for the Legal Services Corporation
16 will signify by saying aye.

17 (A chorus of ayes.)

18 CHAIRMAN WITTGRAF: Those opposed, nay.

19 (No response.)

20 CHAIRMAN WITTGRAF: The ayes appear to have it. The
21 ayes do have it. The motion is adopted. Thank you.

22 The Chair will allow the Board at this minute to

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1 take a five-minute recess for personal needs, coffee needs,
2 telephone needs or otherwise. Let's try to keep it to five
3 minutes, if at all possible. Thank you.

4 (A short recess was taken.)

5 CHAIRMAN WITTGRAF: Ladies and gentlemen, at this
6 time we are prepared to hear the report from the Audit and
7 Appropriations Committee on the Consideration of the FY 1991
8 Consolidated Operating Budget. The Chair is prepared for us
9 to receive the report regarding that from the Audit and
10 Appropriations Committee. Mr. Dana?

11 CONSIDERATION OF FY 1991 CONSOLIDATED OPERATING BUDGET

12 MR. DANA: Mr. Chairman, as the Board members may be
13 aware, the Audit and Appropriations Committee was not
14 constituted last year. So, whatever function that,
15 historically, had been performed by an Audit and
16 Appropriations Committee was performed by this committee, by
17 the full Board.

18 Our first meeting of the committee, composed of
19 Basile, Jeanine and myself, was last Friday. Prior to the
20 meeting, we had asked, and you should be aware, that
21 management provide us with its proposal for a consolidated
22 operating budget, which appears on pages 19 through 22 of the

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1 green book.

2 If the committee will look at page 22 for a moment,
3 you will see the finest level of detail that was available to
4 us. If you were to compare this page, as we did, with the
5 actual expenditures for last year, you would have observed
6 that there was a proposed 14 percent increase from the actual
7 expenditures of last year to the proposed budget expenditures
8 of this year.

9 In order to be in a position to evaluate that, we
10 asked management to provide us some support and some
11 indication of why they intended to spend that amount of money.
12 As a result of that request, they provided us with an analysis
13 of the \$11,111,437 that is, if you turn it right, in the lower
14 right-hand side of page 22.

15 That was provided to us in a memo that the president
16 sent in response to a letter in which I had requested it. I
17 think you have shared that with the whole Board. The
18 committee met last week, as I indicated, and asked a lot of
19 questions and made a recommendation to management, which I
20 will get to in a moment, and then went away, intending to
21 return to have another meeting last night to finalize the COB
22 request.

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1 The COB request, I may have overlooked that, is the
2 request that really outlines what the Corporation intends to
3 spend this fiscal year, which we're in right now, which ends
4 at the end of September. As a result of a recommendation that
5 the committee made and as a result of, I think, many of the
6 questions that we asked, they produced another proposed
7 consolidated operating budget, which is summarized on page 23
8 of your Board book and which, in the lower right-hand corner,
9 totals \$11,082,878.

10 That was made available to the committee, yesterday,
11 by express mail. We had an opportunity to compare it to the
12 prior and to analyze it all yesterday afternoon and on into
13 the evening. Now, before I get to the recommendation, one of
14 the major reasons for redoing this was because the committee
15 felt that --

16 One of the recommendations we made to management and
17 I guess we're going to make to this Board, if you want to view
18 it in that context, is the recommendation that the
19 compensation for Board members be increased from their
20 historical level of \$261 to what is legally authorized under
21 the law of \$389.

22 Originally, the president's proposal was for six

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1 Board meetings during this fiscal year. Approximately five of
2 them were anticipated to be out of town. Given
3 reauthorization, given confirmation concerns, and given the
4 fiscal impact of that many meetings out of town, and the fact
5 that there were no committee meetings contemplated except in
6 conjunction with Board meetings, and the fact that we were
7 recommending an increase in fees for Board members, and the
8 attendant travel costs of attending meetings, hearings on
9 reauthorization, confirmation, et cetera, you can see that
10 those recommendations have increased the cost, to the
11 Corporation, of the Board of Directors from \$170,000 to
12 \$272,000 or almost \$103,000 over and above the first proposal.

13 I have distributed to you six pieces which is a
14 retyped version of something that some of you may have seen
15 that came out of the meeting last night, which is the
16 committee's, not unanimous but two-to-one, recommendation to
17 this Board.

18 I think there will be a lot of discussion as to why
19 it is different. But if you turn to the second page, you will
20 see that we are proposing to spend the \$10,727,337 that we
21 have available to spend. You will recall in the vote that we
22 took previously, we have taken carryover from last year and

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1 added to the money that Congress has provided for this year.
2 The most we have to spend for M&A, absent changing the
3 character of some of the other carryover funds, is
4 \$10,727,337.

5 So, some of the changes between management's
6 proposal of yesterday and the committee's proposal of
7 yesterday or today reflects the need to reduce the M&A budget
8 by \$355,541. The primary way that was accomplished was in the
9 area of the proposed salary adjustments that management had
10 recommended.

11 Management had recommended that approximately
12 \$455,727, approximately, be set aside for raises for
13 executives, unspecified salary increases, for cost-of-living
14 increases of 4.1 to the entire staff, and for step increases
15 which are, we learned, undesignated merit increases that is
16 awarded by management to staff.

17 If you add all that together, it comes to \$455,000,
18 and that represents in excess of a 10 percent raise for
19 ongoing staff. In view of the fact that the field had
20 testified in our hearings that salaries are appallingly low,
21 that they have been getting very modest increases annually, in
22 fact have been slipping back in real dollars, the committee

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1 felt that we should grant the raises to the executives,
2 because they felt the need to do that in order to attract the
3 people he's hiring, but to delete the unspecified salary
4 increases of \$17.5 because we didn't know what that was for,
5 and to reduce the step increases to \$72,000 from \$245,000.

6 That would represent a 2 percent increase, so that
7 the average available increase to management for staff was 6
8 percent rather than 10 percent, and that saving is substantial
9 and helps us get from where they were to where we are.

10 Candidly, there have been several proposals
11 presented to us for increases in staff. Last week we were, I
12 think, 121; this week we are deemed to be at 124 employees.
13 Management, in its proposal, has identified 17 positions.
14 They identified 17 positions last week that they wanted to
15 add.

16 This week their proposal was for the 17 positions,
17 but there were 5 positions that were requested last week that
18 were dropped and 5 new requests, which we saw for the first
19 time yesterday, that emerged. A majority of the committee did
20 not feel that we were in a position to tell you that we fully
21 understood, or even partially understood, what it was that
22 management proposed to do with those employees.

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1 I have received this morning, and I assume the rest
2 of you have, a memorandum from the president, which we can get
3 into, which I view as a third request and, to a degree,
4 inconsistent with each of the prior two requests. A majority
5 of the committee felt that we were not in a position to
6 represent to you that we knew what this increase in personnel
7 was intended for.

8 Therefore, and this recommendation does that, we
9 have pulled those requests out of the budget but placed the
10 money to fulfill those requests in an account, subject to
11 Board vote. So, as soon as it is clear exactly what it is
12 that management is proposing, again speaking for the majority
13 of the committee, and we were satisfied that we could
14 represent to you that we understood what they were going to be
15 doing, the things that they were going to do that the 124
16 employees can't do now, we would have the money available.

17 That, we did not feel, was going to present a
18 problem for management, in part because many of the employees
19 were not contemplated to be hired right away. The way you can
20 tell that, from the schedule, is any time you see a proposed
21 employee to be hired, as you can, for instance, if you turn to
22 page 3 under "Delete new positions," two senior counsel

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1 positions in the General Counsel's office.

2 It was contemplated that those people would be hired
3 presumably on July 1st. There was only enough money in the
4 budget for a quarter of their salary. If you come over under
5 "Policy Development," the coordinator for special projects
6 should be 71 percent not 11 percent, and the attorney there
7 should be 71 percent not 11 percent. Those two employees
8 management wanted to hire right away. The other two he wanted
9 to hire later on.

10 If you turn over under the "Finance and
11 Administration Services" at the top of the next page, Note 7,
12 the two employees that were deferred in the COB were, again,
13 only to be hired for three months in this fiscal year. The
14 same with the employees under MAC, they were to be hired soon,
15 but not immediately.

16 If you look under the "Office of Field Service" on
17 the back page, many of these employees were not to be hired
18 immediately. Only one of them was contemplated now. That,
19 incidentally, is not the message that you have been told in
20 the current memo, but it was the message last night.

21 Additionally, management had proposed \$300,000 for
22 outside consultants in the general counsel's line. That has

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1 historically been outside counsel in litigation. Once it was
2 used for a \$100,000 legal memorandum on the constitutionality
3 of this Corporation.

4 But it was our view that in view of the fact that
5 most of the litigation that we are involved in, at least the
6 committee was aware of, has been resolved, and further that
7 the major piece of litigation other than that, the TRLA case-
8 - we are being represented by insurance counsel -- we did not
9 think it was necessary to set aside \$300,000, which is the
10 high-water mark for outside counsel for this Corporation, in a
11 year when the Board could not promulgate regulations.

12 So, we have proposed reducing the Corporation's
13 proposal by \$200,000 in that to \$100,000, which incidentally
14 is about the rate for the last three months that we are
15 spending money. Additionally, the Corporation had set aside
16 in its proposal \$69,500 as a litigation fund.

17 That is intended to pay judgments that have been
18 rendered against us. I'm happy to tell you that historically
19 those have been few and far between. Last year, the total
20 judgments rendered against the Corporation were less than half
21 the \$19,500 that your committee is recommending we put in that
22 line.

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1 The next item we felt was a \$10,000 expenditure
2 which was the closing of an office. We felt that that is
3 something that really should come before the Board; it must
4 come before Congress under reprogramming requirements. We
5 felt that the Board should be at least as advised as the
6 Corporation is required to keep our committees of Congress.

7 So, we chose at this time to remove those funds from
8 the approved category and stick it into the Board initiative
9 area. The two other changes that I can identify are that we
10 have decided to add \$100,000 to management's line so that if
11 we've been too rough and he needs additional funds to cover an
12 area where there's not sufficient funds, he can do that.

13 Under guidelines that the committee has, he can
14 spend that money on anything he wants to that is new and
15 different. He just has to tell us what he's going to do.
16 Then there is a procedure that is followed if the new and
17 different proposal is not to somebody's liking or a Board
18 member wants to inquire into it. There is a procedure for
19 calling that into question.

20 The balance of the funds are \$474,000. Those are
21 available for management to make a presentation, which
22 satisfies the committee, at least, that we would be in a

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1 position to defend that use of funds. Speaking for myself
2 only, I was not in a position, based on the relatively short
3 review of, to my way of thinking, a significantly changed
4 proposal, to recommend to this Board that it fund all of the
5 17 positions that we have deferred funding.

6 M O T I O N

7 MR. DANA: I apologize for running on so long, but
8 that is our proposal, Mr. Chairman. I would make it in the
9 form of a motion consisting of these six pages which are
10 before you, which I would request be, I guess, appended to the
11 record rather than reproduced therein.

12 CHAIRMAN WITTGRAF: Thank you, Mr. Dana. If I
13 understand you correctly, the six pages headed at the top of
14 the first page "1991 COB," for consolidated operating budget,
15 is the sum and substance of the committee's recommendation
16 and, in turn, of your motion of that at this time.

17 MR. DANA: Yes.

18 CHAIRMAN WITTGRAF: Is there a second?

19 MR. UDDO: Second.

20 MR. KIRK: Before we go further, would you mind
21 going over one more time the typographical errors?

22 MR. DANA: Yes.

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1 CHAIRMAN WITTGRAF: It's been moved and seconded.
2 Discussion? Mr. Kirk? Mr. Dana?

3 MR. DANA: I believe the typographical errors, the
4 only ones I've identified, appear on page 4 in Note 5. The
5 coordinator for special projects, it should say 71 percent
6 after that. The attorney, three lines down, should say 71
7 percent. The significance of that is that, that is the
8 percent of the year that management proposes to pay these
9 people. So, the \$46,150 is 71 percent of the salary they
10 contemplate paying.

11 MR. KIRK: Might I suggest -- I'm sorry, go ahead.

12 MR. DANA: The purpose of it is that 71 percent is
13 an immediate hire. There is 71 percent of the year to go.
14 So, that's how you know that it is an urgent request of
15 management, or a request that -- I think he's got somebody,
16 and he wants to start right now with that person.

17 CHAIRMAN WITTGRAF: Mr. Kirk?

18 MR. KIRK: The reason I asked that, would you double
19 check Note 7, the total?

20 MR. DANA: Note 7, it should be \$76,023.

21 CHAIRMAN WITTGRAF: Would you state that again for
22 the record and for the benefit of all?

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1 MR. DANA: The total under Note 7, rather than
2 \$119,502, should be \$76,023.

3 CHAIRMAN WITTGRAF: With a minus before it?

4 MR. DANA: With a minus before it.

5 CHAIRMAN WITTGRAF: Thank you. Any other technical
6 questions before we move, first, to comments by the president
7 and then, in turn, to general discussion? Any more technical
8 questions? Mr. Rath?

9 MR. RATH: I don't know whether this falls in the
10 category, but I would like to have an understanding of how
11 immutable this document that we're being asked to adopt is?
12 In other words, is this indeed a graven-in-stone spending plan
13 which cannot be changed during the course of the year, or is
14 there some ability to change as the events warrant?

15 CHAIRMAN WITTGRAF: By way of background, let's
16 touch both on the significance of what the 1991 consolidated
17 operating budget, as it pertains to management and
18 administration, is. Also, I think one reference was made by
19 Mr. Dana to the so-called congressional reprogramming
20 requirement. Perhaps we should attempt to clarify that at the
21 outset.

22 Fine, Mr. Dana, if you wish to begin, and then if

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1 Mr. Richardson with the assistance of Ms. Smead or Ms. DiSanto
2 wants to add, let's touch on the significance of what the 1991
3 consolidated operating budget is and what the Congressional
4 reprogramming requirement is.

5 MR. DANA: Historically, when Congress gives us
6 money, some of it is for M&A. We have a carryover. As soon
7 as we know that, we know, as a Corporation, how much money is
8 available to spend at the corporate level as opposed to in
9 grants.

10 At or about that time, and maybe even before that,
11 because you get a sense of what's coming, management puts
12 together a proposed consolidated operating budget. That comes
13 to the Audit and Appropriations Committee. It does its thing.
14 What emerges is a recommended consolidated operating budget.

15 It is contemplated that that document will change
16 throughout the year. There are several anticipated review
17 periods. After every quarter, there is an internal review.
18 Inevitably, there are overruns and underruns, and there are
19 monies moved from one line to another.

20 Once adopted by this Board, the consolidated
21 operating budget, under guidelines promulgated by this Board
22 in 1980 and amended, in effect, in December of 1985, a copy of

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1 which I have and I think may have been distributed to you,
2 there is a system for making those changes, changes which do
3 not contemplate, basically, doing new things.

4 A change or new and innovative matters are routinely
5 done by management. They have a \$100,000 amount that they can
6 use. They just notify the committee. Those are reported to
7 the Board, and that's that. Under our guidelines, if there is
8 a proposal to do something new and different, they are
9 required to get the committee's approval and the Board's
10 approval.

11 So, we, as the directors of this Corporation, the
12 people that the president stuck in the hot seat, are aware of
13 what new activities the Corporation is about. To the extent
14 that there is some fuzziness on that line, there is an
15 opportunity for members of the committee to say, "Wait a
16 minute. I'm not sure that's something that we want you to go
17 ahead and do without getting Board's permission. So, I'd like
18 to have a meeting on that." That's all specified in the
19 guidelines which we are operating under.

20 CHAIRMAN WITTGRAF: Let's stay for the moment with
21 the concept of the consolidated operating budget and the
22 Congressional reprogramming requirement. Mr. Martin?

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1 MR. MARTIN: Only as to that in response to Mr.
2 Rath's question, for the last six years, at least since 1985,
3 the Board has only approved a bottom-line budget for M&A, for
4 the whole budget but for M&A over the last six years. Once
5 that has been done, the president has had the discretion on a
6 daily, hourly, monthly basis to shift funds from one line
7 within the M&A to the other. That has been done.

8 The specific lines within the M&A budget were not
9 specifically approved by the Board, but rather the total
10 figure. So, therefore, based on that, the president has had
11 that discretion. There were some guidelines in 1980, adopted
12 by a Board, which were not a resolution and not a motion and
13 not bylaws.

14 Then a committee, the Audit and Appropriations
15 Committee, in 1985, also adopted those guidelines for its use.
16 It is my view that those guidelines are not binding on this
17 Board and this committee, but that's not a point. That's
18 later.

19 The point is that I don't know what happened prior
20 to 1985 in terms of what the Board approved, but I think
21 history suggests that it's only been a bottom figure and not a
22 line item, line by line. So, if the Board adopts what Mr.

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1 Dana is suggesting here, I think it departs from past
2 practice.

3 CHAIRMAN WITTGRAF: Mr. Rath?

4 MR. RATH: My question is not who changes it, but A,
5 can it change, and B, what is our obligation to our funding
6 authority to stay within parameters regardless of who sets it?
7 How susceptible are these numbers to change?

8 CHAIRMAN WITTGRAF: Mr. Richardson, perhaps, to the
9 extent you're able, if you could make some comments on the
10 immutability of the consolidated operating budget for any
11 given year as it applies to management and administration, and
12 also about the reprogramming requirement for the Congress or
13 with the Congress.

14 MS. DiSANTO: Good afternoon. In response to your
15 question, Mr. Rath, no, it is not. The consolidated operating
16 budget, once accepted by the Board, is not written in stone.

17 MR. RATH: Thank you.

18 CHAIRMAN WITTGRAF: If you could just make a couple
19 of comments then, Mr. Richardson, Ms. DiSanto, about the
20 ongoing requirement to the Congress regarding the
21 reprogramming of funds.

22 MS. DiSANTO: Moreover, the reprogramming of funds,

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1 as far as the Congress is concerned, it is not required that
2 we go to Congress for the reprogramming of funds at this time.

3 CHAIRMAN WITTGRAF: Let's speak to the requirement
4 generally if we can.

5 MS. DiSANTO: As Mr. Richardson just explained to
6 me, this is the case, because the Congress generally
7 appropriates on a one-line budget.

8 MR. RATH: What I'm trying to understand is, what is
9 the nature of our obligation to our funding authority in terms
10 of what we are supposed to be telling them that we do with
11 those dollars? That's all.

12 MS. DiSANTO: My understanding, Mr. Rath, is that
13 the Board's obligation is advisory with regard to the
14 consolidated operating budget, within the limitations that are
15 set forth in any riders or any appropriation riders that may
16 set forth certain formulas for things such as the Basic Field
17 line or Native American line, et cetera.

18 MR. RATH: Thank you.

19 CHAIRMAN WITTGRAF: What is the standard or the
20 amount at which reprogramming notice is required for the
21 Congress? Is that not a 15-day notice requirement?

22 MS. DiSANTO: The response, Mr. Wittgraf, is that as

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1 far as Congress is concerned, it is 10 percent or \$250,000.
2 In the event there is some type of movement with regard to
3 reprogramming of offices, things of that nature, the
4 Corporation is required merely to advise both the House and
5 the Congress of that, but not to seek their approval.

6 CHAIRMAN WITTGRAF: Do they not then, the
7 appropriation committees of the Senate and the House, have
8 some 15 days after that notification to request a hearing or
9 to request further information? If no such request is made,
10 then the proposed reprogramming is accepted as proposed?

11 MS. DiSANTO: I think that is a fair comment. In
12 the past, that has been the statement; that over the 15-day
13 period, if they had a concern or if they had a question, it
14 would be raised. We would respond to that question, and then
15 we could proceed with the reprogramming.

16 CHAIRMAN WITTGRAF: Thank you. It is the Chair's
17 impression that a number of written documents are continuing
18 to be passed out, much as in the Illinois legislature, I
19 guess, in the midst of debate, that need to be reviewed by the
20 Board members.

21 The Chair will, in a moment, take a noon recess and
22 also an Executive Session, closed session recess, with the

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1 expectation that when we return to open session, the
2 president, Mr. Martin, will respond, as he has in part with
3 his written memorandum of this date, with that and further and
4 perhaps with some comments by staff members, too.

5 Before we recess, however, the Chair would like to
6 formalize the preliminary approval that's been given
7 individually by the Board members to the Board's Secretary,
8 Ms. Bozell, previously, that we will proceed to closed or
9 Executive Session for the purpose of discussing personnel and
10 litigation matters.

11 The Chair is prepared at this time to accept a
12 motion to that effect.

13 M O T I O N

14 MR. GUINOT: I so move.

15 CHAIRMAN WITTGRAF: Mr. Guinot has moved that we
16 proceed upon reconvening to closed or Executive Session. Is
17 there a second?

18 MR. UDDO: Second.

19 CHAIRMAN WITTGRAF: It's been seconded by Mr. Uddo.
20 Is there discussion?

21 (No response.)

22 CHAIRMAN WITTGRAF: Hearing none, those in favor

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1 will signify by saying aye.

2 (A chorus of ayes.)

3 CHAIRMAN WITTGRAF: Those opposed, nay.

4 (No response.)

5 CHAIRMAN WITTGRAF: The ayes appear to have it. The
6 ayes do have it. We are in recess until approximately 12:45
7 for closed Executive Session. We will be coming out of that
8 session at approximately 1:30 p.m., as best the Chair can
9 tell. Mr. Uddo?

10 MR. UDDO: Mr. Chairman, I need to get a
11 clarification before we recess. Mr. Martin, are you saying
12 that since '85, the committee and the Board did not approve a
13 consolidated operating budget showing the different
14 allocations of funds to different categories?

15 CHAIRMAN WITTGRAF: Mr. Martin?

16 MR. MARTIN: Mr. Richardson maybe can respond to
17 that better than me. My understanding is that the Board had
18 the back-up documents showing M&A's proposed allocation, but
19 that's its official approval of a consolidated operating
20 budget was a total amount and not individual lines.

21 CHAIRMAN WITTGRAF: Mr. Uddo?

22 MR. UDDO: I was not on the Audit and Appropriations

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1 Committee, but as a member of the Board, I know we got some
2 fairly detailed information and were asked to approve a
3 consolidated operating budget, which, I assume, the Audit and
4 Appropriations Committee had gone through and made changes in
5 different categories.

6 I'd be very surprised if the Audit and
7 Appropriations Committee never made any changes in a
8 consolidated operating budget.

9 MR. MARTIN: I didn't say that.

10 CHAIRMAN WITTGRAF: Thank you, Mr. Uddo, Mr. Martin.
11 The Board will stand in recess. The Board members should know
12 that out in front of the hotel is a van to take us momentarily
13 to the front steps of the U.S. Supreme Court for our class
14 picture.

15 (Whereupon, at 12:10 p.m., a luncheon recess was
16 taken.)

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A F T E R N O O N S E S S I O N

(2:45 p.m.)

1
2
3 CHAIRMAN WITTGRAF: The meeting will be in order.
4 We are now in an open session of the regularly scheduled Board
5 of Directors' meeting at 2:45 p.m. When we recessed, and
6 thereafter proceeded to Executive Session, we were discussing
7 Agenda Item 6B.

8 Specifically, before the Board is a motion as to the
9 1991 consolidated operating budget, the motion being in the
10 form of a six-page document which has been distributed to the
11 Board members, that document being the one headed "1991 COB."
12 Mr. Dana spoke to the motion. There were a few questions
13 regarding the process and the motion.

14 At this time, the Chair recognizes Mr. Martin, the
15 president of the Corporation, to state his views regarding the
16 motion. Mr. Martin?

17 MR. MARTIN: Thank you, Mr. Chairman. I appreciate
18 this opportunity in advance of a Board discussion. I
19 appreciate it as a recognition by you of my responsibilities.

20 First of all, let me say that I do recognize,
21 acutely, the role of the Board and its oversight
22 responsibility. I am truly, truly aware of that and share

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1 your oversight responsibilities. I do think that my role as
2 the manager of the assets of the Corporation and the oversight
3 role of the Board does require some balance. I am seeking
4 that equilibrium with you.

5 My problem with the proposal, as set forth by the
6 Audit Committee in a two-to-one vote, is that I think it is a
7 proposal that does not provide balance. I think any objective
8 view would look at it and say it does go too far. I manage
9 the Corporation on a day-to-day, if not an hourly, basis.

10 How do you measure the gun that doesn't go off, a
11 telephone call that is misdirected, a congressman's response
12 to a telephone call or a letter that doesn't get answered
13 timely, things that don't get answered in either the
14 Monitoring and Compliance Division or up in the Field Services
15 Division?

16 I want to be responsive to the needs of the field
17 programs. I want to manage effectively and efficiently. The
18 Audit and Appropriations Committee asked me to justify and
19 quantify how what I want to do affects the delivery of quality
20 legal services. How are we promoting that?

21 I want to try to answer that. I think I have partly
22 in the memorandum which is dated today that we prepared after

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1 last night's meeting. I direct you to that. It's dated
2 February 22, Memorandum from David H. Martin, Legal Services
3 Corporation.

4 I am concerned about the good stewardship of the tax
5 dollars. I believe in accountability. The proposal that the
6 Appropriations Committee has put forth, to me, envisions a
7 cumbersome process, at best, of deciding who I should hire or
8 directing me to eliminate positions, which I believe is more
9 in the nature of the discretion that the president should have
10 within the parameters of a budget.

11 Mr. Dana indicated that I had come back to him on
12 three occasions now with different proposals regarding new
13 employees and hires. As my memorandum says, I'm not adding
14 new hires. These are unfilled positions that I want to fill.
15 The Corporation is at its lowest body count in about five
16 years.

17 The positions I want to fill are indicated on the
18 fourth page of your memorandum in, as I was asked, a
19 prioritized list. I was reluctant to do that, but I thought,
20 if you're going to cut out money and you know that bodies are
21 involved, you ought to know my preference.

22 To get back to the varying responses that I've given

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1 to the committee in terms of the number of people, I think I
2 have responded to the committee's request in quite detail
3 about the people and where I want to hire. Each time I have
4 responded. Yes, I've responded with a changed position in
5 response to the committee's questions. Some of them were
6 quite probing and very helpful.

7 Apparently it's not sufficient for the committee.
8 As to my memorandum, in which I set forth in more detail the
9 hires that I want to make, I'm respectfully disagreeing with
10 Mr. Dana that I haven't provided sufficient detail. I think
11 there is.

12 I have here the supervisors who have made these
13 requests to me. I would request permission, Mr. Chairman, to
14 let them share with the Board what has happened to them over
15 the last, I guess, nine months when sequestration was
16 threatened, and the former president and the interim president
17 did not hire, did not let contracts. So, therefore, as
18 vacancies occurred, none were filled.

19 I think that in order to manage the resources I need
20 to bring in some people, carry out the studies and the
21 management ideas I have in mind. I think that if you'll allow
22 me to do that, I think you will find that you will have a very

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1 thick organization through some of the things I want to do.
2 I'll keep you advised on a monthly basis. I think it will
3 result in a good stewardship of the dollars that you, in your
4 wisdom, authorize me to spend.

5 CHAIRMAN WITTGRAF: Yes, Mr. President. Whom did
6 you wish to recognize?

7 MR. MARTIN: Well, Ellen Smead of the Field Services
8 Office and Emilia DiSanto are the first two.

9 CHAIRMAN WITTGRAF: Fine. Ms. DiSanto and Ms.
10 Smead, the Chair would ask you to be quite brief. It's the
11 Chair's intention to entertain a motion to adjourn at
12 approximately 4:00 p.m. I'm hoping we can deal with this
13 agenda item in the meantime. So, if you can simply highlight
14 or provide us by example the kind of information Mr. Martin
15 desires, I think that would be helpful.

16 MS. SMEAD: My name is Ellen Smead. Two of the
17 positions we have are called Assistant to Director Three
18 positions. Both of those positions became vacant last June
19 and July and August. I was unable to hire new people to
20 replace them, because we were under the threat of
21 sequestration and then because we didn't have a budget.

22 Both of these positions are attorneys. One of them

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1 would handle the amendments to bylaws and articles of
2 incorporation, which we have to approve, also provide
3 oversight on national and state support, and assist with some
4 training. We've had a lot of requests to coordinate training
5 for the field.

6 The other person would handle, and did handle, one-
7 time grants and special projects and pilot projects. For
8 example, we have a grant to a Native American program right
9 now that has to be monitored by somebody. This person would
10 also handle emergency funding last year and would also handle
11 some special grants, would handle like the competition for the
12 migrant funds and any solicitations we might do for special
13 projects along that line.

14 Also, as mentioned in the handout, we're looking at
15 hiring a central archivist. This is to consolidate the files
16 from the whole Corporation. Presently, each office has a set
17 of files. What we want to do is consolidate so it's easier to
18 have all the information in one place.

19 When somebody calls and asks us a question or
20 requests for a waiver, we have all the information in one
21 place so I don't have to call Emilia and Emilia doesn't have
22 to call me or respective staff. It would also consolidate all

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1 of our data. That's all that I have.

2 MS. DiSANTO: Looking at the staff for the Office of
3 Monitoring Audit and Compliance, the five positions that are
4 identified, which is one accountant, one management and
5 evaluation analyst, and two support staff members, are, in
6 essence, filling those positions that have been vacated by
7 individuals over probably the past nine-or-so months.

8 During the, probably, last four months, under the
9 last administration, we were not filling positions.
10 Thereafter, sequestration kind of came upon us. All temporary
11 hires were removed by October 1. The training was zeroed out.
12 Capital expenditures were zeroed out and kind of left people,
13 I think, very short.

14 In our case, we expect the accountant, as I said,
15 and the two management evaluation analysts and two support
16 people, to replace those individuals who have left. The type
17 of staff that we have in the Office of Monitoring Audit and
18 Compliance are individuals who generally travel about one time
19 per month. So they are out one time a month, come in, try and
20 get their work done, and then they leave.

21 With regard to the auditors, they not only, more or
22 less, monitor once a month, they are also responsible for

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1 completing the audit reviews of approximately 400 independent
2 audits that come in each year, and respond to all the
3 inquiries that come in from independent auditors, as well as
4 programs regarding completion of the independent auditor, and
5 regarding questions about how to maintain their books and
6 records.

7 We also found that keeping staff members as team
8 leaders is a much more effective way of conducting on-site
9 reviews than having independent consultants perform that
10 particular task. Basically, we are just trying to, I guess,
11 balance our statutory obligation under Section 1007(d), which
12 requires that we monitor and evaluate programs, and Section
13 1007(a)(3), which requires that we ensure that programs are
14 providing service in an economical and efficient manner.

15 The last matter, which is not included in the
16 documents I have read, are the questions of managers in the
17 Office of Monitoring Audit and Compliance. Last year, I think
18 you know, we lost the manager of the Monitoring Division;
19 passed away.

20 We then joined two divisions together. Depending on
21 the position of this Board, Patricia Beatty, who is the
22 manager of the Audit Division, will also be leaving in the

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1 near term. So we definitely do have a need for additional
2 management, with it being right now myself, one manager, and
3 one assistant manager for the office.

4 MR. KIRK: Mr. Chairman, may I ask some questions?

5 CHAIRMAN WITTGRAF: Mr. Kirk?

6 MR. KIRK: What I want to know from you all is, what
7 are you going to do better this year than you did the last six
8 months of last year, without these people?

9 MS. SMEAD: In my case, during the last six months
10 we didn't award any one-time grants. We didn't do any
11 solicitations, so that job just went unfilled. With respect
12 to the bylaws, during refunding, we didn't have anybody to do
13 them.

14 We sort of passed them around to other people to do
15 as they can, which has caused delay in getting a response
16 back. So, whereas we used to be able to get things turned
17 around in a month, it can take as long as five or six months
18 now to get things turned around.

19 I should also say, too, that the other positions
20 that are on Mr. Dana's memo are already filled. The reason
21 they are like at 50 or 60 percent or 80 percent is because we
22 didn't get them until later on in the year or they were

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1 temporarily assigned to us.

2 MR. KIRK: So, some of those you have already
3 filled?

4 MS. SMEAD: Yes. They were already filled, two of
5 the positions.

6 CHAIRMAN WITTGRAF: Mr. Dana?

7 MR. DANA: This is an example of my problem and
8 trying to understand what it is that the Corporation wants.
9 Under Note 8 of our list, you can see that we have tentatively
10 recommended that we not fund the only two positions in MAC
11 that Mr. Martin, last night, told us he wanted.

12 Today he's talking five positions. You want five
13 positions. We are only recommending a hold on RE analyst and
14 a secretary. He is now saying his number three priority is
15 five positions in MAC. We've left the \$100,000 for temporary
16 employees, if that's what you're talking about, alone. That
17 isn't even touched in this proposal.

18 We've only removed two positions, and you're now
19 saying you want five positions. But turn around in the field
20 service area, you are now saying you want two positions, but
21 last night, Mr. Martin wanted five positions.

22 MR. KIRK: Mr. Martin, I think you ought to listen

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1 to this.

2 CHAIRMAN WITTGRAF: Mr. Kirk?

3 MR. KIRK: I think Mr. Martin ought to be hearing
4 this because it's directed -- some of this is directly
5 involved in some of the questions that -- excuse me, Mr. Dana.
6 I didn't mean to interrupt you. You're making some comments
7 against Mr. Martin, and I think he ought to be able to respond
8 to these. I'm going to ask him to respond to them.

9 MR. DANA: They are not intended to be against him.

10 MR. KIRK: I understand that.

11 MR. DANA: Our problem is that we have been trying
12 to grapple with these numbers. You've asked for, today MAC
13 wants five positions, field services wants two. Last night it
14 was reversed. They wanted an ADT-3, two of those, something
15 known as a substantial superintendent coordinator,
16 presidential (inaudible) and another ADT-2. That was last
17 night; today they want two.

18 As the number one priority under MAC, the only two
19 positions that were asked for, that we have reserved judgment
20 on, are an analyst and a secretary. That's the only two
21 positions we found in there. They are the only two positions
22 we've held. But now you're saying you want five positions.

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1 It is this sort of moving target that is hard for--
2 it may be the committee's fault. We've been working hard to
3 try and figure out, first of all, what was wanted. Now we're
4 getting in a memo that comes fairly late some of the rationale
5 for a request that I view as different than the request we
6 talked about last night.

7 CHAIRMAN WITTGRAF: At this point, the Chair
8 declares a 10-minute recess for the purpose of enabling a
9 couple of the Board members to prepare the wording for a
10 substitute motion. We'll be in recess for approximately 10
11 minutes.

12 MR. GUINOT: A substitute motion for what?

13 CHAIRMAN WITTGRAF: For the motion that's on the
14 table, Mr. Guinot.

15 MR. GUINOT: It seems to me there's a heck of a lot
16 of discussion that has to be had concerning almost every point
17 of that motion. I'm worried that you're going to come up with
18 another one that's going to require perhaps even more
19 discussion. I don't know whether that's the best way to
20 proceed.

21 CHAIRMAN WITTGRAF: That's the Chair's position at
22 this moment, Mr. Guinot. I think I appreciate your concern,

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1 and the Chair thinks that 10 minutes of time invested would be
2 time well invested.

3 (A brief recess was taken.)

4 CHAIRMAN WITTGRAF: It's the Chair's understanding
5 at this time that Mr. Uddo has a substitute motion to offer
6 for the motion that's on the table. Mr. Uddo?

7 S U B S T I T U T E M O T I O N

8 MR. UDDO: Mr. Chairman, the substitute motion is
9 this: I would move that a consolidated operating budget figure
10 of \$10,727,337 be approved as the amount for M&A.

11 Further move that the staff, Mr. Martin in
12 particular, prepare a new consolidated operating budget,
13 specifying the distribution of that money in the form
14 ordinarily used by the Corporation, with the supporting
15 documentation that the Audit and Appropriations Committee has
16 requested concerning staffing levels and need for changes in
17 staffing levels.

18 Further move that that be reported to the Audit and
19 Appropriations Committee no later than March 22nd.

20 MR. DANA: If you're having a meeting in Chicago the
21 following Monday, we ought to have it in time to have a
22 meeting on the Friday, presumably.

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1 MR. UDDO: Could we get it the 20th, give us at
2 least two days to study it, Mr. Martin?

3 MR. MARTIN: I'm sorry. I didn't --

4 MR. UDDO: Do you think the 20th? Do you think that
5 the committee could be provided with this information on the
6 20th?

7 MR. MARTIN: Well, I'd have to defer to my able
8 comptroller, who is without voice today. But let me look at
9 my calendar and see where I'm going to be.

10 MR. UDDO: He's nodding his head yes.

11 MR. MARTIN: Well, I defer to him on the
12 preparation. I want to see where I'm going to be. You want
13 it by the 20th, in preparation for a meeting on the 22nd?

14 MR. UDDO: Right.

15 MR. MARTIN: At the meeting I would present --

16 MR. UDDO: No. Maybe that's our misunderstanding.
17 We would like to see as much in writing as possible and not
18 put the burden on you to present it verbally. In other words,
19 we would like to see the new consolidated operating budget and
20 the supporting data for the staffing changes in memorandum
21 form so that we can consider it before the meeting on the
22 22nd, and then use the 22nd as an opportunity to discuss it,

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1 take a vote and hopefully dispense with it rather quickly.

2 CHAIRMAN WITTGRAF: The Board presumably, in turn,
3 will be meeting on the 25th of March in Washington, Monday the
4 25th.

5 MR. UDDO: I thought you said that I could have my
6 Reauthorization Committee meeting in Chicago on the 25th.

7 CHAIRMAN WITTGRAF: You never mentioned Chicago.

8 MR. UDDO: Chicago.

9 CHAIRMAN WITTGRAF: We'll have to work out the
10 details on the Reauthorization Committee. The Board meeting
11 tentatively is set for March 25th.

12 MR. UDDO: It would otherwise be the 25th.

13 CHAIRMAN WITTGRAF: The question for Mr. Martin and
14 staff is as to the 20th, Wednesday the 20th, so that both the
15 members of the Audit and Appropriations Committee and all the
16 members of the Board as a whole would have at least a few days
17 in which to consider the materials.

18 Do I understand that we're agreed that the 20th is a
19 workable date, the 20th of March?

20 MR. MARTIN: It is, if the Board so desires.

21 MR. UDDO: I'd like to make it a date that you feel
22 that you can meet.

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1 MR. MARTIN: We can meet that.

2 MR. UDDO: That's the motion. I would just like to
3 add in support of the motion -- I guess it's out of order for
4 me to do this, but since I've still the got the microphone,
5 I'm going to do it.

6 CHAIRMAN WITTGRAF: Mr. Uddo?

7 MR. UDDO: I think the sense of the committee,
8 David, is that they want to work with you and they want to
9 support you. This is not an attempt to try to frustrate what
10 you want to do. I think it's an attempt to make sure that the
11 proper focus of attention has been given to the staffing
12 expansions, and that we can discharge our responsibility and
13 our obligation of feeling that some rather significant changes
14 in staffing levels have been thought through and justified.

15 We just want to make sure that we have the basis
16 upon which we can make that decision. I think I'm speaking
17 for the committee that we are supportive. We want to support
18 your direction and the things that you've said you want to do.

19 CHAIRMAN WITTGRAF: Is there a second to the
20 substitute motion?

21 MR. DANA: Second.

22 CHAIRMAN WITTGRAF: It's been seconded. You've

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1 heard the motion. It's been seconded. Discussion? Mr.
2 Molinari?

3 MR. MOLINARI: Mr. Chairman, I came in at the back
4 end of this thing. Listening to the conversations and looking
5 at the Audit Committee's 1991 COB, I am concerned and rather
6 disturbed by what I see. I could be misinterpreting what's
7 happening here. I tried to ask some questions before to try
8 to better understand what they were attempting to accomplish
9 by the original motion and/or the substitute motion.

10 It necessarily gets back to where we've been the
11 last six months. The last six months were very trying months
12 for all of us that were on this Board. We had a prior
13 president that created some clouds out there with some people.
14 After he agreed to resign, we started on this prolonged
15 process to put in a new president of the Corporation.

16 One of the key elements that we looked at in that
17 prolonged process was management abilities. So we start off
18 with something like 343 applicants. We winnowed it down, and
19 we winnowed it down, and we winnowed it down again, and we
20 finally wound up with this fellow, David Martin.

21 The very first thing we're going to be doing to this
22 new president is saying to him, "We're going to be managing

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1 everything you're doing here. Everything you do is going to
2 be subject to review by this Board." Now this is one Board
3 member who doesn't want to go along with that kind of thing.

4 I thought that we were heading in a new direction
5 and that we were giving responsibility to this man. If he was
6 discharging that responsibility properly, and I think I heard
7 him say in a conversation with the Chairman before, he was
8 willing to give monthly statements on what money was being
9 spent and where it was being spent, I don't know what more you
10 want to do.

11 If this is the tone of the Corporation and the way
12 the Board is going to be acting over the next year, we're in
13 for some very, very difficult times. I sure as heck hope--
14 and I want to ask some other questions about the budget of the
15 members of the Board, too, because I think that goes hand in
16 glove with what we're doing here today.

17 My own personal view is, I don't think we need to do
18 this. I don't think we should be doing it. We've selected a
19 president. We should let him go ahead with his business of
20 restructuring the Corporation as he identifies it to us, take
21 his monthly statements.

22 If we're dissatisfied with his performance, there

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1 are remedies available to us. I think we're making a very
2 serious mistake here today. I would oppose the motion and the
3 substitute motion.

4 CHAIRMAN WITTGRAF: Mr. Molinari, let me respond
5 before I ask for more discussion. As I understand the process
6 regarding the Audit and Appropriations Committee and the work
7 they attempted to undertake, first there is a need because of
8 carryover budgets first with FY 1990 that we discussed this
9 morning and in turn with the projection your making for FY
10 1991 to get some agreement on the dollars that are available
11 for management and administration.

12 I know you understand, as I think most of the Board
13 members do, the only monies that the Board really controls
14 directly in any sense or has any direct oversight on really
15 are those in management and administration. Most of the other
16 dollars go on, and continue to go on as they have for
17 essentially 25 years, to the recipients or the grantees.

18 So, when we focus on a small portion of the budget
19 it's really the only portion that we have much discretion. As
20 we look at that portion, and as we look at a new president, as
21 you say, who is charting with the Board, charting its course
22 for the Corporation, we're concerned with changes in levels of

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1 staffing and divisions, perhaps even elimination of divisions,
2 as well as expansion of divisions.

3 If I understand at least the substitute motion, it
4 gets away from the notion of specifying how many secretaries,
5 how many attorneys, how many of anything else, but rather it
6 suggests that now we're agreed that there's \$10.727 million
7 available, let us, the committee and the Board, know how you
8 think it's going to be spent.

9 I think as different Board members, and we can take
10 a few minutes to hear from the Board members, there are
11 different concerns. Some have to do with the level of
12 staffing. Some have to do with the level of compensation of
13 staffing. Some have to do with the functions of the new staff
14 members and perhaps the eliminated functions of old staff
15 members.

16 We don't really have that before us yet in a
17 comprehensive fashion. As I understand the substitute, it's a
18 effort to say put it before us in a comprehensive fashion. I,
19 for one at least, would like to see that, yet without getting
20 into a position of wanting to second-guess or, a term we use
21 frequently, micromanage the president, but rather to have him
22 say how, for the balance of FY 1991, he proposes to use

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1 \$10.727 million.

2 So, I, for one at least, contrary to you a moment
3 ago, view this as a positive step and a supportive step for
4 the president, giving him maximum discretion but with the
5 Board continuing to have the right, based upon the need, to
6 know how the monies are going to be spent for us to be
7 accountable. Mr. Molinari?

8 MR. MOLINARI: Mr. Chairman, that could very easily
9 be handled by him giving you this monthly statement that he
10 offered to give you in the dialogue I heard between he,
11 yourself and some others. On its face, I understand what
12 you're saying, but my interpretation of it is, if he comes
13 back with a statement on the 20th, and the committee and the
14 Board doesn't like it, they can disapprove that structure. Is
15 that not implicit in what we're doing here?

16 CHAIRMAN WITTGRAF: Yes. I think that's always
17 implicit as we're agreed on a dollar amount. But we're still
18 looking at approval as to how the money is going to be spent,
19 at least according to, as I think Mr. Uddo said, to the
20 conventional line items used within the management and
21 administration large line item itself, yes.

22 MR. MOLINARI: That is a basic philosophical problem

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1 that I have with it, and that's the primary reason for my
2 opposition to the motion.

3 CHAIRMAN WITGRAF: Further discussion? Mr. Uddo?

4 MR. UDDO: Let me just say, Mr. Molinari, I
5 appreciate what you're saying. I agree that we ought not be
6 second-guessing the president. But my perspective is a little
7 bit different. Mr. Martin is the sixth president that I've
8 worked with as a member of the Board of the Legal Services
9 Corporation.

10 Every one of them was hired feeling that they would
11 be a good manager. I don't think that any of the hires that
12 were made by prior Boards was with some other purpose in mind.
13 My opinion is that every one of those presidents, when
14 problems arose in terms of the operation of the Corporation,
15 it arose because of a breakdown of the Board function of being
16 in communication with the president, and I mean the entire
17 Board, the entire Board being informed and in communication
18 with the president.

19 I think that facilitates a good managing president
20 that there is a Board aware of what's going on and informed of
21 what's going on and involved in discharging its statutory
22 responsibility. Every one of the prior presidents that I'm

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1 aware of, problems arose when there was a breakdown in that,
2 when money was being spent in ways that the Board was not
3 aware of.

4 It might have been defensible in the mind of a
5 particular president, but being spent in ways that the full
6 Board was not aware of. That began to cause difficulties in
7 every one of those situations. I think this is ultimately the
8 height of support for a president to say, "Tell us how you
9 want to spend it. Let us be a part of the decision-making
10 process and discharge our statutory responsibility, and
11 everything should go along fine."

12 But if only certain Board members know what a
13 president wants to do or no Board members know what a
14 president wants to do, what his vision is, where he's going
15 and how he wants to spend the money, it won't be long before
16 problems arise.

17 CHAIRMAN WITTGRAF: Mr. Molinari?

18 MR. MOLINARI: Thank you, Mr. Chairman. Basile,
19 that could again be handled by his simply issuing a monthly
20 statement on where the monies will be spent so every Board
21 member would have better knowledge than probably any Board in
22 the history of the Legal Services Corporation.

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1 But I don't think that's what we're trying to do
2 here by the original motion nor substitute. I think we're
3 really looking at saying we want to second-guess the judgments
4 that he's making. Very frankly, that bothers me deeply
5 because I was part of the selection committee that spent
6 months in this process of trying to put somebody in this
7 place, that we thought could make these decisions.

8 We didn't have to second-guess those decisions, but
9 rather confidence when we finally settled on a person that we
10 would be able to sit back and say, okay, now we're going one
11 step further. He is saying if you have concerns about that, I
12 will give you a monthly report. That should be more than
13 sufficient, something we never had before.

14 I don't think that that's what you're looking for,
15 though. I think you want to go one step further.

16 CHAIRMAN WITTGRAF: Mr. Rath and then Mr. Guinot.
17 Mr. Rath?

18 MR. RATH: Mr. Chairman, I'm sympathetic to many of
19 the comments that Mr. Molinari made, but let me say that I
20 don't have any of the history. He's not the sixth; he's the
21 only. I guess I'm not as concerned at the moment about
22 judgments that Mr. Martin has to make as much as I am about

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1 the judgments that I have to make.

2 Much of the detail that is just come before this
3 Board has just come to me as early as this morning for the
4 first time. I am prepared to vote for the substitute motion
5 because I think that endorses in a very substantial way, in
6 fact \$10,727,337 very substantial ways, the judgment of the
7 president.

8 I guess what I want to be able to do is, the people
9 who we have to answer to, that we have given a level of
10 scrutiny and are therefore in a position to give better
11 support to the judgment of the president by going this route
12 of going back before the committee and having him present some
13 details, which I frankly would like to see myself so that I
14 understand what I'm voting on.

15 I agree with you that we could get it on a monthly
16 basis. I see really very little difference between getting it
17 on a monthly basis and maybe being able to dispose of it more
18 summarily on an annual basis, by the method contemplated by
19 the substitute amendment.

20 I have no problem with this. I don't want this to
21 turn into some kind of an exercise which I think is ultimately
22 counterproductive to getting on with the business. Therefore,

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1 I would vote for the substitute motion and invest as much
2 trust in this Board as we do in the president.

3 CHAIRMAN WITTGRAF: Mr. Guinot?

4 MR. GUINOT: Again, I find myself in the middle of
5 all these arguments, in my own mindset. I tend to agree with
6 almost everything Mr. Molinari has said, but Mr. Uddo is
7 extremely convincing in the arguments that he makes. I've
8 only had experience with one president, now that we're
9 counting presidents.

10 However, I have discovered that in the year that I
11 have been here, however long it's been, not everything that
12 happens in the Legal Services Corporation is what seems to be.
13 There seems to be always another element behind it. I have
14 tried from the very beginning to articulate the way that I
15 feel about certain elements of this.

16 I want the administrator, the president, to manage
17 this Corporation. I don't want to do it. I certainly want to
18 be told what is going on, but it's going to be the broadest
19 type of, shall we say, oversight or supervision that I can,
20 until I lose confidence in him, if that ever were to happen.

21 I do not believe that we are in the business here of
22 looking at every element that he brings forth, until that

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1 point. I am concerned that if we allow one thing today, that
2 will give rise to another element of control tomorrow and so
3 on down the line.

4 It is a situation of attrition. I think that if you
5 look at the history of the Legal Services, you will find that
6 to be true. My first reaction is that I would oppose both
7 motions. But after listening to Mr. Uddo and after him
8 stating that the amount of money is there, what he wants is
9 justification that will give us an intellectual basis as to
10 what he is doing, I would be willing to support it with the
11 understanding, however, that as far as this member is
12 concerned, I am not going to vote for anything in the future
13 that means that he is restricted in hiring people or
14 (inaudible) an individual or whatever. It has to be a global
15 type of oversight, as it were.

16 CHAIRMAN WITTGRAF: Further discussion?

17 (No response.)

18 CHAIRMAN WITTGRAF: Mr. Uddo, will you please
19 restate your motion and substitute motion?

20 MR. UDDO: That the Board approve a consolidated
21 operating budget for management and administration in the
22 amount of \$10,727,337; that the staff prepare a consolidated

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1 operating budget in the form ordinarily used by the
2 Corporation detailing the division of the sums among the
3 various offices; and that on or before March 20th, that Mr.
4 Martin deliver to us, the entire Board, that proposed
5 consolidated operating budget and the supporting data and
6 documentation that we've discussed.

7 MR. GUINOT: Mr. Chairman?

8 CHAIRMAN WITTGRAF: Mr. Guinot?

9 MR. GUINOT: Before we vote, I just wanted to make a
10 procedural point. When the report gets to you folks, you will
11 look it over and you will, of course, make a recommendation to
12 us. It will be then voted upon. Am I correct?

13 CHAIRMAN WITTGRAF: Right.

14 MR. GUINOT: In the unlikely event that we vote
15 against it, what happens then?

16 CHAIRMAN WITTGRAF: Mr. Dana?

17 MR. DANA: We will have, as of the 20th, a
18 recommendation to fill-in-the-blanks, that total the \$10.7
19 million. Our committee with either be supporting that as it
20 was presented or will be making substitutes. You can vote
21 against the substitute and support the president's
22 recommendation, or my suspicion is that we will be able to

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1 work it out and come up with a proposal that we are in
2 agreement on. That would certainly be my expectation. But if
3 not, you would always have the president's recommendation to
4 support, rather than the committee's alternative.

5 MR. GUINOT: Mr. Chairman?

6 CHAIRMAN WITTGRAF: Mr. Guinot?

7 MR. GUINOT: I'm glad I asked the question. That
8 puts a new light into the mix now for me.

9 CHAIRMAN WITTGRAF: Further discussion? Ms. Love?

10 MS. LOVE: Mr. Martin, to me, I go along with Mr.
11 Molinari. I read a long time from Mississippi to Florida and
12 from Florida to here. My choice was Mr. Martin. I don't
13 think Mr. Martin is being given the chance to prove that he
14 can be chief, as I put it.

15 So I think if this keep going and going -- we had
16 one lame duck, as you all called it, as the president. I've
17 never been involved in anything like this in my life,
18 bickering and bickering. I think if we can get it together
19 and work with the president, we can accomplish something. But
20 we're not accomplishing anything. Thank you.

21 CHAIRMAN WITTGRAF: Thank you, Ms. Love. Further
22 discussion?

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1 (No response.)

2 CHAIRMAN WITTGRAF: We'll move to the question.
3 Those in favor of the substitute motion as restated a moment
4 ago by Mr. Uddo will signify by saying aye.

5 (A chorus of ayes.)

6 CHAIRMAN WITTGRAF: Those opposed, nay.

7 (A chorus of nays.)

8 CHAIRMAN WITTGRAF: The ayes appear to have it.

9 MR. MOLINARI: May we have a roll call, Mr.
10 Chairman?

11 CHAIRMAN WITTGRAF: A roll call vote has been
12 requested on Mr. Uddo's substitute motion. We'll go in
13 alphabetical order. Mr. Dana?

14 MR. DANA: Aye.

15 CHAIRMAN WITTGRAF: Mr. Guinot?

16 MR. GUINOT: Nay.

17 CHAIRMAN WITTGRAF: Mr. Hall?

18 MR. HALL: Yes.

19 CHAIRMAN WITTGRAF: Mr. Kirk?

20 MR. KIRK: Nay.

21 CHAIRMAN WITTGRAF: Ms. Love?

22 MS. LOVE: Nay.

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1 CHAIRMAN WITTGRAF: Mr. Molinari?

2 MR. MOLINARI: Nay.

3 CHAIRMAN WITTGRAF: Ms. Pullen?

4 MS. PULLEN: Nay.

5 CHAIRMAN WITTGRAF: Mr. Rath?

6 MR. RATH: Yes.

7 CHAIRMAN WITTGRAF: Mr. Uddo?

8 MR. UDDO: Yes.

9 CHAIRMAN WITTGRAF: Ms. Wolbeck?

10 MS. WOLBECK: Nay.

11 CHAIRMAN WITTGRAF: Mr. Wittgraf votes yes. I
12 believe the motion failed five to six.

13 MS. BOZELL: Right.

14 CHAIRMAN WITTGRAF: We're now on the original
15 motion. Is there further discussion on the original motion?

16 (No response.)

17 CHAIRMAN WITTGRAF: Hearing none, those in favor of
18 the motion as presented in the form of 1991 Consolidated
19 Operating Budget as contained in the six-page handout will
20 signify by saying aye.

21 (A chorus of ayes.)

22 CHAIRMAN WITTGRAF: Those opposed, nay.

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1 (A chorus of nays.)

2 CHAIRMAN WITTGRAF: The nays appear to have it. The
3 nays do have it. The motion fails. It's the Chair's
4 understanding at this time that there is no 1991 consolidated
5 operating budget proposal. The Chair assumes that it will be
6 necessary for the committee, together with the president and
7 his staff, to convene before our next meeting on Monday, March
8 25, to putting a new consolidated operating budget proposal to
9 us.

10 MR. KIRK: Excuse me.

11 CHAIRMAN WITTGRAF: Mr. Kirk?

12 MR. KIRK: Wouldn't it be appropriate for someone
13 from the floor to move to adopt any proposal that they want?

14 CHAIRMAN WITTGRAF: Certainly a motion is relevant,
15 yes.

16 MR. KIRK: I mean, somebody could move to adopt the
17 Management Committee's recommendation.

18 CHAIRMAN WITTGRAF: Yes. That's what the 1991 COB
19 was that we just defeated, Mr. Kirk.

20 MR. KIRK: No. I'm not talking about that
21 committee, not the Management Committee. I'm talking about
22 management's own proposed budget.

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1 CHAIRMAN WITTGRAF: Okay, yes. I'm not sure which
2 form that's in at the moment. We can agree on a form. We can
3 take a look at that, yes. Ms. Pullen?

4 MS. PULLEN: I think the main problem is not the
5 bottom line but the idea of this Board tackling line items
6 within the management and administration line.

7 M O T I O N

8 MS. PULLEN: Therefore, I would put a motion, which
9 is very simple, which is Part A of Basile's motion without
10 Part B, that the Board approve line item for management and
11 administration of \$10,727,337.

12 CHAIRMAN WITTGRAF: That is your motion, Ms. Pullen?

13 MS. PULLEN: Yes.

14 CHAIRMAN WITTGRAF: Is there a second?

15 MR. MOLINARI: I second.

16 MR. KIRK: I don't know if I'm willing --

17 CHAIRMAN WITTGRAF: The motion has been made that,
18 simply, a consolidated operating budget of \$10,727,337 be
19 adopted as a single line item for management and
20 administration. It's been seconded by Mr. Molinari. Mr.
21 Kirk?

22 MR. KIRK: I'm going to oppose that because I would

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1 rather see some sort of a guideline, a knowledge of where the
2 money is intended to be spent. I'd like to be able to
3 continue to get my monthly reports and say, "Let me tell you,
4 Mac, I don't like the way it's going," so that there's no
5 surprise down the lines. So I will be voting against a broad,
6 take-it-any-way-you-want-it-type budget.

7 CHAIRMAN WITTGRAF: Mr. Guinot?

8 MR. GUINOT: I will also vote against that motion.
9 I am not against, I would like to say it again, the oversight
10 of the committee or the subcommittee or even of the Board. I
11 just feel that it is the parameters of that oversight that
12 concerns me.

13 Neither am I willing just to vote a bunch of money
14 blindly like that. So, I will oppose that unless there is a--
15 - I don't believe there is anything wrong with our going back
16 and having go through the process again.

17 CHAIRMAN WITTGRAF: Further discussion?

18 M O T I O N W I T H D R A W N

19 MS. PULLEN: Mr. Chairman, I'll withdraw the motion
20 since the Board doesn't seem prepared to adapt --

21 CHAIRMAN WITTGRAF: Mr. Molinari, are you prepared
22 to agree to the withdrawal of the motion?

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1 MR. MOLINARI: Yes, I am, Mr. Chairman.

2 CHAIRMAN WITTGRAF: Okay. At this time it is the
3 Chair's understanding there is no motion before the Board.
4 It's the Chair's understanding, as he indicated a few moments
5 ago, this matter goes back to the Audit and Appropriations
6 Committee.

7 MR. MOLINARI: Mr. Chairman, could you withhold for
8 just a moment? I think they may have an agreement here on
9 language which would satisfy the members of the Board and we
10 could move on with it and still get out by 4:00.

11 (A brief recess was taken.)

12 CHAIRMAN WITTGRAF: Mr. Kirk?

13 M O T I O N

14 MR. KIRK: I will move that we adopt a budget in the
15 gross amount as stated previously, subject to later approval
16 at the next meeting of a line item which would be prepared by
17 Mr. Martin and submitted to this Board at the next meeting. I
18 would invite comment by the committee at that point, but I
19 think it should come directly to the Board.

20 CHAIRMAN WITTGRAF: Mr. Uddo?

21 MR. UDDO: How is this committee supposed to develop
22 comments on that?

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1 CHAIRMAN WITTGRAF: I think the committee has the
2 prerogative, according to the Chair, to meet at any time.
3 We've heard the motion; is there a second?

4 MR. KIRK: I would add that this line item budget be
5 prepared within the next week and put in the mail by then. Is
6 there any problem with that?

7 CHAIRMAN WITTGRAF: It's the Chair's impression that
8 a date such as March 13, which is a week ahead of the earlier
9 date discussed, would give the president and his staff
10 adequate time. So, Mr. Kirk, if you will accept the friendly
11 suggestion of March 13 instead of a week's time, I think that
12 is more appropriate.

13 MR. KIRK: Yes, sir.

14 CHAIRMAN WITTGRAF: Is there a second to the motion?

15 MR. GUINOT: Would you repeat it?

16 CHAIRMAN WITTGRAF: Mr. Kirk?

17 MR. KIRK: I move that we adopt a budget with a
18 gross figure of \$10,700,-whatever-it-is.

19 CHAIRMAN WITTGRAF: \$10,727,337.

20 MR. KIRK: And that that approval be subject to this
21 Board's approval of a line item budget presentation by the
22 president, which will be submitted to this Board not later

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1 than March 13th. It will be voted on by the Board. We would
2 invite comments by the committee, the Audit Committee, at that
3 time.

4 CHAIRMAN WITTGRAF: Is there a second?

5 MR. MOLINARI: I'll second it, Mr. Chairman.

6 CHAIRMAN WITTGRAF: It's been seconded. The
7 question has been moved. Excuse me, a question. Mr. Rath?

8 MR. RATH: I have a question for the maker of the
9 motion. Do I understand, Mr. Kirk, that this would come
10 directly to the Board and that the principal difference then
11 between this and the motion which failed earlier in the six-
12 to-five vote is that the Audit Committee would not review the
13 budget first?

14 MR. KIRK: They are going to review it, and they can
15 make the recommendations. But I would just bring it directly
16 to the Board.

17 MR. RATH: A further question, Mr. Chairman?

18 CHAIRMAN WITTGRAF: Mr. Rath?

19 MR. RATH: Then do I understand that this motion
20 does not preclude any option that the Board might have in
21 making any motion it deems appropriate, when that budget comes
22 before the Board?

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1 CHAIRMAN WITTGRAF: I don't believe there's any way
2 it can.

3 MR. RATH: Well, I just want to make sure that
4 that's the intended motion.

5 CHAIRMAN WITTGRAF: It's open to any amendments from
6 the floor as to the whole Board. I believe that's right. You
7 certainly understand that, don't you, Mr. Kirk?

8 MR. KIRK: Sure.

9 CHAIRMAN WITTGRAF: Further discussion? Ms.
10 Wolbeck?

11 MS. WOLBECK: I'm not real sure of the difference
12 between the two motions by what Mr. Uddo made and Mr. Kirk's.

13 CHAIRMAN WITTGRAF: I don't think there's a great
14 deal -- Mr. Uddo?

15 MR. UDDO: I think there is a significant
16 difference. It's taking it out of the Audit and
17 Appropriations Committee. I think if you're worried about
18 setting bad precedent, that's a bad precedent to set. We have
19 an Audit and Appropriation Committee; the budget should first
20 go to that committee.

21 That committee should then formally make its
22 recommendation to the Board. The Board can ignore it. But to

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1 say that the difference in the motion is that it's coming
2 straight to the Board is just saying we're going to ignore the
3 ordinary process for approving a budget. It doesn't make any
4 sense to me at all.

5 The proposal is going to get to the Board. If the
6 Board doesn't like anything the committee recommends, it votes
7 for the other proposal. All this does is set a precedent that
8 if you don't like the Board action, we're going to tell people
9 to bring it straight to the Board. I think it's a bad
10 precedent.

11 Substantively, it's no different than my motion, but
12 I think it's a bad precedent to try to go around the Audit and
13 Appropriations Committee. So, I'm going to vote against it.

14 CHAIRMAN WITGRAF: Further discussion? Mr. Kirk?

15 MR. KIRK: Very simply, if there were time today, a
16 handwritten budget amendment would have been done. The
17 presentation has been made by the committee. It's been
18 defeated, and now it's in the Board's hands.

19 At this point, if we had time, if there weren't
20 airlines to meet, I think that we'd end up recessing for half
21 an hour. We'd end up with a budget, and this Board would
22 approve it. The only reason that it's being done differently

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1 is because of the time involved. I don't take it as a slight.
2 I think that the committee has presented what it presented,
3 and it's been defeated.

4 MR. UDDO: Mr. Chairman?

5 CHAIRMAN WITTGRAF: Mr. Uddo?

6 MR. UDDO: I think the reasons you give actually
7 defeat the justification. Since there is no time to do it
8 today, and it's going to have to be put off, the appropriate
9 way to do it is through the committee. I mean, that's just as
10 a matter of procedure and a matter of protecting the process
11 that should go through the committee first. You can ignore
12 the committee, but it should go through the committee first.

13 CHAIRMAN WITTGRAF: Further discussion?

14 (No response.)

15 CHAIRMAN WITTGRAF: Hearing none, the motion is
16 before us. Those who are in favor of the motion will signify
17 by saying aye.

18 (A chorus of ayes.)

19 CHAIRMAN WITTGRAF: Those opposed, nay.

20 (A chorus of nays.)

21 CHAIRMAN WITTGRAF: The ayes appear to have it.

22 MR. DANA: Roll call.

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1 CHAIRMAN WITTGRAF: A roll call vote has been
2 requested. Mr. Dana?

3 MR. DANA: Nay.

4 CHAIRMAN WITTGRAF: Mr. Guinot?

5 MR. GUINOT: Nay.

6 CHAIRMAN WITTGRAF: Mr. Hall?

7 MR. HALL: Yes.

8 CHAIRMAN WITTGRAF: Mr. Kirk?

9 MR. KIRK: Yes.

10 CHAIRMAN WITTGRAF: Ms. Love?

11 MS. LOVE: Yes.

12 CHAIRMAN WITTGRAF: Mr. Molinari?

13 MR. MOLINARI: Yes.

14 CHAIRMAN WITTGRAF: Ms. Pullen?

15 MS. PULLEN: Yes.

16 CHAIRMAN WITTGRAF: Mr. Rath?

17 MR. RATH: No.

18 CHAIRMAN WITTGRAF: Mr. Uddo?

19 MR. UDDO: No.

20 CHAIRMAN WITTGRAF: Ms. Wolbeck?

21 MS. WOLBECK: No.

22 CHAIRMAN WITTGRAF: The Chair votes no. The motion

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1 is defeated.

2 The Chair is prepared to entertain a motion to
3 adjourn.

4 MR. GUINOT: Mr. Chairman, there are certain things
5 that need to be explained. I am concerned by Mr. Uddo's
6 argument concerning ignoring the committee structure. The
7 committee structures don't mean anything. We're going to have
8 to go through the committees. That what sets me off in this
9 last motion.

10 I think we should go back like we stated and let Mr.
11 Martin come up with his recommendations -- I, myself, find
12 some of them to be lacking -- to the committee and the
13 committee comes back to us. I think that's the proper way.
14 Otherwise, the committee sits and there's just not enough
15 work.

16 MR. UDDO: I'll second that.

17 MR. GUINOT: I don't think it was a motion. The
18 next thing is that there were certain elements in here that I
19 think we should perhaps, unless it is too late to discuss--
20 we were talking here about fees and things like that, and we
21 haven't talked about that.

22 CHAIRMAN WITTGRAF: That's correct. The hour is

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1 upon us. There are a number of people who have airplane
2 connections before 5:00 o'clock. The Chair again asks to
3 entertain a motion to adjourn.

4 M O T I O N

5 MR. RATH: So moved.

6 MR. MOLINARI: Second.

7 CHAIRMAN WITTGRAF: It's been moved and it's been
8 seconded, moved by Mr. Rath, seconded by Mr. Molinari. All in
9 favor of the motion will signify by saying aye.

10 (A chorus of ayes.)

11 CHAIRMAN WITTGRAF: Those opposed, nay.

12 (One opposed.)

13 CHAIRMAN WITTGRAF: The ayes appear to have it. The
14 ayes do have it.

15 The next scheduled meeting will be at 9:30 a.m.,
16 Monday, March 25, 1991, in Washington, D.C.

17 (Whereupon, at 4:00 p.m., the meeting was
18 adjourned.)

19 * * * * *

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