

LEGAL SERVICES CORPORATION
BOARD OF DIRECTORS

TELEPHONIC MEETING OF THE
FINANCE COMMITTEE

OPEN SESSION

Tuesday, July 9, 2013

11:08 a.m.

Legal Services Corporation
3333 K Street, N.W.
Washington, D.C. 20007

COMMITTEE MEMBERS PRESENT:

Robert J. Grey Jr., Chairperson
Sharon L. Browne
Laurie Mikva
Martha L. Minow
Allan J. Tanenbaum (Non-Director member)
John G. Levi, ex officio

OTHER BOARD MEMBERS PRESENT:

Victor B. Maddox

STAFF AND PUBLIC PRESENT IN THE CORPORATION'S OFFICES:

James J. Sandman, President

Lynn Jennings, Vice President for Grants Management

Wendy Rhein, Chief Development Officer

Richard L. Sloane, Special Assistant to the President

Rebecca Fertig, Special Assistant to the President

Jeffrey E. Schanz, Inspector General

Laurie Tarantowicz, Assistant Inspector General and
Legal Counsel, Office of the Inspector General

David Maddox, Assistant Inspector General for
Management and Evaluation, Office of the
Inspector General

John C. Meyer, Director, Office of Information
Technology

Carol A. Bergman, Director, Office of Government
Relations and Public Affairs

Rebecca Weir, Government Affairs Representative,
Office of Government Relations and Public Affairs

Bristow Hardin, Office of Government Relations and
Public Affairs/Office of Program Performance

Patrick Malloy, Office of Government Relations and
Public Affairs

Kevin Grady, Office of Government Relations and
Public Affairs

Mariah Cesena, Office of Government Relations and
Public Affairs

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1 PROCEEDINGS

2 (11:08 a.m.)

3 CHAIRMAN GREY: Let's proceed, and thank you
4 for your indulgence. I apologize for being late.

5 Jim, you want to start with the report?

6 PRESIDENT SANDMAN: Yes.

7 MR. LEVI: You need to approve the agenda.

8 CHAIRMAN GREY: Oh, okay.

9 M O T I O N

10 MR. LEVI: And I so move.

11 DEAN MINOW: Second.

12 MS. BROWNE: I'll second.

13 CHAIRMAN GREY: All in favor say aye.

14 (A chorus of ayes.)

15 M O T I O N

16 MR. LEVI: And we have to approve the minutes.

17 And I'll move that we approve the minutes from June
18 11th meeting.

19 CHAIRMAN GREY: Is there a second?

20 MS. BROWNE: I think that's -- is it the June
21 11th or the April 15th minutes?

22 CHAIRMAN GREY: June 11th. It says June 11th

1 on the agenda.

2 MS. BROWNE: Okay.

3 MR. LEVI: Is that an error?

4 CHAIRMAN GREY: We had a Committee -- I'm not
5 sure. Why don't we say minutes of the last meeting,
6 and then we'll fix the date if it's an issue.

7 So the motion is to approve minutes of the
8 last meeting. All in favor say aye.

9 (A chorus of ayes.)

10 CHAIRMAN GREY: Opposed, no.

11 (No response.)

12 CHAIRMAN GREY: All right. Jim?

13 PRESIDENT SANDMAN: Thank you, Robert.

14 Management recommends a budget request for fiscal '15
15 in the amount of \$486 million, which is exactly the
16 amount that the Board approved for fiscal '14. This
17 number reflects a balancing of our assessment of the
18 need for civil legal services on the one hand against
19 political and budget realities on the other.

20 The need, we think, would justify a far larger
21 request based on what the current level of funding per
22 poor person is, the significant size of the eligible

1 population, what we've heard reported repeatedly at
2 Board meetings about the large number of unrepresented
3 litigants overwhelming our courts. On the other hand,
4 we recognize that political and budget realities would
5 justify a lesser number.

6 Our recommendation takes account of our
7 request budget requests and of the White House's recent
8 budget request. To review the last five years, in
9 fiscal '10, our budget request was \$485 million. In
10 '11, it was \$509.7 million. For fiscal '12, it was
11 \$516.6 million. For fiscal '13, it was \$470 million.
12 For fiscal '14, it was 486. So the number that we're
13 recommending is in the middle -- actually, toward the
14 lower end -- of that range.

15 The White House's requests for the please five
16 years have been \$435 million in both fiscal '10 and
17 '11, \$450 million in '12, 402 in '13, and 430 in '14.
18 The President's budget request for the current fiscal
19 year, 430, reflects a 26 percent increase over where we
20 current are, 340 million. So we think that reflects a
21 recognition on the part of the White House that an
22 increase of extraordinary magnitude is warranted in

1 light of the mission that we have.

2 We think that asking less in fiscal '15 than
3 for '14 would send an inaccurate message about the
4 magnitude of the need, and we don't think that our
5 request is out of line with recent White House
6 assessments of what is affordable.

7 In making our recommendation, we took account
8 of the strategic plan that the Corporation approved,
9 that the Board approved, last year. The first goal of
10 the strategic plan is to maximize the availability,
11 quality, and effectiveness of the civil legal services
12 that our grantees offer. We think that maximizing
13 availability warrants a request of the size that we
14 recommend.

15 The second goal is for LSC to become a leading
16 voice for civil legal services. The volume of our
17 voice and the effectiveness of it depend to a
18 significant degree on our funding role. We are a
19 funder, a grant-making organization.

20 Last year LSC provided only 39 percent of the
21 overall funding of our grantees, an all-time low. If
22 we're going to continue to have an impact on the

1 national legal services scene, we think that we need to
2 have a significant increase in our funding level.

3 I'd like to list the factors that we
4 considered most important in coming up with our
5 recommendation. First is the size of the eligible
6 population. It's roughly flat, but it continues at a
7 nearly record high level, significantly above where it
8 was in 2007, the last full year before the recession
9 began.

10 We've looked at LSC funding per poor person
11 over time, which is currently at an all-time low.
12 We've looked at other funding sources. Funding from
13 non-LSC sources was roughly flat between 2011 and 2012,
14 but down from earlier years, and there are significant
15 variations by state in what's happening with non-LSC
16 funding.

17 So we have seen reductions in non-LSC funding,
18 and we saw reductions in non-LSC funding, in 23 states
19 and three territories last year. The states that saw
20 reductions are really quite diverse and include some
21 large ones -- Florida, Indiana, New Jersey, New York,
22 North Carolina, Pennsylvania, and Virginia, among

1 others.

2 It's important to bear in mind that LSC serves
3 to provide a national baseline of support for civil
4 legal services. We ensure that everywhere in the
5 United States, regardless of local conditions, there is
6 a significant level of funding to make the fundamental
7 American value of justice for all real for people who
8 cannot afford legal representation.

9 We took account of the effects of the census
10 adjustment. Thirty jurisdictions have seen decreases
11 in their share of LSC funding and therefore their share
12 of our appropriation, even though the overwhelming
13 majority of them saw increases in the number of poor
14 people in their borders between 2000 and 2011. You can
15 see this in Appendix 6 to the memorandum that we
16 circulated last Friday.

17 Just to give you a few examples, Alabama saw a
18 23 percent increase in the size of its poverty
19 population between 2000 and 2011, but its share of the
20 poverty population and of our appropriation decreased
21 by 7 percent. That's a state where the program that we
22 fund there, the statewide legal aid program in Alabama,

1 gets 83.6 percent of its funding from LSC.

2 In Alaska, the poverty population increased by
3 17.5 percent, but their share went down by 11.3
4 percent. California, up 20 percent, but their share
5 went down 9 percent.

6 Maine, Maryland, Massachusetts, and New York
7 all saw increases of about 24 percent in the size of
8 the poverty population in their states over that
9 11-year period, but their share went down 6 percent.
10 And Mississippi was up 16.5 percent in poverty
11 population, but down 12 percent in share. Mississippi
12 is another state that's very heavily dependent on LSC
13 for funding; our grantees there get 76 percent of their
14 money from LSC.

15 We looked at the effect on staffing and
16 services of recent reductions in funding -- a 10.3
17 percent reduction in staff of all kinds across our
18 programs, 30 offices closed, the number of cases closed
19 down about 10 percent between 2011 and 2012.

20 All of these things are tempered by our
21 consideration of what the budget environment on Capitol
22 Hill is and by our recognition of the importance of

1 maintaining our credibility with our funders.

2 We need to have a number that passes the red
3 face test and doesn't cause people to ask, as they were
4 asking a few years ago when our budget request was in
5 the \$500 million-plus range, "What's your real number?"

6 We think that \$486 million is a real and very
7 defensible number even in the current budget climate.

8 The backup for this is reflected in the
9 appendices to our memo. And I'd be happy to answer any
10 questions.

11 CHAIRMAN GREY: Jim, this also includes the \$5
12 million request to establish a Pro Bono Innovation
13 Fund?

14 PRESIDENT SANDMAN: Yes, it does. And I want
15 to point out an error on page 2 of the memo. In the
16 last column of the chart at the top, under the fiscal
17 year 2015 LSC request on the PBIF line at the
18 bottom -- that's Pro Bono Innovation Fund -- that
19 should be \$5 million, not \$4,200,000.

20 CHAIRMAN GREY: Okay. That's --

21 MR. LEVI: So it would just repeat the OIG's
22 thing? Was that the mistake?

1 PRESIDENT SANDMAN: Yes.

2 CHAIRMAN GREY: I think that's what happened.

3 PRESIDENT SANDMAN: The total is correct, the
4 486. But that should be \$5 million, just as it was for
5 '14.

6 CHAIRMAN GREY: You answered my question.

7 MS. BROWNE: Jim, this is Sharon. I have a
8 couple questions.

9 On your appendices, and if I can find the
10 right one, it shows cases closed.

11 PRESIDENT SANDMAN: Yes. That would be
12 Appendix 8.

13 MS. BROWNE: Yes. I think so. Let me pull it
14 up. And it shows that there's still a dramatic
15 decrease in the number of cases closed in 2012 versus
16 2007, although the number of attorneys on the second
17 chart of Appendix 8 shows that the number of attorneys
18 seems to be the same or even, as I recall, a little bit
19 higher as to the number of attorneys for the grantees.

20 Is there an explanation as to why the grantees
21 are closing fewer cases or why there's such a steep
22 decline?

1 PRESIDENT SANDMAN: You're comparing the
2 number of attorneys in which years? Because the number
3 of attorneys has declined significantly since 2010.

4 MS. BROWNE: Okay. I was looking at 2007.

5 PRESIDENT SANDMAN: Back to 2007?

6 MS. BROWNE: If we look at 2007 versus 2012,
7 which seems to be -- what we're looking at is the
8 five-year span. But there still seems to be a
9 substantial decrease in the number of cases -- or even
10 if we look at 2010.

11 I'm not so concerned about the numbers. I
12 just want to know, do we have any indication why there
13 are fewer cases closed now than in previous years? Is
14 there a productivity problem, a quality problem, or
15 what?

16 PRESIDENT SANDMAN: The short answer is no, we
17 don't have a quick explanation for that. But there are
18 a number of possible explanations.

19 Cases closed is only one measure of
20 productivity. There are a number of other services
21 that LSC-funded programs provide that don't get
22 measured by cases closed. So, for example, education

1 programs that a program might do to reach large numbers
2 of people who are, say, facing foreclosures or
3 evictions, certain kinds of assisted self-help
4 operations, are not going to be reflected in cases
5 closed but could be a very efficient way to reach large
6 numbers of people.

7 We do have data on other services which we
8 could -- we could compare the volume of other services
9 in 2007 to 2012 to see whether there's been an increase
10 there. But that's one reason that I can hypothesize
11 about why a reduction in cases closed per attorney
12 might not necessarily reflect a reduction in
13 productivity per attorney.

14 MS. BROWNE: Well, if this is going to be
15 included in the appropriation request, this type of a
16 chart, then it might be worthwhile dropping a footnote
17 saying that this is not totally reflective on the
18 service as being provided, and list some of those other
19 services that are not reflected in cases closed because
20 I see that deep decline and it's worrisome.

21 The other question --

22 PRESIDENT SANDMAN: That's a very --

1 MS. BROWNE: Pardon?

2 PRESIDENT SANDMAN: That's a very good point.

3 And it's for that reason that, several years back, we
4 began to -- it was before I got here -- that we began
5 to track other services in more detail and more
6 rigorously than we had in the past.

7 MS. BROWNE: Like I said, I find that decline
8 very troublesome. But you can explain it away.

9 The other thing is, I was noticing in our
10 other appropriation request, on the cases closed, you
11 break it down according to subject matter.

12 PRESIDENT SANDMAN: Yes.

13 MS. BROWNE: And I didn't see that subject
14 matter breakdown this time.

15 PRESIDENT SANDMAN: We can provide that. The
16 basic subject matter breakdown did not change much
17 between 2011 and 2012. It's been fairly consistent in
18 recent years. Approximately 35 percent of cases closed
19 are family law; about 25 percent are housing, 26
20 percent; consumer-related cases are 12 percent; income
21 maintenance is 13 percent.

22 Within a percentage point or two, those

1 numbers are pretty constant over time. But we can
2 provide that.

3 MS. BROWNE: Okay. All right. And my last
4 question -- well, maybe I have two more
5 questions -- but on the next one, you mention that
6 there has been a decline in private or non-LSC funding
7 in your memo. But the ABA memo that we received says
8 that there's been actually an increase in the
9 percentages of private as well as foundation services,
10 or sources of income to LSC grantees.

11 I notice your memo says that there's been a
12 decrease. And that just seems to be inconsistent with
13 what the ABA is saying.

14 PRESIDENT SANDMAN: I think it's maybe
15 possible to reconcile the two. What I was referring to
16 was all sources of non-LSC funding. And I think what
17 you're quoting refers to certain categories of non-LSC
18 funding, certain categories of private funding.

19 Second, they may have been reporting on
20 overall funding for all legal aid organizations, not
21 merely LSC-funded ones, whereas we only have data on
22 our grantees.

1 MS. BROWNE: It's true, the ABA was very
2 broad. It gave the percentages, so that
3 explains -- thank you.

4 Let's see. I had one other question. What
5 about pro bono attorneys? Are we collecting any
6 information on the number of pro bono attorneys that
7 are providing services to --

8 PRESIDENT SANDMAN: Yes. We do have that, and
9 if you hang on a minute, I have it handy.

10 So last year, in 2012, 31,531 lawyers accepted
11 pro bono referrals. The number of cases closed was
12 higher than that; it was 80,209, which suggests to me
13 that some lawyers are handling more than one case.
14 That compared to 32,101 lawyers in 2011, a little more
15 than in 2012, but the slightly smaller number in 2012
16 closed more cases than the number closed in 2011.

17 MS. BROWNE: Are we factoring in pro bono
18 attorney services into our budget request, our
19 appropriations request, at all? I didn't see much
20 mention of pro bono attorney services in your memo.

21 PRESIDENT SANDMAN: We definitely -- in the
22 budget, in the formal budget request we make to

1 Congress, we definitely mention the work of pro bono
2 lawyers. But it doesn't factor into the amount of
3 money that we ask for.

4 The cases closed number that we refer to
5 that's reflected in Appendix 8, the 810,000 cases
6 closed in 2012, includes cases closed by pro bono
7 lawyers, which is about 10 percent of that number.

8 MS. BROWNE: Okay. Thank you. I appreciate
9 your responses. They were very helpful.

10 MR. LEVI: I do think it's -- I mean, I don't
11 know about this cases closed thing. But I'm looking at
12 the drop in the basic field funding from 2011 to 2012.

13 And whether we look at the number of full-time
14 attorneys or not, the basic field funding, that drop
15 is -- wow, it's from 378 to 322.

16 CHAIRMAN GREY: You've got that drop. You've
17 got that drop, and you also on --

18 MR. LEVI: So that drop is almost -- that's
19 \$56 million. That's more than 15 percent, I think.

20 CHAIRMAN GREY: Well, where that --

21 MR. LEVI: So the cases closed dropped 10
22 percent. I do see what Sharon's talking about if you

1 look back at 2007. But the --

2 CHAIRMAN GREY: John, the chart to look at,
3 the comparison to look at, it seems to me, is Appendix
4 7, where you see the attorney number for '07 and '12
5 almost the same. But if you look at paralegals and
6 other staff, that's where the drop is significant. And
7 so the support for that effort in closing cases and
8 servicing clients has to have an impact. That balloon
9 has got to pop somewhere. So that support that they
10 had in 2007 goes away in 2012.

11 But I like the question Sharon asked because
12 unless you go back and tie it together, it's not
13 intuitive. I mean, you've got to go back and research
14 that to figure out the answer to that.

15 So the footnote idea to me is a good idea to
16 explain the total funding decline and then the decline
17 in support for the cases that would be -- paralegals
18 are substantially affected, and other staff is also
19 affected.

20 DEAN MINOW: I agree. And I like Sharon's
21 questions, too. The narrative on pages 3 and 4 offer
22 some description of the impact of staff cuts on actual

1 services. But I also thought that there could be a
2 better explanation on the bottom of 3 about how LSC
3 grantees have tried to leverage -- in other words, to
4 explain that our grantees have done everything they can
5 to keep up the level of service, but there's just a
6 limit. And it's just rather vague about that.

7 I don't know whether there's more data. But
8 it particularly struck that on 4, the phrase in the
9 second paragraph, "reduced productivity," could be
10 misleading because it's not productivity. There's
11 actually, as I understand it, greater leverage. So
12 it's the actual level of service that's declined, if
13 I'm making sense.

14 CHAIRMAN GREY: Right.

15 PRESIDENT SANDMAN: That's a good point. And
16 Robert, I think you make an excellent point. I think
17 what we should do is to add another graph to Appendix 9
18 that charts the -- we should look at the -- the concept
19 I'm getting at is we need to correlate cases closed to
20 total staff and not just attorneys.

21 CHAIRMAN GREY: That's right. Right.

22 DEAN MINOW: Exactly. Exactly.

1 PRESIDENT SANDMAN: Attorneys can close more
2 cases when they're better supported than when they're
3 not.

4 DEAN MINOW: Exactly. And is it a straight
5 line reduction? And if so, report that.

6 PRESIDENT SANDMAN: Yes. Because if you look
7 at Appendix 7, total FDC staff, you do see a
8 significant decline in total staff between 7 and 12.

9 CHAIRMAN GREY: Yes. You've got to piece it
10 together right now. And what you want it to do is to
11 flow in a continuous fashion so that the narrative
12 links together, fits together. It's a little bit of a
13 jigsaw puzzle right now.

14 DEAN MINOW: I had a more general question,
15 which is, when NLADA representatives and ABA
16 representatives spoke to us about their
17 recommendations, they had contrasting theories. And I
18 didn't see a response to that, nor a particular theory
19 here other than need.

20 I just wondered if you wanted to respond or
21 explain more clearly what the premise is of the
22 methodology for picking a number.

1 PRESIDENT SANDMAN: Well, it's basically
2 consistent with the methodology that we used last year.

3 It's driven in significant part by the size of the
4 poverty population relative to requests from prior
5 years. We think that the size of the eligible
6 population is a rough proxy for need. There's a
7 correlation between the two.

8 That was a significant factor in our
9 recommendation. And expressed in another way, looking
10 at funding per poor person and trying to get back to
11 approximately the level that we were at in 2007 before
12 the recession began was another component of our
13 methodology.

14 DEAN MINOW: Right. But since NLADA and ABA
15 had different numbers, it would be at least worth
16 thinking about responding.

17 PRESIDENT SANDMAN: Yes. Well, I think our
18 numbers -- we went back and updated our poverty
19 population numbers based on the most recent census
20 information. We didn't simply start with the numbers
21 that we used last year because we had better data
22 since. And I think they might have been starting from

1 our last year's number. We thought that needed
2 revision.

3 CHAIRMAN GREY: Any other questions?

4 MS. BROWNE: This is Sharon. I have one more
5 question, or actually just a thought.

6 On the funding sources, Appendix 3, it shows
7 that LSC funding is just under 40 percent for LSC
8 grantees, and grantees are receiving 60.1 percent from
9 other sources, from non-LSC funding.

10 You mentioned, Jim, that our budget reflects a
11 federal concern. And I think this chart on Appendix 3
12 is showing that the need for civil legal services to
13 the poor is really a local and state concern as much as
14 it is a federal concern.

15 I think the funding of non-LSC sources is
16 reflective of the state and local understanding that
17 this is as much their problem as it is a federal
18 problem.

19 If I'm looking at this from a completely
20 uninformed direction, I would think that LSC funding
21 should be one of 40 percent of what the LSC grantees
22 are receiving. And so you should probably be seeing a

1 decrease in the amount of the appropriation request,
2 not an increase, or here we are on a level with 2014
3 because the non-LSC funding is actually increasing.

4 So it's just, I think, a way that we're
5 phrasing this that it's a federal issue. I think it's
6 a local and state issue as well, and that we're using
7 LSC funding -- that the grantees can use LSC funding to
8 leverage the non-LSC funding. It's just the way that
9 it was phrased, I think, in your memo. And I think we
10 do have to recognize that it is a local and state issue
11 as well.

12 PRESIDENT SANDMAN: I agree that it is a
13 shared responsibility. That bar graph, Appendix 3 and
14 those numbers there, the percentages there, are
15 national numbers that don't reflect the wide variety
16 across the states in the extent to which they actually
17 discharge their responsibility to support civil legal
18 services for low income people.

19 So, for example, in Alabama, where I believe
20 that the program that we fund, the statewide program
21 that we fund there, is about the only game in the
22 state, they get 83.6 percent of their funding from us.

1 Let's see. Here's another one. Our program
2 in Connecticut gets 90 percent of its funding from us.

3 There are a number of -- I see they have a chart here
4 that shows state by state the percentage of funding
5 that comes from LSC and what comes from non-LSC
6 sources, and that that average number of 39.9 percent
7 masks a wide variation across the country, which I
8 think it is important to recognize that we play a
9 critical role as a backbone in providing some basic
10 level of support everywhere, even in
11 places -- especially in places -- where state and local
12 governments are not contributing their relative share.

13 MS. BROWNE: I agree. And I was just
14 commenting that the appendix seems to reflect a large
15 percentage of the funding for the grantees comes from
16 non-LSC funds.

17 PRESIDENT SANDMAN: Yes.

18 MS. BROWNE: And so I think -- it was just a
19 comment and a reflection on the fact that we need to
20 make sure that this is a partnership of everyone.

21 PRESIDENT SANDMAN: Yes. I agree. I do --

22 DEAN MINOW: Jim, it sounds like there's a

1 phrasing question there. It's not about a factual
2 question.

3 PRESIDENT SANDMAN: I understand.

4 DEAN MINOW: And secondly, if it's
5 possible -- not too much work -- to indicate that even
6 with increases in state and local funding, the total
7 dollars available have gone down over the last six
8 years, which I know is the case. That would answer the
9 question that's understandably raised by the appendix.

10 PRESIDENT SANDMAN: Yes. I understand. Also,
11 I have another graph that I presented at the Board
12 meeting in April that shows the distribution of
13 programs across different ranges of the percentage of
14 their dependency on LSC for funding, how many programs
15 are in each category by percentage. And we could add
16 that as well.

17 MR. LEVI: I would.

18 PRESIDENT SANDMAN: It does provide a lot more
19 granularity than Appendix 3 does.

20 MS. BROWNE: And I agree with Martha. It is
21 just really a phrasing issue. It wasn't a reflection
22 on anything else but phrasing.

1 PRESIDENT SANDMAN: It's a good suggestion.

2 Thank you.

3 MR. MADDOX: Mr. Chairman, this is Vic Maddox
4 here. I just have a quick question, or maybe two, if I
5 may.

6 CHAIRMAN GREY: Yes.

7 MR. MADDOX: Just to follow up on Sharon's
8 comments in the discussion about the correlation issue,
9 I was wondering if Appendix 10 couldn't somehow include
10 correlation of the number of hours dedicated to other
11 services, or some measure of the other services
12 category.

13 Because I had Sharon's concern as well. It
14 looks like Appendix 10 correlates cases closed with
15 attorneys and shows that there was a reduction from
16 about 230 cases to about 205 cases per attorney over
17 that period of years.

18 If the hypothesis is that that productivity
19 has been shifted to other services, it seems that it
20 would be better to actually demonstrate that rather
21 than simply drop a footnote suggesting it. And for me
22 it would be much more persuasive. So that's just a

1 thought.

2 Then my question has to do with the chart on
3 page 2.

4 MR. LEVI: Wait a minute. Could we stop on
5 that for just a second?

6 MR. MADDOX: Sure.

7 MR. LEVI: Because one of the other questions
8 that relates to that is, is the cases per attorney
9 dropping because they don't have the para staff
10 support?

11 CHAIRMAN GREY: Yes. That, I think, Vic, was
12 the analysis.

13 MR. LEVI: Is that what's happening? Because
14 200's a lot of cases to handle. And I'm assuming that
15 that correlates with a drop in the -- but if it is,
16 it's not shown.

17 CHAIRMAN GREY: It's important.

18 MR. MADDOX: Right. And it may correlate with
19 the fact that the cases are more complex, or who knows
20 what. It's hard to really know, just with the
21 50,000-foot look that we've got.

22 I'm not suggesting that the memo or the charts

1 are inadequate, necessarily. It just seems that that's
2 an issue that if I were looking at it from an outside
3 perspective, I might have that question.

4 So if it's paralegal support, that's certainly
5 helpful to have correlated. If it's the fact that more
6 services are being spent on things that are broadcast
7 generally to the eligible client population, well,
8 that's another angle on it.

9 CHAIRMAN GREY: Yes.

10 PRESIDENT SANDMAN: We'll look at that. Those
11 are both good suggestions, and we'll look at both.

12 MR. MADDOX: So my question, Jim: On your
13 chart on page -- I think it's 2 -- yes -- has to do
14 with the comparison between the FY '13, '14, and '15
15 appropriations and requests and whatnot. And MG&O, we
16 were allocated \$15,700,000 in 2013, I guess, and then
17 the President requested and we requested \$19.5 million
18 in 2014.

19 I was looking back at David Richardson's March
20 2013 finance report, and it says for fiscal year 2013,
21 the MG&O operating budget was actually \$19.4 million.
22 I'm just confused about how those numbers relate. Is

1 it 19.4? And then if so, where does the 15.7 shown on
2 page 2 come in?

3 PRESIDENT SANDMAN: The 15.7 is our actual
4 appropriation for the current fiscal year after the two
5 rescissions and sequestration. The other number would
6 include carryover from the prior year. So that's
7 actually what LSC would have on its books, not what
8 Congress appropriated.

9 MR. MADDOX: Okay. So then David's memo, and
10 I think yours as well, indicate that the MG&O budget is
11 actually operating at 17 percent under budget. In
12 other words, whatever's been budgeted, we've only spent
13 about 83 percent of that.

14 I'm wondering, does MG&O really need to have
15 \$19.5 million allocated to it? I know that there's
16 some sort of formula that allocates whatever the total
17 is, I believe.

18 The reason I got on this is because I was
19 looking at your Chart 2 for the TIG grants, and it
20 shows that we had \$3.1 million in 2013, I guess, after
21 rescissions and whatnot. And the President has
22 requested 3.5. Whereas it seems that MG&O is operating

1 pretty well with 15.7, or basically \$16 million.

2 Is there a way for us to reallocate money that
3 we're carrying over in MG&O and don't seem to need to
4 the TIG programs? That's my question. And maybe
5 there's not an answer to that today.

6 I just throw it out there because it looks to
7 me, if I'm looking at these numbers, that we could use
8 more -- in fact, we want more money for TIG. We're
9 asking for about a 30, 40 percent increase over what we
10 were actually appropriated in 2013. We may or may not
11 get that.

12 It just seems to me the Board of Directors
13 budget is 35 percent under budget. Maybe we don't need
14 all that. Just if there's a way -- it seems to me that
15 the TIG program is among our most effective money that
16 we spend. And if there were a way to substantially
17 increase that with money that's sitting in a carryover
18 account year after year, I would personally find that
19 an appealing approach. So there's my
20 non-Committee-member perspective.

21 MR. LEVI: No. But those are all good.
22 They're all good.

1 PRESIDENT SANDMAN: I understand the point.
2 The percentage of our budget that goes to management
3 and grants oversight is really very, very modest
4 compared to other grant-making organizations, unusually
5 low.

6 I think we could do a better job of management
7 and grants oversight with the additional funds. We
8 could do more program visits. We could do a better job
9 of fiscal oversight by employing more fiscal analysts.

10 And I think that's important to our ability to
11 continue to get funding for basic field.

12 As you correctly pointed out last week in the
13 meeting of the Audit Committee about risks, one of the
14 biggest risks we face to our funding and to basic field
15 funding is when a program runs amok, does things that
16 they shouldn't do, and it catches attention, as it
17 should, in Capitol Hill and results in a reduction in
18 our funding.

19 So we're trying to balance the importance of
20 maximizing funding in the grants categories, where it
21 can be of the most direct benefit to clients, with our
22 oversight responsibilities and be sure that we're

1 discharging them well. They go hand in hand.

2 DEAN MINOW: Do we have the discretion to
3 reallocate from administration to TIG? My
4 understanding is we do not.

5 MR. LEVI: No.

6 PRESIDENT SANDMAN: We could not. Now --

7 DEAN MINOW: But that's -- just legislatively,
8 we do not have that authority. Is that correct?

9 MR. MADDOX: That's very helpful, Martha.
10 Thank you. And Jim, I appreciate the balancing act.
11 I'm not being critical. I certainly agree with you
12 that oversight is extremely important and I fully
13 support it.

14 Just to the extent that we have money that we
15 are seemingly not using and we carry it over from year
16 to year, if the budget allowed it, then I might suggest
17 that it could be spent on TIG grants. It sounds like
18 it can't be without getting different legislation.

19 It sounds like you're aware of the same
20 concerns that I've got and you're doing a great job in
21 trying to balance those concerns. So I appreciate it.

22 PRESIDENT SANDMAN: Thank you.

1 CHAIRMAN GREY: Any other questions? Go
2 ahead, John.

3 MR. LEVI: I wanted to ask, I assume also that
4 some of the MGO actual numbers reflect a period of time
5 in which maybe we weren't as fully staffed in the
6 headquarters as we might be now. And is that also the
7 case?

8 PRESIDENT SANDMAN: Yes, it is.

9 MR. LEVI: Well, the one other -- just in
10 terms of this document, I don't know where you want to
11 put it. But somewhere there ought to be a recognition
12 that we're about to be in our 40th year.
13 Ultimately -- and I don't say that we need this; we
14 don't need to sell ourselves -- but ultimately, when
15 this gets transformed into the document that goes up to
16 the Capitol, I'd suggest that folks think about how to
17 weave that in somewhere.

18 CHAIRMAN GREY: John, that's a great idea.

19 Jim, something else occurs to me based on the
20 conversations that have taken place. And not to make
21 life more complicated but maybe to create a better
22 explanation, we might think about a way that we can

1 look at the table of organization of LSC from time to
2 time in terms of -- because we're adding staff. We've
3 created new positions. We've reorganized finance.

4 It might be a good idea to take a look at what
5 we currently look like on a table of organization and
6 the positions that we would hope to fill going forward
7 to complete some of the support necessary to carry out
8 the mission of LSC.

9 Because I think that it just -- it answers
10 some of the questions that Vic has. It addresses some
11 of the questions that Sharon has. I think that -- and
12 I'm not sure how we do that without -- it's a very big
13 organization. But I think that there are layers that
14 we can look at.

15 There's sort of a top layer of the Washington
16 office, the senior staff, and then maybe the next layer
17 down. Then the rest of it can be grouped without going
18 into each specific office and that kind of thing.

19 But the notion of where we stand or what the
20 staffing looks like, what the organization is, where
21 the organization is sufficiently staffed and where it's
22 looking for staff, at a glance in a macro sense might

1 be helpful in understanding and appreciating not only
2 the challenges you have but the reason and the
3 direction we're going the way we are.

4 PRESIDENT SANDMAN: We can certainly do that,
5 and have a good part underway already. That's exactly
6 what Lynn Jennings is doing in connection with
7 implementing the recommendations of the Fiscal
8 Oversight Task Force and reorganizing the Offices of
9 Compliance and Enforcement, Program Performance, and
10 Information Management.

11 CHAIRMAN GREY: Yes. I think, as you're doing
12 that, you might just show us how you're doing it and
13 how it's coming along. The idea is not to ask for a
14 whole bunch of things that take everybody out off their
15 comfort zone of what they're trying to do.

16 But it may be just to give us an update on
17 where you are and what it looks like right now may be
18 very helpful just to compliment the numbers to see how
19 that's being spent from a table of organization
20 standpoint.

21 PRESIDENT SANDMAN: Will do.

22 DEAN MINOW: That makes a lot of sense to me,

1 and maybe one way to even imagine a footnote is to say
2 we have held off filling some staff pending the
3 uncertainty, but here's what the optimal staffing would
4 be, or planned staffing, or something like that.

5 CHAIRMAN GREY: That's a good idea, too, to
6 have that in hand.

7 PRESIDENT SANDMAN: That's what we're working
8 on.

9 CHAIRMAN GREY: Oh, good. All right. Great.
10 Great minds.

11 Any other questions or comments? Jim, that's
12 very comprehensive approach to this, and thank you very
13 much for the update.

14 PRESIDENT SANDMAN: We have a great team here
15 assembled in the room who get the credit for this.

16 CHAIRMAN GREY: And thanks to all who
17 supported you in making this happen. I agree with you
18 about your team.

19 DEAN MINOW: Yes.

20 CHAIRMAN GREY: Are there any other comments
21 about the presentation by Management?

22 (No response.)

1 CHAIRMAN GREY: Can we open this to public
2 comment? Is there any comment from the public?

3 (No response.)

4 CHAIRMAN GREY: Is there other business that
5 we need to act on, Jim or Dave or Mr. Chairman?

6 DEAN MINOW: Are we seeking a vote of this
7 group?

8 MR. LEVI: The vote is in -- I think the
9 committee meets in --

10 CHAIRMAN GREY: In Denver.

11 MR. LEVI: -- Denver and takes a vote on this
12 at that time.

13 CHAIRMAN GREY: That's correct. This is just
14 the report of Management.

15 DEAN MINOW: It's just the information.

16 CHAIRMAN GREY: Right.

17 MR. LEVI: And I'm assuming in Denver that
18 there'll be a tweaked version of this for the
19 Committee. Is that what would happen now based on the
20 committee?

21 CHAIRMAN GREY: That's correct. That's what
22 I'm hoping will happen.

1 Is that your understanding, Mr. President?

2 PRESIDENT SANDMAN: That's what we're planning
3 on, yes.

4 CHAIRMAN GREY: Good.

5 MR. LEVI: Then it gets presented to the Board
6 from the Finance Committee for discussion but not vote
7 until the fall. Isn't that the way we've done -- I
8 think that's how we've done it so that there is time
9 for people to consider it and have a chance to go over
10 it.

11 CHAIRMAN GREY: Yes. The Denver meeting is
12 where the Board gets to --

13 MR. LEVI: This is the improved process that
14 our Board wanted to have, and I think we've got to try
15 to stick to it if we can.

16 MS. BERGMAN: Mr. Chairman, this is Carol --

17 MR. LEVI: So what I'm saying is that we need
18 to, as a Board, approve it. But I know it gets
19 presented in July. But then I think there's a period
20 up till around September -- sometimes we've had a phone
21 call Board meeting. Other times it's been able to
22 wait. But I think largely it's been a telephonic

1 meeting in September. Isn't that correct?

2 MS. BERGMAN: John and Robert, this is Carol,
3 if I may. The procedure is that we need to make a
4 recommendation to OMB shortly after Labor Day, usually
5 by September 15th at the latest.

6 So what we did last year was just engage in
7 discussion during the July Board meeting, and then
8 there was a telephonic Board meeting in late August or
9 early September, I believe, in order to actually have a
10 vote that could carry through for the presentation to
11 OMB.

12 CHAIRMAN GREY: Is there any comment or
13 question about that process or procedure?

14 MR. LEVI: Well, all I would do is make sure
15 that in July, at that Board meeting, that we schedule a
16 followup telephonic so that people are available and
17 know ahead of time.

18 CHAIRMAN GREY: Okay. I'll ask that that be
19 added to the recommendation of the Finance Committee.

20 Is there any other comment, question, or other
21 business that the Committee would like to discuss?

22 (No response.)

1 CHAIRMAN GREY: If not, I'd ask for a motion
2 to adjourn.

3 M O T I O N

4 MS. BROWNE: This is Sharon. I'll move to
5 adjourn.

6 DEAN MINOW: I second.

7 CHAIRMAN GREY: Thank you. And seconded. All
8 in favor say aye.

9 (A chorus of ayes.)

10 CHAIRMAN GREY: Thanks to all who
11 participated, and look forward to seeing you in Denver.

12 (Whereupon, at 11:59 a.m., the Committee was
13 adjourned.)

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