

RETURN TO CORPORATION  
SECRETARY ARCHIVES FILE

MEETING OF THE COMMITTEE ON  
APPROPRIATIONS AND AUDIT

JULY 20, 1983

10:00 A.M. to 1:00 P.M.

HYATT REGENCY PHOENIX

CIVIC PLAZA

122 NORTH SECOND STREET

PHOENIX, ARIZONA



1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

MEETING OF THE COMMITTEE ON  
APPROPRIATIONS AND AUDIT

The meeting of the Committee on  
Appropriations and Audit of the Legal Services  
Corporation Board of Directors convened at 10:00 a.m. ,  
July 20, 1983, Hyatt Regency Phoenix, Civic Plaza, 122  
North Second Street, Phoenix, Arizona, Committee  
Chairman Milton M. Masson presiding. The following  
Committee members were present:

- Donald E. Santarelli
- Robert McCarthy
- Daniel Rathbun

Also present were Donald P. Bogard, Corporation  
President; Dennis Daugherty, Vice President of  
Operations; LeaAnne Bernstein, Secretary; Gregg Hartley,  
Director of the Office of Field Services; Charles  
Ritter, Vice President of Finance; Alfreda Harvey,  
Budget Director; Dr. David Peterson and other members of  
the Corporation staff and members of the general public.

Phoenix, Arizona  
July 20, 1983  
10:00 a.m.

PROCEEDINGS

MR. MASSON: Good morning, my name is Milton M. Masson. I am Chairman of the Appropriations and Audit Committee. I would like to call this meeting to order. This meeting is being held pursuant to the notice given attached to the booklet which all of you have. Should you not have, they are listed on the table over there, so you might want to go over and get one.

First of all, I would give a special welcome to my colleagues on the board of the staff of Legal Services Corporation for coming down to Phoenix, Arizona, and they are very brave to be here in July. You can't accuse us of not being hospitable by bringing in a little bit of rain. Not only is this a fruitful meeting, but I hope you will welcome Bob McCarthy, who is Chairman of the Board, Donald Santarelli, who is a member of the Committee; Donald P. Bogard, President of Legal Services Corporation, a member of the Committee; and Daniel Rathbun, who is not a board committee member will be sitting in.

At this time I would like to call your attention to the proposed agenda that is outlined in

1 your booklet. You will note comments and questions on  
 2 that agenda. This meeting has been set for 10:00  
 3 o'clock to 1:00. Then for those who are guests today,  
 4 you might also note that we are going to be heading  
 5 another committee meeting this afternoon which is  
 6 scheduled for 2:30 in this room.

7 Whenever this meeting does adjourn for  
 8 break at lunch, whether it is 1:00 or earlier, the other  
 9 committee meeting will begin promptly here at 2:30. The  
 10 first item report is from the President, Donald Bogard.

11 MR. BOGARD: The report that we would like  
 12 to give today deals with a legal needs analysis which  
 13 has been undertaken somewhat in the corporation during  
 14 the past several months. We were preparing for budget  
 15 hearings in January and I called the staff together to  
 16 try to determine what the level of need and the  
 17 assessment of need might be in the corporation so that  
 18 we would have an idea for Congress and suggest to them  
 19 that we have had X amount of need and we needed certain  
 20 amount of funds and that's what they should give us.

21 At the time that we had those meetings in  
 22 January, we were operating under the previous  
 23 President's recommendation that the budget should be  
 24 submitted in the neighborhood of \$257 million. That  
 25 submission was made and that's the budget request.

1     However, I was informed by staff that there were really  
2     no accurate studies available that would be able to show  
3     how much legal need really exists. We discussed it for  
4     quite some time and staff reviewed what it thought would  
5     be required as far as a study.

6             The recommendations at that time were that  
7     we could do a very quick study using a limited number of  
8     people, try to do something within six months at a  
9     possible cost of \$250,000 or we could do it on a  
10    full-blown basis, make sure that we had the best  
11    information available that would take in the  
12    neighborhood of two years and cost approximately  
13    \$2 million.

14            Needless to say, we rejected the latter  
15    thought and sort of put the first idea on hold because  
16    that in itself was a large step, trying to think of six  
17    months and \$250,000. We went to the budget hearings,  
18    appropriations hearings in both House and the Senate and  
19    predictably we were requested to discuss the need and  
20    how much was there.

21            I told both the House and the Senate that  
22    we can't know how much was out there. Previous  
23    estimates on materials that I found within the  
24    corporation were that we were meeting somewhere between  
25    20 and 50 percent of the need. There was no information

1 to back that up, to support it. I also told the members  
2 of the House and Senate no one feels that we are meeting  
3 all the need that's out there. There is clearly a  
4 larger amount than that which we are servicing, but we  
5 didn't know specifically what it was.

6 As a result of that experience, I decided  
7 to have a staff assistant contact all the Bar  
8 Associations around the country that we could find, law  
9 schools, program directors and legal services  
10 organizations to find out what information they had  
11 regarding legal needs and what studies had been done.

12 We asked for copies of all those reports  
13 and studies that we discovered, one from American Bar  
14 Foundation study, one from North Carolina, Western  
15 Kentucky, about nine or ten different studies. We  
16 gathered copies of those and brought them into the  
17 corporation. I asked another staff assistant to review  
18 all of those documents to see what conclusions, if any,  
19 we could draw as a result of those studies. Her  
20 findings regarding those studies were that of the nine  
21 or ten that she reviewed, the geographic areas were  
22 quite diverse. There was only one that was truly a  
23 national study, some that were region-wide, some that  
24 were city-wide.

25 She also found that only six of those

1 studies involved low income population. Each of the  
2 studies concluded that the existent services did not  
3 meet the demand for services which was available in the  
4 areas.

5 She also found that the level of incidents  
6 of usage and need was quite dramatically in variance.  
7 One of the programs said that there were .3 times per  
8 year per household that a legal problem would arise.  
9 Another one said that it was 6.1 times per year per  
10 household. Quite a wide variety of information, none of  
11 which we felt was satisfactory to draw any conclusions  
12 for what purposes we had.

13 She made preliminary recommendations to me  
14 in memorandum that we consider a national study. She  
15 estimates the cost between \$600,000 and \$1 million. She  
16 did, however, indicate that there might be private money  
17 available from foundations who are interested in these  
18 type of questions.

19 Her research is continuing. She expects to  
20 have a final report to me by mid-August, and I would  
21 intend to make recommendations to the board at a  
22 September meeting based upon her report and what other  
23 information we can come up with. We intend to fully  
24 investigate the possibility of a national study, get  
25 estimates of the cost for such a study, the period of

1 time involved and to check on the availability of other  
2 fundings so that no corporation funding would have to be  
3 expended for this.

4 I believe personally that it is absolutely  
5 essential that we develop the information that we can,  
6 that we be able to go to Congress, based upon this  
7 definitive study. We can say the need is this and we  
8 need this amount of money.

9 It is difficult to go in and justify the  
10 amount when we don't know what the need is. I hope that  
11 we can come up with something that will be concrete and  
12 something that we can rely upon and make recommendations  
13 to you so you can consider that in your funding  
14 decisions for budget requests in the next year. Other  
15 than that I have nothing else to report. I would  
16 respond to any questions if you would like regarding  
17 what was done.

18 MR. MASSON: Thank you, Mr. Bogard. Are  
19 there any questions of the committee members regarding  
20 the President's report?

21 MR. McCARTHY: Do you have any feeling  
22 about the availability of private funds?

23 MR. BOGARD: We have not inquired directly  
24 about those funds, although, the assistant has indicated  
25 there are six or seven foundations that might be

1 available that have given grants like this in the past  
2 ranging from 140,000 to several million. That is a  
3 possibility that we can cover the entire study with  
4 private funding. We will be making an inquiry to each  
5 of those studies. They might be interested and once we  
6 find out from several reputable firms about conducting  
7 that type of study for us, we will have an idea of the  
8 amount of the funds that will be needed and then we can  
9 talk more specifically. Yes, there are apparently six  
10 or seven organizations that do fund those type of  
11 things.

12 MR. MASSON: Don, I would like to recommend  
13 in that light for recommendations for the board of  
14 September, possibly September, concurrent with those  
15 recommendations we should also have some kind of report  
16 conclusion regarding the ability to get independent  
17 funding and probably some cost estimates from two or  
18 three different sources as an estimate so that we will  
19 have that information and at the same time give some  
20 type of recommendation.

21 MR. BOGARD: Certainly.

22 MR. MASSON: Appreciate that report and we  
23 will look forward to hearing from you in September.

24 If you would like to follow with us at this  
25 time and look in your packet of information under the

1 second tab where it has the memorandum from Charles  
2 Ritter, who is our Vice President of Finance, we will  
3 call on Mr. Ritter at this time to give us the 1985  
4 Budget Mark study report and any and all comments he may  
5 have regarding this.

6 MR. RITTER: Thank you, Mr. Chairman. I  
7 don't have any items for decisions today, but what I  
8 thought I would do is take a few moments and remind the  
9 committee where we are in this budget deal. I will  
10 start by telling you that the Budget Review Committee  
11 met to discuss the approach to assist the offices and  
12 the corporation in developing their FWA for budget. We  
13 call this particular exercise the Budget Call.

14 The committee has decided that the budget  
15 for the offices will be prepared on a functional  
16 approach. By this we mean that each office will  
17 identify significant activity within that office and  
18 will cross that activity out. We will also be asking  
19 the officers to provide the Budget Review Committee with  
20 an estimate of the reduction that they can live with in  
21 the event that the corporation's appropriation is not  
22 adequate to fund the functions at the levels requested  
23 by the office.

24 We will also ask each office to describe  
25 any additional proprieties, should the funding for these

1 additional proprieties be available. To ensure that the  
2 budgets that were developed are pertinent, we will  
3 include in the budget packages themselves a general  
4 statement direction from the President of the  
5 corporation.

6 The Budget Review Committee hopes to  
7 complete its review of this submissions sometime in  
8 August or September. This includes discussion with the  
9 President of the corporation around the committee's  
10 recommendations.

11 The completion of this exercise will lead  
12 up to the proposal of the preliminary consolidated  
13 operating budget for fiscal year for the non-grant  
14 portion. The grant portion of the COB is being worked  
15 on by The Office Appeals Services and preliminary  
16 thoughts and considerations on the grants will be  
17 presented later. We hope to have a preliminary COB for  
18 this committee's consideration by early September.

19 At this time, also in the budget, the  
20 corporation is preparing for its third quarter budget  
21 review. The results of the review should be ready  
22 approximately in the third week of August. We should be  
23 ready to present a review at the next meeting which we  
24 assume will be in September. In addition, this  
25 committee should begin now to think about the Budget

1 Mark for fiscal '85. In pages 1 through 4 of the  
2 committee book, I have provided the committee with some  
3 information around what the Mark is, the timing of the  
4 submission of the Mark, the corporation's obligations to  
5 submit a Mark, and on page 4 I have given you an example  
6 of the kinds of things that have been considered in the  
7 past in developing the Mark.

8 The Mark itself is nothing more than a  
9 number that gives the office and management and budget  
10 some idea of the level of the funding that the  
11 corporation will be seeking in its budget request. The  
12 Mark is not binding. The corporation can change the  
13 number.

14 Also according to the memorandum appearing  
15 on pages 2 and 3, the corporation is not bound to submit  
16 a Mark. In fact, due to uncertainty surrounding the  
17 level of the appropriations, the corporation has not  
18 submitted a Mark on October 15th for the last two years.

19 However, this committee and the board may  
20 want to consider submitting a Mark this fiscal year. If  
21 you turn to page 4 in preparation of this committee  
22 thinking about what kind of Mark it may want to submit,  
23 I am going to offer as an example 1982 and the kinds of  
24 things that went into that particular Mark. In 1982,  
25 the fiscal '81 appropriation, the board approved a

1 78,337 increase. The lion's share of that increase was  
2 for cost of service adjustment to field programs and  
3 monies for private attorney involvement.

4 At the next committee meeting the staff  
5 expects to have some proposal for consideration by this  
6 committee and then ultimately the board for setting a  
7 Mark. For now, all I wanted to do was to remind the  
8 committee that the October 15th date is approaching and  
9 consideration, if this committee would like, should be  
10 given to Mark for fiscal '85.

11 That's my report. I will be glad to take  
12 any questions that you have.

13 MR. MASSON: Thank you, Mr. Ritter. Are  
14 there any comments for Mr. Ritter at this time?

15 I would like to just add one comment  
16 myself, Charles, in that your comments of the Budget  
17 Committee's approach to budgeting I think is extremely  
18 sound and encouraging. Financial reporting activity and  
19 the need to identify potential costs reduction, that, I  
20 think, is an extremely sound way of approaching and I  
21 urge you to proceed in that manner. Thank you very much  
22 for your report.

23 Pretty soon we can take a 30-minute coffee  
24 break or you can ask some other questions so that we can  
25 extend this meeting a little bit. We will move right

1 along.

2 If you will now turn to the next  
3 information in the back, which is the largest section, I  
4 suppose that means that's going to be Dennis Daugherty,  
5 our Vice President of Operations. If he would come  
6 forward at this time. Mr. Daugherty.

7 MR. DAUGHERTY: Thank you very much,  
8 Mr. Chairman. Accompanying me today is Dr. David  
9 Peterson who is a consultant around funding  
10 distributions for us. I will introduce him further in  
11 my presentation.

12 You will recall that at your last board  
13 meeting I distributed to you a memorandum that discussed  
14 the wide variation in funding levels, a wide variation  
15 in terms of funding for poor persons living in service  
16 areas by those recipients. Today, to make the bulk of  
17 your workbook, as you refer to is quite large, is a  
18 program-by-program listing. It illustrates the range of  
19 funding for adding of funding levels that we currently  
20 have largely as a result of change in the 1980 census.

21 The distribution of poor persons as well as  
22 discrepancies among our cities in the amount of \$16  
23 million that we have distributed on the basis of factors  
24 other than poverty population in the past. If it would  
25 be within those tables, we show you regional totals as

1 well as state totals, and you will notice that there has  
2 been quite a change as a result of the '80 census.

3 You have a column there, perhaps the  
4 committee might like for me to explain a little further  
5 what the table represents. I would like to suggest that  
6 you turn to page 44 as a representative page. On the  
7 bottom of the page -- page number 44 of the board book  
8 also is labeled page 33 of the table.

9 On the left-hand side of the chart you have  
10 the name of the recipient. We have 286 recipients of  
11 basic field funding as well as another 12, I believe it  
12 is, recipients of, excuse me, approximately 12 perhaps  
13 that were delivery systems study projects that have been  
14 converted to annualized funding.

15 The first column there that we show, 1970  
16 poverty population and 1980 poverty population, the  
17 third column is the difference between the two. The  
18 next column shows you current funding levels of the  
19 recipient. "BF" indicates a level of the basic field  
20 programs. If they receive funding for other purposes,  
21 that is shown between that total -- for example, you  
22 have there the fifth program down, California Rural  
23 Legal Assistance received funding of approximately a  
24 million dollars. They may receive funding for state  
25 support. We have a very small state support recipient

1 at the bottom of the page. Next to the last recipient  
2 "SS" is for first aid support. We do not show in the  
3 columns for hypothetical funding. We make no  
4 comparison. We respect any of those items except basic  
5 field funding, BF.

6 The next two columns that were per capita  
7 will indicate what that funding level represents in  
8 terms of each of the persons below the official poverty  
9 threshold who live in that service area in 1970 and  
10 1980.

11 You will see, for example, that there was a  
12 considerable difference using the 1970 census per capita  
13 funding level by following that next column. We have  
14 two recipients on this page that were funded quite  
15 handsomely, California Rural and San Francisco  
16 Neighborhood. California Rural 15.61 per capita '70 and  
17 San Francisco Neighborhood 13.33 per poor person.

18 We have others such as Legal Aid Society of  
19 San Diego which received the minimum legal services,  
20 \$6.20 per poor person. The next column illustrates per  
21 capita funding 1980 census that will reflect the impact  
22 of a shifting population. The Legal Aid Society of  
23 San Diego is funding a level of only 4.25 per poor  
24 person, whereas, San Francisco Neighborhood Legal, which  
25 lost per poor person during the decade is now up to

1 14.19 per poor person.

2 The next two sets of columns discuss --  
3 show the funding level result that we did, one of  
4 utilizing 1980 census information. If we used it  
5 strictly to release the funding that we now allocate on  
6 the basis of the 1970 census, that is a 179.6 million  
7 that we allocate on the basis of \$6.20 per poor person.  
8 The last two columns allocate the full 196 field funding  
9 on the basis of the poverty count and thus every program  
10 will be funded at a level of \$6.63 per poor person.

11 I think this page is what I consider to be  
12 a serious problem in terms of misallocation of our  
13 funding that we wanted to discuss with you today. The  
14 amount of distribution is both reflected per program  
15 with inner region and among regions. We were asked  
16 prior to the 1980 census -- we had a situation in which  
17 the Southeast Region 6 was our region with lowest  
18 funding at 6.34 per poor person and likewise our Midwest  
19 Region, Chicago, 6.31. We now have a situation because  
20 of shifts in poverty population out of the South to  
21 cities to the North. The almost underfunded region is  
22 Region 2, New York Region, which is now funded at an  
23 average of 5.88 per poor person and both years New  
24 England Region, Region 1, was the most generously funded  
25 region of the country.

1           Our current funding distribution is a  
2 result of, as I said, primarily the allocation of funds  
3 in relation to the 1970 census. We began allocating \$7  
4 per poor person in 1976. Made adjustments in '79, '80  
5 and '81, raising that to a level of 8.23 per capita,  
6 which was reduced to an overall funding in 1982.

7           At the same time we inherited 221 programs  
8 from the Office of Economic Opportunity. The  
9 corporation came into existence, which were funded not  
10 on the basis of this formula, but on the basis of  
11 competitive grant decisions made in the late sixties and  
12 early seventies. Many of those New England Region  
13 funded substantially above \$7 per poor person.  
14 Nevertheless, their funding had been stagnant for the  
15 last five years.

16           For five years we gave them adjustments to  
17 their funding level of 10 percent in '76, five and a  
18 half percent in '77 and 5 percent in '78, further  
19 exaggerating the differences between their funding level  
20 and the funding level of the new expansion programs that  
21 were funding at the basic per capita level of \$7 per poor  
22 person.

23           We made further adjustments for salary  
24 comparability. Many of those same recipients in 1977  
25 and '78 made a number of special needs grants for

1 purposes of coordination and specialization to assist  
2 programs that had unexpected loss of other funding  
3 sources. Made special grants for rural programs in 1979  
4 and '78 and '79 for increased telephone and travel costs  
5 in rural areas. Each time that we made -- in many of  
6 these cases where we made these special grants, we have  
7 subsequently analyzed that funding what was an isolated  
8 need and isolated situation one year became a component  
9 of the annual funding for that recipient.

10 That counts for the discrepancies that we  
11 talked about that are even applied when you look at the  
12 1970 census where sixty-one and a half percent of our  
13 programs had less than five percent. Their non-census  
14 based funding amounted to less than five percent of  
15 their census-based capital per capita funding. Our  
16 mostly highly funded programs being the last of the  
17 legal services, which is non-census funding, amounts to  
18 196.4 percent of its census-based funding. California  
19 Rural uses non-census funding and amounts to 141 percent  
20 of its basic funding.

21 In your books we also have state-by-state  
22 tables that illustrate the state-by-state affects. I  
23 apologize for an error on that table. This is page 7 of  
24 your board book, we have the same information that we  
25 had on a grantee level set forth here with respect to

1 states. Unfortunately the fourth column there showing  
2 the percentage change in the population, the poverty  
3 population between 1970 and 1980 was erroneously  
4 calculated and in some cases overstates. I hope to have  
5 a corrected copy for you before the meeting is complete.  
6 But this table shows the distribution of the basic field  
7 funding and also shows the distribution of the DSS  
8 projects.

9 In each case where you have asterisks  
10 following the state's name there is a delivery systems  
11 study project that was made on permanent recipients of  
12 the corporation funds. In some cases of the smaller  
13 states they can have a very significant impact on the  
14 per capita funding level. District of Columbia where we  
15 fund a project, the absence of that project would be \$12  
16 per poor person. Counting that project's funding into  
17 the total level, we have a \$16. We also have a major  
18 impact of Vermont where a small project of ours has a  
19 per capita funding level from 7.68 to 9.29.

20 Mr. Chairman, I will be glad to proceed  
21 further if someone has any questions on the tables.

22 THE CHAIRMAN: We will open the floor with  
23 questions. I am sure that many people are at the  
24 present time doing what I am doing and that is trying to  
25 make sure they understand the figures since we haven't

1 had the privilege of knowing exactly how these numbers  
2 were arrived at.

3 You are not recommending today, I assume,  
4 that we go along with strict 6.6.

5 MR. DAUGHERTY: I think there are several  
6 questions that we ought to look into further before we  
7 make that decision. We do need to move in that  
8 direction. I apologize for not having the accurate  
9 figures before you in terms of shifts in poverty  
10 population. They are quite dramatic.

11 Nevada's grew by 57 percent in that decade  
12 whereas Mississippi dropped by 52 percent. You have a  
13 rather dramatic shift in a decade in which the total  
14 nationwide, the poverty population increased less than a  
15 million or roughly two percent so that the distribution  
16 of poor persons has significantly shifted; whereas, our  
17 funding for the new decade is still based on 1970  
18 population characteristics.

19 THE CHAIRMAN: I suppose at this point in  
20 time I personally would have to have some time to review  
21 this material between now and the next meeting. I am  
22 sure that I probably will have some questions of you and  
23 your staff during that period of time.

24 I do have a question now in terms of  
25 reviewing your staff's further work on this. What do

1 you anticipate doing now in order to answer some of the  
2 questions that you feel we need to have before us before  
3 we make a decision?

4 MR. DAUGHERTY: Well, there are several.  
5 First of all, we are looking at a grant-by-grant basis.  
6 The allocations of this non-census funding and looking  
7 at the justification that was given for making those  
8 awards in the first place, to ascertain whether or not  
9 those represent continuing situations that we should  
10 respect.

11 We are looking at the anticipation that we  
12 probably will recommend to you that we cease to consider  
13 those to be items that for this annualized funding will  
14 be granted. But that will have some legal impact as  
15 well as we will discuss this afternoon our regulation.  
16 Any time we make some adjustments in the recipient's  
17 grant of greater than 10 percent, we have a right to  
18 hearing and other things. So there were some legal  
19 questions to be examined. We also need to take into  
20 account Congressional action, as we are now subject to  
21 an Appropriations rider that now provides, until there  
22 is a confirmed board of directors, every recipient  
23 funding is equal to their funding in 1982.

24 That would mean in the \$296 million that  
25 the House Appropriations Committee has recommended to

1 the House be appropriated instead of adjusting for these  
2 discrepancies. That they would be asked legal services,  
3 which is now at \$7 per poor person, would receive a  
4 22 percent increase in its funding or 21.13 per poor  
5 person.

6 I think that obviously decisions that we  
7 reach are going to have to be in form in with  
8 Congressman's decision in this area. We are going to  
9 make this information available in this area so that  
10 they can take into account.

11 Further, there is one question, do we  
12 continue to allocate .4 percent of our funds on the  
13 basis of annualized special needs grants on the special  
14 grandfather OEO funding levels? Another question,  
15 whether or not over what period of time we would make  
16 those adjustments. Will we make them all at once or  
17 make them gradually?

18 We have had unfortunate experiences in the  
19 past when we have allocated a great deal of new money to  
20 a program of the building up of fund balances. If there  
21 is a prospect of our overall appropriations going up,  
22 the need for reduction and thus the need for staff  
23 changes in staff levels at our more highly funded  
24 programs will be minimized.

25 We have done some comparisons of these

1 recipients at the funding level of 257 million,  
2 296 million, which the House Appropriations has  
3 requested. If we were to go to a strict equalization of  
4 \$241 million, there would be 150 of our recipients whose  
5 funding would have to be reduced in some fashion.  
6 However, if we went to 257, that number would fall  
7 to 115.

8           What is Congress doing? It may be that the  
9 difficulty of transition will be much greater. We may  
10 need to work into a more gradual adjustment process.

11           Another thing that I think we need to  
12 study, Dr. Peterson is here to assist us with whether or  
13 not we want to allocate our funds solely on the basis of  
14 the 1980 census information on poverty population.

15           Are there other factors? Do we want to  
16 take into account variations in costs of doing business,  
17 variations in the value of the dollar across the  
18 country?

19           As you know, the official poverty threshold  
20 sets a common dollar amount for poor persons regardless  
21 of whether they live in a low cost area of the South or  
22 whether they live in a major metropolitan area with  
23 higher costs. Do we want to standardize information for  
24 changes that occurred during the decade so that we are  
25 not operating on information that is 6, 7, 10, or as we

1 are now 13 years old? Do we want to take into account  
2 the distribution of persons whose income is below 125  
3 percent of the poverty threshold and are eligible for  
4 our services?

5 At this time, if you wish to hear from  
6 Dr. Peterson, he can comment on those subjects. I did  
7 want to indicate to the committee that we also face  
8 similar funding decisions with respect to the other  
9 problems of our budget.

10 We have asked some decisions to be made  
11 about the allocation of Native American funding. We  
12 currently have programs that are funded on the basis of  
13 three different formulas depending on whether or not  
14 they were first funded by EOE, first funded by the  
15 corporation of '76, or whether they came in after 1978  
16 and there is serious question about the adequacy of the  
17 census data that we have.

18 In the past we utilized BIA information  
19 instead. The census does not count migrant farmworkers.  
20 We are going to have to decide how to arrive at a count  
21 for districting those funds and aids, and likewise with  
22 respect to state support.

23 We have programs, funds, ranges of funding  
24 based on whether or not they were first funded under  
25 EOE, whether or not they were funded through special

1 needs grants in the early seventies, or whether they  
2 received an allocation as in '80 and '81, specifically  
3 for state support.

4 We have at the present time eight states  
5 that have, or seven states in our territories that  
6 receive no state support funding. We have some states  
7 that have very small state support funding in relation  
8 to their basic field funding or their poverty  
9 population.

10 Oklahoma, for example, has 1.33 percent of  
11 the nation's poverty population, but state support is  
12 equal to 0.43 percent of our population. Some other  
13 states are supported, California receives 15.8 percent  
14 of our national population which accounting for 8.89  
15 percent of our population. New Mexico, 1.4 percent of  
16 our national population while receiving 0.6 percent of  
17 the nation's poverty population.

18 THE CHAIRMAN: I thought maybe we might  
19 consider redistricting the funds based on geography and  
20 number of scored miles in the study, if that's okay.  
21 Those of us in the West might consider that.

22 I want to thank you for that report. You  
23 have done a lot of statistical data. It raises some  
24 severe questions on several concerns myself which you  
25 begin to answer in the latter part of your presentation.

1 I think, as we begin to look at methods of equalization  
2 and redistricting funds, there are some serious  
3 questions that we need to look at, some obvious and some  
4 not so obvious.

5 I will encourage you to continue the  
6 process that you are working on so that some  
7 determination can be made due to very serious needs that  
8 have arisen. I want to declare a five-minute recess.

9 (Recess taken.)

10 THE CHAIRMAN: The Appropriations Committee  
11 is now back in session. I would like to announce a  
12 slight change on the order of the day of the agenda.  
13 For those of you who will be staying for the Committee  
14 on Operations and Regulations, if you have the packet  
15 right now, you will note that it was to be given at 2:30  
16 this afternoon.

17 Due to hardship of those of you who are  
18 here, we would like to suggest that that meeting now be  
19 moved up to 1:30, in one hour. I have checked with  
20 legal counsel and I believe that we can do that.

21 The meeting will indeed run past 2:30. For  
22 those who are not here and were planning to come, if  
23 they come in after the meeting has started, we can  
24 either take a five-minute recess and bring them up to  
25 date or they can see transcripts. As you know, these

1 meetings are being transcribed.

2 Furthermore, that any items that need to be  
3 voted on that committee meeting will not take place  
4 until after 2:30. We are rescheduling this because some  
5 of our board members would like to get out of town.

6 With that recommendation in mind, unless  
7 anyone in here has a major problem with that schedule,  
8 we will convene in here at 1:30 for the beginning of  
9 that second committee meeting.

10 Would you like to continue, Mr. Daugherty?

11 MR. DAUGHERTY: We have cut the mike off.  
12 I want to make some clarifications on the tables that in  
13 your board books based on some questions that I received  
14 during the break.

15 Under the heading of Hypothetical Funding,  
16 the amount that's shown there relates solely to basic  
17 field funding. It does not include funding for Native  
18 American migrant or state support as much as we had no  
19 hypothesis to work from in terms of projecting figures  
20 for those.

21 The first line in the line marked BF under  
22 Current Funding, represents basic field funding for each  
23 of our recipients and does not represent a figure to be  
24 compared with a total funding of the recipients.

25 Speaking of non-census funding in my

1 report, I was referring solely to the funds received by  
2 our basic field recipients for basic field delivery  
3 above and beyond \$6.20 per poor person in the  
4 recipient's area at the beginning of this year. The  
5 amount that they received above and beyond \$6.20 for  
6 each person counts in the 1970 census.

7 That figure only includes funds that they  
8 received for basic field purposes. Mr. Cross reminded  
9 me that many states report recipients were initially  
10 funded under the heading of special needs. My  
11 understanding is that funding was backed out of the  
12 basic field category, was recategorized to state support  
13 and that our state support recipients should now be  
14 receiving their state support.

15 LeaAnn is making copies of Walker  
16 Thompson's memo. If there is any historical  
17 inaccuracies there, I would appreciate your bringing  
18 them to our attention. That's a general point that I  
19 would like to make throughout.

20 Gale Frances, who has been directing most  
21 of the work here heads our budget unit and Accounting  
22 Director of Office of Management could not be with us  
23 today. I know that Gale and I would both like any  
24 input, any suggestions anyone in the audience may have,  
25 anyone associated with Legal Services that sees any

1 inaccuracies in the assumptions underlined, the figures  
2 we have provided or any suggestions of other factors  
3 which should be taken into account.

4 That leaves me to introducing Dr. Peterson,  
5 if that would be appropriate at this time.

6 THE CHAIRMAN: That would be appropriate.

7 MR. DAUGHERTY: Dr. Peterson was called  
8 upon by the corporation to give us some insight into  
9 other factors that we might take into account in  
10 allocating our funds to evaluate the cost variation  
11 study that the corporation received in 1979 and to give  
12 us advice as to how we might avoid being in a situation  
13 we are in today utilizing 13-year-old information,  
14 advised us as to what data sources might be available to  
15 us between census that would allow us to make our  
16 gradual adjustments in reflecting where persons in need  
17 live in this country.

18 He comes to us after having consulted on  
19 similar subjects with HEW, HUD. He has worked for the  
20 General Accounting Office in the area of program  
21 evaluation and information resources. He was associated  
22 for a number of years with Duke University in the  
23 Southern Policies Board, was evaluating poverty program  
24 funding formula. He had the occasion to also consult  
25 with the Western Governors' Association and Northeast

1 Institute.

2 DR. PETERSON: I will be referring from  
3 time to time to an update, if these copies could be  
4 passed on down.

5 The copies that were mailed out have been  
6 updated and some tables have been appended. I will try  
7 to capsulize my remarks so you will have time for a few  
8 questions. If you will refer to page 2, I will start at  
9 that point with the first issue of updating the 1979  
10 poverty estimates.

11 We often think of change as being rather  
12 modest in just a few years. If you look at only the  
13 U.S. figures or the regional figures, that may be quite  
14 true. But for regions that are sub-state regions for  
15 particular cities, often the changes are very quiet.  
16 For example, Detroit has had a 50 percent increase in  
17 poverty between '79 and '81.

18 Many other areas, Birmingham, Alabama, has  
19 had very dramatic increases in poverty. At the same  
20 time, there are other places that have had declinings in  
21 the shares of the nation's poverty population.

22 So point one here, or issue one has to do  
23 with methods for updating the 1979 poverty estimates at  
24 a sub-state level, but provides for certain quality  
25 controls, because we do have from the current

1 populations survey annual updates of the regional  
2 levels. There are ways of using that data or at least  
3 that take place to update for large cities and large  
4 metropolitan areas.

5 But more promising for your purposes would  
6 be to use up the data that are developed anyway for the  
7 general revenue sharing program, the per capita income,  
8 that can be used, or to use employment trend data that,  
9 in a way that allows for updating poverty at the  
10 sub-state level.

11 Updating can be either direct or indirect.  
12 Instead of updating poverty incidents, elements such as  
13 unemployment or other measures are regularly updated  
14 anyway.

15 The second issue has to do with the choice  
16 of poverty counts. You are committed to using poverty  
17 as a measure, but what poverty counts should be  
18 employed? Should it be less than 100 percent of the  
19 poverty line or should it be less than 125 percent of  
20 the poverty line? Many people, of course, in the  
21 Northeast and Midwest have suggested, from time to time,  
22 using less than 125 percent of poverty level because  
23 they feel that because of cost differences and economic  
24 lags in their areas, that they actually have more people  
25 than reflected in the census at the poverty level; that

1 if you adjust for cost, if you take negative trends in  
2 their areas, that it would be better from their  
3 standpoint to use below 125 percent.

4 All these questions, however, must be  
5 answered with the assistance of research. It would be  
6 risky just to guess the impact unless you use analysis  
7 to see rather precisely which of the poverty counts  
8 contributes the most to efficiency, effectiveness and  
9 equity.

10 That depends in part on what other  
11 decisions that you make. If you adopt other formula  
12 data elements, which ones you select would influence  
13 what poverty count would be most appropriate. You  
14 cannot make a decision on that in isolation from other  
15 factors in formula decision or you end up with  
16 unreasonable assessments.

17 Issue three, whether to shift to  
18 multifactor formula seems to be implied by perhaps some  
19 of the foregoing, are there need indicators other than  
20 poverty which might be used in addition to poverty?  
21 Many people in the Congress, of course, think of poverty  
22 problems as multiple and highly interrelated and they  
23 also believe in many cases that there is no single  
24 indicator that perfectly measures their cluster of  
25 poverty problems.

1                   Every indicator has a weakness, that's one  
2                   reason why the Congress has usually opted for  
3                   multifactor programs. They try to come up with several  
4                   factors that will fairly measure a cluster of problems.  
5                   If you look at the data at the bottom of page 4, you see  
6                   that the poverty rates for Gary, Detroit, Birmingham,  
7                   Waco, New Haven, et cetera, are very similar and that  
8                   your old formula using poverty would see these various  
9                   places as being very similar in terms of economic  
10                  hardship or need.

11                  However, if you look to the right in that  
12                  next column "1982 Unemployment Rate" you see that three  
13                  years later there was much more economic hardship in  
14                  Gary, Detroit and Birmingham than in Macon, New Haven  
15                  and Waco.

16                  Of course, if you look at the current  
17                  population survey, you also see the 50 percent increase  
18                  in poverty in Detroit. Of course, there has been a big  
19                  increase in Birmingham and many other places. I think  
20                  that one reason that you may want to consider a  
21                  multifactor formula is the inherent weaknesses of any  
22                  one variable, but a second reason is that it is one way  
23                  of updating indirectly if you select indicators that can  
24                  be updated.

25                  Of course, unemployment rates can be

1 updated. Of course, growth lag measure can be updated  
2 and are updated regularly. HUD uses them. If you are  
3 interested in targeting to current need and to future  
4 need, then it makes some sense to consider adopting one  
5 or two more formula elements that would be updatable,  
6 that could be updatable using other federal data  
7 sources, not at your expense, but other agencies or  
8 organizations are paying for anyway.

9 Appendix 2 on page 9 deals a little bit  
10 more with this issue and it is not a simple table, but  
11 it suggests that a composite index of poverty problems  
12 or a multifactor formula that appears on the right-hand  
13 side of Appendix 2 correlates more with a great variety  
14 of need indicators or poverty problem indicators than  
15 does 1979 persons in poverty.

16 Now that's when you are using 1979 persons  
17 in poverty at its peak in quality. Of course, it ages  
18 every year. What we find from past experience is that a  
19 composite index proves each year in comparison with  
20 poverty indicator, that is, if you are adopting a multi  
21 formula such as poverty unemployment and income lag,  
22 that as every year went by, that would target better and  
23 better to overall needs than would a single formula,  
24 single-factor formula such as 1979 poverty.

25 Poverty is one of the best measures.

1                   There are issues four and five that appear  
2                   on page 5 of your text there which have to do with cost  
3                   adjustment. Issue four has to do with cost adjustment  
4                   for low income people and the argument there is that the  
5                   poor who live in Seattle-Everette are even poorer than  
6                   they appear. The deficits are greater. People who are  
7                   classified by the Census Bureau as near poor between 100  
8                   and 125 percent of the poverty level really are poorer  
9                   in terms of real income after taking cost into  
10                  consideration.

11                  People in San Francisco, of course, can  
12                  argue the same thing, particularly if you include the  
13                  cost of legal services as well as the other cost items.

14                  Number five had to do with cost adjustments  
15                  for cost of doing business, a major part of which is  
16                  personnel costs and we have had studies out of Harvard  
17                  and MIT that serve as a basis for cost adjustments of  
18                  in-kind.

19                  If we just make a few refinements in what  
20                  they have done earlier, of course, there was a 1978 cost  
21                  study that you people studied, national study of the  
22                  cost of doing business that concluded if the corporation  
23                  wishes to distribute resources equitably, some cost  
24                  adjustment ought to be made.

25                  On the other hand, my experience has been

1 for many years that there are always some people that  
2 want to overadjust for cost. At the same time, you may  
3 want to consider cost adjustment or partial cost  
4 adjustment, what Congress has spoken of cost adjustment  
5 to areas of substantially higher cost. You would want  
6 to avoid overadjustment of cost which could hurt some  
7 needy places.

8 The last four pages of the handout relate  
9 your data on your personnel costs to the BLS data on  
10 cost by area. Table 1, for example, where it says  
11 intermediate, those intermediate level budgets really  
12 have to do with experienced lawyers. Your experienced  
13 lawyers have an income almost exactly the same as BLS  
14 was using back in autumn of '81, when they developed  
15 this comparison.

16 So the intermediate column shows you how  
17 experienced lawyers would differ in the cost of living.

18 The next column to the right there "higher"  
19 shows you how experienced directors cost would vary.  
20 Cost of living for area directors from area to area  
21 because their average pay is very similar.

22 Table 2 next page shows for a lower level  
23 budget which would be your experienced paralegals and  
24 your experienced secretaries differences on a regional  
25 basis because their incomes are very similar for what

1 BLS was using for this lower budget.

2 Now, of course, you are interested in cost  
3 of living differences for the poor. It would be better  
4 not to use this column on page 2, but to give greater  
5 weight to food costs, rental costs, those things that  
6 are bigger in the budget of the very low income people.  
7 These various adjustments can be made on a refined basis  
8 starting with the numerous studies that have already  
9 been done, plus the data basis that other people are  
10 paying for anyway.

11 If you have questions, I hope you will feel  
12 free to raise them with me. I will be here through  
13 tonight.

14 I just want to say one thing. If there is  
15 anything in here that doesn't appear to be objective to  
16 you, my remarks, I should only say that I was told to be  
17 objective. It is not Dennis's fault, but the fault of  
18 anyone else with Legal Services.

19 Feel free to raise any points with me and  
20 give me an opportunity to show you why we argue what we  
21 do in the field of need assessment.

22 THE CHAIRMAN: Thank you, Dr. Peterson, for  
23 a very good report. There is a lot of information in  
24 this report and I am sure, Dennis, that you are going to  
25 find that very helpful to you as you begin to continue

1 in this area trying to come up with a method for  
2 allocating funds.

3 MR. DAUGHERTY: I should point out that  
4 this is a subject that the corporation has thought about  
5 over a long period of time.

6 In 1978 there was a staff level resource  
7 allocation task force. In 1980 we had a future funding  
8 task force that had several components of it. By and  
9 large many of these issues were discussed. The weakness  
10 of a single factor formula was recognized, but the  
11 by-and-large decisions were postponed pending the  
12 availability of the 1980 census data. The time has now  
13 arrived to try and bring that to a close. We will do  
14 our best to try and have some solid recommendations to  
15 you in September.

16 THE CHAIRMAN: Any questions about this?

17 Dr. Peterson, thank you, very much for your  
18 presentation and yours as well.

19 We will have comments and questions from  
20 the audience at this time.

21 MR. CORDOVA: My name is Leroy Cordova. I  
22 am chairperson for the Advisory Committee, that's the  
23 organization of legal services programs that are funded  
24 by Legal Services Corporation.

25 I wanted to, for the benefit of the

1 gentlemen on the Board of Directors, to ask you to  
2 continue to seek out and have staff continue to seek out  
3 input from the field programs that are funded as you  
4 start considering different approaches.

5 There have been some discussions that have  
6 gone on in the recent past between Dennis Daugherty and  
7 representatives from our committee and for your  
8 information has over many years we think provided  
9 valuable input to the Legal Services Corporation.

10 For many years it was the corporation who  
11 reached a decision on the allocation of new monies. We  
12 had quite a problem in the recent past.

13 It should also be evident that we, in the  
14 field programs, are paying for the differences in  
15 funding and it is a problem that we are faced with every  
16 day. It is a problem which we have had a lot of  
17 discussion with the advisory board.

18 We remind you, though, that as you consider  
19 an approach that would take existing funds away from  
20 grantees, that all of us in the field which recently  
21 went through that and are probably now at the tail end  
22 of a painful retrenchment that was necessitated by the  
23 25 percent cut appropriated by the Congress, that  
24 process has just been finished.

25 A step in policy put us into another round

1 in that kind of retrenchment which could be devastating.  
2 The term "generously funded" was used by Mr. Daugherty  
3 on a couple of occasions. As President Bogard mentioned  
4 none of the data that you have available to you  
5 indicates that the legal needs of the poor are being met  
6 anywhere in the country. I don't think that the term  
7 "generously funded" is appropriate in that sense.

8 I would just say that if with regards to  
9 discussions that we have had with the advisory group, to  
10 this date our approach conveniently is that we would  
11 recommend one which would bring the program at the  
12 bottom up with any new monies and not an approach that  
13 would level and take from grantees that are relatively  
14 better funded.

15 We think that a plan that adopts that would  
16 take place over a number of years, that brings the  
17 program up from the bottom, is a better approach than  
18 one that would simply level an existing resource. The  
19 effect there would be another round of layoffs and  
20 entrenchments in the program. We would also ask that  
21 the staff be forthcoming early as it arrives at  
22 approaches. That puts us to another round in the  
23 face-off. We think that would be a more painless  
24 process if we were involved more early in the  
25 discussions than at some later date.

1 For those reasons to encourage staff or  
2 engage in these studies in developing the various  
3 funding recommendations, that they continue and increase  
4 the dialogue with the representatives of the people.

5 THE CHAIRMAN: Thank you very much.  
6 Presentation points were well made. I would like to  
7 make a couple of brief comments myself.

8 I think we as Committee, as well as the  
9 Board Chairman, have concerns that you have when you  
10 talk about retrenchment and reductions in force,  
11 reallocation of funds, all of those terms are very  
12 uncomfortable terms for all of us.

13 They require a lot of careful  
14 consideration. Some of the things that I mentioned  
15 earlier to Dennis Daugherty, when you start, you have to  
16 look at every stone to see what the risks are. We are  
17 going through a different time which puts additional  
18 stress and concerns on you as well as us.

19 I would urge all of you in the field as  
20 well as our staff here, Mr. Bogard, to keep that in  
21 mind, to keep communications open and to understand that  
22 we need your input, your concerns and your ideas as a  
23 part of this process.

24 I would suggest that as an example, this  
25 process is just beginning. It is a long way from being

1 complete on methods for reallocation. We will submit  
2 and formulate some of your ideas. I would suggest that  
3 our staff be in a position where they be able to publish  
4 suggested methods early enough for you to react in time  
5 to them so that this is indeed an open process.

6 Other members, I am sure, feel the same way  
7 I do. We will continue to try to keep that process  
8 open. Thank you very much.

9 MR. BOGARD: One comment. We had the  
10 opportunity to visit some programs. A few months ago  
11 Greg and I attended a project directors' meeting of the  
12 Boston Region. We discussed some of these very things  
13 that you have just brought up, specifically, about how  
14 new money would be brought in.

15 It is something we have been thinking about  
16 and looking at for some time. I am sure we will be  
17 having more of those discussions with more programs and  
18 regions around the country. It is something we are very  
19 much aware of.

20 MR. VINEY: My name is Bernie Viney. The  
21 question that Dr. Peterson -- I guess, could you just  
22 comment briefly on how your study impacts non-urban  
23 areas?

24 As I look at the indicators, many of them  
25 strike me as being particularly urban. If my memory

1 serves me right, that is not perfect on the point. I  
2 think on the earlier corporation board and staff  
3 discussions on this, one of the reasons for relying  
4 solely on census count was that it was one of the few  
5 things that was reversible, that many of the other  
6 indicators were, in fact, isolated to urban or something  
7 of that nature.

8           The use of the unemployment rate I find  
9 particularly disturbing because such a large percentage  
10 of the low income area has dropped out of the job.  
11 Areas that brought more recently were 60 percent for  
12 black teenagers. I don't know how much concept we are  
13 going to be able to have with you.

14           DR. PETERSON: In our work for U.S.D.A. we  
15 were working primarily with rural areas in small towns,  
16 dealt on a day-to-day basis with hundreds of measures  
17 around the country. We do know that many measures can  
18 be used to supplement the poverty indicators to increase  
19 in allocations. We didn't utilize county level data in  
20 this particular report because of time constraints and  
21 cost constraints. However, you are quite right about a  
22 number of your points and it is for that reason that in  
23 many federal programs you have them using different  
24 formula for different size of place.

25           As in the case of HUD, they have different

1 formulas. If you select three or four indicators, you  
2 can achieve a lot. But then for the smaller places you  
3 have to select a different set of indicators.

4 So one set of analysis that could be  
5 accomplished very quickly, look at the very source of  
6 questions that you speak of, that is, to see what  
7 alternatives might be available at two different size  
8 levels or more. We have already had discussions with  
9 regard to telephone cost differences. Travel cost  
10 differences in rural areas may have some higher costs  
11 than, say, facilities located near a law school and near  
12 a law library and with public transit all around it.

13 So already we have talked in terms of  
14 accounting data, other sorts of things that might be  
15 taken into consideration. So that rural areas in small  
16 places would not be disadvantaged.

17 MR. VINEY: Given your experience when you  
18 are able to upgrade information more frequently than the  
19 census, how often would you recommend that formula  
20 changes, in fact, be made if we can upgrade the  
21 information every year? That would be federal and so  
22 the formula would be changed every year?

23 DR. PETERSON: Two of you have asked the  
24 questions that are answered in part by page 10 or at  
25 least our discussion might be clarified to some extent.

1 "Illustration of option for gradual transition" seem to  
2 be what one person was asking for earlier.

3 The illustration of option for gradual  
4 transition, you see that is suggested that one  
5 possibility when the 1979 poverty data are only four  
6 years old would be to give that a hundred percent of the  
7 weight. But as those data age, you increase the weight  
8 of other factors. Of course, for places under the size  
9 of 50,000, it might be quite different factors from the  
10 illustration on page 10.

11 But certainly it is a policy decision, not  
12 a decision for a statistician to decide how gradual you  
13 want it to be. You can tell it is quite feasible to  
14 avoid abrupt changes, but at the same time, allow you to  
15 arrive at a formula before the next census that won't  
16 cause a very abrupt change. You don't have to have the  
17 awkward situation that you are in today if you will plan  
18 ahead for a gradual transition to a formula that allows  
19 for updating either direct to the poverty indicator or  
20 indirectly through the use of other indicators.

21 MR. VINEY: It wasn't the phase. Again,  
22 you are saying is that by the use of the multiple  
23 indicators that you are talking about, you would see  
24 that formula being changed, but the formula be applied  
25 on an annual basis so that each year the program would

1 be looked at as opposed to pretty much what we have now,  
2 a 10-year period where programs can plan on receiving at  
3 least a level of funding based on a fixed number, one  
4 fixed number being the population.

5 DR. PETERSON: One policy option that you  
6 people have, of course, is to require that in  
7 allocations that the poverty data be at least minimally  
8 updated to be consistent of regional figures from the  
9 current population survey.

10 But then there are a whole series of ways  
11 of updating that could be chosen.

12 There are no problems from the standpoint  
13 of data or methodology that would prevent you from  
14 arriving at a very equitable formula for large places  
15 and small places so that you won't be in an awkward  
16 situation eight, ten years from now.

17 MR. SANTARELLI: I would like to make a  
18 comment at the risk of becoming the board's commentator.  
19 I feel compelled to take a moment and comment, to tell  
20 you of our prior relationship in previous encounters.

21 I had some responsibility for a grant  
22 program quite similar to this, criminal legal defense  
23 services. I had occasion to work with Mr. Viney. I am  
24 compelled to say to you that he has been in the past a  
25 man of considerable integrity. It was a pleasure for me

1 in those days to reply on the fact that while he  
2 represented his point of view rigorously, it was always  
3 with agreeableness, without any personal rancor. That  
4 contributes significantly to the subject that at least  
5 he has earned my respect and I wanted to convey that to  
6 my fellow board members and to the staff of the  
7 corporation.

8 I look forward to hearing from him. My  
9 commendations, Bernie, to an old friend.

10 THE CHAIRMAN: Congratulations. You have  
11 just got a Santarelli Samaritan award.

12 Are there any other pertinent questions  
13 that you might have of Dr. Peterson since he is here  
14 with us today?

15 MR. DAHLSTROM: My name is Eric Dahlstrom  
16 from Indian Legal Services.

17 The study seems, the principle seems to be  
18 that the purpose is to allocate purely on the basis of  
19 poverty; is that correct? I guess my question is, to  
20 what extent do you think it appropriate to merge your  
21 analysis with the legal need analysis which is also  
22 going on in trying to allocate dollars based on the  
23 function of the program rather than making -- which is  
24 to provide legal services rather than merely looking at  
25 economic situations?

1 DR. PETERSON: If you are trying to meet a  
2 certain standard, let's say two lawyers for 10,000 poor  
3 people, I think it is highly relevant to know that the  
4 1979 data are seriously out of date.

5 There are ways of adjusting those old  
6 estimates so that when you are talking about lawyers  
7 relative to poverty population, you are doing so in a  
8 way that's pertinent to current problems rather than the  
9 sort of problems back in '79 when the economy was at a  
10 peak.

11 This may not seem important if one thinks  
12 of only small national trends or regional trends. Local  
13 trends vary notoriously. If you are speaking of whether  
14 or not a particular area has, say, two lawyers for  
15 10,000 poor people, you can't do that unless you address  
16 some of these other issues as to how to update the  
17 poverty measures so that Detroit and Birmingham and  
18 other places are disadvantaged. But the cost of doing  
19 legal services seems to be a relevant consideration. I  
20 think I will take guidance from the policy people. If I  
21 am directed to respond more fully, I will be glad to do  
22 so.

23 THE CHAIRMAN: I appreciate that. I think  
24 one of the things that should be pretty obvious right  
25 now from just a very short brief look at this report in

1 which you had about the same amount of time that we had  
2 to look at it, it indicates that it does raise a great  
3 deal of questions in terms of what the risk would be of  
4 using these various factors, what they are going to  
5 affect.

6 I would suggest that those of you who have  
7 the time and interest should at this time take a copy of  
8 this and look at it and study it and get back to the  
9 staff on your areas of major concern, questions. Bernie  
10 raised one particularly good question. It is something  
11 that we have to look at.

12 We are not necessarily looking for  
13 solutions in the next week or two. We are looking for  
14 serious questions that have been raised that you have on  
15 your mind. Obviously, when all of this is finally done,  
16 I am not going to be a hundred percent pleased with it,  
17 neither are you. It is going to be hopefully good  
18 enough that everybody can work with it.

19 If there are no other questions at this  
20 particular time --

21 MR. DUNCAN: My name is Bud Duncan. I am a  
22 staff attorney with Community Legal Services here in  
23 Phoenix, also a member of the National Organization of  
24 Legal Services Workers, NOLSW, currently conducting a  
25 study with regard to the impact, 1980 census and a

1 strict allocation for formula.

2 Myself and members of my program, our  
3 program is, according to the handouts, is at the \$4.57  
4 funding level, far below what we need to provide for  
5 minimum access to our clients.

6 We also as a result of the 25 percent  
7 cutback have suffered a great deal of layoffs and a  
8 couple years ago found it very difficult to provide  
9 minimum access to our clients.

10 So as speaking from the western point of  
11 view, we, of course, are very interested in these 1980  
12 census figures and would benefit greatly if a strict  
13 equalization approach was adopted. We would not want to  
14 see layoffs such as we suffered in our program layoffs,  
15 other programs, especially in the east. We don't want  
16 to see them go through what they have already gone  
17 through to a certain extent. We would ask that the  
18 board consider input from organizations such as PAK and  
19 hopefully from the National Organization of Legal  
20 Services Workers in adopting a policy. Probably the  
21 best approach to gradual transition that I think most of  
22 us would be in favor of would be increased funding.

23 We think that minimally the corporation  
24 should ask for over \$300 million so that we can gain  
25 ground and, in fact, provide minimum access also with

1 the increased funding would have less impact in adopting  
2 equalization policies.

3 THE CHAIRMAN: Thank you very much for your  
4 comments.

5 MR. DAUGHERTY: I have copies now available  
6 of the tables on state support funding. I think LeaAnn  
7 made copies available to the board. There are a few  
8 copies over on the table here for anyone else who needs  
9 that information.

10 THE CHAIRMAN: At this time I want to make  
11 an apology to all of you while I am thinking about it.  
12 Some of you may have found when we either called or  
13 arrived you were not given the right information. I  
14 personally made the arrangements for this meeting in the  
15 name of the Legal Services, but somehow, of course, I  
16 have identified myself with my company name. Somehow  
17 the hotel switchboard got the name of my company. I  
18 certainly hope that no one missed the meeting because of  
19 it.

20 MR. TAUBEMAN: My name is Daniel Taubeman.  
21 I am the director of State Support Office in Denver,  
22 Colorado. I would like to follow up on Dennis's  
23 comments about the disparity of funding among the states  
24 receiving state support funding.

25 As Leroy said before, he is concerned about

1 disparity of funding among the states and we also would  
2 like to work with the corporation staff in developing an  
3 allocation formula for state support funding.

4 I would like to publicly thank Dennis  
5 Daugherty for last month inviting some of us to a  
6 meeting at the corporation offices in Washington to  
7 discuss the current survey of state and national support  
8 offices. We were grateful for the opportunity to  
9 provide input to Dennis and other corporations' staff to  
10 all the people who are conducting the survey on state  
11 and national support.

12 We believe strongly that such dialogue is  
13 beneficial and should be continued in the future. I  
14 want to encourage you to do for both the state and  
15 national support funding as well as for field allocation  
16 funding.

17 THE CHAIRMAN: Thank you for your comments.  
18 I am with you 100 percent. We will make every effort to  
19 try to continue doing that.

20 If there are no other questions at this  
21 time, let me again remind those of you that might not  
22 have been here a few moments earlier. There has been a  
23 slight change in this afternoon's format. Those of you  
24 who do plan to attend the committee meeting that was  
25 scheduled for 2:30, for those of you who are unable to

1 be here at 1:30, we will allow time to review the  
2 agenda.

3 MR. BOGARD: Two things I would like to  
4 present to you.

5 First of all, we have been meeting in  
6 Washington this year and therefore haven't had the  
7 opportunity to be out into this area. There obviously  
8 are a lot of people in the audience that we don't know  
9 and would like to have the opportunity to meet.

10 In that regard, we have in the audience a  
11 former board member, as she described it Carter's Board,  
12 Celia Escort, who is with us. We want to thank you for  
13 being with us.

14 Secondly, it was brought to my attention  
15 that there is the possibility of the expiration of state  
16 and national support grants. As you know, the board  
17 went through the funding allocations back in March and  
18 extended the amount of grants for three months beyond  
19 the June 30 deadline. Those funds are now currently set  
20 to expire on September 30.

21 It, therefore, last time required board  
22 action at the next board meeting for early September to  
23 extend the grants for the balance of this year. As you  
24 know, the money is set aside in reserve and to be held  
25 for further determination based upon the study and the

1 availability of the board to make a funding change.

2           It would be my recommendation at this time  
3 that the committee make a suggestion that its intent to  
4 continue to support grants for the balance of the year  
5 with the recommendation to the committee to the board in  
6 September to make those extensions. It is unlikely that  
7 there will be a confirmed board that will be making any  
8 decisions before the end of September. It is certain  
9 that those groups will have as much notice as possible  
10 as to the availability of funding. If you can get a  
11 statement of expression of this committee to make a  
12 recommendation to the full board, I think it would make  
13 some impact.

14           It is not something that's been noticed for  
15 vote. I don't think you need a vote, if the chairman of  
16 the committee feels that way.

17           MR. McCARTHY: I have an expression of  
18 affirmative.

19           THE CHAIRMAN: Mr. President, we have  
20 expressed affirmatively that that would be their  
21 intention.

22           One final comment, the Chairman of the  
23 Committee has encouraged us to have this committee  
24 somewhat to get outside of Washington to show the rest  
25 of the colleagues and some of the staff that all things

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

don't happen in the East and indeed there is a West. I do hope that having a meeting in Phoenix, Arizona in July that our next meeting will be in January in Anchorage, Alaska.

Any other comments before this committee meeting is adjourned?

MR, SANTORELLI: I make a motion that this meeting be adjourned.

MR, McCARTHY: I second the motion.

THE CHAIRMAN: This meeting is adjourned.

\* \* \* \* \*