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ORIGINAL

LEGAL SERVICES CORPORATION
BOARD OF DIRECTORS

OPEN SESSION

Friday, March 17, 1995

4:05 p.m.

Legal Services Corporation
THE BOARD ROOM
750 First Street, N.E., 11th Floor
Washington, D.C. 20002

BOARD MEMBERS PRESENT:

Douglas S. Eakeley, Chairperson
Hulett H. "Bucky" Askew
John G. Brooks
Edna Fairbanks-Williams
F. William McCalpin
Maria Luisa Mercado
Nancy Hardin Rogers
Thomas F. Smegal, Jr.

STAFF PRESENT:

Alexander Forger, President
Patricia D. Batie, Corporate Secretary
Martha Bergmark, Executive Vice President

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MOTIONS: 3, 30, 47, 64, 81

P R O C E E D I N G S

1
2 CHAIR EAKELEY: Let me call the meeting to order
3 and wish everyone a happy St. Patrick's Day.

4 The first item of business is the approval of the
5 agenda. In part, we're starting a bit earlier than we had
6 initially anticipated to accommodate Bill McCalpin's
7 schedule.

8 And that, in part, led to wanting to have a meeting
9 this afternoon at which we finally reached approval of the
10 Ops and Regs Committee report and the consideration and
11 action on the proposed changes to the Corporation's bylaws.

M O T I O N

12
13 CHAIR EAKELEY: What I would propose to do is move
14 that item, which is Item 10 and 10A, up to follow the
15 Inspector General's Report and then proceed with the other
16 committee reports following the report of the Ops and Regs
17 Committee so that we can get through that this afternoon.

18 Subject that one change -- and with your leave, if
19 we start to run late or more delayed and risk not getting to
20 bylaws before our closing time deadline or target of 6:00,
21 then I would just propose moving it up again. But that would
22 be my intention for this agenda.

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1 MR. SMEGAL: Mr. Chair, in view of this afternoon's
2 meeting, how long would you expect the meeting tomorrow to
3 run?

4 CHAIR EAKELEY: That depends on how much we have
5 left to discuss and consider. But I would expect that we
6 could be done by late morning with some ease. I've never
7 done very well in estimating this accurately, but that would
8 be my best estimate as of the moment.

9 MR. SMEGAL: Thank you.

10 CHAIR EAKELEY: All right. All those in favor of
11 approving the agenda as modified?

12 (Chorus of ayes.)

13 CHAIR EAKELEY: Any opposed?

14 (No response.)

15 CHAIR EAKELEY: The minutes of the January 27-28
16 meeting are in your Board book. I noticed one thing on these
17 rather bare bone minutes that I don't think is accurate. I
18 did not move that the nominations be closed. If somebody
19 else wants to take credit for that, may he or she please
20 speak up now. But that might have been John Broderick.

21 MR. McCALPIN: No. He made the --

22 CHAIR EAKELEY: He made the original motion.

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1 MR. BROOKS: What does the transcript say on
2 page --

3 MS. MERCADO: They obviously heard a man's voice.

4 MR. ASKEW: I'll take responsibility for it.

5 MR. BROOKS: Should we change, Mr. Eakeley, the "It
6 was moved"?

7 CHAIR EAKELEY: I think Bucky is saying that the
8 transcript should have reflected his moving that the
9 nominations be closed; and, therefore, the minutes will be
10 amended to reflect that Mr. Askew moved that nominations be
11 closed. See transcript, page 6.

12 Any other changes or corrections to the minutes of
13 our January 27-28 meeting?

14 (No response.)

15 CHAIR EAKELEY: All those in favor of approving the
16 minutes as amended?

17 (Chorus of ayes.)

18 CHAIR EAKELEY: Opposed?

19 (No response.)

20 CHAIR EAKELEY: Next, you have circulated under
21 separate cover the draft minutes of the executive meeting on
22 January 27th. Are there any changes or corrections to be

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1 made to those minutes?

2 (No response.)

3 CHAIR EAKELEY: Hearing none, all those in favor of
4 approving the executive committee minutes of January 27,
5 1995?

6 (Chorus of ayes.)

7 CHAIR EAKELEY: Opposed?

8 (No response.)

9 CHAIR EAKELEY: Thank you. Chairman and members'
10 reports. I don't think there's a great deal to report, other
11 than the obvious. We have been spending as much time as we
12 can, each of us, doing what we can to contribute to the
13 process of educating members of the Congress to our needs.

14 We have been trying to coordinate as well as we can
15 with the Administration, both with the White House and with
16 the Justice Department. I also had the opportunity to speak
17 at a dinner on behalf of the Legal Aid Society of San Diego
18 last month, which was interesting and enjoyable and
19 stimulating.

20 And we have got lots of interesting, enjoyable or
21 not so enjoyable and stimulating challenges confronting us in
22 the days and weeks ahead.

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1 Members' reports?

2 MR. SMEGAL: Yes. I will report that I had the
3 great honor and privilege of sitting on the dais at a
4 Commonwealth Club dinner a week before last, where it was
5 indicated I was a member of the Legal Services Corporation
6 Board. And the speaker was Robert Bork. And I did not
7 discuss Legal Services with him.

8 (Laughter.)

9 MR. ASKEW: Wise man.

10 CHAIR EAKELEY: Any other members' reports?

11 (No response.)

12 CHAIR EAKELEY: You know, I just said that we were
13 just modifying the agenda to deal with this one item. But
14 since the handouts that Martha Bergmark just gave us deal
15 with part of what will be the president's report, and since I
16 think we will want to spend more time talking about different
17 rescission scenarios and responses to that, I would propose
18 that we defer the president's report until tomorrow morning,
19 also. Is that all right with everyone? So we'll modify the
20 agenda again in that respect.

21 Ed Quatrevaux, can we invite you to -- if this is
22 too rushed --

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1 MR. QUATREVAUX: Thank you, Mr. Chairman. I would
2 like to first announce a realignment of responsibilities
3 within the Office of Inspector General. Whereas before we
4 were organized along methodological lines -- that is, audits
5 and investigations -- today, we are -- last month, I took the
6 action to realign responsibilities by making the division
7 that of program integrity, which includes the fraud, waste,
8 and abuse mission and program assessment, which deals with
9 the efficiency and the effectiveness of programs and
10 operations.

11 I have appointed Bob Holliday, who was our
12 assistant IG for investigations, as our assistant IG for
13 program integrity. I do not have budget authority at this
14 time to be able to fill the other AIG position, program
15 assessment, and I'll perform that myself on a part-time
16 basis.

17 Also, in order to more appropriately recognize the
18 management role that Renee Szybala plays in our office, I
19 have changed her title to "assistant IG for legal review." I
20 think that in time, that that structure really aligns better
21 with our mission, as opposed to the way we do business. So
22 I'm hopeful that we'll get a better focus there.

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1 The only other item is, on the 1st of March, as you
2 know, I testified before the House Appropriations
3 Subcommittee. You have my statement, as well as a transcript
4 of the testimony. I would be pleased to answer any questions
5 you may have.

6 CHAIR EAKELEY: I was curious. We talked about it
7 a bit, but I think it would be worthwhile for the Board to
8 hear from you directly your reaction or read of the response
9 of the committee and especially the committee Chair to the
10 testimony.

11 MR. QUATREVAUX: Well, I think there was several
12 responses. One in general was favorable. The Chairman
13 indicated interest in some of the ideas posited but also
14 indicated that his was not the authorizing committee. And
15 after a statement about limited staff, he left me with the
16 impression that some of the things that I recommended that
17 are more appropriately in the authorizing arena would
18 probably be deferred to that committee.

19 CHAIR EAKELEY: Any other questions about the IG's
20 testimony in the House Appropriations Subcommittee?

21 MR. McCALPIN: I think I don't understand the
22 assignments or the titles that you've given the assignments

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1 in the reorganization. You talk about "program assessment."
2 What does that mean?

3 MR. QUATREVAUX: It means the assessment, in terms
4 of efficiency and effectiveness, of any component of the
5 national Legal Services program. The term "program" does not
6 refer to grant recipient but to the government program to
7 provide free civil legal assistance to the poor.

8 CHAIR EAKELEY: Maria Luisa?

9 MS. MERCADO: Yes. I just had a question on the --
10 at least on the transcript of the testimony that we got,
11 there was some discussion about whether or not there was
12 accountability of funding by Legal Services grantees to Legal
13 Services Corporation and the fact that none of the grantees
14 had ever been denied funding, or the funding had not been
15 taken away from them, which went onto the whole mode of
16 competitiveness.

17 I guess I'm trying to see what kind of analysis or
18 evaluation you would be looking at to determine whether or
19 not there should be a percentage of grantees that shouldn't
20 be refunded, based on your opinion of what you've observed
21 the last three or four years. I wasn't real clear from the
22 testimony on how that would occur.

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1 MR. QUATREVAUX: I think we were dealing in the
2 abstract there. The chairman's questions were ever more
3 narrowly moving into, "Shouldn't there have been some
4 defunding of grantees?" I told him I didn't have any
5 information.

6 But he carried it further into assumptions. And
7 surely out of that number, there must have been at least one
8 -- I had to reluctantly agree that probably, there might be,
9 there ought to be in that number over that period of time --
10 that some grantee should have probably been subjected to the
11 defunding process. But it's strictly an abstract sort of
12 question.

13 It seemed to me that what he was getting at is
14 there had not been -- because there had not been any
15 defunding, that they should have been, that it's a normal
16 course of doing business. At least that was my read of his
17 intent.

18 MS. MERCADO: Okay. Because from reading it, it
19 seemed to indicate that there were programs that should have
20 been defunded, but they were undefunded. So then it comes
21 back to whether or not we're monitoring and complying in the
22 manner in which we should have. I mean, that's how it read.

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1 CHAIR EAKELEY: I thought -- the issue came up at
2 the Provisions Committee this afternoon, and I thought John
3 gave a very good response to that very question. I don't
4 know whether Nancy wants to get into this.

5 MS. ROGERS: Well, at least my impression -- I'm
6 not sure I can quote John, but my impression is that there
7 have been a number of instances in which programs have been
8 asked to pay back certain portions. Do you know?

9 MR. QUATREVAUX: No, I don't.

10 CHAIR EAKELEY: Part of the response was also that
11 a more appropriate, effective compliance function is to bring
12 wayward programs into compliance and that the organization
13 would be doing a less good job if you had a number of
14 defundings.

15 MS. ROGERS: I don't know if the answer to, "Has a
16 program been defunded?" can accurately be, "No" since 1991,
17 if some programs have been asked to pay back money. It's not
18 a total defunding, but it certainly is a partial.

19 CHAIR EAKELEY: And a number of them have been put
20 on month-to-month funding while compliance issues have been
21 addressed that would have resulted in defunding, had they not
22 been corrected.

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1 MR. QUATREVAUX: Well, I can only guess that the
2 Congressman is coming from the perspective of the rest of the
3 federal government's experience with grantees, where it's
4 routine on an annual basis to get rid of grantees.

5 MR. McCALPIN: May I assume that your comments
6 about the inclusion of clients on review teams is limited to
7 financial audits and would not also hold true for evaluation
8 audits?

9 MR. QUATREVAUX: No. When we did the audit that I
10 referred to, the audit of grantee monitoring -- the report
11 was issued in May of last year -- on page 12, it discusses
12 the qualitative evaluations and the requirement for poverty
13 at large experience. The field was surveyed. The field said
14 that, "Yes, a peer review is a good idea."

15 The field said the following types of experience
16 were prerequisites for serving as peer reviewers: managing a
17 Legal Services offices, 89 percent; currently in poverty law,
18 84 percent; past poverty law experience, 84 percent;
19 accounting systems expertise, 70 percent; experience other
20 than poverty law, 21; managing a private practice, 17.

21 The field was then asked individuals that they
22 believed would possess the requisite experience. And various

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1 categories were given: executive directors, 89 percent felt
2 that they would have the requisite experience; senior Legal
3 Services attorneys, 87 percent; CPAs, 48; experienced poverty
4 law advocates, 47; Legal Services managers and staff, 41
5 percent; private consultants, 36 percent; LSC fiscal
6 monitors, 29 percent; LSC legal monitors, 11 percent.

7 Clients don't even make this list. And they
8 wouldn't, given the experience that the field said the peer
9 reviewers should have.

10 MR. McCALPIN: I would suggest to you that to the
11 extent that client satisfaction with the services rendered by
12 the program are an appropriate criterion for evaluation,
13 clients are better equipped than anybody to examine into
14 that.

15 MR. QUATREVAUX: I think if you read my statement,
16 that that aspect -- I agree with you that clients are
17 essential. I think there are better ways to do it, ways that
18 don't increase the cost of the peer review program, which
19 runs several hundreds of thousands of dollars per year, by a
20 third to 50 percent as a result of the inclusion of clients.

21 MR. McCALPIN: I read your testimony. But I don't
22 think that looking at piles or talking to judges is going to

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1 give you some indication of how the clients feel about the
2 service they receive.

3 MR. QUATREVAUX: I can only refer to the audit that
4 was conducted under government auditing standards in a very
5 rigorous fashion that documented what the opinions of the
6 field were. And that's what I expressed.

7 MR. McCALPIN: I'm not overly surprised that
8 directors of field programs may not prefer to have the
9 clients interviewed about the nature or the quality of the
10 service. I think it seems to me that the inclusion of
11 clients on an evaluation of the quality of service is an
12 important element of the review.

13 MR. QUATREVAUX: That's what I said in my
14 statement, that it is an important element, but that there is
15 a better way to do it, one that's going to provide better
16 information, in terms of rigor and cost.

17 MS. FAIRBANKS-WILLIAMS: What would be your better
18 way?

19 MR. QUATREVAUX: Client satisfaction surveys
20 administered in a very structured fashion.

21 MS. FAIRBANKS-WILLIAMS: So then the program could
22 send it out to the clients that they know they satisfied and

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1 not to the others. It would be skewed.

2 MR. QUATREVAUX: That's the catch. And that's why
3 you don't let the programs select the clients to do it
4 properly, to do it in a scientifically valid fashion.

5 MS. FAIRBANKS-WILLIAMS: And as far as myself being
6 a client, I could go to any program, and within three hours,
7 I could tell you whether they were working with the community
8 or not. And I don't have that much education. So when you
9 say that a client can't figure out whether the program is
10 working with the community or not, I find that insulting.

11 MR. QUATREVAUX: Well, that's not what we said.
12 What we said is that there's a better and cheaper way.

13 MS. FAIRBANKS-WILLIAMS: That's what it comes down
14 to.

15 MR. QUATREVAUX: I don't think so, but I defer to
16 your judgement.

17 CHAIR EAKELEY: Any other questions?

18 MS. MERCADO: I was just wondering, when was that
19 survey done, Mr. Quatrevaux? I'm sorry. I didn't catch
20 that. When was that survey done that you were talking about?

21 MR. QUATREVAUX: Late '93, early '94.

22 MS. FAIRBANKS-WILLIAMS: Another thing that

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1 bothered me, too, was the competitive grant business. I
2 wouldn't like to see all of the money go into competitive
3 grant business, because some of the programs like my own
4 program, for instance, goes after all types of money and
5 things like this.

6 And there's other programs who are not so far ahead
7 who are not computerized. And they need more help, more
8 money to get them up to par than what the ones that can write
9 competitive grants and get the money do. So it seems to me
10 like you would end up with pockets all over the United States
11 of poor people who were not served at all compared to some
12 places that would have everything.

13 MR. QUATREVAUX: One of your problems in fixing the
14 places that are not up to speed with the rest of the
15 community is that under the current appropriation formula,
16 you don't have the flexibility to do that. Congress
17 specifies how much each grantee gets.

18 MS. FAIRBANKS-WILLIAMS: On account of a number of
19 poor people. But also, if we did initiatives, we could put a
20 little bit of extra money in there, whereas if everything was
21 on a competitive grant, those people wouldn't get it.

22 CHAIR EAKELEY: Any other questions, comments?

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1 MR. BRODERICK: I just have a question. Currently
2 on reviews that are done, you don't have those kind of client
3 surveys? Is that what you're saying?

4 MR. QUATREVAUX: No, we can't.

5 MR. BRODERICK: If I understand what you're talking
6 about, it's not part of the process?

7 MR. QUATREVAUX: That's correct.

8 MR. BRODERICK: Why not?

9 MR. QUATREVAUX: It's not possible, given the
10 position of the Corporation and the field regarding client
11 identity.

12 MR. BRODERICK: I'm sorry. I didn't hear you.

13 MR. QUATREVAUX: Regarding client identity.

14 MR. MCCALPIN: Privilege.

15 MR. ASKEW: Client confidentiality.

16 MR. FORGER: Disclosing names of clients.

17 MR. BRODERICK: Why do we have to disclose the
18 names of clients?

19 MS. FAIRBANKS-WILLIAMS: We don't --

20 MR. QUATREVAUX: We don't have to disclose it. But
21 for it to be run, for example, by the Corporation, a national
22 client satisfaction survey, you can't do it without a list of

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1 client names and addresses from which to sample. And under
2 the current prevailing belief, those client lists would not
3 be provided.

4 MR. BROOKS: So there's no way this Corporation can
5 determine whether or not the clients or grantees are being
6 appropriately surveyed?

7 MS. FAIRBANKS-WILLIAMS: Certainly.

8 MR. BRODERICK: We can't do that?

9 MR. QUATREVAUX: We can't do it from here.

10 MR. FORGER: Certainly we could. All we have to do
11 is do the client questionnaires from each program and blot
12 out the names. When we want to do something as far as other
13 programs are concerned or so on, if we're working with a
14 certain thing, we just blot out the name. There's your
15 confidentiality right there. It's a person, male or female.
16 That's all you know, whether it's a male or a female.

17 MR. BRODERICK: Well, how do we know if you're
18 funding these programs and we're evaluating performance, but
19 we don't talk to clients and we don't do surveys from clients
20 -- aren't we kind of missing a critical component in the
21 process?

22 MS. MERCADO: No. But some programs do do client

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1 evaluation. They do it after the case is closed. Part of
2 the closing of the case is to have the client evaluate the
3 service.

4 MS. FAIRBANKS-WILLIAMS: Yes, we do.

5 MR. BRODERICK: But it's not mandated by this
6 Board.

7 MS. MERCADO: But the Board isn't doing it. No,
8 you're right. The Board as a national Board isn't doing it.
9 Programs in their own local areas are doing it. I know a lot
10 of the locals --

11 MR. BRODERICK: Why don't we mandate it?

12 CHAIR EAKELEY: Why don't we let our president get
13 in here, if he wants to?

14 MR. FORGER: Martha is better able to respond to
15 this than I. But it seems to me that it is only recent times
16 when we have gotten into the process of trying to evaluate
17 the performance of the field. Heretofore, the major focus
18 has been compliance with the regulations and the Act. So we
19 have just evolved a whole set of standards for going about
20 evaluating that performance.

21 It's quite possible that we could develop still
22 another mechanism for testing the degree of satisfaction.

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1 But it seemed to me putting a client on the peer review team
2 serves as a good, if not better, function than having a check
3 in the boxes, good, fair, excellent.

4 Because another aspect of that is the interaction
5 that occurs during those visits. And it may be a one- or
6 two- or three-day visit. But I think a lot can be learned by
7 the program with the client representative there discussing,
8 probing, and sharing opinions, which you wouldn't necessarily
9 get from just a degree of satisfaction, and "Were you treated
10 civilly and were you treated promptly?" and so forth.

11 There's, I think, a lot that those programs can
12 learn from my vantage point of a private law firm. It took
13 quite a while to convince the partners in the firm that the
14 clients could have an opinion as to the way we practice and
15 whether it made any difference.

16 In the old days, you really didn't care, because
17 you had enough clients. But with more competition and more
18 modern technology, you really care about how your consumers
19 feel, and you want to talk to them. And I think that's far
20 better than a survey, though a survey will serve some
21 purpose. But I think --

22 MR. QUATREVAUX: Yes. It helps you formulate the

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1 questions you'll ask.

2 MR. FORGER: The actual participation in the
3 process of dealing with the service providers, I think, is an
4 essential ingredient.

5 CHAIR EAKELEY: I think at some point, it would be
6 worthwhile to consider survey techniques of client groups and
7 attempt to deal with that, while preserving the confidences
8 of the client and attorney relationships. One way to try and
9 do that would be to ask programs to self-administer
10 questionnaires.

11 There's an element of reliance on them to do an
12 appropriate sample. But it is a tool that can provide a
13 great deal of information, if properly utilized, like other
14 tools. But I think Alex's point about just embarking on this
15 evaluative process is an important one, too.

16 MR. BRODERICK: But I don't think they are mutually
17 exclusive.

18 CHAIR EAKELEY: No.

19 MS. MERCADO: No.

20 CHAIR EAKELEY: They're not at all. I don't think
21 anybody's saying that.

22 MR. BRODERICK: And I think, frankly, the politics,

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1 for want of a better term, of surveying those who are
2 receiving the benefits of federal money has very real value
3 to the lifeblood of this Corporation.

4 It's one thing to say, "We went in, and we
5 determined whether they were complying with the regulations
6 and the programmatic formulas." It's another thing to say,
7 "We have information from the people who are receiving the
8 service who are delighted with the services they're
9 receiving, or they're not."

10 I think we as a Board should know that. And, to
11 the extent we can deal with privacy issues and
12 confidentiality issues, I think we should move in that
13 direction, quite frankly. And I share the president's
14 comments. I think it's important to have a client as part of
15 that team that does the evaluation for the reasons that Edna
16 recited.

17 But I think we ought to be doing something further
18 and more than that. We're asking for a lot of money on
19 Capital Hill, and we have to be able to tell those folks that
20 there's client satisfaction in the field, more than just
21 talking to those who are allegedly delivering.

22 So I think it has some real value. I think both of

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1 those have real value. And I would hope that we could move
2 in that direction in some way that protects those basic
3 rights.

4 CHAIR EAKELEY: Any other questions, comments?

5 (No response.)

6 CHAIR EAKELEY: Ed, is that it for your report?

7 MR. QUATREVAUX: Yes, it is, Mr. Chairman.

8 CHAIR EAKELEY: Why don't we just then say,
9 notwithstanding a few somewhat more controversial elements of
10 your testimony -- and by that, I mean not all of us would
11 have advocated some of the positions you advocated, such as -
12 - I will forget the illustrations -- but notwithstanding some
13 room for disagreement on some elements of the testimony, I
14 think what you did for the Corporation was a major service. I
15 say that without attempting to undercut your independence in
16 the process. But nevertheless, I think it was very important
17 and very worthwhile to have had our Inspector General invited
18 by this very important House subcommittee to give testimony
19 on his perceptions of the program and its integrity,
20 especially hard on the heels of last year's experiences.

21 Again, as you'll all recall, we asked the Inspector
22 General to come in and investigate some of the charges that

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1 had been laid about us with respect to the alleged
2 recklessness with which new management attempted to address
3 new directions of this Corporation.

4 I also just wanted to note for those who weren't in
5 attendance at the Ad Hoc Committee on Governance that, again,
6 I thought your contributions were very helpful. And I think
7 we're making progress on that front, in terms of the organic
8 dimensions of the Corporation. So I thank you for that.

9 MR. QUATREVAUX: Thank you, Mr. Chairman.

10 CHAIR EAKELEY: Next order of business is consider
11 and act on Operations and Regulations Committee Report. And
12 John Brooks was, I believe, the acting Chair of the committee
13 in the absence of LaVeeda Morgan Battle. So I will call upon
14 John.

15 MR. BROOKS: Yes, Mr. Chairman. The Operations and
16 Regulations Committee had a meeting this morning following up
17 on several meetings during which we had developed bylaws for
18 presentation to the Board. I think I'll pass the microphone
19 at this point to Bill McCalpin, who was the chief architect
20 of the bylaws.

21 MR. McCALPIN: Thank you, John. I think that what
22 we have before us today is living proof that revision of

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1 bylaws is not a sport for the short-winded. It was exactly
2 one year ago this month that we undertook this process of
3 revising the bylaws. And hopefully, we have now come to the
4 final act in this drama.

5 CHAIR EAKELEY: Why is it that only Laurie looks
6 younger than --

7 (Laughter.)

8 MR. McCALPIN: I am pleased to say that it does not
9 appear that we have given her any gray hair in this process.

10 MS. TARANTOWICZ: I won't comment on that.

11 MR. McCALPIN: Each of the members of the Board
12 received in advance of this meeting a document that says
13 "Version I, March 10, 1995, Proposed Revision to the Bylaws
14 of the Legal Services Corporation." That is the document, in
15 essence, on which we will be called upon to act.

16 It would be out of character for this committee to
17 come to you without any last-minute amendments. Therefore,
18 you should have another document passed out today that says
19 "Section 10.01 Indemnification."

20 CHAIR EAKELEY: That's attached to Section 3.05,
21 "Outside Interests."

22 MR. McCALPIN: No.

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1 MS. TARANTOWICZ: There is a version of 10.01
2 attached to 3.05. However, we made additional changes today.
3 So you should have received another version of 10.01.

4 MR. McCALPIN: It's a three-page document. And it
5 says "Section 10.01 Indemnification." And I'm going to point
6 out only three relatively inconsequential changes that were
7 made in 10.01 as it is included in this version number I
8 document which I talked to you about.

9 The first is in the definition of "agent." When we
10 arrived at this meeting, we had a letter from the insurance
11 agent for the Corporation indicating that the Corporation's
12 liability insurance policy would cover a person acting as an
13 agent for this Corporation only in a voluntary capacity.

14 If, on the other hand, there was an agent --
15 professional agent, insurance agent, real estate agent,
16 something of that sort -- actuary, I suppose, is another one
17 -- who was acting in a professional capacity for us, the
18 insurance policy would not cover that person.

19 And we deemed it inappropriate for our
20 indemnification provision to go beyond the insurance policy,
21 particularly when the persons outside the insurance policy
22 are of a kind who would normally be carrying their own errors

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1 and omissions, professional liability and similar coverages.

2 So there is the amendment in 10.01(a)(1) to add the
3 words "is serving in a voluntary capacity" in the second
4 line. And that is an attempt to bring our indemnity bylaw in
5 conformity with the liability insurance policy of the
6 Corporation.

7 The second point that I would bring to your
8 attention is in paragraph (b)(4). What you have before you
9 talks in terms of "in the case of a criminal proceeding, a
10 person had no reasonable cause to believe his or her conduct
11 was unlawful." That has been switched around to the positive
12 way of stating it, that "such person had reasonable cause to
13 believe his or her conduct was lawful." It changes the
14 negative to the affirmative.

15 The third and last change relates to -- wait till I
16 find it -- paragraph (f). Isn't that it?

17 MS. MERCADO: No, (g).

18 MR. McCALPIN: (g)?

19 MS. TARANTOWICZ: (g).

20 MR. McCALPIN: (g), right. In the (g) as it was
21 distributed, we talked about arbitration just below the
22 middle of the paragraph "in accordance with the rules of the

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1 Federal Mediation and Conciliation Service."

2 Subsequent investigation by staff with the Federal
3 Mediation and Conciliation Service led to the statement by
4 the FMCC that their procedures would not be appropriate for
5 us to adopt, that they are basically aimed at labor-
6 management disputes and would be inappropriate.

7 They also recommended against -- and it was our
8 view, too, that we should not adopt the procedures of the
9 American Arbitration Association. So what we did was simply
10 to generalize it by saying as we did there, "submit the issue
11 to arbitration, pursuant to procedures which shall be
12 established by the Board from time to time."

13 And that mirrors the language in 3.05, under which
14 we would set up guidelines for the disclosure of financial
15 interest. That 3.05 is the only other relatively recent
16 amendment in these bylaws.

17 We had an opinion from general counsel a month or
18 so ago with respect to our obligation to make that reporting
19 of potential conflicts of interest. So a month or so ago, we
20 made the changes which are in 3.05.

21 We ratified them today. Subparagraph (b), which is
22 the only one where the changes are, says that "Pursuant to

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1 guidelines to be established by the Board from time to time,
2 we will file the statements of association." It is not our
3 intent to bring those guidelines to you today. They are
4 still being worked out. They will come to you perhaps at the
5 May meeting.

6 But all this bylaw says is that pursuant to
7 guidelines, we will make reports. And that reporting
8 requirement will, under the guidelines, I am satisfied be
9 less onerous than the prospect of the reporting has been in
10 the past as interpreted in the recent general counsel
11 opinion.

12 M O T I O N

13 MR. MCCALPIN: So with that, and in order to get
14 the matter before us, Mr. Chair, I would like to move the
15 following resolution: "Whereas the Board of Directors has
16 considered the Corporation's bylaws and deemed it prudent to
17 streamline and otherwise revise the bylaws to allow the Board
18 to govern the Corporation more effectively, now, therefore,
19 be it resolved that subject to any reprogramming
20 requirements, the Corporation's bylaws are hereby amended as
21 reflected in the attached document entitled 'Proposed
22 Revisions to the Bylaws of the Legal Services Corporation,'

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1 together with any grammatical or stylistic changes deemed
2 appropriate by the Corporation's general counsel.

3 "Be it further resolved that the Corporation's
4 bylaws as so amended shall be effective prospectively, not
5 affecting any corporate actions taken prior to the effective
6 date of said amendments." And the document attached will be
7 this version I with the substituted 10.01, as I have
8 described. And I so move.

9 MR. BROOKS: This is one dated --

10 MR. McCALPIN: March 10th.

11 CHAIR EAKELEY: Is there a second?

12 MR. BROOKS: Second. I might add, Mr. Chairman,
13 that the Ops and Regs Committee did vote this morning to
14 recommend to the Board that option of this resolution.

15 CHAIR EAKELEY: Are there any questions of the
16 committee?

17 MR. BRODERICK: I just have one question.

18 Obviously, you've gotten an enormous amount of work done. I
19 just wanted to ask, on the last thing, Bill, that you were
20 talking about on indemnification, Section (g) --

21 MR. McCALPIN: Which section?

22 MR. BRODERICK: Section (g).

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1 MR. McCALPIN: (g), yes?

2 MR. BRODERICK: Why would we not want the
3 Corporation to have the right to decide whether or not the
4 matter goes to arbitration? Why is there a mutuality of
5 provisions in the indemnification language?

6 MR. McCALPIN: I guess the answer to that is that
7 there is some controversy, at least, about whether the extent
8 to which you can deny two people the right to a jury trial as
9 an example. Title III, I guess, of the U.S. Code -- in Title
10 III, the U.S. Congress has done that with respect to
11 contracts and interstate commerce.

12 I don't know that we could insist that a person
13 with a grievance against us forego the right to judicial
14 resolution of the dispute and submit it to arbitration. I do
15 know that in the securities industry, most of the contracts
16 which a customer enters into with a brokerage house has a
17 mandatory provision in it, but that's consensual. That's by
18 agreement. I don't think we could impose the right to
19 arbitrate on a person who has a grievance against us.

20 MR. BRODERICK: Providing the grievance against us
21 provides them with the right to be indemnified.

22 MR. McCALPIN: Right, right, within that area.

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1 MR. BRODERICK: And is it mandated by law? Is
2 indemnification mandated by law?

3 MR. McCALPIN: No.

4 MR. BRODERICK: Or is it a privilege that we accord
5 to them?

6 MR. McCALPIN: Our statute says that we have the
7 powers of a D.C. not-for-profit corporation. There is a
8 specific provision in the D.C. not-for-profit corporation
9 code giving corporations organized under that code the right
10 to offer indemnity.

11 MR. BRODERICK: But it's not required?

12 MR. McCALPIN: It is not required. But there has
13 historically always been an indemnification provision in our
14 bylaws.

15 MR. BRODERICK: My thought was that if it's
16 required, it seems to me it is consensual. I can't imagine
17 why the Corporation would want to -- if it could avoid the
18 cost or delay expense of litigation on a issue like this,
19 would not want to elect to do that unless someone challenged
20 it -- it's just a thought.

21 MS. MERCADO: I'm sorry. Challenge it in what
22 sense?

1 MR. BRODERICK: In other words, if the Corporation
2 could -- I'm saying we would both have to mutually agree to
3 arbitration. Maybe that happens. Of course, I trust it
4 doesn't.

5 And it seems to me if we're concerned about
6 reducing costs and delays, it would be to the Corporation's
7 advantage to require -- if the Corporation elects to send the
8 matter to arbitration, and we're not compelled by law to
9 grant indemnity but we elect to do so as a D.C. not-for-
10 profit corporation, if we make that election and provide
11 people with that right, that we can set the parameters of
12 that right.

13 And one of the rights is if there's a dispute concerning
14 the nature of the indemnification or the extent of the
15 indemnification, if we elect, it's going to be determined
16 through arbitration. If we choose not to elect, then it can
17 go through litigation.

18 MR. McCALPIN: On the other side of that, are you
19 saying that if the person was not willing to accept
20 arbitration, we would deny indemnity totally, that we would
21 only offer indemnity --

22 MR. BRODERICK: Why would we feel badly about that?

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1 If we as a Corporation are saying to people, "We'll indemnify
2 you under certain circumstances, provided that any disputes
3 arising from that are resolved in the following fashion," I
4 don't have any --

5 MR. McCALPIN: But you're one of the ones
6 potentially to be indemnified.

7 MR. BRODERICK: I understand that. It's somewhat
8 of a conflict to be talking about it. It's kind of odd. I
9 don't know. Who do I represent? I represent the
10 Corporation. It's in the Corporation's interest, it seems to
11 me, to streamline the process, to decrease its cost, to
12 increase predictability --

13 CHAIR EAKELEY: And to encourage people to serve on
14 the Board.

15 MR. BRODERICK: But I don't think any of us if
16 there was an arbitration provision in that bylaw would say
17 that we resign our position on the Board. It just seems to
18 me if we have the right to reduce the complexity of the
19 process -- and it seems to me we do -- we don't have to offer
20 indemnification at all, why not offer it on terms most
21 favorable to the Corporation we serve?

22 If this were a private group, a private

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1 corporation, a private not-for-profit corporation in the
2 District of Columbia, why would we as members of the Board
3 want to get people to aggrieve the opportunity to take us to
4 court? What would be the logic of that?

5 MS. MERCADO: I think that part of this is assuming
6 that you as a director would be aggrieving and taking us to
7 court. And then does the Corporation as an entity have a
8 right to indemnify you from whatever actions, assuming that
9 they're not within that for exception category?

10 MR. BRODERICK: I understand that. But why would
11 we as a Corporation want to be dragged into court on the
12 nature of an indemnity obligation? Why would we as the
13 Corporation want to go readily through arbitration and for
14 less money?

15 CHAIR EAKELEY: Laurie, do you have any reactions,
16 comments, perspectives on this?

17 MS. TARANTOWICZ: I believe Mr. Broderick is
18 correct. I think that we could mandate arbitration in the
19 clause. It was decided not to do so at the committee level,
20 I think, purely as a policy matter, if I'm correct. Beyond
21 that, I guess it's a policy decision.

22 CHAIR EAKELEY: There are common law rights of

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1 indemnification under certain circumstances when you're
2 acting in the course of your employment on behalf of your
3 employer. And if we mandate arbitration, we could be, in
4 effect, inviting litigation over that mandate, also.

5 That's the only argument I can think of that would
6 say, "Let's go for arbitration if it's consensual," but not
7 unduly complicate things by mandating something of that
8 nature.

9 MR. MCCALPIN: I would feel more comfortable
10 discussing this in the presence of the expert on arbitration.

11 MS. ROGERS: I agree with the analysis that if it's
12 a situation where you're going to have litigation over
13 whether you're providing something new that didn't exist at
14 common law and, therefore, can require people to consent to
15 arbitration as a condition of getting that benefit, we're
16 just going to be in a litigation situation over its adoption.

17 MR. BRODERICK: Well, we'll be in a litigation
18 situation once, presumably.

19 MS. ROGERS: Maybe.

20 MR. MCCALPIN: Twice.

21 MS. ROGERS: Maybe twice.

22 MR. BRODERICK: I just raised the issue. I'm not

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1 suggesting that it should be changed. But it just struck me
2 that we might want to be a little more unilateral.

3 MS. ROGERS: We may be in two forums. We may have
4 this one in arbitration and the other, the common law one in
5 the courts.

6 CHAIR EAKELEY: Let me put it this way, John. I
7 don't think you've budged the committee. And, therefore, if
8 you would like to offer an amendment to the proposal, you may
9 do so, and we can put that up for an up or down vote. I
10 think that it's a good point to discuss, but we have
11 discussed it now. So it's a fish or cut bait.

12 MR. BRODERICK: I don't see any reason to start
13 this amendment, but I thought it was a very good point.

14 CHAIR EAKELEY: Yes, indeed. Any other questions
15 or suggestions about the proposed changes to the bylaws?

16 (No response.)

17 CHAIR EAKELEY: Hearing none, it has been moved and
18 seconded that we accept the proposed revisions to the bylaws
19 to be effective prospectively and subject to whatever
20 reprogramming notices may be required, so that there are
21 changes here operationally that should be reported to the
22 Congress, or they will be. In fact, I think it will be our

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1 intention in any event to convey bylaw revisions to the
2 Congress.

3 MR. McCALPIN: We are.

4 CHAIR EAKELEY: All those in favor of approving the
5 bylaws as revised?

6 (Chorus of ayes.)

7 CHAIR EAKELEY: All those opposed?

8 (No response.)

9 CHAIR EAKELEY: The ayes have it. Thank you very
10 much, Laurie and Bill and John and the hardworking members of
11 the committee and management. This is long aborning, but
12 nevertheless, here we have it. I think the added flexibility
13 of our operations will be of benefit.

14 John, other parts of your committee report?

15 MR. BROOKS: Two small things. One, we discussed
16 the oversight responsibilities for corporate operations.
17 What I had in mind was that the Ad Hoc Committee discussion
18 would have told us exactly where our responsibilities lay in
19 that regard.

20 We had considerable discussion about it and found
21 that we still weren't quite sure how much responsibility we
22 should take in this regard, having in mind the unanimous

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1 opinion that we don't get into micromanagement, that we leave
2 that to the appropriate offices.

3 But we had thought it appeared in the discussion
4 that there was going to be some more job descriptions coming
5 out of the Ad Hoc Committee to make it a little more specific
6 what each committee was responsible for in relation to
7 oversight.

8 And it seemed clear during the Ad Hoc Committee
9 meeting this morning that the Ad Hoc Committee had done
10 everything it was supposed to.

11 But then, when we thought about it later, we began
12 to wonder whether there couldn't have been more direction and
13 maybe should be more direction in the way of sorting out the
14 responsibilities of the various committees, including ours.

15 So we came to no conclusion but that we would welcome a
16 little further direction.

17 CHAIR EAKELEY: I should just add as a footnote to
18 that that the discussion at the Ops and Regs Committee
19 distinguished also between oversight functions and the
20 minimization of Board committee oversight and management and
21 its president's responsibilities, with the Board supervising
22 the president and having the president report back, and

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1 source of development of policy issues relating to various
2 different areas of corporate activities.

3 And I thought it was a well-taken point that it
4 might be worthwhile lodging in the Operations and Regulations
5 Committee responsibility for development of policy questions
6 relating to organization or operation of the Corporation as
7 such might come up from time to time.

8 Laurie had given us a revised list of points that
9 were made from the creation of the committees forward about
10 the appropriate jurisdiction and subject matter for the
11 committees.

12 And what I would propose doing is giving that -- in
13 fact, what I have done is give it to Nancy and asked Nancy to
14 undertake responsibility through her committee in canvassing
15 the Board and deliberating in committee by phone, by
16 correspondence, or whatever, to come up with something that
17 we can discuss at the next Board meeting with respect to a
18 description of the role and responsibilities of each of our
19 standing committees.

20 MS. ROGERS: Thank you.

21 MR. BROOKS: There was just one other item. And
22 that was that we noted that there were no regulations on our

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1 agenda today, for various reasons.

2 But we did feel that when we spoke to Laurie about
3 the fact that we did want to be sure the momentum was not
4 lost in finishing with the development of the regulations,
5 many of which have been almost to the point of promulgation,
6 final promulgation, others ready for public comment, but not
7 quite.

8 And we asked that in preparation for the May
9 meeting, there could be further drafts which are on order
10 from the General Counsel's Office, so that we could be ready
11 to proceed full speed ahead when the appropriate time came.
12 So we don't want to lose what we have got, and we want to be
13 ready to continue, finish the job. It's a little bit like
14 the Augean stables. It just never seems to get finished.
15 But we're plugging away at it.

16 CHAIR EAKELEY: You have one less subject matter
17 under active consideration now by virtue of the last vote we
18 took.

19 MR. BROOKS: That's two children now.

20 CHAIR EAKELEY: Any questions, comments of John or
21 of the Ops and Regs Committee?

22 (No response.)

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1 CHAIR EAKELEY: I thank you very much.

2 Next, we have consider and act on Ad Hoc Structure
3 Committee on Governance.

4 MS. ROGERS: The committee has had two meetings.
5 And at those meetings, we reviewed the committee structure
6 and by consensus decided that a couple of items fit within
7 existing committees, that matters of policy with regard to
8 personnel fit within the purview of the Operations and
9 Regulations Committee, and that matters of policy with
10 respect to audits of grantees fit within the Provisions
11 Committee.

12 With respect to committee structure, the Ad Hoc
13 Committee has one recommendation to the Board, and that is
14 that the Audit and Appropriations Committee be renamed the
15 "Finance Committee." So I can wait and allow the Board at
16 its pleasure to take action on that or conclude the report of
17 the committee, whatever is the Chair's pleasure.

18 CHAIR EAKELEY: Why don't you conclude the report
19 of the committee, and we'll come back while this is all
20 sinking in.

21 MS. ROGERS: The committee discussed relationships
22 between management and the Board and relationships between

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1 management, the Board, and the Inspector General. And it was
2 the consensus of the Ad Hoc Committee that the procedure of
3 having the IG report to the Board periodically, both orally
4 and in writing, was a good procedure and should be continued.

5 It was also the recommendation of the committee by
6 consensus that the Vice Chair check on a day-to-day or every
7 two days basis with the IG on similar day-to-day matters that
8 the Chair checks with the president of the organization to
9 maintain a more active role with respect to supervision of
10 the Inspector General.

11 Third, the committee talked about the meeting
12 arrangements of the Board, and the committee recommends to
13 the Board that next two meetings be held in Washington by a
14 split vote.

15 CHAIR EAKELEY: The meetings scheduled currently
16 for Ohio and Colorado?

17 MS. ROGERS: Thank you. Thank you for that
18 clarification. Alex Forger, who is a member of the
19 committee, offered to have staff draft for the Ad Hoc
20 Committee a draft policy that would relate to when the Board
21 ought to schedule meetings outside of Washington as opposed
22 to in Washington, and the committee will look at that once

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1 it's drafted and review it for the Board.

2 The committee also looked at the question of
3 interim decision making. And it was the consensus of the
4 committee that some interim decisions could be made pursuant
5 to the authority already granted the Chair by previous Board
6 resolutions and that others could be considered by the Board
7 by telephone conference meetings that could be called
8 pursuant to the new bylaws once those go into effect.

9 And at the conclusion of our committee meeting, we
10 thought we were out of business, and we were prepared to
11 accept your thanks and end, but we will agree to take on the
12 additional task that you've given us, which is to take this
13 draft jurisdiction of committees. We'll make the two changes
14 that we made by consensus, and we'll look it over and report
15 back to the Board next week.

16 CHAIR EAKELEY: Just two comments. One, I thought
17 -- although I wasn't there, but I thought that the
18 committee's observations about degree of oversight to be
19 conducted by the Board of actual operations and whether or
20 not different members of management should be required to
21 have reporting assignments to Board committees and
22 recommending against that was appropriate.

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1 And I think that -- I don't even know what we want
2 to call it. It's entitled "jurisdiction of committees," but
3 it's really more of a description of the committee
4 assignments. It implicitly acknowledges that we're talking
5 about policy direction and stewardship over fiscal matters.
6 But you might want to give some thought to including a
7 reminder in that document for circulation that this Board
8 should not be in the business of micromanaging management.

9 Secondly, I think just a little more explanation
10 what we hope to get from management with respect to meetings
11 out of town, if we get to the point of being able to afford
12 that, is a better sense of what it is we think we can
13 accomplish when we do meet in other venues and how to
14 approach scheduling and structuring those meetings to
15 maximize the likelihood of accomplishing those objectives. I
16 guess we'll look forward to that report from our management.

17 Are there any questions of Nancy or of the other
18 members of the committee?

19 (No response.)

20 CHAIR EAKELEY: My observation is that this is
21 still an evolutionary process in many respects, but that it
22 is continuing to evolve. I think that unless you hear any

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1 dissent, we might as well just go ahead and incorporate those
2 changes you've recommended into that description.

3 We do have a recommendation to rename the Audit and
4 Appropriations Committee, which would require an amendment to
5 the bylaws. It doesn't require amendment to the bylaws?

6 MR. McCALPIN: It doesn't require an amendment to
7 the bylaws, except that I would think that it would be
8 appropriate to pass a resolution simply saying that, "On the
9 effective date of the new bylaws, the name of the Audit and
10 Appropriations Committee is changed to the Finance
11 Committee." I was going to let Maria do that.

12 M O T I O N

13 MS. ROGERS: I would like to make the motion that
14 was just stated by Mr. McCalpin.

15 MR. McCALPIN: Seconded.

16 CHAIR EAKELEY: Any further comments?

17 MR. ASKEW: As a member of the Ad Hoc Committee?

18 No.

19 CHAIR EAKELEY: Any further discussion?

20 (No response.)

21 CHAIR EAKELEY: All those in favor of renaming the
22 Audit and Appropriations Committee the Finance Committee upon

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1 the effective date of the revisions to the bylaws, so
2 indicate by saying "aye."

3 (Chorus of ayes.)

4 CHAIR EAKELEY: All those opposed?

5 (No response.)

6 CHAIR EAKELEY: The ayes have it. Bill, you'll
7 just have to advise Ms. Mercado that the nomenclature is
8 changing, but not the substance of her assignment.

9 I would propose deferring until tomorrow, if
10 someone will undertake to remind me tomorrow, of the Ad Hoc
11 Committee's recommendation that we schedule one or more
12 conference calls during the interim period that the Board
13 will not be meeting so that proper notice can be given and
14 maximum flexibility provided to convene the Board by
15 telephone in the event we need to.

16 A prior question, Bill, for you is, what is the
17 timing for the effective date of the bylaws? Do we have to
18 publish? We take them out of the publication?

19 MR. MCCALPIN: We don't have to do anything other
20 than this. As I understand, we submit them to the Congress,
21 we let them lie with the Congress 15 days. And on the 16th
22 day, they're effective.

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1 MS. TARANTOWICZ: That's correct.

2 MR. McCALPIN: It just depends on how quickly we
3 get them up there.

4 MS. TARANTOWICZ: Right. And we can get them up
5 there on Monday, presumably.

6 CHAIR EAKELEY: We have got to integrate Section
7 10.01.

8 MR. McCALPIN: It's all on the computer.

9 CHAIR EAKELEY: We'll give some more thought to
10 what the scheduling will be with that in mind, too, if that's
11 okay. You have our thanks anyway, but not our release.

12 MR. ASKEW: Are we going to discuss future Board
13 meetings tomorrow?

14 CHAIR EAKELEY: Yes. We will discuss future Board
15 meetings and also interim conference calls that could be
16 cancelled if there's no need to have a conferral by phone.

17 MR. McCALPIN: Do you contemplate that that
18 discussion will change the dates of Board meetings?

19 CHAIR EAKELEY: No. What Nancy had proposed was --
20 the bylaw's authorizing us to meet by telephone conference
21 call.

22 MR. McCALPIN: Yes.

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1 CHAIR EAKELEY: Nancy thought it would be a good
2 idea to establish a couple of dates on which we could plan to
3 have such calls if the need arose, so that advance notice
4 could be provided to the public and an open phone line be
5 made available here in such eventuality.

6 MS. ROGERS: And also so we can have it on our
7 calendars this whole time.

8 MR. FORGER: Yes, and be near a phone.

9 CHAIR EAKELEY: So that's all we're talking about,
10 Bill.

11 MR. BROOKS: Do we have the equipment here to
12 accomplish that result so the telephone call from outside can
13 be heard throughout this room?

14 MR. FORGER: I think so.

15 CHAIR EAKELEY: The one thing that we'll want to be
16 careful about and use sparingly with the telephone conference
17 call is just an 11 or 12 party interstate conference call
18 will be easily in the hundreds of dollars. So it's not
19 something we will do unless we have to do it, but the idea is
20 to have dates so that we know people are available in the
21 event that we do need to confer.

22 If there are no other questions on the report of

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1 the Ad Hoc Structure Committee on Governance -- that's really
2 the title of it? You ought to get a change in title if
3 that's your --

4 MS. ROGERS: Please don't refer that to our
5 committee.

6 CHAIR EAKELEY: Maria Luisa, in your absence, I'm
7 afraid, it was moved, seconded, and voted that upon the
8 effective date of the revisions to the bylaws, the Audit and
9 Appropriations Committee would be renamed the Finance
10 Committee. Having said that, could we have the report of the
11 Audit and Appropriations Committee?

12 MS. MERCADO: The committee didn't formally meet
13 this time, Mr. Chairman. And the only thing that I would
14 like to bring to your attention is that everyone should have
15 gotten -- did we get the for period ending expenses? I know
16 I saw copies of it in there. I have mine, but I don't know
17 whether all of you got copies of it or not.

18 CHAIR EAKELEY: Yes.

19 MS. MERCADO: And Mr. Richardson -- it should have
20 been right in front of you. And Mr. Richardson is here if
21 there are any particular items that folks have questions on.
22 There was one particular item that -- let's see. Probably

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1 the only item that is of significance is on attachment E that
2 deals with January expenses on the consulting line that deals
3 with \$333,679 -- correct me if I'm wrong on this.

4 But it's primarily the consulting services that we
5 had for all the computer training programming that the whole
6 staff has been going through. For instance, last month,
7 there were six weeks -- I forgot how long it is that we have
8 been having this.

9 MR. RICHARDSON: It started 1st of November, and
10 it's still going on. But for the most part, it should be
11 completed in the next month or so.

12 MS. MERCADO: There have been some questions from
13 some of the other Board members as to why that line was
14 considerably larger than what it would have been, at least
15 for this time of the year. And that's where the bulk of the
16 expenditures have been on the training -- the computer
17 training.

18 CHAIR EAKELEY: Why does the Board of Directors get
19 some of the consulting services fee allocated?

20 MR. RICHARDSON: That is -- the consulting in the
21 Board of Directors is actually your attendance fees at the
22 Board meetings.

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1 MS. MERCADO: That's what they call them. If you
2 look at Attachment D, where it says "Office of Human
3 Resources, EEO Administration," the 189,101, that's the
4 computer training.

5 MR. RICHARDSON: Yes.

6 MS. MERCADO: Other than that, I don't believe that
7 there's anything that's particularly out of the ordinary.

8 MR. RICHARDSON: No. The only other one that was
9 mentioned was the operating expenses that are shown in the
10 Office of Human Resources and Administration. The full
11 amount of the rent is shown there; printing reproduction, the
12 full amount is shown there; and the operating expenses of
13 130,000.

14 At the end of March, we will do an allocation to
15 every office so that you will see how much it's costing, for
16 instance, for the Executive Office, for rent and supplies and
17 telephone. Same thing with the Inspector General and general
18 counsel, all the offices.

19 Currently, they are gathered in one office for the
20 purpose of audit. It's much easier to track that way. But
21 we'll make an allocation so that you can see how much each
22 office is costing the Corporation based on the allocation.

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1 CHAIR EAKELEY: On Attachment E, if percentage of
2 budget expended is less than 33 and a third percent, does
3 that mean we're under budget on this?

4 MR. RICHARDSON: That's correct.

5 MR. McCALPIN: Forty-two?

6 MR. SMEGAL: 42.7.

7 MR. RICHARDSON: Forty-two, at this point.

8 MS. MERCADO: Forty-two would be the normal amount
9 percentage that would have been expected to be expended by
10 now.

11 MR. McCALPIN: The other operating expense line is
12 the only one that appears to be over budget.

13 MR. RICHARDSON: Yes. And that's for, basically,
14 the start-up costs for the year. The yearly insurance is
15 paid in the first quarter of the year.

16 MR. McCALPIN: Except that at the end of January,
17 it was at or below budget.

18 MR. RICHARDSON: It was properly at the end of
19 September put into a deferred expense account. And after
20 reviewing the January expenses, I found that it had not been
21 adjusted into the budget to show an expense for this year, so
22 it was corrected in February.

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1 CHAIR EAKELEY: Any other questions?

2 (No response.)

3 CHAIR EAKELEY: I thought it was helpful to have
4 this just right in the Board book. We get so much that's
5 loose, it's hard to keep track of it. And this, along with
6 the minutes, are part of what ought to be the Bible that we
7 should all be looking at before the Board meeting. So I
8 thank you for that.

9 MS. MERCADO: And the handout that was given to us
10 today was from the period ending February 28th, so it's even
11 more current. The figures will be different than the figures
12 that you have in the Board book.

13 That's why I just mention it to you, that if you
14 want an updated almost up to the last minute, hot off the
15 press prepared on February 28th, that was passed out to the
16 Board members earlier today.

17 It should have been in your -- it's a memo that's
18 directed to me on March 9th from Mr. Richardson. Did you
19 find it? Was there one over there? I passed Bucky mine.
20 There was one. I think everyone had one. So the numbers
21 that we may have been calling out may have been different
22 than what you have.

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1 CHAIR EAKELEY: That's right. They were reading
2 from a different script. Okay.

3 MS. MERCADO: Other than that, Mr. Chairman, at the
4 present time, reviewing the -- and I'm not sure whether the
5 other members of the Audit and Appropriations Committee got
6 copies of the proposed audit guidelines that are going to be
7 put out for publication.

8 I know I got a copy of them, but I didn't know
9 whether -- I don't know whether Mr. Singesen is here or not,
10 but I would recommend, Martha, from the staff, if you could
11 send a copy of those proposed audit guidelines to various
12 members of my committee, Mr. Broderick and Mr. Smegal, it
13 would be real helpful to have their input. And that
14 concludes my report from the Audit and Appropriations
15 Committee.

16 CHAIR EAKELEY: Thank you. Any questions of Maria
17 Luisa or David?

18 (No response.)

19 CHAIR EAKELEY: All right. Next, Bucky, I would
20 propose that since you orchestrated the joint meeting of the
21 Provisions and Ops and Regs Committee this morning, that
22 perhaps you should address both in your report.

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1 MR. ASKEW: Okay. I think every member of the
2 Board except for Mr. Broderick attended the joint committee
3 meeting this morning. It was called to review the draft
4 policy statement on private attorney engagement, private
5 attorney involvement.

6 The two committees, Operations and Regulations and
7 Provisions, met for about two hours. Bill McCalpin gave us
8 an historical overview of the history of PAI, and then we
9 heard from a panel.

10 And I don't think that's in your materials who was
11 on that panel, but it was Laurie Zelon, Chair of the SCLAID
12 Committee; Pyllis Holmen, the director of Georgia Legal
13 Services, who had been co-Chair of the delivery working group
14 on this issue; Hannah Cohe from the Monroe County Legal
15 Assistance Program in New York; Esther Lardent from the ABA,
16 who has a long history in this; and Tom Maligno from Nassau-
17 Suffolk Legal Services spoke to us about private attorney
18 engagement involvement.

19 It was a very interesting and helpful presentation
20 from the five of them, at the end of which after questions,
21 the two committees discussed where to go with the proposed
22 PAI/PAE statement.

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1 There was a consensus reached without a formal vote
2 that consistent with Mr. McCalpin's suggestion that the
3 Corporation needs to gather more facts about private attorney
4 involvement, specifically from state and local Bar
5 associations and pro bono programs in terms of what is going
6 on from their perspective and what are their perceptions
7 about the delivery of legal services by private attorneys,
8 that we have a good bit of data and information and
9 historical information about PAI from a program perspective.
10 But we don't have much from the private Bar perspective.

11 Merceria informed us that, in fact, the staff has
12 been negotiating a contract with a consultant to do that data
13 collection survey/fact gathering effort. Merceria was
14 concerned that by the May meeting, that effort would not have
15 been concluded. So it may not be ripe for presentation to
16 the Board and conclusion in May.

17 Mr. McCalpin's concern was that without the facts
18 about all of this, we shouldn't be adopting a policy
19 statement, that we needed to gather more facts before we
20 adopted a policy statement.

21 Ms. Rogers agreed and suggested that we should not
22 send -- one of the discussions had been that we should

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1 further circulate the proposed policy statement because it
2 has not been circulated to state and local Bar associations
3 or to pro bono programs by the Corporation, it should be
4 circulated with a cover memo explaining the history of this,
5 what our goals for it are, that sort of thing.

6 The two committees reached a consensus that that
7 statement should not be circulated any further, that we
8 should have the fact gathering process go first, and that we
9 should come back in May and see where we stand with that. If
10 that process has been completed, then we could move forward,
11 addressing the policy statement. If it's not completed by
12 then, then we would have to put it off for a future Board
13 meeting.

14 We took no formal vote on that, so I have no report
15 or recommendation to the Board, other than that that was a
16 consensus reached by the people in attendance at the meeting.

17
18 We then heard from a program director, Henry
19 McLaughlin from Richmond, Virginia, and from Ed McGuire, who
20 works for the AARP, I believe, and Legal Services about
21 specific issues relating to elderly legal services and PAI.

22 Heard some interesting information from them, with

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1 a suggestion from them, which is well-taken, that the
2 Corporation could be very helpful to programs if it found a
3 mechanism for circulating ideas among programs about what are
4 good delivery ideas vis a vis PAI. And that concluded our
5 meeting. We reached no decisions, so we have no action items
6 for the Board.

7 CHAIR EAKELEY: On that last note, I had mentioned
8 to Alex Forger that Esther had also raised that issue. But I
9 think as the Corporation's communications strategy evolves, a
10 very seminal function can be fulfilled by writing up the best
11 of some of what's going on in the field in the form of
12 private attorney engagement.

13 There are just such great disparities between the
14 involvement of the private Bar either in fund raising or in
15 pro bono in different parts of the United States, and there
16 are also so many different success stories that have worked
17 well in one community that are eminently replicable in other
18 communities.

19 It's almost holding a mirror up to a situation, but
20 I think we need to find our way as part of our communications
21 strategy to not only let programs know what's working in
22 other parts of the country that they could borrow, but really

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1 how to get the word out to the legal community or communities
2 in areas where a tradition of pro bono is not as rich as it
3 is in other communities in a way that encourages people to do
4 more and do better than they're currently doing.

5 And I just leave that with management to consider
6 as we look at all of these other challenges on our plate, as
7 well. But I think it's a wonderful opportunity. There's a
8 void there that is very appropriately filled in part, at
9 least, by the Corporation. And I would like to see us
10 develop some means of doing that.

11 Do you want to go on to your Provisions Committee
12 report?

13 MR. ASKEW: Sure. Yes. We --

14 CHAIR EAKELEY: I'm sorry, Bucky.

15 Are there any questions of Bucky your anyone else
16 with respect to the private attorney engagement policy
17 statement or joint meeting of the Ops and Regs and Provisions
18 Committee?

19 (No response.)

20 CHAIR EAKELEY: Hearing none, let's go on to the
21 Provisions Committee.

22 MR. ASKEW: We met in the Inspector General's

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1 conference room to a full house. Since there were only eight
2 chairs there, it was completely filled.

3 We dealt with one issue that's an action item, and
4 then we heard reports from staff on other initiatives. The
5 action item is around the client initiative. I don't know if
6 this has been passed out, but there is a final draft report.
7 Merceria was here, and I think she may have left. Yes.

8 It says "draft" on the front of it, but this will
9 probably be the last version of this. We are circulating it
10 for comments from the people who attended the client issues
11 conference, so there may be slight changes based on their
12 comments. But this is the report back from the client issues
13 conference that was held in November in Detroit summarizing
14 what occurred at that conference and recommendations that
15 grew out of it.

16 Based upon those recommendations, the staff has
17 recommended to us that out of available resources from the
18 1995 appropriation -- and, of course, we have to wait until
19 rescission has been completed to determine what the ultimate
20 remainder in those resources will be -- that whatever is
21 remaining available for client initiatives be allocated in
22 the following way.

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1 For communications, 5 percent of whatever is
2 remaining; and there would be two items under that -- one,
3 the creation of a client database here at the Corporation,
4 which would include lists of all client Board members, client
5 representatives, and anyone else we can determine should be
6 included in a database of clients of Legal Services programs;
7 secondly, the establishment of a client newsletter that would
8 be sent to the people on that database, as well as others
9 like ourselves. That would be approximately 5 percent of
10 whatever funds were remaining after rescission.

11 The second item would be for training, and that
12 would be 20 percent of the remainder. That would include the
13 development of a client training program here at the
14 Corporation to do various things, including substantive
15 training, Board member training, and some skills training
16 around leadership development and creation of community
17 institutions.

18 The third portion of this and the largest portion,
19 75 percent of the remaining funds, would be devoted to grants
20 in three areas -- one, self-help sort of grants to client
21 groups about removing legal obstacles to self-sufficiency and
22 development; secondly, grants to encourage the development of

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1 lay advocacy pro se representation and alternate forms of
2 dispute resolution.

3 Committee member Nancy Rogers helped specify that
4 that would be to train clients as mediators, not to push
5 clients off into dispute resolution, necessarily, but to
6 involve clients more in dispute resolution. And thirdly, for
7 the encouragement of innovative strategies to engage clients.

8 The committee discussed this and passed a
9 resolution recommending that this be done as amended by Edna
10 Fairbanks-Williams, saying assuming that the funds will be
11 available, based on available funds, that the funds would be
12 allocated in this manner.

13 The way it stands right now, there may well be
14 approximately \$100,000 left after rescission; 40,000 of that
15 has been allocated already for the client conference and for
16 other client initiatives, so it looks like we're talking
17 about at most \$60,000 remaining when this all settles down to
18 be allocated, this 5 percent, 20 percent, 75 percent way.

19 M O T I O N

20 MR. ASKEW: I would make that in the form of a
21 motion to the Board, that we adopt that recommendation.

22 CHAIR EAKELEY: Is there a second to that?

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1 MS. ROGERS: Second.

2 CHAIR EAKELEY: Any questions? Bill?

3 MR. McCALPIN: I have two questions, Bucky, based
4 on your presentation. Taking your \$60,000 number, 5 percent
5 of which is \$3,000, can that effectively be spent on the two
6 items under the 5 percent? It seems to me you're almost down
7 to a diminimous kind of situation.

8 My other question is, how does the program proposed
9 under "training" differ from the second item under "grants"?
10 It seems to me they're both pretty much the same thing.

11 MR. ASKEW: Let me ask Merceria to speak to that,
12 if she would.

13 MS. LUDGOOD: As to the first part of
14 communications, the creation of the database will just
15 involve us pulling -- "us" being LSC, the Corporation,
16 pulling information off of refunding applications and
17 entering it into our database.

18 So there won't be an actual dollar consequence, a
19 dollar going outside. It will just be a matter of shifting
20 resources there to do that work. So the actual cost here
21 would be in the production and mailing of the newsletter.

22 MR. McCALPIN: You don't get much for \$3,000.

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1 MR. FORGER: It's 5 percent of what?

2 MR. McCALPIN: Sixty thousand, which is the number
3 he gave.

4 MR. FORGER: For the entire program?

5 MR. McCALPIN: Yes.

6 MR. ASKEW: Is that the correct figure, Merceria?

7 MS. LUDGOOD: That's assuming \$60,000. For this
8 purpose, we're assuming we'll either have -- it could be 5
9 percent of nothing, actually. But this is assuming that
10 there is some money available to do some work on client
11 initiatives.

12 And we were using \$60,000 in this conversation just
13 because that's what will be left if the House version of the
14 rescission bill is what passes, is what eventually winds up.

15 MR. FORGER: I think if we end up with \$60,000,
16 we're not likely to start this initiative, Merceria. I mean,
17 we might start part of it, but it gets down to be cut pretty
18 small on our appropriation request for '95, I think, which is
19 2 million, 7 or 2 million, 8.

20 MS. LUDGOOD: This was for '95.

21 MR. FORGER: For '95, you have subject to what
22 happens on rescission. You have ample funds with no

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1 rescission. But if we lose most of that noncore, I agree
2 with Bill, it seems to me that you might want to review this
3 if it's only going to be applied against such a modest amount
4 of money.

5 CHAIR EAKELEY: Well, could I just respond to that
6 by suggesting that the movant consider a friendly amendment
7 that would express the sense of the committee and the Board
8 that if there is sufficient funds in the opinion of
9 management to warrant going forward with these planned
10 initiatives, that they be undertaken with the relative degree
11 of emphasis that the percentages next to each item suggest,
12 but not that we should be telling management 5 percent here
13 of whatever the number is, 20 percent here.

14 I think that's more of a sense -- it's being
15 offered, as I understand it, more in the sense of guidelines
16 of rough proportionality of effort, depending upon the amount
17 of available funds.

18 MR. ASKEW: That's a very helpful amendment. I
19 will accept that.

20 CHAIR EAKELEY: I don't know how you actually put
21 it into the wording of a resolution, but --

22 MS. MERCADO: Part of it is only intended as a

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1 guideline. And if the funding does not allow us to have
2 sufficient funding to carry out any of those categories,
3 whether it's communication or training or what have you, then
4 we modify it appropriately. And management has the
5 discretion to do that.

6 CHAIR EAKELEY: Maybe we don't need a motion and a
7 formal resolution, especially since we don't have firm
8 numbers. Maybe it's enough after we conclude with the
9 discussion -- because there's a second question that Bill
10 asked that Merceria hasn't been given a chance to answer.

11 But maybe a sense of the Board that these are the
12 activities that the Board would like to see by way of client
13 initiatives --

14 MR. FORGER: Maybe just one newsletter.

15 CHAIR EAKELEY: But I think leaving it a little bit
16 less formal and binding is a better way to proceed on this
17 subject at this time, which would be to suggest perhaps
18 withdrawing the motion, continuing with the discussion, and
19 concluding with the sense of the Board.

20 MR. ASKEW: I'll withdraw the motion.

21 CHAIR EAKELEY: Would you ask Merceria your second
22 question, please?

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1 MR. McCALPIN: My question was, how does the item
2 under "training" differ from the second item under "grants"?

3 MS. LUDGOOD: The second item under "grants" would
4 provide funding for organizations for client-based community
5 organizations that are already involved in these kinds of
6 activities, lay advocacy, pro se representation. They're
7 adding the training for mediation.

8 It's what kind of skews it. It would normally have
9 been up in training, but we changed the language in the
10 committee to show that we were not encouraging clients to
11 become involved and pushing clients into a dispute resolution
12 mode; rather, that we were going to use clients as mediators.

13 So the difference is, one is pure training. The
14 second one is to help fund organizations who were providing
15 these kinds of services for client groups.

16 MR. McCALPIN: Are these existing organizations
17 which are presently doing it and are presumably already
18 funded, or is this to fund new programs doing this?

19 MS. LUDGOOD: It could be either one. It would be
20 a competitive bidding process. It could be an existing
21 group, or it could be a new group.

22 CHAIR EAKELEY: I think it's exciting. I hope we

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1 wind up at the end of the day with enough funds to really
2 make it happen.

3 MS. LUDGOOD: That would be nice.

4 CHAIR EAKELEY: Any other questions?

5 (No response.)

6 CHAIR EAKELEY: Do I accurately -- John. I'm
7 sorry.

8 MR. BROOKS: This is sort out of order, possibly,
9 but I see this recommendation for client initiatives with no
10 date. We have had several documents delivered to us today
11 with no dates. And I urge staff to date every document that
12 comes to the Board, please.

13 MR. FORGER: I now ask that the hour be put on it.

14 (Laughter.)

15 CHAIR EAKELEY: All right. Why don't I attempt the
16 following? Is it fair to say that it is the sense of the
17 Board that management proceed to develop client initiatives
18 with available resources along the lines set out in the
19 recommendations that were adopted by the Provisions Committee
20 at their meeting today, obviously subject to available
21 resources? Yes.

22 Then I think that's enough of a direction at this

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1 time. And I thank you all for that. We'll keep our fingers
2 crossed on the funding and actually do a lot more than that.

3 Bucky, you're not finished with your report?

4 MR. ASKEW: No.

5 CHAIR EAKELEY: I know our president has another
6 commitment, but he may just have to leave if you're not done.
7 But why don't you go ahead with that?

8 MR. ASKEW: This will only take a couple more
9 minutes, I believe. We spent probably an hour in our
10 committee meeting hearing from staff on two additional
11 activities, compliance oversight and technical assistance.

12 John Tull had asked, rather than for himself to
13 make another presentation, that he would bring in the actual
14 staff people doing this. As you remember, we started a
15 process of totally reforming our compliance oversight and
16 technical assistance activities a year ago, I believe, maybe
17 even over a year ago. And there has been a huge amount of
18 work underway on that in the meantime.

19 And what we were hearing today was the final
20 product from that. They handed to us and we could get for
21 you, if you're interested, a copy of the peer review site
22 manual that is now being utilized in peer reviews, a set of

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1 the desk review instructions that are being used the desk
2 review piece of the compliance oversight, and the OPEAR
3 compliance schedule from OPEAR and the materials they use for
4 desk audits and compliance reviews.

5 They also showed us or gave one example of a
6 program manual that's prepared when a peer review visit is
7 being done to a program. What we heard is that they're now
8 doing 10 peer review visits per month and have been since
9 January. And they're doing approximately 20 compliance
10 visits. I don't believe that's per month, although that's
11 what I wrote down.

12 CHAIR EAKELEY: Yes. That's what John says.

13 MR. ASKEW: Per month, right?

14 MR. TULL: I believe that's true.

15 MR. ASKEW: Per month. We heard from Kathy De
16 Betencourt and Kathy Watson, two of the staff people, about
17 the peer review process. The bottom line to that is they are
18 getting excellent reviews from the programs. And I think
19 some of us who have been to program director meetings or
20 other programs have been hearing that from programs.

21 And secondly, the peer reviewers themselves are
22 providing excellent feedback about how well this is working

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1 and how much they are learning as peer reviewers, which is
2 valuable, because they go back to their programs with that.

3 They're using about an average of three to five
4 lawyers and one client on each peer review visit, which is a
5 typical size. Some coming up in the future will be larger
6 because they're larger programs, but that's about the average
7 size.

8 They now have 400 people in a database, peer
9 reviewers in a database from which they select the team
10 members who will go on these visits. They gave us a fairly
11 detailed description of how they set up a team and conduct a
12 visit, which was very helpful.

13 The next thing we heard about was the compliance
14 oversight group within OPEAR. And Danilo Cardona and Nancy
15 Publicover made a presentation to us about that about the
16 desk reviews and the compliance reviews, on-site compliance
17 reviews that they do, which is also very thorough and very
18 carefully documented in the materials they handed out to us
19 and how they go about doing that.

20 They're on now a 12-month cycle with programs for
21 the desk reviews. They have completed 78, and they have
22 closed 72 of those desk reviews since this new process has

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1 been put into place.

2 The compliance reviews, on-site compliance reviews,
3 they're averaging two of those -- two days spent in a program
4 with two staff members on an 18-month cycle, so that every
5 program would receive a compliance review visit every 18
6 months.

7 And it's done in a much more efficient manner than
8 previously, in terms of the preparation of the two people who
9 go in, what they focus on while they're there, their
10 interaction with the program staff while they're on site, and
11 what comes out of that in the end.

12 We then heard from the third group of the staff,
13 which is around complaint review and approvals of program
14 requests. They are receiving approximately 35 to 40
15 complaints per month. She broke down -- this is Kathy Day
16 who spoke to us broke down what those complaints amount to in
17 terms of the percentages.

18 The highest percentage, 65 percent of their
19 complaints, revolve around service denials or inadequate
20 service complaints. The next is complaints around program
21 management and so on and so forth.

22 I asked her after that presentation her experience

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1 in how many of those complaints do they find that there was
2 no violation or no real basis to the complaint, and she said
3 it was 90 percent or more, basically, they find that there is
4 nothing involving the Act or regulations in the complaint.

5 Some of those at the end and a small percentage of
6 them are complaints from Congressional offices on any of
7 these areas. And they then coordinate the response to those
8 with the Government Relations Office. She then went over
9 what sanctions they have available to them if they do find
10 that a complaint has validity.

11 The last thing is approval which results in
12 programs needing either approval from the Corporation for a
13 subgrant for a fund balance waiver and then waiver requests
14 for various matters on personal service contracts.

15 That presentation -- I think I can speak for the
16 committee and say -- was very impressive to us, in terms of
17 how much progress they have made in the time they have been
18 working on this, but also where they stand today with the
19 thoroughness of this process, with fewer people than we had
20 previously and less money.

21 It seems to be incredibly well-organized and very
22 efficiently done. And the feedback that we're getting from

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1 programs is, they are very appreciate of the fact that this
2 is probably taking less of their time but is more helpful to
3 them in the long run in the sense that it is providing them
4 with helpful information or helpful technical assistance in
5 terms of change.

6 Nancy did ask the question of them, "How would you
7 respond to this issue that you haven't defunded a program?
8 Supposedly, the Corporation has not defunded a program, based
9 on the Inspector General's testimony, since 1991. Does that
10 mean we don't have adequate oversight of our grantees, or is
11 it not adequate accountability?"

12 And John's response, which I thought was very
13 appropriate, that a defunding is failed oversight on the
14 Corporation's behalf. If we haven't been able to intervene
15 and haven't been able to help a program, haven't been able to
16 correct whatever is wrong and that leads us to defunding,
17 then we have failed in our jobs, really. So the fact that we
18 haven't had to defund anybody is a good sign.

19 And these staff people, many of whom have been here
20 since '88 or '89, were very direct in saying to us that their
21 experience is programs are in compliance. I think Danilo
22 said he had been on 45 visits. He said in 44 of those, they

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1 found no issues of compliance. The programs were absolutely
2 straight. Everything was fine. So they are finding a good
3 record out there.

4 The last item we heard about was technical
5 assistance. And we had some ambitious plans for that, based
6 on the appropriation. We didn't get the funds to do it.

7 Basically, the staff's position is that all of
8 their interactions with programs are viewed as technical
9 assistance to programs, which is a change in attitude by the
10 Corporation staff, that interactions with programs by our
11 staff members are meant to be in the nature of technical
12 assistance when that is possible to do. It is an attitude
13 and a belief as much as anything else.

14 We then discussed what we were going to do at our
15 May meeting, the items we would take up there. We will ask
16 to hear from the consultant who's doing the PAI study at our
17 May meeting if that work has not been completed.

18 We will assume that it will not have been completed
19 by then, so we probably will not be addressing the policy
20 statement at that meeting. But we will be hearing -- and the
21 other issues that are on our plate are tied up in rescission,
22 depending on how that comes out, law school grants, the other

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1 initiatives that were our responsibility.

2 We have to await the outcome of action in the
3 Congress before we can move forward on those. So we may have
4 things to deal with in May, we may not, depending on what
5 happens there. That completes the report.

6 CHAIR EAKELEY: It really is incredible and
7 impressive what is being accomplished now. I know I would
8 like very much to have a transcript of the Provisions
9 Committee meeting and staff presentation, as well as a
10 complete package of the handouts. Pat, if you could just
11 arrange that, or John or Merceria. But I would commend that
12 transcript to all Board members.

13 MR. FORGER: Just a footnote to that, Mr. Chairman.
14 In our endeavors to have more dialogue with staff, we had
15 what was called an "all-staff" meeting last Thursday, with
16 everybody in the corporate activity here, some hundred
17 people. And that same panel was put on so that everybody
18 gets an idea of what the activity of the main operation is,
19 monitoring and evaluation.

20 And it was well-received. It was a lot of fun, a
21 lot of humor along with it and a lot of instruction. So
22 we're trying to make certain we all know what everybody else

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1 is doing.

2 MR. ASKEW: These folks have worked very hard.
3 There was some humor in our meeting about the hours they put
4 in. But I think it was for real. But I think it has been
5 very energetic. I think the ones who have been here for a
6 while have enjoyed quite a bit reforming this process and
7 making it more accountable, more efficient, more effective.
8 And the outcome is quite impressive.

9 One thing I forgot to mention -- and in front of
10 you, I think, was a list of the new LSC employees that have
11 been hired. A number of them are new program officers in
12 OPEAR and OPS. And quite impressive backgrounds for these
13 folks.

14 So I hope you'll get a chance to look at that and
15 see the quality of the people that we have been able to
16 attract, even under the reality that we're operating in
17 today.

18 CHAIR EAKELEY: Maria Luisa?

19 MS. MERCADO: Yes. I was just curious, from Mr.
20 Forger's perspective, when you were saying you had this staff
21 meeting last week to make the presentation about the work we
22 were doing in monitoring and evaluation, was the Inspector

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1 General's Office present?

2 MR. FORGER: Yes.

3 MS. MERCADO: Because if part of what they're doing
4 is also evaluating performance rather than just monitoring
5 and making sure that we're being efficient and streamlined,
6 it would be helpful to have all of that information.

7 MR. FORGER: We always include the Inspector
8 General. Always.

9 CHAIR EAKELEY: Bill?

10 MR. McCALPIN: Bucky, is "peer review" another way
11 of saying "performance evaluation"?

12 MR. ASKEW: Yes. And if you'll take a look at
13 these, I think you'll see there are standards in here. Yes.

14 CHAIR EAKELEY: Any other questions?

15 (No response.)

16 CHAIR EAKELEY: I would propose that we adjourn for
17 the evening. And what do I do?

18 MS. MERCADO: Recess.

19 CHAIR EAKELEY: Recess. At least I'm consistent
20 about it, right? I propose we will entertain a motion to
21 recess, to reconvene tomorrow morning at 9:00.

22

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MR. McCALPIN: So moved.

CHAIR EAKELEY: Second?

MR. BRODERICK: Second.

CHAIR EAKELEY: All those in favor?

(Chorus of ayes.)

CHAIR EAKELEY: We're in recess. Have a good evening, everyone.

(Whereupon, at 5:50 p.m., the meeting of the Board of Directors was adjourned, to reconvene at 9:00 a.m. the following day, Saturday, March 17, 1995.)

* * * * *