

ORIGINAL

LEGAL SERVICES CORPORATION
BOARD OF DIRECTORS MEETING

OPEN SESSION

November 18, 1991
9:08 a.m.

RECEIVED

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Executive Office

The Madison Hotel
15th & M Streets, N.W.
Drawing Rooms I and II
Washington, D.C. 20005

Board Members Present:

George W. Wittgraf, Chairman
Howard H. Dana, Jr.
J. Blakeley Hall
William L. Kirk, Jr.
Jo Betts Love
Penny L. Pullen
Thomas D. Rath
Norman D. Shumway
Basile J. Uddo
Jeanine E. Wolbeck

Staff Present:

John P. O'Hara, President
Alan Severson, Vice President
David Richardson, Treasurer and Comptroller
Patricia Batie, Secretary
Edouard Quatrevaux, Inspector General
Victor Fortuno, General Counsel
Emelia DiSanto,
Charlie Moses
Alice Dickerson
Ken Boehm
Kathleen deBettancourt

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CHAIRMAN WITTGRAF: Good morning. May I have your attention, please. This regularly scheduled meeting of the Board of Directors of the Legal Services Corporation will be in order. I believe that a quorum of the Board is present at this time.

That being the case, we will begin with the business of the Board. The first item on the published agenda is the approval of the agenda for this meeting. The Chair is prepared to entertain a motion for the adoption of the agenda as presented.

M O T I O N

MR. DANA: So moved.

CHAIRMAN WITTGRAF: It has been moved by Mr. Dana, is there a second?

MR. SHUMWAY: Second.

CHAIRMAN WITTGRAF: Second by Mr. Shumway.
Discussion?

(No response.)

CHAIRMAN WITTGRAF: Those who are in favor of the adoption of the agenda as presented in the so-called Board book will signify by saying aye.

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1 (A chorus of ayes.)

2 CHAIRMAN WITTGRAF: Those who are opposed, nay?

3 (No response.)

4 CHAIRMAN WITTGRAF: The ayes appear to have it.

5 The ayes do have it. The agenda as presented is approved.

6 Next we have the matter of the minutes of our last
7 regular meeting, that having been on Sunday, October 20, and
8 Monday, October 21, in Portland, Maine. The Board book
9 contains the draft of the minutes of that meeting.

10 The Chair is prepared to entertain a motion for the
11 adoption of the minutes of the meeting of those two days as
12 drafted.

13 MR. SHUMWAY: Mr. Chairman. I notice on the
14 minutes of the meeting of October 21st, I was not listed as
15 being among those present. I think that I was there. I had
16 to leave early.

17 CHAIRMAN WITTGRAF: I think you were, too.

18 MR. SHUMWAY: So I would ask that the minutes of
19 that day be corrected to include my attendance.

20 CHAIRMAN WITTGRAF: Unless there is objection, the
21 draft minutes for the October 21 portion of the meeting will
22 be amended to reflect the attendance of Mr. Shumway.

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1 (No response.)

2 CHAIRMAN WITTGRAF: Hearing no objection, they are
3 amended. Again, the Chair is prepared to receive a motion
4 for the adoption of those minutes.

5 MR. UDDO: So moved.

6 MR. SHUMWAY: Second.

7 CHAIRMAN SHUMWAY: It has been moved by Mr. Uddo,
8 seconded by Mr. Shumway that those minutes be adopted. Is
9 there further discussion? Any other discrepancies noted by
10 any of the Board members?

11 (No response.)

12 CHAIRMAN WITTGRAF: Hearing no discussion, those
13 who are in favor of the minutes as presented will signify by
14 saying aye.

15 (A chorus of ayes.)

16 CHAIRMAN WITTGRAF: Those who oppose, nay?

17 (No response.)

18 CHAIRMAN WITTGRAF: The ayes appear to have it.
19 The ayes do have it. The minutes as drafted and as amended
20 are adopted.

21 Next we have the matter of the Chairman's and the
22 Members' reports. In that regard, I have a couple of things

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1 I would like to bring to the Board's attention.

2 You will recall that with the ebb and flow of our
3 membership, we have some changes in the composition of our
4 committee membership as a Board, and Ms. Batie has prepared a
5 matrix that reflects the committee membership as last acted
6 upon by the Board at our last meeting, in Portland.

7 Let me hand that to you, and as I do let me note my
8 recommendation to the Board at this time that the Operations
9 and Regulations Committee be expanded in size to five, which
10 would make it an odd number of members, just as the other
11 committees specifically that Ms. Love be a member of that
12 committee as well.

13 And, unless there is discussion, I would be
14 prepared to receive a motion to that effect.

15 MOTION

16 MR. HALL: So moved.

17 CHAIRMAN WITTGRAF: It has been moved by Mr. Hall.

18 Is there a second?

19 MR. UDDO: Second.

20 CHAIRMAN WITTGRAF: Seconded by Mr. Uddo. Is there
21 discussion?

22 (No response.)

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1 CHAIRMAN WITTGRAF: Hearing none, those who are in
2 favor of the expansion of the Operations and Regulations
3 Committee by the addition of Ms. Love will signify by saying
4 aye.

5 (A chorus of ayes.)

6 CHAIRMAN WITTGRAF: Those who are opposed, nay.

7 (No response.)

8 CHAIRMAN WITTGRAF: The ayes appear to have it.
9 The ayes do have it. The motion is adopted. On that matrix,
10 I would encourage you then, under OPS, from the top down and
11 by Love from the left over to put an X. And that should give
12 you a current listing of the members of the committees.

13 You will note that I am a member of only one
14 committee, the OIG Committee. You will note that Mr.
15 Molinara is not a member of any committee, and I should
16 suggest that both Mr. Molinara and for me that is a fact
17 based upon our inclination, and not based on any particular
18 oversight by any of us individually or by the Board
19 collectively. That is consistent with our wishes.

20 A second matter has to do with the conference for
21 Legal Providers, that is scheduled for December 9 in St.
22 Louis, the day preceding our meeting on December 10. Again,

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1 with Ms. Batie's assistance, I have a draft program for that
2 conference. I am hoping, obviously, that all or as many as
3 possible of the Board members will be present.

4 And I would ask you during the course of today's
5 meeting to review the draft schedule, and to mention to me or
6 to Ms. Batie any thoughts or concerns that you have regarding
7 that draft.

8 Ms. Batie, why don't you collect the extra copies?
9 Then if anybody who is with us in the audience would like to
10 have a draft to review as well.

11 A third matter I would like to bring to your
12 attention is that of the Board's possible or tentative
13 meeting scheduled for 1992. Again with Ms. Batie's
14 assistance, and taking into account the other meetings
15 involving Legal Services Providers around the country,
16 thinking particularly of the ABA pro bono conference this
17 April in Austin, Texas, and the ABA annual convention this
18 coming August in San Francisco. We have got a proposed
19 meeting schedule for next year.

20 Again, as you have an opportunity, take a look at
21 it. If you see problems or have ideas please bring them to
22 my or Ms. Batie's attention.

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1 It is my understanding that Ms. Love and Ms.
2 Wolbeck were able to attend the NALDA annual conference in
3 Portland, Oregon two weeks ago. I had been planning to go
4 too, but the weatherman made it impossible for me to get to
5 Portland, Oregon. At this time, I would be happy to have
6 either Ms. Love or Ms. Wolbeck, or both of them, share any
7 thoughts or observations they have from their trip to the
8 conference. Ms. Love?

9 MS. LOVE: Good morning. It was very interesting
10 in Oregon, to visit the different programs that they had
11 running at the same time, and I hit quite a few of them. But
12 the most interesting one to me was the self-help program,
13 which I really do enjoy learning about. And so many things
14 that is available to the poor people that the poor people
15 don't know anything about.

16 And I don't know how I can spread the word, but
17 yesterday the committee said they had videos where they would
18 go down and set up for the different programs, I guess to
19 learn more about how the people can help themselves. But
20 that was the main thing that really impressed me, was the
21 people that wanted to -- the self-help programs.

22 CHAIRMAN WITTGRAF: Thank you, Ms. Love. Ms.

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1 Wolbeck?

2 MS. WOLBECK: Again, the workshops were very
3 interesting. I think that the one point I'm glad that I went
4 for was learning about the unity among all of these different
5 NALDA and PAG, and all of these things work together, and
6 what their part is, and understand. And just watching these
7 people work together, and understanding unity I think was the
8 most important thing that I learned. The workshops were very
9 good. I just didn't have enough time.

10 CHAIRMAN WITTGRAF: Any questions or comments for
11 Ms. Love or Ms. Wolbeck?

12 (No response.)

13 CHAIRMAN WITTGRAF: Do any other Board members have
14 any information, any news, any observations, any experiences
15 they would care to share with the Board at this time?

16 (No response.)

17 CHAIRMAN WITTGRAF: I would note that as of about
18 three weeks ago now, Mr. O'Hara is our new President, Mr.
19 Quatrevaux is our new inspector general. And I had an
20 opportunity to visit with some key members of Congress, with
21 Congressman McCollum, Congressman Frank, Congressman Smith,
22 and Senator Rudman, and give Mr. O'Hara and Mr. Quatrevaux,

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1 in particular, an opportunity to know those members so that
2 when any of them has any questions or concerns that they
3 won't hesitate to call upon either of them.

4 And I think I can say fairly that the members with
5 whom we met were pleased that in Jack O'Hara and Ed
6 Quatrevaux that the Corporation has two professionally well
7 qualified people in those two positions

8 And I think both Mr. O'Hara and Mr. Quatrevaux were
9 very well received as we met with those key members of
10 Congress. And I think we left the impression, as I say, that
11 they and the members of their staff should not hesitate at
12 any time to contact either Mr. O'Hara or Mr. Quatrevaux
13 whenever they have any questions or concerns.

14 I don't believe I have anything further. At this
15 time I will turn to Mr. O'Hara for his President's report.
16 And, in doing so, make just one observation and that is that
17 under Mr. O'Hara's prodding during the past two months the
18 Corporation now has reinstated a newsletter.

19 I think you have it before you. It is a Fall 1991
20 issue. I have had an opportunity just to look at it briefly,
21 but it is very attractive. It appears to be well done, and
22 perhaps of some value in our attempt to communicate and share

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1 our thoughts and concerns with our colleagues in the field.

2 And I commend Jack and the staff for the production
3 of that newsletter, and look forward to the next quarterly
4 issue.

5 With that, Mr. President, you have the floor.

6 PRESIDENT'S REPORT

7 MR. O'HARA: Thank you, Mr. Chairman. Since our
8 last meeting, I have had the opportunity to meet with
9 additional executive directors of the various programs, and
10 to spend some time with our two Board members in Portland at
11 the NALDA conference.

12 I had a chance to talk to many executive directors
13 there, even though some of those meetings were for a short
14 time. I think we had a good exchange of where I hope to be a
15 year from now, and where we hope the program will be.

16 I spent a lot of time with Bill McCalpin, of the
17 NALDA, and also the members of PAG. I attended a number of
18 the working sessions, one of which included a panelist from
19 Legal Services, which was Emelia DiSanto. And on Saturday of
20 that week, I attended the SCLAID panel, and met with a number
21 of those people.

22 On that same trip, I had the opportunity to meet

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1 with our counsels in both the CRLA and Multnomah cases, got a
2 briefing on that and got some insights as to where we are
3 going. I spent time with Dick Taylor and Harrison McIver, of
4 the Project Advisory Group.

5 And we had a meeting in Chicago last week, of the
6 Competition Committee, which is chaired by Mr. Rath and
7 attended by four other members. And that same week we went
8 to Des Moines, as you well know, and met with some of the
9 individuals of Drake Law School in Law Clinic.

10 The newsletter, which we expect to be a quarterly
11 document, contains an article by Mr. McCollister of Kansas,
12 and in the future we will be reaching out again to the field
13 programs for articles which they would like to contribute on
14 subjects that they will pick. We will not select the
15 subjects for the field. We will ask the organizations which
16 represent the different field programs to suggest people, and
17 we will ask people individually. We are just reaching out
18 everywhere we can.

19 The work has been initiated on the annual report,
20 and we expect to have that out on time early next year. The
21 annual conference in December, which you have discussed, we
22 feel we are making very good progress on that, and that is

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1 being handled by Pat Batie, our secretary.

2 And at this time, Mr. Chairman, I would like to
3 introduce two of the senior staff from the Corporation to
4 continue what we started at the last session. Kind of let
5 the Board know about the people in the Corporation, and what
6 the various divisions do.

7 And today I would like to ask David Richardson, who
8 is our Comptroller, and Alice Dickerson, who is Director of
9 the Office of Human Resources, to give us some insights on
10 the operation of their respective divisions.

11 CHAIRMAN WITTGRAF: And would each of you as you
12 start off, whichever one of you are going to start first,
13 give a little background on yourself, tell the Board who you
14 are and how long you have been with the Corporation.

15 PRESENTATION OF DAVID RICHARDSON

16 TREASURER/COMPTROLLER

17 MR. RICHARDSON: I reckon I'll go first today. My
18 name is David Richardson. I am the Treasurer/Comptroller of
19 the Corporation. And after yesterday, you all are probably
20 sick of hearing from me, but I'll try to give you a little
21 additional insight other than the budgeting aspect that we've
22 been involved with, and also with the prospects of possibly

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1 moving the headquarters.

2 First of all what I would like to do is give a
3 little brief history of my tenure in the Corporation, let you
4 see some of the direction that the Corporation has been
5 taking, and then go into some of the jobs and some of the
6 functions that we are performing.

7 I came to the Corporation in March of '87. At that
8 time, we had Department of -- or Division of Administration,
9 an office of administration, and a Comptroller's office.
10 That year the two offices spent in excess of \$3 million. In
11 1987, those two offices spent \$2.9 million.

12 In March of 1989, we went through a reorganization.
13 We combined the two offices into what we have now as the
14 Office of Financial and Administrative Services. That year
15 we spent \$2.7 million in our budget. In 1990, we spent \$2.5
16 million, and we continue to down size, and in 1991, of
17 course, we have just spent \$2.3 million.

18 Within that function we -- I'll start sort of with
19 the accounting office. Again, when I went into the office
20 there was 11 people in the office. We have down sized, and
21 now there is six people in the office. We have combined
22 functions through the computerization, through training

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1 programs with the staff, and I feel that we are functioning
2 very efficiently.

3 Last year we only had five in the office, and we
4 did add a Budget Analyst that started with us October 1st.
5 Not only do we do the annual budget, as far as the schedules
6 that goes to Congress, and, of course, we work with the ANA
7 Committee, the Audit and Appropriations in preparation of the
8 budget. My office, we are also reporting monthly to the
9 Board as to the expenditures, and we are looking at
10 variances. And, of course, twice a year we do projections
11 with each of the directors, to make budget modifications.

12 We also work with Treasury. We have reporting
13 monthly, where we balance the money that we pull from the
14 Treasury with their letter of credits, and we reconcile that
15 each and every month through telephone calls and
16 correspondence.

17 In the last two months, I have been notified by
18 Treasury that we have additional filing. We have to provide
19 our functional expense statement, cash flow analysis, our
20 fund balance statement. It is more reporting than you get in
21 the annual audit. And we work with the audit.

22 I have been working with the auditors. Many of you

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1 know that they were with us last week. In the middle of all
2 the budget preparation, we conducted an audit, which is
3 basically 95 percent complete. The gentleman is not there
4 today because we are in this office, or in this meeting, but
5 he will be back tomorrow to complete the audit.

6 That audit goes not only to the Executive Branch,
7 it goes to OMB, and it goes to Treasury.

8 We produce checks monthly within our accounts
9 payable, we have our grants management. And again, I feel we
10 are running a very lean and a very effective operation at
11 this point.

12 Going around, our offices are a bit spread out at
13 this point. Many of you have been through the area, and I'm
14 in one corner, and basically when say I as being the
15 financial administrator, the office is in one corner, the
16 administrative area is in the opposite corner.

17 Within my realm of supervision is the Mail and
18 Reprographics area, and that area, again going back to '87,
19 there was five people in there full time, and one part-time.
20 At this point there is three.

21 And the newsletter that you got today was produced
22 by that staff. Mr. Tim Wilson, our senior press operator,

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1 does have 13 years experience in the Corporation, and is a
2 very valuable asset to this Corporation.

3 Mr. Henry Mont, who is the supervisor, has been in
4 the Corporation in excess of 14 years.

5 We also, not only do we handle the press
6 operations, the photocopying, the big jobs within the
7 Corporation, many of you have seen the monitoring handbooks
8 that go out, that is produced in this shop after it is
9 gathered, of course, through the monitoring effort. So as
10 you see those, it is quite a valuable operation and it is a
11 big operation to the Corporation.

12 We also have a supply office. Right now it is
13 administered by Sue Simmons, with the help of a Cecil Cyrus.
14 There's two people in that office. There was four in 1987.
15 So again, through down sizing, through the computerization,
16 we have been able to provide the services to the Corporation,
17 get the supplies that's needed.

18 Ms. Simmons, who does the purchasing, basically
19 gets three quotes on any purchase over \$500. She does an
20 extremely good job. Before we combined that function, I saw
21 where the person who was in charge of the supplies would
22 request purchases of over \$3,000, \$3,000 to \$3,500.

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1 Through the bidding process, in an order that
2 small, she has been able to save \$200, \$300, \$400 per order.
3 So she has been a valuable asset to the Corporation.

4 She is also the inventory manager. All of our
5 property is tagged. We have physical inventory, and it is
6 completely computerized. We can tell you every stick of
7 furniture that is in the Corporation, and what room it is
8 located in. It is that detailed.

9 Also, in the administrative areas, we have the
10 Computer Services Center. Before I entered the Corporation,
11 this office had as many as 15 to 18 people. When I came in,
12 in '87, there was approximately 10 people in that area.
13 Right now we have three. And with their aid we have been
14 able to computerize some of the reporting for the field.

15 We have improved, I feel, the reporting and the
16 computerization of the Corporation. That is one area that we
17 continue to make strides in, to streamline operations, to
18 help the reporting functions.

19 Many of you have seen the case service reports. We
20 have developed a program not that it does not extract
21 information from the field, but it allows them instead of
22 setting down at a typewriter and typing in the information,

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1 and sending us a sheet of paper, they can enter it on the
2 computer disk, send us the disk, we can check it. It saves
3 everybody time and effort.

4 We have also got some of the funding application on
5 computerization. Our goal is to try to computerize all of
6 it. And we talk with people in the field each week, with
7 some of the programs that we have sent out.

8 Any time you take something this large of
9 undertaking it will work in house, but when you send it to
10 300 grantees they have little quirks, they have computer
11 people that will go in and modify a program that doesn't
12 work, we'll send a backup disk, or they may modify it in a
13 way that it will work for them but it won't work for us.

14 So we are trying to work those out. We probably
15 field anywhere from 10 to 15 calls a week from the field,
16 using the programs that we have sent to them. And they will
17 also call us and seeking our counsel as to the type of
18 software they might purchase, the type of computerization
19 that they should move toward in their field of expertise.

20 We have -- Mr. O'Hara mentioned the McCollister
21 article in their newsletter, we have people each week that
22 call us and want us to recommend one or two timekeeping

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1 packages that they should look at.

2 Hopefully we can -- In those cases we identified
3 generally what we require. We have not gotten to the point
4 where we say, "You should buy this package over this
5 package."

6 We just tell them what the requirements that they
7 might look for in picking a package. Certainly we have not
8 adopted timekeeping, so what we have done in 1989 there was a
9 task force formed, which I chaired, along with Susan
10 Sparks -- I will give her a great deal of the credit with the
11 timekeeping -- and we just sort of mapped out basic
12 information that the Corporation might be able to use, and
13 that would be beneficial to the field.

14 And that has been -- it has not been distributed.
15 I'm not sure that this Board has seen the full timekeeping
16 proposal. But when somebody calls in we give them a basis of
17 that information.

18 Also, they also perform maintenance on their
19 computers. One of the things that we have tried to do is we
20 buy a compatible PC. None of these gentlemen are
21 programmers, but two of them in particular can take the
22 machine out, apart completely, take the chips out and put it

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1 back together. That has been a great deal of savings to us.

2 Most of the time when you hire somebody on a
3 contract basis to come in and work on one, a PC, you are
4 talking anywhere from \$75 to \$125, and it varies that much in
5 the D.C. area. And a lot of times you will need a \$1.50 chip
6 in the machine to get it running.

7 These gentlemen have been able to identify that,
8 and correct it. And that is one of the big savings that we
9 see in our areas.

10 Also within my area of responsibility, and again I
11 will identify Ms. Sue Simmons, who is the property
12 coordinator, is the telephones. We are looking at this point
13 at our telephones. We have just changed our long distance
14 service from AT&T or U.S. West for the calling cards and
15 combined it with MCI. It is a few more numbers to dial,
16 however, the savings that we will see I think is extremely
17 worth it.

18 We were being charged \$1 to \$1.10 per minute for
19 calls. MCI will be charging 21, 22 cents per minute.

20 Yes, sir?

21 MR. KIRK: Can I ask you something?

22 MR. RICHARDSON: Sure.

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1 MR. KIRK: Did you say that the budget when you
2 came in was 2.9?

3 MR. RICHARDSON: They were spending 3 million, 2.9.
4 Yes, sir.

5 MR. KIRK: And this year you are spending what?

6 MR. RICHARDSON: 2.3.

7 MR. WITTGRAF: You cannot hire Mr. Richardson to
8 manage your law office, Mr. Kirk, no.

9 (Laughter.)

10 MR. KIRK: If you index, they will take a 40
11 percent reduction?

12 MR. RICHARDSON: Yes, sir.

13 MR. KIRK: That is phenomenal. Congratulations.

14 MR. RICHARDSON: Thank you, sir.

15 MR. KIRK: That is really terrific.

16 MR. RICHARDSON: I appreciate that. I really felt
17 that there was over-staffing in the offices, in this
18 particular area anyway. When we went in with the
19 reorganization, which was completed in the tenure of Mr.
20 Weir, we brought in a management specialist to look at the
21 area. And we had already lost from '87 to '89, when this
22 study was done or was completed, a number of people, and at

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1 that time we basically decided four people, additional people
2 were not needed.

3 So it has been a five-year process basically in
4 cutting. Some of my staff have basically complained that
5 maybe I have cut too far, I have cut to the bone, and in the
6 next year we will see that. There is -- I'm not requesting
7 any additional people over what we requested last year.

8 There will be additional spending this year,
9 because the Budget Analyst, which was approved last March, of
10 course just came to work in October. So, hopefully, with
11 this lady's addition to the staff, we will be able to proceed
12 in future years without additional staff. That is my hope.

13 Let me continue. There is one other area. And, of
14 course that is the -- my office is also in charge of the
15 headquarters leasing, and the building maintenance. The
16 building itself we are in, many of you have been through.
17 Last year the cubicles that are on the second floor, in
18 particular in the office of Field Services, we took the
19 cubicles, we knocked down partitions, and we actually built
20 three additional offices. That cost us approximately
21 \$11,000.

22 In looking at the prospects of a new building, of

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1 course, we in 1988 become a cognizant agency under the IG
2 Act, we did not have that function before. An IG, of course,
3 has been hired. They are cramped in. We have basically
4 allowed, given them an allowance of five offices at this
5 point. And, of course, yesterday through the budgeting
6 process they were told that they can hire additional staff.

7 They are boxed in. So that is one of the reasons
8 that we have undertaken, along with the cramped space
9 upstairs, many of the people have 52 square feet working
10 areas, very small. So with that, search was undertaken for
11 the prospects of a new building. Another direction of Mr.
12 Martin.

13 I interviewed 15 different real estate firms to
14 come in and provide us real estate services. Charles E.
15 Smith was chosen. We have looked at 10 to 12 properties.
16 And, of course, today you will have before you the
17 culmination of that effect, that search, and hopefully we
18 will be able to move forward with that.

19 There is some additional information. With the
20 property management, there has been practically no furniture
21 bought in 10 years. There has been no upgrade of telephone
22 systems, changing the service, we have not upgraded the

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1 equipment. That information is in the budget this year, to
2 upgrade some of it.

3 At that point, I think I have taken up a good deal
4 of time. I have given you some information. I have probably
5 left something out, but if you have any questions, I will be
6 glad to answer them.

7 CHAIRMAN WITTGRAF: Let me ask for any questions or
8 comments any of the members have for Mr. Richardson. In so
9 doing though, let me encourage you to wait with any questions
10 or comments you might have regarding the change of office
11 space. I think we will get into more of a discussion of that
12 as part of the report of the Audit and Appropriations
13 Committee.

14 Questions or comments?

15 MR. UDDO: I would just like to echo Mr. Kirk's
16 comments that I have seen David work for a long time now, and
17 I know he has done an outstanding job, and I think the
18 figures prove that, and has been excellent in what he does,
19 and has been a tremendous asset to the Corporation. So I
20 echo Mr. Kirk's comment of commendation to Mr. Richardson and
21 his office.

22 MR. RICHARDSON: Thank you, sir.

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1 CHAIRMAN WITTGRAF: Further questions or comments?

2 (No response.)

3 CHAIRMAN WITTGRAF: Thank you, Mr. Richardson. Ms.
4 Dickerson?

5 PRESENTATION OF ALICE DICKERSON

6 DIRECTOR OF OFFICE OF HUMAN RESOURCES, EQUAL OPPORTUNITY

7 MS. DICKERSON: Thank you, Mr. Wittgraf. Good
8 morning. I am Alice Dickerson, and I am Director of the
9 Office of Human Resources, Equal Opportunity. Jack has asked
10 me to acquaint you with some of the functions and
11 responsibilities of the Office of Human Resources and Equal
12 Opportunity.

13 Our office has a dual role which encompasses both
14 LSC and its grantees. In that, among other things, we are
15 responsible for assuring compliance by LSC grantees with
16 equal opportunity in the provision of legal services to the
17 poor, and with the provision of equal employment opportunity
18 both by the Corporation and LSC grantees.

19 LSC has a very diverse work force, comprised of 124
20 regular employees. These employees are representative of
21 each of the five ethnic and racial categories for which the
22 Equal Employment Opportunity Commission requires annual

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1 survey data.

2 The Office of Human Resources Equal Opportunity is
3 responsible for contributing to the achievement of LSC's
4 mission, by recruiting staff and assisting with the effective
5 and efficient use of employee resources, as well as helping
6 all employees at all levels attain satisfying and rewarding
7 work lives.

8 The manner in which we do this is, among other
9 things, through LSC's policy of proactive employee relations.
10 Managers are trained to deal with employee relations in a
11 proactive manner, rather than reacting after a situation has
12 occurred.

13 This assists us in avoiding potential employee
14 relations problems. OHR provides advice and support to LSC
15 managers to assure consistency, both in the interpretation
16 and application of the Corporation's personnel policies and
17 procedures.

18 Additionally, we are responsible for maintaining
19 the Corporation's salary administration program, which is
20 designed to attract and retain highly experienced
21 individuals. Annual performance evaluations are conducted
22 and increases are granted in accordance with a merit system,

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1 which is designed to reward those whose performance excels
2 and to assist further development of those in need of
3 improvement.

4 OHR/EO is also responsible for identifying and
5 organizing training events, to enhance the skills of
6 management and staff, and to promote career development. The
7 office is also responsible for negotiating a cost effective
8 competitive benefits package, designed to meet the needs of
9 LSC's employees by providing security for them and their
10 families.

11 A wellness program has also been implemented, to
12 promote health consciousness and well-being among employees.
13 Based on the experience reported by other employers who have
14 implemented such programs, it is anticipated that the
15 wellness program will have a positive effect on health care
16 cost containment, absenteeism and productivity.

17 Additionally, in response to the D.C. Smoking
18 Regulation Amendment Act of 1990, LSC implemented a smoke-
19 free workplace policy. In May of 1991, LSC also implemented
20 an employee assistance program, to assist employees in
21 dealing with a variety of personal problems and situations
22 which may have the effect of detracting from their

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1 productivity if not resolved.

2 With regard to field programs, OHR/EO coordinated
3 with MAC, OFS, and a representative of the field in the
4 establishment of the LSC Humanitarian Award. The first
5 recipient of this award will be honored at LSC's 26th
6 Anniversary Conference in December.

7 I spoke previously of LSC's diverse work force.
8 Let me acquaint you with OHR's equal opportunity
9 responsibilities, and demonstrated record in this area. LSC
10 is an equal opportunity employer, as can quickly be seen by a
11 visit to LSC Headquarters.

12 The diversity of its work force and the employment
13 opportunities afforded employees at all levels, without
14 regard for race, color, national origin, sex, age, or any
15 other prohibited basis, is highly visible and frequently
16 commented upon.

17 Through the establishment and consistent
18 application of appropriate personnel policies and procedures
19 affecting all phases of employment, we strive to have a work
20 place free of harassment, where equal opportunity related to
21 all employment conditions is a reality.

22 We have heard a lot about sexual harassment

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1 recently, and I would like to assure you that the Corporation
2 provides sexual harassment training periodically, to heighten
3 the awareness and sensitivity of both managements and
4 employees.

5 LSC's sexual harassment policy clearly defines
6 sexual harassment, states that sexual harassment is strictly
7 prohibited, and provides a procedure to be followed in filing
8 such a complaint. This procedure provides for the prompt,
9 confidential investigation of any such complaint, and further
10 states that any manager or employee found to be engaging in
11 sexual harassment, as the result of such an investigation,
12 will be subject to disciplinary action.

13 With regard to LSC grantees, the Office of Human
14 Resources Equal Opportunity monitors compliance with several
15 grant assurances, which require grantees to provide equal
16 opportunity in the provisions of legal services and in
17 employment.

18 Grantees are also required to submit copies of
19 their Board approved equal opportunity policy statements to
20 LSC once every three years, as well as to advise program
21 personnel of LSC's equal opportunity complaint procedure,
22 Instruction 83-3.

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1 Additionally, OHRO monitors compliance with 45 CFR
2 1616.6, and 45 CFR 1624. Each of those, one requires equal
3 opportunity in attorney hiring, and the other requires LSC
4 grantees to provide handicap accessibility.

5 We also respond to and may review and investigate
6 complaints of a pattern and practice of discrimination by LSC
7 grantees.

8 To assure that the maximum amount of the funds that
9 are granted to LSC programs are channeled to service
10 delivery, rather than expended for employment litigation and
11 lawsuits that may sometimes be avoidable, we implemented a
12 program in May of 1991 to make EEO compliance training
13 available to LSC grantees and their governing boards.

14 Such a training event was conducted at Capital Area
15 Legal Services in Baton Rouge, Louisiana, and the possibility
16 of similar training is currently being discussed with two
17 other programs.

18 OHR/EO is also currently involved in a major
19 initiative to heighten the awareness of programs regarding
20 the implementation and compliance requirements of the
21 Americans with Disabilities Act. This Act is the most
22 sweeping piece of civil rights legislation passed by Congress

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1 in 25 years.

2 The public accommodations requirements of this Act,
3 which become effective January 26th, 1992 will greatly affect
4 Legal Services programs, as will the employment provisions of
5 the ADA which become effective July 26th, 1992.

6 Knowing that the disabled are among the most needy
7 Legal Services clients, OHR/EO and the Division of Program
8 Support and Technical Assistance of the Office of Field
9 Services are both gearing up to assist programs in preparing
10 for implementation of and compliance with the ADA.

11 It is our hope that the provision of such technical
12 assistance will result in greater compliance, and a
13 corresponding reduction in the need for enforcement action or
14 in funds being diverted to settle lawsuits for noncompliance.

15 To implement our technical assistance efforts, a
16 mailing was sent to all programs the first week in November,
17 advising them of LSC's availability to provide technical
18 assistance related to implementation of and compliance with
19 the ADA.

20 Included in the mailing was a publication entitled
21 The Americans with Disabilities Act and Employers Guide. We
22 are also coordinating our technical assistance efforts with

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1 the Equal Employment Opportunity Commission. I have been
2 advised by the EEOC that they will provide LSC with 350
3 copies of a basic resource document which we will mail to the
4 programs upon receipt.

5 The EEOC is also most generously allotting to LSC
6 one slot in the exclusive ADA Training Program it has
7 scheduled for EEOC staff members. Each participant in this
8 program will be required to make a commitment to conduct
9 outreach training.

10 Therefore, I have agreed, on behalf of LSC, to
11 provide such outreach training to LSC grantees. I am very
12 excited about this opportunity to assist LSC grantees and
13 their clients through these efforts, and thereby assist in
14 the further achievement of LSC's mission.

15 I hope that this has given you some idea of the
16 responsibilities of the Office of Human Resources and Equal
17 Opportunity. And now I would like to give you an opportunity
18 to ask me some questions if you wish.

19 CHAIRMAN WITTGRAF: Thank you very much, Ms.
20 Dickerson. Your last comment about working with LSC
21 grantees, you were referring specifically that ADA
22 compliance?

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1 MS. DICKERSON: Yes.

2 CHAIRMAN WITTGRAF: Okay. And ADA is the?

3 MS. DICKERSON: Americans with Disabilities Act.

4 CHAIRMAN WITTGRAF: Okay. Questions or comments
5 for Ms. Dickerson?

6 MR. KIRK: How much is it going to cost, do you
7 think, to comply with the ADA regulations?

8 MS. DICKERSON: We see different figures. I've
9 seen quotes from anywhere from \$350 to \$800 per employee.
10 Personally, I think that probably the Public Accommodations
11 Requirements are going to cost more than the accommodations
12 required for employees. There will be some dual role there,
13 in that changes that are made for employees to have more
14 access to an office, for instance, or a building would work
15 both for clients and for employees.

16 But I would expect that with regard to our Legal
17 Services programs we will see the need for a much greater
18 expenditure related to public accommodations than to
19 employment.

20 MR. KIRK: And how much time do you have to make
21 these points?

22 MS. DICKERSON: We have 146 programs that will have

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1 to be in compliance by January 26th, 1992. We have about 179
2 programs in addition to that, that will still have to be in
3 compliance but will have a little bit of a deferment in the
4 amount of time that someone can bring a suit against them.

5 In that there is an exception for programs with
6 gross receipts, or all businesses as far as that goes, with
7 gross receipts a million dollars or less, and 25 or fewer
8 employees, no one will be able to bring a suit against those
9 particular groups of people until July 26th, 1992.

10 MR. KIRK: Is all that money going to have to be
11 taken out of the current budgets of the field offices, to
12 tear out the walls and everything that needs to be done by
13 July?

14 MS. DICKERSON: The way the requirement is stated,
15 it is stated in the sense of readily achievable. The EEOC
16 and DOJ have kind of loosely defined readily achievable. And
17 so until we really get into it and you start seeing what kind
18 of suits are brought, and what is allowed, we won't know for
19 sure.

20 But, presumably, what they are saying is make the
21 accommodations that are readily achievable. If you can
22 demonstrate that you are acting in good faith and you are

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1 doing something, then the full requirement if we need to
2 request additional funds in future budgets, I think we should
3 be able to handle that, as long as we can show that the
4 programs are doing something to try to comply.

5 CHAIRMAN WITTGRAF: Mr. Kirk?

6 MR. KIRK: \$500, just taking that as a minimum per
7 employee in a 40 employee office, that is \$20,000, a pretty
8 big chunk of money. And you think that would have to be
9 spent over the next year or two in these areas?

10 MS. DICKERSON: Well, of course, that is just an
11 average figure. I would say yes, that the expenditures that
12 are going to have to be made will have to be made over the
13 next year or two. Yes.

14 MR. KIRK: Thank you.

15 CHAIRMAN WITTGRAF: Further questions or comments?

16 (No response.)

17 CHAIRMAN WITTGRAF: Thank you very much.

18 Mr. President?

19 MR. O'HARA: Thank you, Mr. Chairman. Thank you
20 Alice and David. At this point I would like to discuss a
21 little business with the Corporation itself, its staffing.

22 As you well know, back in the fall of 1990, I was

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1 hired to do a management study of the Corporation. At the
2 conclusion of that study, I turned in a draft report and then
3 when I came in April of this year to rejoin the Corporation
4 as a consultant, David Martin gave me the authority to
5 implement some of the changes which we had recommended in
6 that draft management report.

7 And, at this time, I would like to talk to the
8 Board about the objective I have, which is to unite the
9 Office of Monitoring, Ordering, and Compliance and the Office
10 of Field Service into an operation under an executive officer
11 who would be able to work with the two of them.

12 I think I have learned in the few months that I
13 have been back at the Corporation that having one person with
14 the daily surveillance, if you will, over both of these
15 offices has resulted in a much cleaner operation.

16 I think the refunding application which went out to
17 the field just last month is an example of the type of things
18 that can be achieved with one person exercising some
19 executive authority over both of these offices. And with
20 that in mind, I have given the Chairman a copy of a
21 resolution which I would hope that a member would propose and
22 get before the Board for a vote on this particular position.

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1 I would say that I do not intend to go outside of
2 the Corporation to hire a person for this office. It will be
3 somebody from within the Corporation. We have two, three,
4 maybe four individuals who are qualified to handle this
5 position.

6 CHAIRMAN WITTGRAF: Before we proceed to further
7 discussion, the Chair is prepared to entertain a motion to
8 the effect proposed by Mr. O'Hara. Mr. Rath, perhaps for the
9 record, and maybe more importantly for our friends in the
10 audience, you might read the resolution.

11 M O T I O N

12 MR. RATH: I move that it be resolved that the
13 Directors of the Legal Services Corporation hereby authorize
14 the creation of a position known as Vice President for
15 Operations, in order to assist the President in carrying out
16 the day-to-day oversight and administrative activities
17 associated with his office.

18 CHAIRMAN WITTGRAF: Is there a second to that
19 motion?

20 MS. LOVE: Seconded.

21 CHAIRMAN WITTGRAF: It has been moved by Mr. Rath,
22 seconded by Ms. Love. Discussion? Mr. Uddo?

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1 MR. UDDO: Jack, I haven't read the regulation in a
2 while. Would this be an office that would be filled in
3 consultation with the Board? I know that there is a certain
4 list of officers.

5 MR. O'HARA: Yes. As I said when I came into this
6 position, I am not going to make any moves of any type
7 without consulting with the Board.

8 MR. UDDO: I appreciate that, but I'm just saying
9 if we are going to add another officer, I don't remember how
10 it reads. Does it say Vice -- I know it says, obviously we
11 hire the President, and --

12 MR. O'HARA: Well the President can hire, but in
13 creating an office of this level, it generally would require
14 a resolution of the Board to do that.

15 MR. UDDO: I don't mean the resolution to create
16 the office. Do you have a regulation on that? There are
17 certain named officers that the access should be done in
18 consultation with the Board, and there is others that doesn't
19 say that at all.

20 CHAIRMAN WITTGRAF: The Chair's recollection, Mr.
21 Uddo, is that the answer to your question is yes.

22 MR. UDDO: Vice President, of course?

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1 MR. DANA: I think --

2 CHAIRMAN WITTGRAF: Mr. Dana.

3 MR. DANA: My recollection of the bylaw is that
4 while the President, as far as all employees, that the
5 employment or the hiring of an officer requires the advice
6 and consent of the Board.

7 MR. UDDO: Does it say advice and consent or
8 consultation?

9 CHAIRMAN WITTGRAF: Mr. Uddo, I believe
10 consultation, yes.

11 MR. DANA: I believe consultation.

12 MR. UDDO: Consultation.

13 CHAIRMAN WITTGRAF: Mr. Dana.

14 MR. DANA: This, I understand, will be premature
15 then.

16 MR. UDDO: We need to create the office.

17 CHAIRMAN WITTGRAF: Yes.

18 MR. UDDO: I was just asking it was felt that this
19 would come under the bylaws that requires consultation.

20 CHAIRMAN WITTGRAF: Mr. Dana.

21 MR. DANA: Jack, this will leave us, or give us two
22 Vice Presidents; is that correct?

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1 MR. O'HARA: Yes.

2 MR. UDDO: Is the other Vice President just a Vice
3 President, or will he have a --

4 MR. O'HARA: The other Vice President is the Vice
5 President for Corporate Affairs, and he is responsible for
6 communications with the press, Congressional Affairs, and
7 external matters. This would be somebody who would be
8 knowledgeable of the field programs, and somebody who could
9 work with the office of field services and monitoring audit
10 and compliance on a regular basis, on a daily basis as a
11 matter of fact.

12 And somebody that -- I think I have told you I am
13 nuts and bolts, and I have got to be involved in everything
14 that is going on, and I think this would give me a better
15 handle on both of those officers while I am dealing with the
16 other matters within the Corporation.

17 CHAIRMAN WITTGRAF: Your reference, Mr. President,
18 to dealings with the field pertains to the new position, Vice
19 President of Operations; is that right?

20 MR. O'HARA: That is correct.

21 CHAIRMAN WITTGRAF: Further discussion?

22 (No response.)

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1 CHAIRMAN WITTGRAF: Hearing none, those who are in
2 favor of the motion will signify by saying aye.

3 (A chorus of ayes.)

4 CHAIRMAN WITTGRAF: Those who are opposed, nay.

5 (No response.)

6 CHAIRMAN WITTGRAF: The ayes appear to have it.
7 The ayes do have it. The resolution is adopted.

8 MR. O'HARA: At this time, Mr. Chairman, I would
9 like to have our Vice President for Corporate Affairs, Alan
10 Severson, give a legislative report to the Board.

11 CHAIRMAN WITTGRAF: Mr. Severson, good morning.

12 PRESENTATION OF ALAN SEVERSON

13 VICE PRESIDENT FOR CORPORATE AFFAIRS

14 MR. SEVERSON: Good morning, Mr. Chairman, members
15 of the Board. I would like to briefly bring you up to date
16 on events that may have transpired on a legislative front
17 since I saw you all in Portland, Maine in October.

18 First of all, on the 28th of October, President
19 Bush did sign our Fiscal Year '92 Appropriations Act,
20 granting \$350 million for the Corporation in the coming
21 fiscal year. Again as noted then, and as has been speculated
22 on, if I could speak for the President and others, we are

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1 delighted with this figure.

2 And it is again outlined for you with specificity
3 in the newsletter, and I encourage you to look at how it is
4 laid out. The relevant riders restricting the use of the
5 funds from Fiscal Year '91 were continued. These relate to
6 political activities, to abortion, to involvement in strikes
7 and boycotts, and also representation of illegal aliens.
8 That was carried on from the prior fiscal year to the current
9 one.

10 Regarding the Reauthorization Bill, again this bill
11 will not be considered. If I can say anything so
12 Schermanesque, in this session of Congress the time is
13 growing short before they do plan to adjourn.

14 There are a number of priorities brought for the
15 House overall and for the Judiciary Committee, in particular,
16 that make it almost transparently clear that the bill will
17 not be considered this session.

18 However, it is, I would think, slated for
19 consideration early in the coming session of this Congress,
20 and we expect the Judiciary Committee to file its report in
21 February. Of course the filing of a report by the Committee
22 is an absolute prerequisite before it would be considered for

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1 consideration. So that report has not been filed. We expect
2 it to be filed again early in the coming year.

3 Regarding confirmation, seven of our eleven members
4 have submitted their paperwork to the Senate Labor and Human
5 Resources Committee. Three of you have not. We certainly
6 encourage you to go ahead and do that.

7 And I know Mr. Shumway, as the most recent
8 appointee, is still subject to security clearances and has
9 not reached that point just yet. But if I could again
10 encourage you all to move forward on the paperwork, those of
11 you that have not submitted it.

12 CHAIRMAN WITTGRAF: Mr. Severson, if I may
13 interrupt you there just a moment. I think technically we
14 are talking about 10 rather than 11. I think, strictly
15 speaking, Mr. Shumway has not been nominated.

16 MR. SEVERSON: That is correct. Excuse me. That's
17 right.

18 CHAIRMAN WITTGRAF: And my understanding is that it
19 is actually 8 of 10. I think there are only two that we are
20 working on finally at this point, at least --

21 MR. SEVERSON: Well, I hope not.

22 CHAIRMAN WITTGRAF: According to my calculations.

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1 MR. SEVERSON: It could have changed in the last
2 few days. The adjournment target for Congress remains the
3 26th of November, which coincides with the expiration of the
4 most recent continuing resolution for the departments of the
5 Executive Branch that have not received their appropriations
6 as yet. And there are three outstanding bills that have not
7 been passed. Ten of the thirteen have been passed.

8 Whether Congress holds to that adjournment, again
9 is problematical. In my experience, usually in a non-
10 election year it has gone into December, but the official
11 word is still the adjournment for this session is slated for
12 November 26th.

13 On a relieved note, certainly our President, Jack
14 O'Hara, has mentioned the newsletter. I want to thank him
15 for his support in producing this. It was a big effort for
16 us. We are proud of it. It was a collaborative effort
17 within the Corporation.

18 As you can see from the articles there, there were
19 submissions from all aspects of it. And we not only have
20 material for this issue but for future ones. So I think we
21 are in a well position to make this an ongoing thing.

22 As you mentioned, we are looking for a dialogue,

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1 not only with our field but also with you as Board members,
2 any of you that feel a particular topic, either in your work
3 as a full Board member or on any of the committees that would
4 like to submit something for it, or stay in touch with the
5 communicating on it. I know you will not hesitate to stay in
6 touch with me.

7 It would be my pleasure to work with you on it.
8 And we have, again it should be a forum not only for the
9 field but also for you as Board members to make your opinions
10 known, and to outline a point of view.

11 So I thank you for that, and I would be open to any
12 questions you have at this particular point.

13 CHAIRMAN WITTGRAF: Any questions or comments for
14 Mr. Severson?

15 (No response.)

16 MR. SEVERSON: Thank you.

17 CHAIRMAN WITTGRAF: Hearing none. Thank you.
18 Thank you, Mr. President. At this time the Chair recognizes
19 the Inspector General, Mr. Quatrevaux. For his report, I
20 would note for the benefit of the Board members, as well as
21 our friends in the audience, that we are expecting to proceed
22 later in the day to Executive or Closed Session to hear

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1 further from Mr. Quatrevaux at that point.

2 But he has what report he can share with us in Open
3 Session at this time. Good morning.

4 PRESENTATION OF EDOUARD QUATREVAUX

5 INSPECTOR GENERAL

6 MR. QUATREVAUX: Good morning, Mr. Chairman. I
7 will try to keep this portion brief because we do have a lot
8 of material to discuss this afternoon. I attended a meeting
9 of the IGs of the designated federal entities, some 33
10 establishments similar to LSC, in that the IGs are not
11 Presidential appointees primarily.

12 They are the subject of the 1988 Act that created
13 the office here at LSC. Mr. Conyers addressed the group. He
14 discussed his intention to hold hearings in the winter,
15 related to possibly amending the legislation based on a GAO
16 review of the implementation that his committee has
17 requested.

18 He is expecting a report around the first of the
19 year, and this may be a draft report on which we will have an
20 opportunity to comment.

21 The difference of the -- Please, just any time you
22 have some questions stop me. Next subject. The IG Act has a

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1 requirement for a peer review. That is another IG office is
2 to come in and audit the operation of the IG office. I am to
3 arrange for that.

4 The Act requires this review once every three
5 years. The first three-year period expires at the end of
6 this calendar year. The PCIE on behalf of all the IGs
7 involved requested an extension from the Comptroller General.
8 The Comptroller General granted a one year, one time
9 extension of that requirement. So we won't have that until
10 the end of '92.

11 I have been notified that GAO is coming to discuss
12 the Single Audit Act with me, and that is an Act designed to
13 decrease the audit burden on nonprofit organizations with
14 several federal funding sources. Based on dollar thresholds,
15 a lead agency is identified to conduct the audits, the others
16 providing input.

17 So this may very well have some effect on those LSC
18 grantees, the audits that they conduct for those that are
19 receiving substantial federal funds.

20 The Office of the IG will conduct, and has
21 announced an audit of travel and other related expenses in
22 the December time period. This is a management level audit.

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1 It is not intended to go into individual transactions, but it
2 is a review that is based on concerns expressed by various
3 Board members, by the president of the Corporation, as well
4 as individual travelers.

5 We are going to look at the LSC travel policy to
6 ensure that it complies with the law. And we will take a
7 management look at it to see if it is effective, people
8 understand it, and that it works well.

9 I am in the process of lining up appointments with
10 appropriate staffers during the recess, staffers of the LSC
11 authorizing appropriations committees and subcommittees.
12 Just to establish a liaison there. That is all I have for
13 Open Session.

14 CHAIRMAN WITTGRAF: Thank you, Mr. Quatrevaux. Mr.
15 Uddo?

16 MR. UDDO: In your travel audit, I assume you
17 talked to Board members a little bit about that?

18 MR. QUATREVAUX: Absolutely.

19 MR. UDDO: I would like to tell you before you
20 start looking that it has got problems with the way we try to
21 do things now. I would like to have an opportunity to
22 express those to you.

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1 MR. QUATREVAUX: I plan to canvass each and every
2 Board member for input on that.

3 MR. UDDO: Thank you.

4 CHAIRMAN WITTGRAF: Further questions or comments
5 from Mr. Quatrevaux at this time?

6 (No response.)

7 CHAIRMAN WITTGRAF: Thank you.

8 MR. QUATREVAUX: Thank you, Mr. Wittgraf.

9 CHAIRMAN WITTGRAF: The Chair is now prepared to
10 turn to Agenda Item Number 7, the report of the Board's audit
11 and appropriations Committee. Mr. Dana.

12 PRESENTATION OF HOWARD DANA

13 CHAIRMAN, AUDITS AND APPROPRIATIONS COMMITTEE

14 MR. DANA: Mr. Chairman. The committee met
15 yesterday afternoon and into the evening. The committee was
16 composed of Ms. Wolbeck, you and myself. But I am happy to
17 say that the Board members, Bob Wittgraf and Hall were
18 present.

19 It was largely a fact-finding effort. We learned,
20 for instance, that in 1991, the year just completed, that
21 management and administration spent just over \$10 million. A
22 summary of that is on page 23 of the audit appropriations

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1 book of the Board book.

2 We also learned that there is a total of \$2,359,330
3 that is left over in uncommitted and/or monies that have been
4 earmarked by a prior Board that you could change. But those
5 monies are presently being split between the basic field
6 programs for 1990 and 1991, migrant funds for '90 and '91,
7 national and state support for '91. \$300,000 for timekeeping
8 set aside in, I think, 1987. And \$1,418,338 from the M&A
9 line from 1991.

10 We learned something that was not known, at least
11 to this Board member, but that management currently believes
12 that it is authorized to, without benefit of additional Board
13 authority, make ad hoc one-time grants out of excess funds in
14 any of these lines. And we think that it would be a good
15 idea for the provisions committee to look into whether or not
16 there ought to be some guidelines in this area.

17 While we are unaware of any, we are not aware of
18 any abuses, it is possible that programs that are aware of
19 this pot of money might be seen as having an inside track,
20 since it may not be generally known that people can apply for
21 ad hoc grants and that they can be awarded really apparently
22 at the pleasure of management without additional Board

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1 authority.

2 We learned that the grant applications for
3 Mississippi and Alabama -- you may recall that a year ago we
4 discovered that there were four migrant programs that had
5 been authorized by Congress, that for one reason or another
6 had never been funded by the corporation, and the Board said
7 we ought to carry out Congress' authorization.

8 So we urge the Corporation to make grant
9 applications. We were advised at the prior meeting that in
10 fact applications had been made for programs, the two largest
11 of which are Mississippi and Alabama.

12 Their applications, at the urging of management,
13 were converted really into requests for legal need studies in
14 this area. Both states were told that their original
15 proposals were not going to be favorably acted on because
16 they relied upon sub-grants to out-of-state entities, which
17 was alleged that there was a long-standing policy of the
18 Corporation to discourage what are known as interstate
19 sub-grants.

20 This policy may well be another subject that the
21 provisions of the committee of the Board may wish to explore.
22 Frankly, this Director is concerned that there may well be a

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1 need for interstate sub-grants for training and coordination
2 in this area, that the Corporation has not been aggressive
3 enough in carrying out the Board's direction to in return
4 carry out the Congressional mandate to establish migrant
5 programs in these states.

6 We learned that the client Board member training
7 video continues to be just moments of away from national
8 release. We learned from Ms. Kasler, the partner of Grant
9 Thornton, in charge of our audit, we heard from her. With
10 the consent of the Comptroller, we have authorized Grant
11 Thornton to use a more appropriate audit guide. Apparently
12 for some time our auditors have been using the audit guide
13 entitled Audits for the Use by Voluntary Health and Welfare
14 Organizations, and it is not clear that that really is an
15 appropriate guide.

16 We also made a recommendation to this Board that it
17 ratify and confirm the engagement letter that, frankly, we
18 have entered into with Grant Thornton, dated October 3, 1991.
19 And, Mr. Chairman, I would make that in the form of a motion
20 at this time, if you want to take it up at this time.

21 CHAIRMAN WITTGRAF: Thank you, Mr. Dana. There is
22 an engagement letter, you say, by a member of the staff or

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1 by?

2 MR. DANA: The president.

3 CHAIRMAN WITTGRAF: By the president, dated October
4 3, of 1991, with Grant Thornton?

5 MR. DANA: Who is doing our outside independent
6 audit.

7 CHAIRMAN WITTGRAF: For Fiscal Year 1991?

8 MR. DANA: Correct.

9 M O T I O N

10 CHAIRMAN WITTGRAF: Your motion then, as I
11 understand it, is to approve the retention of Grant Thornton
12 for that audit for Fiscal Year 1991?

13 MR. DANA: Correct.

14 CHAIRMAN WITTGRAF: Is there a second?

15 MR. UDDO: Second.

16 CHAIRMAN WITTGRAF: There has been a motion by Mr.
17 Dana, seconded by Mr. Uddo. Is there discussion on this
18 matter?

19 (No response.)

20 CHAIRMAN WITTGRAF: Hearing none, those who were in
21 favor of the adoption of the motion to hire Grant Thornton
22 for the independent outside audit of the Legal Services

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1 Corporation for Fiscal Year 1991 will signify by saying aye.

2 (A chorus of ayes.)

3 CHAIRMAN WITTGRAF: Those who are opposed, nay.

4 (No response.)

5 CHAIRMAN WITTGRAF: The ayes appear to have it.

6 The ayes do have it. Mr. Dana?

7 MR. DANA: Mr. Chairman, for 1992, which is the
8 year that just began on October 1, we have committed and
9 uncommitted carry-over funds and appropriated funds of \$355
10 million, \$870,152 available. Without any transfers from
11 various lines, we would have available approximately \$11
12 million, \$200,000 for management and administration.
13 Approximately \$990,000 for Board initiatives, including
14 competition grants, and \$97,000 for special M&A contingency
15 matters.

16 The way the M&A budget is developed is that the
17 various directors within the Corporation develop their
18 requests, and those have been assembled. They come
19 collectively to \$12,400,000. Approximately a 24 percent
20 increase over what we spent last year.

21 If we imposed a hiring freeze and left everything
22 exactly the way it is, that kind of a budget would cost about

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1 \$10,200,000. The current working budget was presented to us
2 yesterday, and which we are in the process of trying to
3 understand, is \$11,500,000, about a 15 percent increase over
4 what was actually spent last year.

5 That, our budget last year, you may recall, was I
6 think \$10,777,000. I think that is approximately right. We
7 didn't spend all of that, and so this would be an increase of
8 approximately 8 or 9 percent over our budget authority from
9 last year.

10 So comparing apples and oranges, it is 7 or 8
11 percent. If we went with 11.5 you go from what we actually
12 spent to what is proposed to be spent, it is about a 15
13 percent increase.

14 Your committee is not prepared to make a
15 recommendation at this time, and we would hope to be in a
16 position to make a recommendation at the December meeting.
17 However, based upon a presentation by the IG, we are prepared
18 to recommend that the new IG be authorized to hire four new
19 positions, bringing his department from its current level of
20 six to ten. Those positions are the Assistant IG for Audits,
21 two auditors, and an inspector.

22 And I don't know whether you would want to take a

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1 vote at this time on that recommendation, or whether you
2 would want to do so after an opportunity to examine the IG.
3 But it is your committee's recommendation that that request
4 be honored, and that he be authorized at this time to begin
5 to fill those positions, because the lead time is such that
6 that may be necessary.

7 CHAIRMAN WITTGRAF: Okay. Mr. Dana, if I
8 understand the position that the Board, the Corporation are
9 in, it is that the actual budget for Fiscal Year 1992 for
10 management and administration has not been adopted, and your
11 committee is not recommending its adoption at this time.

12 In the absence of being able to act on the overall
13 management and administration budget for the Corporation, you
14 do want to extend authority to the Inspector General to
15 employ four additional persons in his office; is that
16 correct?

17 M O T I O N

18 MR. DANA: Correct. The current state of the --
19 these are four of perhaps ten new positions that are
20 contemplated this coming year in the current budget. And you
21 may recall we were so late in the year that we ultimately
22 adopted a COB that presented problems last year.

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1 So we are -- I would be as anxious to staff up his
2 proposed organization and, you know, recommending that that
3 request be honored at this time. And so, in fact, it is a
4 proposal to approve those hirings. And I see no reason,
5 unless the Board wishes to ask questions of the IG on this
6 subject, I would so move.

7 CHAIRMAN WITTGRAF: I think probably that is part
8 of what we will visit with the Inspector General about later.
9 Normally we wouldn't be doing this, but for his need to move
10 quickly, while you are still looking at the overall budget, I
11 think normally we wouldn't be that concerned with either the
12 president's or the IG's employment of individuals except in
13 this unusual situation.

14 I will assume that is a motion. Is there a second?

15 MS. WOLBECK: I second.

16 CHAIRMAN WITTGRAF: You heard the motion made by
17 Mr. Dana, seconded by Ms. Wolbeck, to in the absence of a
18 Board approved consolidated operating budget for management
19 and administration for Fiscal Year 1992 to enable the IG to
20 proceed with the employment of four additional professional
21 staff members. Is there discussion?

22 MR. UDDO: Just a clarification. I think the

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1 fourth position is technically an investigator, not
2 inspector. I think it is designated investigator.

3 MR. DANA: I'm sorry. I mis-spoke. It is
4 investigator.

5 MR. UDDO: Investigator.

6 CHAIRMAN WITTGRAF: Further discussion?

7 (No response.)

8 CHAIRMAN WITTGRAF: Hearing none, those who are in
9 favor of the motion will signify by saying aye.

10 (A chorus of ayes.)

11 CHAIRMAN WITTGRAF: Those who are opposed, nay.

12 (No response.)

13 CHAIRMAN WITTGRAF: The ayes appear to have it.

14 The ayes do have it. The motion is adopted. Mr. Dana?

15 MR. DANA: Mr. Chairman, for 1993, we learned from
16 Andy Steinberg and Regina Rogoff, who are the co-chairs of
17 TAGs funding criteria committee, that they believe that
18 Fiscal Year 1993 -- in this respect they are clearly right --
19 is the first year when the efforts of the 1990 census will be
20 available and felt by the field.

21 That, from early returns, they expect that there
22 has been approximately a 15 percent increase in the number of

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1 people in this country who will be eligible for our services.
2 That is a 15 percent increase between 1980 and 1990.

3 That, inevitably that increase will impact areas
4 greater than others, and that these two factors provide
5 powerful reasons for seeking a substantial increase in
6 funding from Congress in 1993.

7 That, throughout the 1980, the disparity in funding
8 of per poor person from program to program has been gradually
9 narrowed without reducing the funding for any individual
10 program.

11 So that in 1992, the year we are in, more than 98
12 percent of the funding that goes to basic field programs goes
13 to provide the floor, floor funding of what is going to be
14 this coming year, \$9.88 per poor person, living in the
15 program's area. That is to say that less than 2 percent of
16 the funding will go on top of the \$9.88 for some but not all
17 programs.

18 The highest funded program, I believe, is Alaska
19 where the funding is in the neighborhood of \$18.50 per poor
20 person, and there are a few programs that are -- no, I think
21 it drops down to \$15 and then there are some programs that
22 move down to that.

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1 In this coming year, 21 more programs will be
2 subsumed in this ever-rising floor which is going to this
3 year \$9.88. It is our view the Corporation has set a goal, a
4 program known as Minimum Access, which we have all heard
5 about before.

6 Minimum access is defined as providing access to,
7 or providing two lawyers for every 10,000 poor people in this
8 country. That goal was achieved in 1981, through a
9 combination of reductions in funding by Congress, inflation,
10 and this anticipated increase in the poverty population. I
11 think it is anticipated that we are now at about half of
12 minimum access.

13 Based upon the presentation that was made by Regina
14 and Andy, and the concerns of the committee and Board
15 members, it is the recommendation of the committee that the
16 provisions committee explore the re-institution of either the
17 Reggie Program or some method of student loan forgiveness, so
18 that the best and the brightest who desire to work in legal
19 services are not prevented from doing so by the existence of
20 substantial debt.

21 I think it would also be -- I don't know that the
22 committee actually voted this, but I think that if the

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1 provisions committee is going to be looking into the
2 possibility of instituting the REGI Program they might also
3 take a look at two other line items. One relates to client
4 Board member advocacy.

5 In the early days of the Corporation, it was
6 discovered that client Board members sitting on Boards with
7 lawyers needed advice and counsel, and needed training to
8 help them be more effective in dealing with lawyers.
9 Frankly, I find that hard to believe, but some people think
10 that lawyers are hard to deal with.

11 In any event, there was, for many years, an
12 organization called the Client's Counsel, which was de-
13 funded, and I think not because of its function was not a
14 good function but because a prior Board felt that it was not
15 being carried out particularly well.

16 In its place, we have about the only thing we are
17 currently doing is -- not to bring up a sore subject, but
18 producing a video which has been two and-a-half years in the
19 making. I do think that this is an area that the provisions
20 committee should look into. I'm not sure what should be done
21 about it.

22 But that and I would also -- speaking for myself

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1 only, encourage the provisions committee to inquire as to
2 whether or not the \$1.2 million we annually spend for a
3 series of law school -- grants to law school is an efficient
4 use of scarce Legal Services resources. It may be, but I
5 have my doubts.

6 The Committee has learned from the American Bar
7 Association that is has -- it is not yet in a position to
8 recommend that a budget marked for 1993, and the Committee is
9 not yet prepared to make its recommendation, but Board
10 members who have a view on this subject should take advantage
11 of a call they will receive from David Richardson to again to
12 develop their own recommendations. Hopefully, the provisions
13 committee will give us some guidance in the areas indicated.

14 But this is really the -- as we develop the shape
15 of a budget mark, this is the opportunity for exercising
16 about the only policy input, to the major policy input that
17 we as the Board have, and the committee did not feel that it
18 had enough input both as to the size and as to the parameters
19 at this time.

20 Finally, Mr. Chairman, members of the -- some
21 members of the Board yesterday at noon took a tour of 750
22 First Street, and received a report from Charles E. Smith,

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1 Company, the Corporation's rental agent, and a report from
2 Ken Boehm and David Richardson, who have been working
3 concerning the advantages of this new space and the
4 substantial relative disadvantages of our existing space.
5 And given management's assurances that we can rent the same
6 or more space at 750 First Street for the same or less money
7 than we are presently renting at 400 Virginia Avenue.

8 M O T I O N

9 MR. DANA: The committee unanimously recommends
10 that management be authorized to sign a letter of intent with
11 Trammel Crow Company, dated November 15, 1991, looking to
12 bring back to the Board for its final review and approval,
13 assuming that an adequate lease can be arrived at, at the
14 Board's December meeting.

15 CHAIRMAN WITTGRAF: That is a motion?

16 MR. DANA: Yes.

17 CHAIRMAN WITTGRAF: Okay. Is there a second.

18 MR. UDDO: Second. I second.

19 MR. DANA: I think that the -- some members of the
20 Board who haven't seen this space may have an opportunity to
21 see it at noon. And I don't know whether you want to defer a
22 vote on it until after that, or what. But that is the final

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1 action that we are -- the final aspect of my report.

2 CHAIRMAN WITTGRAF: Thank you, Mr. Dana. Yesterday
3 noon, as you indicated, you and I, Ms. Wolbeck, Ms. Love had
4 an opportunity to view the facilities. Arrangements have
5 been made by Mr. Boehm for other members to view the
6 facilities this noon, essentially during the period set aside
7 for lunch, if they wish. And I think a final vote may wait
8 then until anyone who wants that opportunity has had it.

9 Perhaps we should have some discussion at this time
10 prior to the viewing, if anybody is interested in the
11 viewing, and if anybody has any questions or concerns they
12 would like to present at this time.

13 MR. DANA: Mr. Chairman.

14 CHAIRMAN WITTGRAF: Mr. Dana.

15 MR. DANA: I don't know the extent to which Board
16 members have viewed the existing space, but it is terrible
17 space. It is much of it is in the basement. It is stretched
18 out over a building that is not particularly good space. Our
19 staff is crammed into tiny little offices. However, the
20 location of our space, for reasons not altogether clear to
21 me, is such that it is very valuable.

22 And I think we are close to NASA, or new NASA

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1 Headquarters, and a lot of suppliers have to be there within
2 X number of feet. So that, although we have four years to
3 run, the rentals we are able to not only get out of that
4 space but actually make some money in doing so.

5 The new space, my only concern about it is that it
6 is so nice. It is almost too nice, in that it is up in the
7 air. It is on the top of a brand new building. It is in a
8 building that is occupied by a nonprofit, the National
9 Psychiatric Association is occupying one the others. In any
10 event, they have done a lot of work, because they are
11 occupying the first five floors.

12 This is at the top of the space. It is very nice.
13 One of the reasons that we are able to get such a good rent
14 is that the city of Washington in an enlightened move to make
15 sure that organizations like our own stay here rather than
16 leave the District, has waived all real estate taxes for five
17 years, and half of the real estate taxes for the next five.
18 Which saves us up to \$3.50 a square foot. And it is just
19 very good, very efficient space.

20 And David Richardson and Ken Boehm, and David
21 Martin, all of whom have promoted it originally and then
22 found this space, and Charles E. Smith should be complimented

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1 for it.

2 MR. WITTGRAF: Mr. Dana, by way of backup, am I
3 correct in my understanding from Mr. Richardson's earlier
4 comments that it was back in January, or February, or March
5 of this year, at the direction of President Martin, that Mr.
6 Richardson interviewed some 14 or 15, I guess, real estate
7 brokers? Charles E. Smith and Company became the broker with
8 whom they have been dealing. And the facilities we are
9 discussing now were the ones that came out of the search
10 undertaken by Charles E. Smith and Company. So this is a
11 process that has actually been underway not for a matter of
12 days or weeks, but in fact for some nine months.

13 MR. DANA: Correct.

14 CHAIRMAN WITTGRAF: The Chair's intention is to put
15 off consideration of the resolution until anyone who is
16 interested has had -- any other Board members who are
17 interested have had the opportunity to view the facilities.
18 But the Chair certainly would entertain further questions or
19 comments, discussion at this time. Mr. Kirk.

20 MR. KIRK: Mr. Richardson -- May I direct it to
21 Mr. Richardson?

22 CHAIRMAN WITTGRAF: Certainly.

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1 MR. KIRK: Being impressed by what I heard earlier,
2 I want to ask you a few questions. A triple net lease with
3 an escalation clause seems like a landlord's dream in this
4 day and time. I know that you could certainly get a lot
5 better deals just about anywhere else in the country. Is
6 this the best you can do in the D.C. area?

7 MR. RICHARDSON: Sir, we have looked at 12
8 different properties, and we have looked at their proposals,
9 and most everybody in town has triple net leases. There are
10 a few that would come in with a cap on operating costs and so
11 forth.

12 But instead of looking at \$22 a square foot, which
13 we are looking at this building, these places are asking \$34,
14 \$36 a square foot to move in. So we feel that this is the
15 best approach for us.

16 Even the building that we are in, we have got
17 projections, and maybe you are not aware, but LaSalle
18 Partners has been the managing firm in our property for the
19 past five years. Trammel-Crow as of November 1st took over
20 that responsibility. Trammel-Crow is also the managing
21 partner in the property that we are looking at on 750 First
22 Street.

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1 LaSalle and Trammel-Crow both have shared with us
2 that they feel the rent in our present space, beginning
3 September 1st, '95 when our lease expires, will go to \$36.50
4 a square foot.

5 MR. KIRK: Well my concern is that when you have a
6 triple net like this there is absolutely no incentive for the
7 landlord to be efficient, effective in what he spends on
8 management services and what have you. And, you know, when
9 you can make it a 75 percent of increases or something like
10 that then you know that he has got an incentive. But right
11 now, of course, there is none except for unrented space.

12 MR. RICHARDSON: Let me further clarify. The
13 American Psychological Association, which is going into the
14 first six floors, will be co-owners in the building. And I
15 know that doesn't give us a lot of assurance, but with them
16 being co-owners, and Trammel-Crow being the managing
17 partners, there is an assurance there that they certainly
18 want to keep their costs down. And we feel that that again
19 would be passed on, and be reflected in future operations.

20 MR. KIRK: Are the operating costs divided among
21 rented space or total space? In other words --

22 MR. RICHARDSON: We are looking at square feet, so

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1 it would be based on the square footage that we occupy,
2 versus the total square feet occupied in the total building.

3 MR. KIRK: So if the occupancy went down?

4 MR. RICHARDSON: Our cost would not increase.

5 MR. KIRK: I think it would. When you said our
6 percentage of other occupied space?

7 MR. RICHARDSON: I'm sorry, that is available. Not
8 if -- if a tenant moves out, it should not increase our
9 operating costs.

10 MR. KIRK: Is the \$33 a square foot sufficient to
11 do the interior improvements that are anticipated? Have we
12 got any bids on that?

13 MR. RICHARDSON: We have talked to an interior
14 design company in town, Trammel-Crow has paid for that. And
15 they tell us that they feel that the property can be built
16 out for approximately \$22 to \$24 a square feet.

17 That is one of the reasons you see what you have in
18 your hand, is that they would rebate up to \$10. Originally
19 they started at \$8. And going to \$10, there is a possibility
20 that, for instance, if we rent 60,000 square feet, that we
21 will get an additional rebate that will apply against the
22 rent up to \$600,000.

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1 But yes, we do feel that \$33.50 will pay the
2 moving, the appointments in the building and upgrade
3 telephone equipment. We want to, of course, put a conference
4 facility where we can have our Board meetings. Have built in
5 telephone, audio-visual needs in there. And all of that
6 should be covered in this.

7 MR. KIRK: I note that the expansion options, there
8 is no expansion option for five to six years. My experience
9 is that three-year expansion options are more attractive than
10 five-year expansion options.

11 MR. RICHARDSON: In the space, the way that we have
12 talked with the interior design company, there is some
13 reasonable growth in the existing space that we are looking
14 at. And, quite frankly, even though we have built the option
15 in to take over the remaining part of this 10th floor, I
16 don't feel we need it.

17 MR. KIRK: The expansion options only have a \$10
18 allowance that they have already been built out. That may
19 put you at a disadvantage, it seems to me, since more than
20 likely the build out space will not be what we need.

21 MR. RICHARDSON: That is a possibility. We did
22 talk about increasing that; however, they are looking at

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1 different law firms moving in, different small associations.
2 So, based on that, it will be an office type setup. It may
3 be different to our configuration, but we do not feel the \$10
4 limit -- we felt we could handle any particular re-
5 architecting, refurbishing, going in we felt that that would
6 be sufficient.

7 MR. KIRK: Finally, I have a concern over parking.
8 That is not a very generous parking space provision, and if
9 we are paying on top, paying even for what they give us,
10 where are the rest of the people going to park?

11 MR. RICHARDSON: Across the road is Union Station.
12 We have already called the manager of the parking facility
13 there, and the rent or -- excuse me, the parking there is
14 even cheaper than what they are offering in the building.

15 What Mr. Kirk is referring to is, we get
16 approximately one space for every 1600 square -- or 1600
17 square feet, which would equal about 40 spaces. There is
18 plenty of parking in the area, with Union Station and with
19 the two buildings adjacent. Both have parking available for
20 them.

21 MR. KIRK: On that specific issue, Mr. Richardson,
22 you might compare that arrangement for parking to the

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1 arrangement for parking that exists presently at 400 Virginia
2 Avenue, S.W.

3 MR. RICHARDSON: The parking where we have now
4 costs less. It is \$175 per space. What we are looking at
5 is, I think it is \$120 or \$130 in this facility. In talking
6 with the managers of Union Station, they told us if we would
7 canvas our employees for as little as 30 people who would
8 park there that they could get a space for \$110 a space.

9 MR. KIRK: And, in fact, at the present location
10 there is no automatic parking provided, according to any
11 formula. Is there any parking that exists at the present
12 facilities is paid for additionally by the Corporation?

13 MR. RICHARDSON: That is correct, sir.

14 MR. KIRK: I am going to stipulate that whatever we
15 have got now has got to be the world's worst deal ever made.
16 I'm not particularly moved by comparisons to what we have got
17 now.

18 CHAIRMAN WITTGRAF: For the request, it may be so
19 stipulated. Further questions or comments on this matter,
20 either for Mr. Dana or Mr. Richardson?

21 (No response.)

22 CHAIRMAN WITTGRAF: As I have indicated, those who

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1 are willing to forego their lunch can view, or at least their
2 lunch on a timely basis, can view the facility. And there
3 will be representatives both of the Charles E. Smith and
4 Company, the broker, and Trammel-Crow, the joint owner, along
5 with the American Psychological Association, as well as Mr.
6 Richardson and Mr. Boehm who can answer more questions that
7 you have.

8 Any further discussion on the matter of the
9 facilities at this time?

10 (No response.)

11 CHAIRMAN WITTGRAF: Hearing none, let me go back to
12 the report of the committee as a whole. I have one question
13 to begin, Mr. Dana. Did I understand you at the beginning of
14 your report to indicate that it is your and your committee's
15 calculation that some 2 million \$359,333 of uncommitted funds
16 will be carrying over from fiscal year 1991 to 1992?

17 MR. DANA: It is -- those are uncommitted and they
18 are carried over from at least three fiscal years. And they
19 are uncommitted and committed by Board action only, so that
20 subject to revision.

21 CHAIRMAN WITTGRAF: Okay.

22 MR. DANA: As distinguished from committed funds

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1 where we have let a contract.

2 CHAIRMAN WITTGRAF: Does that approximately \$2.4
3 million make up a part of the \$11.5 million that is available
4 for Fiscal Year 1992 for management and administration?

5 MR. DANA: Yes. When you take the Congress' --
6 what Congress has provided, and the amount of funds that are
7 already in the M&A line, uncommitted carryover, \$1.4 million
8 of the \$2.3 million is already in M&A.

9 You take the M&A carryover, and what Congress has
10 provided we will have presently in M&A \$11.2 million. Which
11 is within striking distance of the \$11.5 million that is the
12 current management proposal for the M&A budget.

13 CHAIRMAN WITTGRAF: And then again my concern, some
14 unspecified amount of that during Fiscal Year 1992 could be
15 and probably would be utilized by management to fund one-time
16 sort of special purpose grants based upon the custom and
17 practice of the past? Is that correct?

18 MR. DANA: It is actually the -- it is actually the
19 difference. In other words, there is approximately \$900,000
20 that is carryover funds that is currently lodged in Basic
21 Field Migrant National and State Support lines, from 1990 and
22 1991. That is --

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1 CHAIRMAN WITTGRAF: What was that figure again,
2 \$900,000?

3 MR. DANA: Well, it is actually -- it is \$600,000
4 plus \$300,000 from timekeeping.

5 CHAIRMAN WITTGRAF: Okay.

6 MR. DANA: But \$600,000 is left over Migrant, left
7 over Basic Field, and left over National and State Support
8 Funds. Which is, I gather -- although, frankly the Board's
9 memory may be better than mine. I thought when the
10 Corporation wanted to issue a grant in the Native American
11 line it came -- the management came to us and we authorized
12 that.

13 But subsequently we have -- I learned that
14 management does in fact deems itself as having the authority
15 to issue ad hoc grants that strike their fancy.

16 And it is really that practice that I think needs
17 to be at least understood by the Board, and I would recommend
18 that the provisions committee look into and determine whether
19 or not there ought to be come sort of general awareness in
20 the field that those funds are available and what the rules
21 are.

22 CHAIRMAN WITTGRAF: That comes back then to my

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1 concern. We are at the moment under the guidance of the
2 Operations and Regulations Committee attempting to fund some
3 competitive type efforts. We have more or less a million
4 dollars available in FY '92 from the Congress. There might,
5 if I'm understanding, be another \$600,000 to \$900,000
6 available for that purpose.

7 Unless there is objection, I guess I would ask the
8 President to ensure that the staff not make such grants
9 without at least conferring with the Board either as a whole
10 or through the Operations and Regulations Committee, and the
11 so-called Provisions Committee, so that what we are
12 attempting to do in this special area is not diluted or
13 undercut in any way, or compromised in any way by efforts
14 which we are not particular aware.

15 I think, if I understand the Board's perspective
16 correctly, that the concern of the Board as it is utilizing,
17 I'll say, discretionary funds is to utilize them primarily in
18 the competitive funding area. And if we have a little bit
19 more money available, I think we want to take advantage of
20 that.

21 So unless there is objection, that would be my
22 request of the President, as he works with his staff. Mr.

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1 Shumway?

2 MR. SHUMWAY: Is there any carryover from prior
3 years in that area, for competition and demonstration
4 projects or studies? Is this the first time?

5 CHAIRMAN WITTGRAF: Only what has been described by
6 Mr. Dana, which would be roughly \$600,000 of really
7 uncommitted money, \$300,000 that was set aside a few years
8 ago for a timekeeping study. So that \$600,000 and \$300,000
9 makes about \$900,000 with the almost million dollars that is
10 there. So there is close to \$2 million that could be
11 available.

12 And I'm just wondering what the staff is doing to
13 be consistent with what the Board thinks it is doing,
14 particularly in the competitive demonstration area.

15 CHAIRMAN WITTGRAF: If there is no objection, Mr.
16 President, that is my request, and I think it reflects the
17 thinking of the Board. Further questions or comments for Mr.
18 Dana as to anything that he brought forward as the report of
19 his committee? Mr. Shumway?

20 MR. SHUMWAY: The Reggie program, is that the
21 program for giving student loans, or is that another program?
22 You talked about the two in the same breath. I'm just --

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1 CHAIRMAN WITTGRAF: Mr. Dana.

2 MR. DANA: Thank you. My understanding, and it is
3 not -- it probably could be a better understanding, is that
4 it used to be from about 1975 until about sometime in the mid
5 to late '80s a program, I think run by Howard University in
6 the District, to identify distinguished graduates of law
7 schools around the country. And through some form of
8 competition or assessment to hire them, the Corporation would
9 actually hire them, and then assign them to programs around
10 the country.

11 It was on some basis. And so programs would
12 receive a brand new, bright lawyer known as a Reggie, and
13 they would do certain things. And many of the lawyers that
14 are still in Legal Services started in Legal Services through
15 the Reggie program. It was and is an honor, notwithstanding
16 the fact that some graduates of the program have achieved
17 notoriety in other ways recently.

18 CHAIRMAN WITTGRAF: You are referring to Mr. Dogget
19 at this point, one of Mr. Thomas' character witnesses.
20 Geraldo Rivera also was a graduate of the Reggie program. I
21 think, in fairness, Mr. Shumway, Mr. Steinberg from
22 Massachusetts, who was a Program Director, is a Reggie. No?

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1 I thought you said yesterday, Andy, you were? Harrison is, I
2 know. But I thought you were, Andy.

3 MR. STEINBERG: No.

4 CHAIRMAN WITTGRAF: Okay. Mr. McIver, who was a
5 Program Director and now works for PAG here in Washington, is
6 a Reggie. There are a number of Program Directors across the
7 country, such as Lillian Johnson in Arizona, and Steve
8 Gotlieb in Atlanta, two that come to my mind. But a number,
9 as Mr. Dana indicated, have gone on to become Program
10 Directors, and have become career poverty lawyers and they
11 are now poverty law administrators.

12 But beyond that, you recall that in Jackson,
13 Mississippi a number, when we had the forum that Monday
14 afternoon, September 16 or whatever the date was, a number of
15 the Program Directors who were there described the difficulty
16 they had of hiring and retaining staff attorneys.

17 So that one of the things, hopefully, that the
18 Appropriations Committee can help us look at is not only
19 the possibility of reinstituting the Reggie Program but also
20 the possibility of a loan repayment program based upon time
21 served.

22 Mr. Shumway?

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1 MR. SHUMWAY: So in the Reggie program then, the
2 corporation would pay the outstanding student loan?

3 MR. DANA: No.

4 MR. SHUMWAY: In an effort to --

5 MR. DANA: We really confused two ideas.

6 MR. SHUMWAY: Oh, I'm sorry. Go ahead.

7 MR. DANA: The Reggie Program is separate.

8 MR. SHUMWAY: Is separate from the student loan?

9 MR. DANA: Is separate. The current problem is with
10 cost of everything else going up, student loans being very
11 large, a lot of people who might otherwise have wanted to go
12 into poverty law as a career are prevented from doing so,
13 because of the need to pay off substantial student loans.

14 One of the negative consequences of our not keeping
15 pace with -- our lawyers not keeping pace with really other
16 public service jobs, and the high cost of education. So
17 these are really two different ways, possible ways to get to
18 improve the pool of people able to go into poverty law should
19 they choose.

20 MR. SHUMWAY: I understood you to say that the
21 provisions today wants to seek student loan forgiveness.
22 Would that be a payment of that loan by the Corporation, or

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1 would it be seeking Congressional approval for recruitment
2 with forgiveness?

3 MR. DANA: Whatever we do would be in the nature of
4 a proposal to Congress.

5 MR. SHUMWAY: Okay.

6 MR. DANA: And the parameters of what we do are
7 really my suggestion to the Provisions Committee to explore.
8 There are a variety of options, either to forgive loans or
9 forgive make loan payments while employed in the poverty
10 agency, or forgive over time.

11 Or I know there are a variety of options in the
12 medical field, and various programs around the country.
13 Legal Services programs are exploring options to deal with
14 this problem presently. And I don't know what they all are.
15 But it is really -- I am just trying to lateral it to the
16 Provisions Committee to help us with that.

17 CHAIRMAN WITTGRAF: Thank you. Ms. Pullen?

18 MS. PULLEN: Does this have the effect of producing
19 more lawyers?

20 (Laughter.)

21 MR. DANA: Probably.

22 MS. PULLEN: We want to be careful about that, I

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1 think.

2 MR. DANA: I understand. I suppose theoretically
3 it might actually produce more lawyers.

4 CHAIRMAN WITTGRAF: Ms. Rogoff, Regina Rogoff, who
5 is Program Director from Central Texas, and who appeared
6 before the Audit Appropriations Committee yesterday with Mr.
7 Steinberg from Massachusetts, wanted to make a brief comment.

8 MS. ROGOFF: Very.

9 CHAIRMAN WITTGRAF: I believe regarding the Reggie
10 program, and perhaps loan repayment, Mr. Shumway. Ms.
11 Rogoff?

12 MS. ROGOFF: I just wanted to point out
13 inconsistent with the presentation you heard earlier from
14 Alice Dickerson, about one of the purposes of the Reggie
15 Program, and particularly in its later years, was to recruit
16 bright, talented, young minority lawyers into Legal Services.

17 And particularly the programs in rural locations
18 that don't have access to excellent law schools locally and
19 can't send staff to major law schools that are distant and
20 remote from where the program is serving its clients, it was
21 a vehicle for bringing that kind of talent out into the
22 community.

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1 So I think it is more than just a way of getting
2 lawyers. It is a way of distributing lawyers better. It may
3 not produce more lawyers by having non-forgiveness but it
4 hopefully will distribute them and bring them into Legal
5 Services, so that they can serve our clients.

6 CHAIRMAN WITTGRAF: Mr. Kirk. I'm hoping you are
7 rising to the defense of the legal profession at this point.

8 MR. KIRK: No. I'm hoping that shortly the Reggie
9 Program and this program will produce the humility that we
10 see in Mr. Rivera and Mr. Dogget.

11 MS. ROGOFF: Wait a minute. I would just like to
12 point out that neither of those have stayed within the Legal
13 Services community.

14 (Laughter.)

15 MS. ROGOFF: And, by comparison, I'm sure that I am
16 much more humble, although I never was a Reggie. I hate to
17 admit that Mr. Dogget is from my hometown.

18 MR. KIRK: He was truly a cross-examiner's dream.

19 (Laughter.)

20 MS. ROGOFF: Unfortunately, there was nobody to
21 cross-examine him.

22 CHAIRMAN WITTGRAF: Ms. Pullen has just suggested

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1 she thought there was nothing wrong with Mr. Dogget, he
2 struck her as just another attorney.

3 Further discussion following the report of the
4 Audit Appropriations Committee and its Chair, Mr. Dana?

5 (No response.)

6 CHAIRMAN WITTGRAF: Hearing none, and reiterating
7 that we will come back to consideration of the motion made
8 regarding new facilities, later in the day, let me ask you
9 there, Mr. Dana or Mr. O'Hara, as we look at agenda Item No.
10 8, is further consideration of that necessary at this time?
11 Some consideration was given, I think you reported by the
12 Audit and Appropriations Committee yesterday. Is there need
13 for discussion of that agenda item by the Board at this time?

14 MR. O'HARA: I would say it --

15 CHAIRMAN WITTGRAF: Mr. O'Hara? Mr. Dana?

16 MR. DANA: I think it would be maybe only
17 marginally helpful if you wanted to move on. I think through
18 a laborious process, for which I apologize, we opened up the
19 subject yesterday. I'm not sure we want to do it all again.

20 CHAIRMAN WITTGRAF: Okay. Mr. O'Hara.

21 MR. O'HARA: I would defer to Mr. Dana.

22 CHAIRMAN WITTGRAF: Thank you. That being the

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1 case, unless there is objection, the Chair is prepared to
2 skip over the Closed Session Agenda Items. Nos. 9 through 12,
3 and proceed to agenda Item No. 13, the report of the
4 Committee on Operations and Regulations.

5 (No response.)

6 CHAIRMAN WITTGRAF: Hearing no objection, the Chair
7 calls upon Mr. Rath. Mr. Rath?

8 PRESENTATION OF THOMAS RATH

9 CHAIRMAN, COMMITTEE ON OPERATIONS AND REGULATIONS

10 MR. RATH: Thank you, Mr. Chairman and members of
11 the Board. We humble members of Operations and Regulations
12 appreciate the hour and a half that you have dedicated to us
13 this afternoon, but that would almost permit a word by word
14 reading of the transcript of last Wednesday.

15 CHAIRMAN WITTGRAF: Obviously we had higher hopes
16 for your labors prior to this meeting.

17 MR. RATH: We thought we did a great job. Let me
18 report on the meeting which was held Wednesday, November
19 13th, in Chicago, and was attended by the full committee,
20 which would be myself as Chair, Mr. Dana, Mr. Kirk, and Mr.
21 Shumway. We were also pleased to have Ms. Love and Ms.
22 Wolbeck there with us as well.

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1 We also had the presence of Mr. O'Hara, and the
2 members of the staff committee on competition, which included
3 Ms. deBettancourt, Mr. Moses, and Mr. Boehm, as well as
4 others.

5 We began with the report from the committee, the
6 staff committee that is, as to how we got here, description
7 of the legislative history, and the various proposals that
8 the staff had considered.

9 It was a restatement of what we call Options 3-5,
10 as well as a description of Option 6, which was Mr. Dana's
11 option, incentive option which he produced at Portland, as
12 well as a brief description of another option, Option 7,
13 which was a spinoff of Option 6.

14 And I don't think, unless he has got any more
15 options this morning, that Mr. Dana has to add to that list.
16 We had a pretty full airing, I thought, of the members of the
17 Board, of both on the committee and the other members that
18 were there, as to their concerns respective on the issue of
19 how we go forward with this Congressional mandate.

20 There was an intensive exchange between members of
21 the Board and the staff, and between and among the members of
22 the committee. We also had some time set aside for public

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1 input, and we had at least two members of the public from
2 various constituencies speak to us.

3 It was clear that one of the issues which is
4 ultimately needs to be decided as we design a project is the
5 issue of whether the carrot or the stick or the carrot and
6 the stick approach to competitive studies be utilized, and it
7 would obviously be the defunding option between competing
8 programs or incentive options between competing programs be
9 utilized.

10 I think it was clear that from the public and from
11 the committee, and from the president, we desire a close
12 interaction of this project with the field. And we heard a
13 lot about the field's concerns, that they be part of the
14 process, whereby this project be designed. And I think the
15 Committee -- it was the consensus of the Committee that that
16 be followed, and followed closely.

17 To this end, the President indicated he was going
18 to put together an advisory group from the field to work with
19 the staff committee on competition, and I believe that
20 process is going forward as we meet today.

21 We will continue to work on this project. I think
22 a time line would be another committee meeting within the

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1 next 30 days, to discuss with the staff how they have
2 progressed from where we are now, from where we were last
3 Wednesday, on a going forward basis also as they meet with
4 the Advisory Group from the field to try to work into those
5 viewpoints.

6 I think the time line for a proposal before this
7 Board, my guess would be a January or February Board
8 meetings. I am looking at Ms. deBettancourt and Mr. Moses,
9 and they seem to think that is doable. So that is my report
10 from this Committee.

11 I was very pleased that the attendance we had, the
12 fact that I think people were able to engage each other
13 fairly fully in terms of their concerns. And I think it was
14 a helpful meeting, and I will be glad to defer to any of the
15 committee members for questions or comments.

16 Mr. Rath, you indicated that finalized thoughts
17 from the committee you thought could come before the Board
18 as a whole in January or February. As I understand the
19 process, that would preliminary to then going to the field
20 and seeking grant applications for such funds.

21 MR. RATH: Right.

22 CHAIRMAN WITGRAF: So we would be looking at March

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1 1st or April 1st, probably the earliest regarding the
2 awarding of grants, would we?

3 MR. RATH: I think that is right. I am not fully
4 converse with the application process. But it -- I think
5 that turnaround is about what we anticipated. It is clear
6 that this, our committee feels its mandate is to come back
7 and make a proposal to this Board, for this Board to then
8 adopt, and then it would be up to the normal processes of
9 grant awarding to go forward.

10 CHAIRMAN WITTGRAF: One reason I asked the question
11 has to do with again the monies that are available. If we
12 have at least a million dollars available, and perhaps a
13 little bit more, we would then be looking at roughly a
14 half-year. Talking about the fiscal year, a half-year grant.

15 So it would be possible to do perhaps more grants
16 if we were looking at just a half-year. It would have an
17 impact though on the appropriation requests we make to the
18 Congress for Fiscal Year 1993.

19 If we used a million dollars or more for half-year
20 grants, then presumably we would need twice that amount to
21 continue those grants through the 1993 fiscal year, unless it
22 happened it was going to be just a 12-month grant and ended

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1 in the middle of the 1993 fiscal year. Does that --

2 MR. RATH: Well your mastery of the federal
3 budgetary process is superior to mine, Mr. Chairman, but
4 actually I think the number we are working with is about 1.2,
5 is what we thought.

6 MS. deBETTANCOURT: Well, Howard, my concern, I
7 give my concern in general terms is that --

8 CHAIRMAN WITTGRAF: Your commitment. It is your
9 timing is your primary concern. Timing and also that you
10 need to give some guidance to the Audit and Appropriations
11 Committee and to the Board as a whole, as we look at a Fiscal
12 Year 1993 budget mark or recommendation to the Congress.
13 That we need to know the period for the grants and what the
14 impact will be, what the need for funds is for Fiscal Year
15 1993. Those are my concerns. Mr. Kirk?

16 MR. KIRK: Just to comment on the meeting.
17 Essentially, we gave direction to Ms. deBettancourt and Mr.
18 Moses' committee to work closely with the field. We think
19 that to a certain extent we have to have field input, and
20 their participation for this thing to work. On the other
21 hand, we ask them to be independent, to make their own
22 judgement and recommendation to us.

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1 My hope would be that to whatever extent we can get
2 notice of meetings that are planned with the field and all,
3 the members of the committee might want to attend.

4 I would hope that we could have another committee
5 meeting in December, and maybe again in January, because I
6 think this is a real important thing. And I think that part
7 of the problem is that we are still taking in new, fresh
8 ideas, and still trying to refine, and I think that we have
9 identified one of our primary goals as coming up with a way
10 of evaluating what the project is, and how it comes through.
11 And that may be the most difficult thing that the committee
12 really has a big task in front of it.

13 CHAIRMAN WITTGRAF: Further discussion? Mr. Dana?

14 MR. DANA: I would just like to agree with Mr.
15 Kirk -- it is nice to do that now and then -- that I think
16 our biggest task is going to be developing a system to
17 evaluate what we are learning. And in such a way that -- and
18 it is in that area especially that we need the input from not
19 only our staff but from the field and anyone else who can
20 help make this, make the results of this exercise credible
21 and understandable.

22 Many of us want to try competition, not in order to

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1 determine whether or not it works. Whether we can use a
2 carrot on a stick to improve legal services for the poor. It
3 is possible that using it will generate, it is possible if we
4 design it properly we will learn that it doesn't work, that
5 Legal Services lawyers do not respond to the promise of fame
6 and fortune, that they are motivated by higher ideals, and
7 are confused by a promise of more money for less job.

8 And I think that what we need to do is design a
9 program that will test that, and to help us and then in turn
10 Congress to deal with the concept of competition.

11 CHAIRMAN WITTFRAF: Further discussion?

12 MR. RATH: I would just like to add, Mr. Chairman,
13 the comments of both Mr. Kirk and Mr. Dana I think is very
14 much in the committee's mind is the measurement aspect of how
15 do we measure what we are doing? How do we evaluate what we
16 are doing? And I don't think that there is closure. I think
17 the committee has an open mind on that, and we want to hear
18 more from our staff.

19 We want, as I think I agree with the schedule Mr.
20 Kirk outlined, we need to meet again in the month of December
21 and probably in January, because this Board is going to
22 require us to have a pretty strong feeling, a pretty strong

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1 guidance as to how we are going to do all the tasks, not just
2 hand out the money. But understand how it is being used and
3 what the results are.

4 CHAIRMAN WITTGRAF: Mr. Kirk?

5 MR. KIRK: In listening to Mr. Dana's comments, I
6 guess we disagree to the extent that I go into it not being
7 certain that it will work, but with the full expectation and
8 hope that it will work. I did not detect as much
9 positiveness in your comments today as I thought I have heard
10 in the past which, you know, I think this is something that
11 needs to be done with the assumption that something good can
12 come of it. And I hope that that is the attitude that we are
13 taking.

14 CHAIRMAN WITTGRAF: Mr. Dana.

15 MR. DANA: I guess I want to keep as open a mind as
16 I can to the possibility that it won't work, and I think if
17 we design a program that -- I just think I hope that we can
18 learn how to do something, how to improve legal services for
19 the poor.

20 I think it is possible that we will learn that the
21 carrot is more valuable than the stick. It may be possible
22 we will learn that the stick is more valuable than the

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1 carrot. I just have that open mind on it, and to the extent
2 that that is a change, so be it.

3 CHAIRMAN WITTGRAF: Further discussion? Mr.
4 Shumway.

5 MR. SHUMWAY: I have only attended the one meeting,
6 but it seemed to me on the basis of that one experience that
7 a lot of the question about our moving into this area is
8 raised because of misunderstanding.

9 I think a lot of the grantees are fearful that we
10 will somehow undo the presumption for refunding, that we will
11 impose a great deal more reporting requirements, there will
12 be statistical measurements that we will come up with that
13 will make their chore more difficult.

14 And I guess from my point of view, I share the
15 optimism that others expressed, that I think maybe it is a
16 workable program. But I think we need to send the message at
17 the same time that we are not worshipping at the alter of
18 competition, that we are committed to providing legal
19 services to the poor in the most efficient way possible. And
20 that if competition can be seen as a means to an end to get
21 us to that goal, then I think we will all have something that
22 we can be proud of.

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1 But I think really what we have to concentrate on
2 now, and I think that Tom's remarks reflect this, is that we
3 need to work with the field and convince them that we are not
4 trying to undercut what it is they are doing, that we are
5 trying to find a way to achieve that delivery more
6 efficiently. And that is probably a communications problem,
7 but I think it is nevertheless a real problem that we can't
8 sidestep, we are going to have to deal with in a very
9 positive way.

10 CHAIRMAN WITTGRAF: Further discussion?

11 (No response.)

12 CHAIRMAN WITTGRAF: I have one comment for Mr.
13 Hall, I guess, relative to his committee and its efforts. I
14 have mentioned in the past, I think to Mr. Rath and perhaps
15 others in the committee, my personal interest in the
16 possibility of consolidation of geographic areas, or rather
17 consolidation of grantees as they serve the geographic areas
18 across the country, that the number we have now is not
19 necessarily a magical number, not one writ in legislation by
20 Congress, but really writ by certain historical, political,
21 cultural evolutionary developments.

22 And that it may be that this is on the carrot end,

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1 I guess, as opposed to the stick end, if you will. But on
2 the carrot end as we look either at utilizing the couple of
3 million dollars that might be available in Fiscal Year 1992
4 to us for demonstration or experimental activities, or even
5 as we make recommendations to the Congress for an
6 appropriation for Fiscal Year 1993, that we consider some
7 monies that can be incentive monies to encourage
8 consolidation of efforts, and thereby try to find another
9 means of providing more efficiently and more effectively, and
10 utilizing better the monies available in delivery of civil
11 legal services for the poor.

12 So I think that probably falls outside the heading
13 of competition, or competitive funding, but it is something
14 that I at least would hope that we might be looking at as
15 well. Mr. Hall?

16 MR. HALL: Mr. Chairman. I would be pleased to
17 meet with you and flush that out. I'm not sure exactly what
18 you have in mind, but certainly would be glad to look into
19 that.

20 CHAIRMAN WITTGRAF: Further discussion?

21 (No response.)

22 CHAIRMAN WITTGRAF: I don't think there is any

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1 action then, if I understand correctly, Mr. Rath, the report
2 of your committee that is to be taken by the Board at this
3 time. That being the case the Chair is prepared to receive a
4 motion to have us proceed to Executive or Closed Session so
5 we can begin our consideration of Agenda Items 9 through 12.
6 Mr. Kirk?

7 MR. KIRK: Are we going to go into other business?

8 CHAIRMAN WITTGRAF: When we come back out.

9 MR. KIRK: Okay. You don't want to do it now,
10 finish up and then come back? Or you want to do this?

11 CHAIRMAN WITTGRAF: I -- we will have other
12 business, we will have business to come back to in open
13 session. I believe in connection with the motion that is
14 sort of -- has been informally tabled or postponed for
15 further consideration by the Chair.

16 I have no problem with other matters being brought
17 to the Board's consideration at this time. Is there --

18 MR. KIRK: Oh, no, no. I just had some other
19 things. I'll bring them up later.

20 CHAIRMAN WITTGRAF: Okay.

21 MR. KIRK: I want to make sure we weren't going by
22 it.

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M O T I O N

1
2 CHAIRMAN WITTGRAF: No. As indicated then, the
3 Chair is prepared to receive a motion that we proceed to
4 Executive Session. Mr. Rath has moved that the Board proceed
5 to Executive Session, is there a second?

6 MR. SHUMWAY: Seconded.

7 CHAIRMAN WITTGRAF: It has been seconded by Mr.
8 Shumway. Discussion?

9 (No response.)

10 CHAIRMAN WITTGRAF: Hearing none, those who were in
11 favor of the Board meeting being closed for Executive Session
12 at this time will signify by saying aye.

13 (A chorus of ayes.)

14 CHAIRMAN WITTGRAF: Those who oppose, nay?

15 (No response.)

16 CHAIRMAN WITTGRAF: The ayes appear to have it.
17 The ayes do have it. We will proceed to Executive Session.
18 In so doing, I would say for the benefit of our friends in
19 attendance today that it is the Chair's expectation that we
20 will complete Executive Session at approximately 1:30 p.m.,
21 and shortly thereafter return to open session.

22 At this time the Chair would ask that everyone

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

2 (1:45 p.m.)

3 CHAIRMAN WITTGRAF: At this time, then, we will
4 return to Open Session in this regularly scheduled meeting of
5 the Board of Directors of the Legal Services Corporation.
6 Mr. Quatrevaux has some information regarding the structuring
7 of his office that he'd like to share with us in Open
8 Session.

9 Before he does, however, let me return to the
10 matter of the informally tabled motion made this morning by
11 Mr. Uddo, seconded at the Chair's request, that we direct the
12 president of the Legal Services Corporation to enter into the
13 letter of intent dated November 15, 1991, with Tramel Crow
14 Company for the facilities referred to in that letter of
15 intent.

16 You've heard the motion. You've received the
17 written materials prepared by Tramel Crow Company and
18 particularly you've seen the letter of intent dated November
19 15. Is there further discussion?

20 MR. SHUMWAY: This is to sign the letter of intent?

21 CHAIRMAN WITTGRAF: To direct the president to sign
22 the letter of intent and in turn to negotiate a lease to be

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1 brought before the Board for its consideration, right. All
2 of this with a projection I believe of an April 1992
3 completion of the space and tenancy as soon as possible
4 thereafter.

5 Ms. Pullen?

6 MS. PULLEN: Are there any implications, Mr.
7 Chairman, in this Corporation sharing space with the American
8 Psychological Association?

9 MR. UDDO: They're going to use us as subjects for
10 their studies.

11 CHAIRMAN WITTGRAF: Ms. Pullen, you're just full of
12 insights today. I think it's only fate and our good fortune
13 that have tentatively brought the Legal Services Corporation
14 and the American Psychological Association so close together.
15 We'll also be immediately adjacent to the Council of
16 Governments and some number of other worthy associations, I
17 believe. But I think it is God's will is all.

18 Mr. Rath?

19 MR. RATH: No. I'm just here playing straight man.

20 CHAIRMAN WITTGRAF: Further discussion?

21 (No response.)

22 CHAIRMAN WITTGRAF: Hearing none, those who are in

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1 favor of the motion as presented with signify by saying aye.

2 (A chorus of ayes.)

3 CHAIRMAN WITTGRAF: Those who are opposed nay.

4 (No response.)

5 CHAIRMAN WITTGRAF: The ayes appear to have it.

6 The ayes do have it. The motion is adopted.

7 Mr. Quatrevaux, we'd be delighted at this time to
8 have you share your additional information with us. Not
9 wanting every to impose any chill on the inspector general or
10 his activities, I would note only that it's approximately
11 1:45 p.m., and I think we have a little bit of business
12 remaining. So, I'm hoping that between now and approximately
13 2:15 p.m. we'll be able to conclude our discussion.

14 MR. QUATREVAUX: I believe that should be possible
15 as long as we can get the technical side of this working.

16 PRESENTATION OF EDOUARD QUATREVAUX

17 INSPECTOR GENERAL

18 MR. QUATREVAUX: What I'm going to attempt to
19 present to you is a proposed concept of operations for the
20 operation of the inspector general's office. This concept is
21 important, first of all, because there has been some
22 controversy in the past about what functions specifically the

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1 office should perform at LSC. It's also important to me as
2 the manager, if you will, of that office to have the
3 agreement of the Board in what is basically a roles and
4 missions sort of statement.

5 From that flows the requirements for a staff, the
6 program that we're going to operate, as well as the budget
7 that it requires. So, let me begin first by pointing out to
8 you what the IG Act requires of the office. This is directly
9 from the Act.

10 The Act requires that the IG's office direct the
11 policy for and conduct audits, same for investigations. The
12 IG is to identify deficiencies in management and
13 administration to the agency head and also to the Congress.
14 The IG is to review legislation, both existing and proposed
15 for any impacts it may have on the IG function or, for that
16 matter, on the agency itself. However, in those areas, IGs
17 don't get into policy. Policies are something we check to
18 see are complied with.

19 We are to receive and inquire into employee
20 complaints -- that's not well known -- virtually, any sort of
21 complaint. We hope the sort of complaints we might receive
22 are of a nature for which there are already mechanisms for

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1 dealing with. In those cases, it's simply referral function.

2 We are interested in complaints that those
3 mechanisms, however, are not being followed or are not
4 working, that sort of thing. But we could take complaints in
5 any area, whether it be sexual harassment, safety, whatever
6 might come to mind. Often, employee complaints can generate
7 investigations or further inquiries. That's just one source
8 of investigations.

9 On the right, associated with that, the Act has
10 some suggestions on how to do these things. The first and
11 most important to us today is the use of the comptroller
12 general audit standards. Some of you know it as the GAO
13 yellow book, the 1988 versions.

14 Investigations, we are required to refer criminal
15 violations to the Department of Justice for action for
16 prosecution. As far as deficiencies, we are to report on the
17 progress of corrective actions. Legislation is simply a
18 matter of providing recommendations, usually in the form of a
19 semiannual report.

20 Something that is important in the complaint area
21 is that our business there is confidential with that
22 employee. There can be no retribution against the employee

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1 for seeking offices of the inspector general. This is what I
2 regard as my responsibilities under the Act.

3 Now, again, with most of those things there's no
4 quarrel. Audits was an area of well, what are we really
5 talking about because LSC already has an audit function, has
6 an organization that works in that area. Well, first of all,
7 we have to realize that there's more than one kind of audit.

8 The financial statement audit, which most laymen
9 are familiar with, is just one of those. Its focus, of
10 course, are do the statements present a fair representation
11 of financial condition of the organization. But there are
12 also, according to the comptroller general, financial related
13 audits.

14 There are about nine different varieties of those.
15 They can cover payroll systems and that sort of thing. But
16 the two of most interest to our organization are fraud and
17 internal control. That would be the focus. Major category
18 of performance audits as opposed to financial audits, this
19 also goes by the name of management audits, effectiveness
20 audits.

21 There are a variety of them. But they proceed from
22 simple compliance sort of audits, which I think we're all

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1 familiar with, self-explanatory. Economy and efficiency, are
2 we wasting resources either by not protecting them or through
3 duplication of effort and that sort of thing?

4 Effectiveness audits are audits that seek either
5 focusing on an organization or an organizational function,
6 seek to answer the question are we doing the best that we can
7 in performing that function? We might, for example, choose
8 to do an effectiveness audit of the human resources function
9 at Legal Services Corporation.

10 We might also, and I think we will, perform an
11 effectiveness audit of MAC. The last type of performance
12 audit results is the most difficult of all. These proceed
13 pretty much in terms of complexity from least to most. But
14 the results-oriented performance audit is the one that seeks
15 to say have the legislative objectives been achieved?

16 Are there other ways of achieving the legislative
17 objectives that might be either more effective or cost less?
18 Has the organization considered those alternatives; most
19 difficult, I think. At best, my office is several years away
20 from attempting something like that.

21 So these are the kinds of audits in the LSC
22 situation. When we say audits, we then ask the question who

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1 are we talking about auditing; either the Corporation itself
2 or the grantees. This is an attempt to depict those
3 comptroller general types of audits, looking both at grantees
4 and the LSC itself and seeing what's being done now.

5 Let me walk slowly through a few of these. Let me
6 start on the LSC side up at the top, financial statement
7 audits. That audit has been performed by an independent CPA
8 firm in the past. I imagine it will be in the future. The
9 A&A Committee most recently essentially chose the auditor
10 based on recommendations from staff.

11 The other areas there at LSC have not been audited,
12 or not audited by anyone on a regular basis. Moving over to
13 the grantee side, the financial statement audit is under the
14 cognizance of MAC. The legislation, as you know, requires
15 that LSC either conduct or require grantees to conduct
16 independent financial audits on an annual basis.

17 Financial related, no one is doing anything of that
18 sort. With regard to performance audits, MAC is performing
19 compliance audits of the grantees. I think in their
20 monitoring visits they also cover economy and efficiency. I
21 think we could make a case too that the monitoring visits
22 also get into effectiveness, a point which the director of

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1 MAC recently addressed. I have no problem with that.

2 No one, of course, except perhaps the GAO some day
3 in the future that we might shudder at, is looking at the
4 bottom line results.

5 MR. KIRK: May I ask something?

6 MR. QUATREVAUX: Yes, sir.

7 MR. KIRK: Does the GAO care who does the audits,
8 whether it's your or somebody else?

9 MR. QUATREVAUX: GAO is concerned that the audits
10 be conducted and that the IG establish the policy for the
11 conduct of audits.

12 MR. KIRK: But the fact that MAC is doing the
13 audits -- they are doing it and M&A is doing theirs -- that
14 doesn't violate any GAO --

15 MR. QUATREVAUX: Well, the GAO and the Congress is
16 going back to the basic legislation. Here's what it says on
17 that subject. It says everything associated with IG
18 activities, and we can read audits and investigations, very
19 rapidly should be transferred to the Office of the Inspector
20 General.

21 However, the last sentence of that implementation
22 paragraph says quite clearly it's not the intent of the

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1 Congress to transfer basic functions of the agency or
2 establishment to the Office of the Inspector General.

3 Now, when I look at the LSC legislation enabling
4 the Act and I see that the Corporation has the responsibility
5 to monitor and evaluate grantees, I consider that a basic
6 function of the organization. I don't think it's proper that
7 MAC become part of the inspector general's office.

8 I say that for more reasons than just the
9 interpretation of the Act. I think the IG office has the
10 opportunity to do some things that haven't been done before
11 at LSC. I think that MAC, for better or worse, for right or
12 wrong, has a history that comes with it and certain
13 limitations. I don't think I want those. I know I don't
14 want those in the Office of the Inspector General.

15 It would also be extremely disruptive to the LSC
16 staff and its largest staff component, which is MAC. If we
17 were to take MAC into the OIG, the OIG would have 44 percent
18 of the LSC staff and about the same amount of its budget.

19 MR. KIRK: But you're not recommending this be
20 done?

21 MR. QUATREVAUX: That's correct. As I've
22 indicated, I've argued against others who hold this view.

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1 Grantee compliance is a necessary function. It's one
2 required by the Act. But it's only one type of audit and one
3 sort of function. There are others that I personally find
4 more interesting and more applicable to the OIG mission.

5 Most important of all, if MAC were to become part
6 of OIG, then I would lose the flexibility to go where a
7 situation demanded. But even more important than that, I
8 would lose the impartiality which is required to evaluate
9 that primary function that today makes up the largest staff
10 element. So, no, I think this is a very bad idea.

11 I think this is the way to do it. The way to get a
12 compromise between what is and what the intent of the Act is.
13 It's this. I plan to execute those responsibilities that I
14 have under the IG Act through oversight, oversight of the
15 process that selects, the Corporation's auditor for its
16 annual audit, and oversight of MAC.

17 That oversight of MAC now is not a daily oversight
18 sort of thing. Let's make sure we understand. We're talking
19 about audits and audits of periodic events. What I really
20 have in mind is an annual audit of MAC.

21 Let me ask for questions on this.

22 MR. KIRK: I'd like you to be more explicit when

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1 you're talking about oversight. You're saying annual audit.
2 What do you mean by an annual audit?

3 MR. QUATREVAUX: I'm talking about conducting an
4 annual effectiveness audit of MAC, just as I would of any
5 other LSC organization. Through that oversight, I am going
6 to -- I'm also going to do other audits that are more limited
7 in scope, Mr. Kirk.

8 I am going, for example, to do, on a sampling
9 basis, periodic audits of the independent financial audits
10 that the programs have paid for because I want to know, I'm
11 required to know, and be able to assure you that that process
12 is, in fact, functioning as intended.

13 I also intend to conduct financial related audits,
14 primarily deterrence oriented audits, of grantee programs and
15 also internally in LSC. There are various funds there that
16 should periodically be subject to audit.

17 CHAIRMAN WITTGRAF: Mr. Quatrevaux, I guess this is
18 an observation at this point, but we talk about the Office of
19 Inspector General being concerned with the effectiveness and
20 the results both of the grantees of the Legal Services
21 Corporation.

22 As you may have heard from some of our discussion

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1 relative to competition and experimenting with competition
2 and evaluation earlier, the measurement of effectiveness and
3 the measurement of results is very, very difficult. I
4 assume, and correct me if I'm wrong here, that in those areas
5 in particular you would be going forward very gingerly and
6 very carefully.

7 I guess I would hope that you would benefit from
8 some of the discussions we have among ourselves and with our
9 colleagues in the field. Likewise, if you've got some
10 suggestions that bear on that -- and as you and I have
11 discussed when we get together with some of our friends from
12 the field in St. Louis next month -- you'll have an
13 opportunity on the program to present some of your thoughts.

14 We hope you'll share some of your thoughts with us
15 too. But those two things for the past 25 or 26 years have
16 been really the crux of a lot of comments and a lot of
17 concerns. It would be very difficult to flesh out. So
18 that's, I guess, an observation principally, and I think
19 you're aware of that.

20 MR. QUATREVAUX: Yes, I am. It's not my intention
21 to go into a program and attempt to evaluate whether or not
22 that single program is effective. That's not the intent.

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1 CHAIRMAN WITTGRAF: Mr. Dana?

2 MR. DANA: Mr. Chairman, as I expressed to you
3 before, I would take that observation one step further. It
4 would be my hope that the Corporation develop the internal
5 line capacity to evaluate effectiveness and results of
6 grantees.

7 Just because the Corporation has, I think, not done
8 that in the past, there's no reason for the IG to assume that
9 line responsibility which I think is a statutory
10 responsibility of the Corporation. So, my preference would
11 be to extend the vertical line down and have you have
12 oversight responsibility and extent MAC's responsibility into
13 the effectiveness which it claims to be doing now and
14 certainly into the results area as well.

15 CHAIRMAN WITTGRAF: Mr. Kirk?

16 MR. KIRK: On the contrary, Mr. Quatrevaux, I think
17 that to think that only one person's opinion of what is
18 effective and what are good results shouldn't just rest with
19 the field or this Board. I think I would encourage you to
20 take whatever statutes, whatever guidance you can come up
21 with, and as long as you set forth what you're basing the
22 results and effectiveness studies on, I think that those

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1 would be welcome to be heard.

2 I would also think that MAC may have some input on
3 effectiveness as well. It seems foolish to have them do as
4 much as they are doing in compliance, economy and efficiency
5 without going another step perhaps in doing effectiveness.
6 But I don't think that there is any one group's monopoly on
7 an opinion with effectiveness and what the results are that
8 should be achieved.

9 CHAIRMAN WITTGRAF: Mr. Quatrevaux?

10 MR. QUATREVAUX: I understand. I don't think the
11 two comments necessarily are exclusive. I think that MAC is
12 an organization that has been chartered to fulfill the
13 legislation's intent of monitoring each grantee. I think my
14 organization is interested very much in the evaluation of
15 grantees, as it is any other function of the organization.

16 At the same time, I think that my organization has
17 a responsibility as it deems appropriate to assess the
18 effectiveness overall as opposed to program grantee A, B, C.
19 So, as those issues arise, we'll deal with them. That may be
20 a little nebulous at this point, but I think on some of these
21 we're going to have to see them before we can really make a
22 call.

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1 CHAIRMAN WITTGRAF: Mr. Shumway?

2 MR. SHUMWAY: I'm curious about the inception of
3 this proposal. Is this reflective of just the individual
4 whim of a staffer who got the idea that you should be doing
5 what MAC does, or does it represent a deeper feeling within
6 GAO or some other agency, or is it the result of the pressure
7 on the field?

8 MR. QUATREVAUX: I don't think the field was
9 involved at all. I think this is internal to the community
10 that deals with the IG Act. It's not at LSC, but there have
11 been other cases where the implementation of the ADA Act,
12 which extended the IG concept from the Cabinet departments to
13 the smaller organizations, didn't go as well as planned.

14 There are members of Congress who feel that action
15 is required in this area. That prompted the GAO review. I
16 think in terms of the specific statement about MAC and my
17 office, it was just the reflexive opinion of an auditor
18 looking at a piece of legislation without a great deal of
19 thought.

20 I believe I indicated that that individual so said
21 that it really hadn't looked at it that deeply, but would be
22 glad to look at the other side.

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1 CHAIRMAN WITTGRAF: Why don't you go ahead, Mr.
2 Quatrevaux, with the balance of your presentation?
3 Obviously, we're not going to resolve anything absolutely in
4 that area at this point.

5 MR. QUATREVAUX: All right. What I've set up for
6 1992 objectives is to basically establish the capability to
7 execute those responsibilities. What I've done here today
8 and discussed with some of you before is this operational
9 concept. From it flows the budget that's required and
10 supported.

11 The third item, which is yet to be done, is to
12 recruit and train staff to do that. Another major objective,
13 because there's a great deal of misunderstanding, both within
14 the Corporation and out in the field, as to what the Office
15 of the Inspector General is to do, is to conduct an
16 information program to straighten that out.

17 There was a charge of widespread fraud in the
18 semiannual reports, two of them, one ending September 30,
19 1990, that there was widespread fraud among programs. I
20 don't know if that is an accurate statement or not, but I
21 intend to assess it and come to a conclusion on it.

22 The last item is to open a fraud hotline. This is

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1 a fairly common inspector general tool. It has mixed
2 utility, sometimes very good and sometimes not so good.

3 This is the organization. This is an interim
4 organization looking out about 12 to 18 months of what I
5 think is necessary to get things going and get the program
6 off the ground. That's a little out of focus I see, but
7 basically what it says is it calls for a staff of 12: 4
8 investigators; 4 auditors; 2 people to do review and
9 analysis, which includes internal control; as well as a
10 counsel and administrative support.

11 Six people are on board right now. The Board today
12 took the action to fill out the audit side and to hire one of
13 the two investigators with the dates shown in parentheses.

14 So, that's a great start. I'm very pleased with
15 it. What I was going to ask you today to do as a Board,
16 which you've already done it, is approve the operational
17 concept and give me the hiring authority for those three new
18 positions. Later on, of course, we'll be talking about the
19 full budget, as you develop the M&A budget.

20 The last item is the most important to me. What I
21 have in mind here is a directive similar to our personnel
22 manual, our administrative manual that will address all the

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1 interactions and all the processes and procedures associated
2 with the IG shop operations. This will talk to how the IG,
3 for example, might submit a budget in the future and make
4 documents public and how the Board can execute its
5 responsibilities under the statute.

6 So, what I plan to do is to develop a draft of that
7 document, provide it to Jack O'Hara and his staff for
8 comment, and at a later date present it to the Board for
9 consideration. Of course I will provide it to you in advance
10 so you'll have a chance to read through it.

11 CHAIRMAN WITTGRAF: Mr. Quatrevaux, what is the
12 reality as far as your and Mr. O'Hara working together -- I'm
13 certainly happy to have him respond to this as well -- to
14 date, in the last couple of months in the more immediate
15 areas of personnel and administrative procedures? Is there
16 anything in writing? If not, are things going okay in the
17 absence of nothing in writing and pending the so-called IG
18 directive?

19 MR. QUATREVAUX: Let me respond first that things
20 are going okay. There are no difficulties that I'm aware of.
21 Jack has gone out of his way to consider what needs I might
22 have, area space, people, that sort of thing.

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1 I have handshake agreements with the Director of
2 Human Resources and the Comptroller. But I think as we move
3 down the line we want to institutionalize those sorts of
4 arrangements. But they are satisfactory to date.

5 CHAIRMAN WITTGRAF: Are you assuming then that
6 ordinary regular personnel and administrative procedures
7 would be spelled out in the IG directive?

8 MR. QUATREVAUX: That's correct. For example,
9 every employee must be directed to cooperate in IG inquiry,
10 the only exception being the Fifth Amendment rights.

11 CHAIRMAN WITTGRAF: I think over the last year or
12 so as a Board we sometimes referred to a memorandum of
13 understanding as between the president of the Corporation and
14 the inspector general. I do think at our insistence a draft
15 of that finally was completed by Mr. Wilkinson, not acted
16 upon.

17 I'm assuming then that you should talk about this
18 directive that's essentially in lieu of or comparable to the
19 memorandum of understanding as a concept that we discussed in
20 the past.

21 MR. QUATREVAUX: Yes. I just think that an
22 internal directive is more appropriate for part of the

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1 organization as opposed to an external entity.

2 CHAIRMAN WITTGRAF: Mr. O'Hara?

3 MR. O'HARA: Thank you, Mr. Chairman. As Ed has
4 said, we have worked closely on this. I think it was borne
5 out by Mr. Frank's statement to you when we went up to see
6 him about why I was wearing the hat that I had instead of the
7 hat that Ed had. But we have a very good understanding and a
8 good working relationship.

9 What I have done is reached back into my past and
10 brought into Ed's office and into MAC to see Emilia DiSanto a
11 gentleman by the name of James Norton who was the counsel for
12 the staff where the Inspector General Act originated and who
13 was a consultant on the recent amendments to the Act in 1988.
14 He has been helping both Ed's office and our office with
15 understanding the relationship between the two. I think we
16 will continue to use him on an as-needed basis.

17 CHAIRMAN WITTGRAF: Is he presently a member of the
18 congressional committee staff or is he a contractor?

19 MR. O'HARA: No. He's retired and it's been all
20 free. It's a personal relationship.

21 CHAIRMAN WITTGRAF: Mr. Kirk?

22 MR. KIRK: Mr. Quatrevaux, I just thought I would

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1 repeat for the benefit of those here the results of the
2 conversation you and I had when we discussed these items
3 initially. That was that I recognized that there was
4 statutory authority for the IG to have quite a bit of say so.

5 I encouraged you to defer to the existing groups
6 that are performing these functions, such as MAC and A&A, to
7 whatever extent possible and to work within what I hope will
8 be a very good operating corporation. I do not think the IG
9 Act is intended to be a power grabbed by the inspector
10 general.

11 You agreed with me wholeheartedly that it was a
12 supplementary and a helping function as opposed to a
13 controlling function. I wanted people to know that even
14 though this looks like a different concept than what we've
15 had before, maybe because we haven't really been operating to
16 the full extent of it, but it is not to be interpreted as
17 some megalomania act that you've come upon.

18 MR. QUATREVAUX: That's correct. I couldn't agree
19 with you more. I choose to look at these as responsibilities
20 as opposed to authorities. I also know that I can be most
21 effective if whatever comes of these processes is perceived
22 as constructive by the Corporation and all concerned.

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1 CHAIRMAN WITTGRAF: Further questions or comments
2 for Mr. Quatrevaux at this time?

3 (No response.)

4 CHAIRMAN WITTGRAF: Hearing none, thank you.

5 MR. QUATREVAUX: Thank you.

6 CHAIRMAN WITTGRAF: I believe we've completed our
7 discussion of the specifically scheduled or noted items on
8 the agenda. In terms of other business, Mr. Kirk, did you
9 have something you wanted to bring to the Board for its
10 consideration?

11 MR. KIRK: Yes, sir. I don't know to whom I should
12 address this, but for the last two months we've gotten
13 reports on programs that are on month-to-month monitoring.
14 I'm just appalled at the number and for how long this has
15 been going on. Is there anything that we do other than
16 month-to-monitoring of these people?

17 CHAIRMAN WITTGRAF: Would either Mr. Moses or Ms.
18 DiSanto or both of you like to come forward to respond, Ms.
19 Sparks too.

20 MS. DiSANTO: It's month-to-month funding.

21 MR. MOSES: Not monitoring.

22 MR. KIRK: I mean funding. How many programs are

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1 you in the state of constant monitoring of?

2 (Laughter)

3 MR. KIRK: I'm sorry, month-to-month funding. I
4 knew better. My mouth just wasn't right.

5 MS. DiSANTO: Annually, basically, there is an
6 opportunity to place programs on month-to-month funding
7 because in the event that a program is annualized beginning
8 in January, LSC loses an opportunity to place programs on
9 month-to-month funding. You will see that there are probably
10 about seven or eight programs, I think, that are on
11 month-to-month funding. Some of them have been on
12 month-to-month funding for very lengthy periods of time.

13 Among those programs are things like Capital Area
14 Legal Services, North Mississippi Legal Services, I believe
15 central Louisiana is bid on month-to-month funding. Each of
16 these programs is experiencing some very difficult problems,
17 everything going from very severe internal control problems
18 to they have property inventories that don't reconcile and
19 there is \$75,000 and \$80,000 missing, to bouncing of checks,
20 to staff grievances being filed, to turnover in staff in the
21 range of 70 to 80 percent over an 18-month period. Those are
22 some of the reasons why they are placed on month-to-month

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1 funding.

2 MR. KIRK: Is there anybody concerned about what's
3 happening to the poor people and what they are receiving in
4 the field besides the Corporation? I mean, isn't NLADA
5 concerned about these programs or PAG or anybody else?

6 CHAIRMAN WITTGRAF: Ms. DiSanto, let me make one
7 comment first. This information is confidential information,
8 I believe. So there wouldn't necessarily be anybody else who
9 is even aware of the action that we've taken unless those
10 people voluntarily had sort of made a complaint or brought
11 that information to the attention of somebody else.

12 So, this list that we have this month and had last
13 month as follow up to the discussion we had with the program
14 directors in Jackson, Mississippi, two months ago is
15 confidential information. So, I don't think anybody knows
16 this except the staff and now the members of the Board.

17 MS. DiSANTO: That was the reason I didn't identify
18 particular activities with particular programs, but there are
19 programs that are on this type of funding for lengthy periods
20 of time because of the program's inability to come up to an
21 acceptable level of compliance with the LSC Act and
22 regulations.

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1 MR. KIRK: How long are we going to continue this?
2 What's next if they've been on it for years and years and
3 years?

4 MS. DiSANTO: I ask myself that a lot. The bottom
5 line of what we face, particularly in MAC, is a lack of
6 enforcement actions or, should I say, viable enforcement
7 actions in order to bring a program into some reasonable
8 level of compliance.

9 MR. MOSES: I think one thing that you need to
10 understand, Bud, is that every month, hopefully every month,
11 we're trying to work with these programs to get some of them
12 off of the list. I think if you look at the last list that
13 you got, it noted that two component programs were taken off
14 of month-to-month funding during the month of October.

15 So, we're trying to continually work with those
16 programs that do have a problem to try and get them off of
17 month-to-month funding on to annualized funding. That does
18 not mean to say, however, that we don't recognize there are
19 some programs that have been on month-to-month funding for a
20 long period of time.

21 Generally speaking, I believe there are 10 or 12
22 either programs or components of programs that are on

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1 month-to-month funding at any time. That's a generally low
2 number.

3 MR. KIRK: Am I correct that some programs have
4 been on it for years?

5 MS. DiSANTO: Yes.

6 MR. MOSES: That's correct.

7 MS. DiSANTO: There are some programs that I can
8 think of right now that have probably been on it for two and
9 three years. There are some programs who were on it, went
10 off it for a year or two, and then are back on it.

11 MR. MOSES: The report that you have been receiving
12 every month now for the last couple of months tries to give
13 you a history so you can trace back to the beginning where
14 that was put on month to month. So you will see what has
15 been done with that program to try and work with it.

16 CHAIRMAN WITTGRAF: Mr. Shumway?

17 MR. SHUMWAY: Those that are on a long-term
18 month-to-month basis, is the situation static or can you
19 actually see improvement? Are they mending their operations?

20 MS. DiSANTO: Well, what you have in some of these
21 programs is basically a roller coaster ride. Basically, you
22 have a program that you find as a troubled program. You go

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1 to visit. You make some recommendations. You come in and
2 you check the recommendations. They are on an upswing.

3 You go back six months later, some of the
4 recommendations are taken care of, others are not, and new
5 issues now arise. So now you're on a downswing. Basically,
6 you're on a roller coaster ride with regard to the operation
7 of the program both in a fiscal perspective and a
8 programmatic perspective.

9 MR. MOSES: Possibly what might help here too is
10 for you to understand what the implication of month-to-month
11 funding is. Essentially what this means is that the program
12 is receiving its monthly grant at the last amount it would
13 have gotten in annualized funding level.

14 So, for example, those programs who have been on
15 month-to-month funding for a year or two are receiving
16 funding only at the level of their 1989 funding. What this
17 means is that any increases in funding that Congress votes
18 that would be allocated to that census-based area is held in
19 abeyance. They will only get those increases as a lump sum
20 at the point where they are taken off of month-to-month
21 funding.

22 This has gotten to the point where several programs

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1 have up to \$100,000 or \$125,000 or more in an account at the
2 Corporation which they cannot have access to until the point
3 where they've corrected their particular problem and can come
4 off of month-to-month funding.

5 CHAIRMAN WITTGRAF: Mr. Kirk?

6 MR. KIRK: My concern is that it seems we may not
7 be fulfilling our function if we continue to allow these to
8 go on. I don't know what the next step is, but I'd be
9 concerned about an audit from somebody that came in and said
10 how can you let these people go on like this.

11 MS. DiSANTO: Mr. Kirk, your statement is very well
12 taken. It's something I have a concern about every day that
13 what is the next step and when is enough enough. As you
14 know, the Corporation has brought, I think, one defunding
15 action in the last six years. When is enough enough and at
16 what point is the confidence level at a low that you believe
17 an action should be taken?

18 The other thing to bring into question are the fact
19 that the enforcement mechanisms that are available at the
20 Corporation are few and far between. I sometimes say where
21 are you between writing a nasty letter to somebody saying
22 please fix the problem. We've been talking about this for

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1 two years, would you please fix the problem, and closing down
2 a program under a 1625 action.

3 A 1625 action for us is extraordinarily resource
4 intensive. I think the last costs that we saw were somewhere
5 in the area of \$200,000 to \$300,000. You also are not sure
6 about your success.

7 So, a lot of effort goes into doing extra
8 monitoring of a program, going and visiting every six months,
9 sending them very detailed letters of this is what you've got
10 to do and this is what's the problem. You've got to fix that
11 because if you don't fix that, you can jeopardize all these
12 other things.

13 But I think the question of enforcement authority
14 is something that has been a question for a long time. I
15 think a big question just for the Board is what are the
16 interim steps that are available to the Corporation when
17 there is a troubled program, but a troubled program that
18 isn't a one-time hit, please fix this and it's gone, but a
19 troubled program that's troubled for two, three, and four
20 years at a time.

21 CHAIRMAN WITTGRAF: Mr. O'Hara, did you want to add
22 something?

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1 MR. O'HARA: Thank you, Mr. Chairman. I was going
2 to ask Ms. DiSanto to mention to Mr. Kirk the situation in
3 Mississippi where the program had been on month-to-month and
4 where you recommended additional funds be paid to them
5 because they had made just great improvements, even though
6 they were not ready to come off --

7 MS. DiSANTO: North Mississippi is a program that
8 we had had some concerns with over a lengthy period of time,
9 to the point that we had gone to the program and actually
10 proposed reconfiguring the program so that they could get
11 service to people.

12 After awhile, this past September we had gone in
13 and visited them as we had been doing on a very regular
14 basis. We had recommended to David Martin at the time that
15 basically one-third of the funds that were being held in
16 abeyance, as Charlie had described, be released to the
17 program.

18 That, in fact, did happen because the program had
19 made a lot of progress, but we were still holding some funds
20 in abeyance. In fact, we just recently met with the program
21 last Tuesday or Wednesday to give them a little bit of
22 insight into what, in our view, they need to do to get into

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1 full funding.

2 CHAIRMAN WITTGRAF: Mr. Uddo?

3 MR. UDDO: Never mind.

4 CHAIRMAN WITTGRAF: Ms. Pullen?

5 MS. PULLEN: Is the lack of enforcement options a
6 problem of the statute, the regulations, or both?

7 MS. DiSANTO: I think it's more of a problem of the
8 regulations. The regulations, as they are currently
9 configured, are internally inconsistent at times. Your
10 ability to do something at some stage, in our mind, is
11 somewhat limited and less than successful. So I would say
12 it's more a regulatory issue as opposed to a statutory one.

13 MS. PULLEN: Does the presumptive refunding
14 philosophy that undergirds the statute have any, shall we
15 say, unfortunate psychological effect in terms of ability to
16 enforce the regulations?

17 MS. DiSANTO: I think that the fact that a program
18 will continue to receive funding unless the Corporation
19 initiates an action to defund the program does play sometimes
20 a role in the compliance aspects of what we do and a role
21 into a program making a decision to in fact comply with that
22 to which they agree to comply. So, in answer to your

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1 question, yes, I believe so.

2 MS. PULLEN: Thank you.

3 CHAIRMAN WITTGRAF: Mr. Uddo?

4 MR. UDDO: Isn't part of the problem traditional
5 interpretation of the statute? Isn't presumptive funding
6 something the courts have indicated puts it in the statute?
7 I mean, those words don't appear in the Act.

8 MS. DiSANTO: No. I think, in part, the Section
9 1011 of our statute plays a role in that. I think, in
10 addition, the appropriation riders which we receive annually
11 also plays a role in that.

12 MR. MOSES: I was just going to add one thing in
13 response to Ms. Pullen. I think that you need to understand
14 that programs view month-to-month funding, depending on which
15 program you're dealing with, but, generally, programs view it
16 as a sanction against them that they very much try to avoid.

17 Particularly over the past year, with Board
18 compliance problems is we were putting them in different
19 categories of programs, those that had a compliance issue
20 with their attorneys or compliance issue with their client
21 Board members, we had been using month-to-month funding for
22 certain types of that. We had been using no funding for

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1 certain sanctions, and three month or more funding.

2 What we found was that the programs generally
3 wanted to get out from under that sanction. So they
4 generally do have an impetus to try and come into compliance.

5 CHAIRMAN WITTGRAF: Mr. Shumway?

6 MR. SHUMWAY: Yes. I think in some cases there
7 could be a conscious decision to go to month-to-month
8 training as a trade off. They want to do things that aren't
9 in keeping with our policies, regulations or the Act. Even
10 though they would rather have the prospect of full-year
11 funding, they may say well, let's take the month-to-month
12 thing knowing our track record for actually defunding grantee
13 agencies.

14 They just say it will never happen. We'll get it
15 on a month-to-month basis and we can get away with running
16 the show the way we like it.

17 MR. MOSES: I think that that might very well be
18 true, particularly in relation to the programs that have been
19 on it for several years at a time.

20 CHAIRMAN WITTGRAF: Ms. Love?

21 MS. LOVE: You said that Mississippi was doing
22 better and you released the funds. Okay, you're going back

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1 to visit them and they're doing better. How long does this
2 have to go on before they get back into the yearly funding?

3 MS. DiSANTO: Well, we released \$57,000 on
4 recommendation in September. We subsequently issued a report
5 to Mississippi from our earlier visit in I think it was late
6 October. We are now awaiting north Mississippi's response to
7 our report which indicated that we continued to have some
8 concerns. We're awaiting their response now.

9 I gave to both Mr. Morris and to Ava Jackson my
10 commitment that as soon as I see the report and perhaps even
11 go back down to confirm the contents of that report, I'd be
12 more than prepared to recommend that they be taken off month-
13 to-month funding because having a program on month-to-month
14 funding really doesn't do anybody any good.

15 It sure as heck doesn't help the poor people in the
16 area because we're withholding funds. It sure as heck
17 doesn't help the program because it's considered a sanction
18 by the program and by the staff members in there. But it's
19 one of the few mechanisms that we have to try and push along
20 the compliance issue.

21 CHAIRMAN WITTGRAF: Ms. Love?

22 MS. LOVE: Have you ever thought if they keep

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1 making mistakes, that they're doing something wrong, of
2 sending someone down to train them?

3 MS. DiSANTO: We have, in fact, done just that on
4 several of the programs who are on month-to-month funding.
5 But as I mentioned, sometimes we're on a roller coaster.
6 Things improve in the areas in which you've given
7 recommendations and then new things crop up.

8 But the second thing that we need to keep in mind,
9 or particularly MAC needs to keep in mind, is that we don't
10 want to micromanage the program. The program has to make the
11 decision on how it wants to do something. I can't tell them
12 how to do it. I can give them ideas about doing, but
13 ultimately it's the program's decision and the program's
14 initiative that has to bring it up to compliance.

15 MS. LOVE: The people in Mississippi don't think
16 like the people in Washington. So sometimes it takes the
17 upper uppers to go down and help the downers. I mean, this
18 is the way I see it. I've learned quite a bit from sitting
19 up here too that I didn't know in Mississippi or elsewhere.

20 CHAIRMAN WITTGRAF: Mr. Kirk?

21 MR. KIRK: That's all I had. In fact, it's more
22 than I wanted. I just had a concern about what's happening

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1 with those programs. This is not anything except seeing the
2 same programs month after month and for years on there.

3 At this point, I think all of us who are concerned
4 about getting the money and the help to the people in the
5 field that need the field (sic), not the lawyers and programs
6 but to the clients, that we ought to join in and find a way
7 to get these things off of these month-to-month fundings
8 either by defunding or somebody ought to care enough to go
9 down there and do it.

10 I don't think it's the Corporation's responsibility
11 to do any more than what I've seen being done here. But
12 maybe some of the organizations that have a real concern
13 could help out the programs. Maybe we need to get some more
14 teeth. I don't know.

15 It seems like this may be something the IG would be
16 saying in an ultimate report. This is our job. Why hasn't
17 it been done, or something?

18 CHAIRMAN WITTGRAF: Let me ask, because I didn't
19 have the opportunity to be there, without naming names, when
20 you met in the Operations and Regulations Committee talking
21 about demonstration and competitive funding last Wednesday,
22 did you talk about going into these areas where the existing

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1 programs are weak in some number of ways?

2 MR. KIRK: We did. We're torn between two
3 thoughts. One is to really test competitiveness, you need to
4 see if it's -- I mean, anybody can improve the worst program
5 in the world. We think, okay, we're pretty sure that one
6 will work. Maybe that's one area we ought to come into.

7 We also want to do it -- if a decent program can
8 get better with some competition, and assuming that we do get
9 full cooperation by the programs, we think that would work.
10 But yes, we would like to do it on several levels.

11 CHAIRMAN WITTGRAF: Okay. So, to address the kind
12 of frustration of not being able to get somebody permanently
13 up to snuff would be something that you would attempt with
14 the funding in some program areas.

15 MR. KIRK: It's one of our options, yes, sir.

16 CHAIRMAN WITTGRAF: Particularly, going back to my
17 concern that I expressed this morning, as we look at the
18 funds that are needed to try competitive funding in this area
19 as well as competitive funding among good providers it is
20 probably going to take more money. We need to factor that in
21 then to the appropriation request that we make to the
22 Congress.

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1 Further discussion on this subject?

2 (No response.)

3 CHAIRMAN WITTGRAF: Further business?

4 (No response.)

5 CHAIRMAN WITTGRAF: Hearing none, the Chair is

6 prepared to entertain a motion to adjourn.

7 M O T I O N

8 MR. SHUMWAY: So moved.

9 CHAIRMAN WITTGRAF: Second?

10 MS. LOVE: Second.

11 CHAIRMAN WITTGRAF: It's been moved by Mr. Shumway
12 and seconded by Ms. Love that we be adjourned. Those who are
13 in favor will signify by saying aye.

14 (A chorus of ayes.)

15 CHAIRMAN WITTGRAF: Those who are opposed nay.

16 (No response.)

17 CHAIRMAN WITTGRAF: The ayes appear to have it.

18 The ayes do have it. The meeting is adjourned.

19 (Whereupon, at 2:40 p.m., the Board of Directors of
20 the Legal Services Corporation meeting was adjourned.)

21 * * * * *

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