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LEGAL SERVICES CORPORATION

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MEETING OF  
THE BOARD OF DIRECTORS

- - -

OCTOBER 2, 1981

- - -

9:00 A.M. - 5:00 P.M.

- - -

LEGAL SERVICES CORPORATION

8th FLOOR CONFERENCE ROOMS #2 and 3

733 15th STREET, N.W.

WASHINGTON, D.C.

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MINUTES OF THE MEETING  
OF THE LEGAL SERVICES CORPORATION  
BOARD OF DIRECTORS

October 2, 1981

PRESENT:

- F. WILLIAM McCALPIN, Chairman
- CECILIA D. ESQUER
- MICHAEL KANTOR
- REVIUS ORTIOUE
- HILLARY RODHAM
- HOWARD SACKS
- RAMONA SHUMP
- RICHARD TRUDELL
- JOSEPHINE WORTHY
- STEVE ENGLEBERG
- DAN J. BRADLEY, ex officio

ALSO PRESENT:

- MARY BOURDELK, Director, Office of Gov't Relations
- ANTONE G. (GERRY) SINGSEN, Vice President for  
Finance and Management
- MARIO LEWIS, General Counsel
- CLINT LYONS, Director of Office of Field Services
- BRUCE MORRISON, Project Advisory Group
- WILLIE COOK, Director, Neighborhood Legal Services  
Washington
- BENNIE VENEY, Director of National Clients Council
- CHARLES DORSEY, Project Advisory Group
- JIM BRODY

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MORNING SESSION 4  
AFTERNOON SESSION 118

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PHT

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P R O C E E D I N G S

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9:30 a.m.

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CHAIRMAN McCALPIN: I welcome all of you to the postponed regular quarterly meeting of the Board of Directors of the Legal Services Corporation. I note with pleasure the attendance of nearly all members of the Board, and many of our friends from the Staff and the legal services community.

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I may say it was a particular pleasure last night to have the opportunity to meet so many members of the staff of -- many of whom we should have met in their own places of work to see what they are doing; and we were invited last night by many of the staff to do that. And if time permits today, I am sure that some members of the Board will indeed visit the new screening room or studio that we heard so much about last night.

17

18

19

The first item is the adoption of an agenda. An agenda -- tentative agenda -- was sent to each member of the Board prior to the meeting. What is your pleasure?

20

21

22

23

MR. SACKS: So move its adoption.

CHAIRMAN McCALPIN: The approval of the -- or the adoption of the agenda has been moved and seconded. Is there any discussion?

24

(No discussion.)

25

All in favor will please signify by saying

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1 "aye".

2 MEMBERS: Aye.

3 CHAIRMAN McCALPIN: Any opposed, the like  
4 sign.

5 (None opposed.)

6 (WHEREUPON, the agenda was adopted.)

7 CHAIRMAN McCALPIN: I would call your atten-  
8 tion to the note at the top of the agenda that a portion  
9 of the meeting will be closed, so that the Board can dis-  
10 cuss a litigation matter. Closure of the meeting under  
11 that circumstance is authorized by 45 C.F.R. 1622.5 H.  
12 We will come to that matter at an appropriate place on  
13 the agenda.

14 The next item on the agenda is the approval  
15 of the minutes of this Board held on June 5. First of all,  
16 does any member of the Board have any correction, addi-  
17 tion or deletion that could be drawn to our attention at  
18 this time. Ms. Shump?

19 MS. SHUMP: Bill, I do have a question concern-  
20 ing the motion that was made by Hillary and the report on  
21 the Provisions Committee meeting. I just want to be sure  
22 that what I'm understanding concerning the extension of  
23 the Reggie program. We did go ahead and re-negotiate a  
24 contract for the Reggie last March, did we not?

25 MR. BRADLEY: That's correct. We did.

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1 MS. SHUMP: That's fine.

2 CHAIRMAN McCALPIN: Is there any other question  
3 or comment with respect to the minutes? The Chair will  
4 entertain a motion to approve the minutes.

5 MS. SHUMP: So moved.

6 CHAIRMAN McCALPIN: It's been moved and seconded  
7 that the minutes be approved as contained in the Agenda.  
8 All in favor signify by saying "aye".

9 MEMBERS: Aye.

10 CHAIRMAN McCALPIN: Any opposed, the like sign.  
11 The minutes are approved.

12 Mr. Bradley, I direct your attention to the  
13 paragraph on page 3 of the minutes. The Comptroller  
14 General has communicated his opinion that the Board should  
15 revise Regulation 1612. Did you forward that correspon-  
16 dence to the Operations Committee. I assume that the  
17 Operations Committee has not yet had an opportunity to --

18 MR. BRADLEY: That's correct.

19 CHAIRMAN McCALPIN: Thank you. The next item  
20 on our agenda, No. 3, the election of the Chairman.

21 Cecilia?

22 MS. ESQUER: Mr. Chairman, in light of the  
23 excellent leadership that you have provided in the past  
24 year --

25 MR. ORTIQUE: I object.

1 (Laughter.)

2 CHAIRMAN McCALPIN: You're out of order, Mr.  
3 Ortique.

4 (Laughter.)

5 MR. ORTIQUE: We want to re-elect him, but --  
6 let's -- let's do it grudgingly.

7 (Laughter.)

8 CHAIRMAN McCALPIN: He came here to bury him,  
9 not to praise him.

10 MS. ESQUER: I would like to place in nomina-  
11 tion the name of F. William McCalpin.

12 MS. SHUMP: Second.

13 CHAIRMAN McCALPIN: You're not going to give  
14 the opposition a chance?

15 (Laughter.)

16 MR. ORTIQUE: What does "F" stand for?

17 CHAIRMAN McCALPIN: Francis.

18 MR. KANTOR: I thought maybe we should extol  
19 his first name before we elect him. I mean, thank him  
20 for advice in Congress, and for the cutting of the appro-  
21 priation, all the amendments on the legislation. It's  
22 been marvelous leadership. It really has. We thank you  
23 for it.

24 (Laughter.)

25 CHAIRMAN McCALPIN: Spoken like a true

1 gentleman. I guess I'm entitled to put the motion, although  
2 maybe somebody else should. If anybody favors the motion,  
3 please signify by saying "aye".

4 MEMBERS: Aye.

5 CHAIRMAN McCALPIN: Any opposed? My wife.  
6 Thank you very much. It has been a pleasure and, as you  
7 have intimated, something of a challenge to have occupied  
8 this position for the last 13 months. I must say that,  
9 aside from the companionship and the friendship of the  
10 members of the Board which I treasure very highly as well  
11 as the confidence that you have reposed in me, I think  
12 that the next most rewarding thing has been to go to the  
13 Hill as often as I have the last month or so and to find  
14 the very real, substantial, broad support that this Corpor-  
15 ation has among members of both the House of Representa-  
16 tives and the Senate.

17 I do not mean to intimate that we are safe  
18 and in a secure harbor, that we don't have very difficult  
19 battles ahead of us. We do. And yet it's been especially  
20 gratifying to me to meet with Republican members of the  
21 Senate and their staffs and to find the very substantial  
22 measure of support that this Corporation has among them,  
23 and their very real appreciation for the value in the  
24 American system of life and government, which is attached  
25 to this Corporation.

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1 Well, with that lead-in, let's hear a more  
2 detailed, first-hand report on Congressional appropriation  
3 and re-authorization of the Legal Services Corporation Act  
4 from Mary Bourdette:

5 MS. BOURDETTE: Well, this will be very brief  
6 because Congress has not taken a lot of action on our  
7 measure since we last met.

8 As you know the Fiscal Year began yesterday;  
9 but despite that fact, Congress has not yet passed any of  
10 the 1982 appropriations bills. As a result of that, they  
11 passed late the night of September 30th a continuing resolu-  
12 tion, which is a stop-gap funding bill for the entire  
13 Federal Government.

14 That continuing resolution has been titled  
15 House Joint Resolution 325. It continues until November  
16 20, 1981. And for the Legal Services Corporation it  
17 provides funds for us at the rate earlier passed by the  
18 House, or \$241 million for this interim period.

19 The conditions on that -- those funds, are  
20 those conditions which were attached to our 1981 appropria-  
21 tion bill. The riders on homosexual representation, lobby-  
22 ing, alien representation and minimum access.

23 Between now and November 20, Congress will  
24 resume consideration of the normal -- the regular appro-  
25 priations bills, including our bill, the State Justice,

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1 Commerce, Judiciary and related agency appropriations  
2 bills.

3           You'll recall that the House passed that  
4 bill right after Labor Day and, on a separate vote on us,  
5 specifically approved an appropriation level of \$241  
6 million for us for the 1982 Fiscal Year. That bill was  
7 referred to the Senate, and the Senate Subcommittee began  
8 action on it. And, in spite of an amendment in the Sub-  
9 committee to reduce our appropriation to \$100 million, that  
10 Senate Subcommittee chaired by Senator Weiker of Connecti-  
11 cut similarly recommended a \$241 million level for us for  
12 the 1982 Fiscal Year.

13           The bill was then referred to the full Commit-  
14 tee, and we thought we were going to have some further  
15 action on our appropriation bill in the full Senate Appro-  
16 priation Committee and in the full Senate, when the Presi-  
17 dent announced his new round of spending cuts.

18           As a result of that, they stopoed action on  
19 all the appropriation bills until the President could  
20 submit to the Congress his -- the details of his new  
21 spending cut.

22           When they resume consideration of these bills,  
23 -- we don't know exactly when that will be, but probably  
24 sometime in the next couple of weeks -- again the forum  
25 will be the Senate Appropriations Committee. And we are

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1 hopeful that that Committee will, in fact, continue the  
2 earlier recommendation of \$241 million for the 1981 Fiscal  
3 Year. We also assume that, either in that Committee or  
4 on the Senate floor, the restrictions that were imposed in  
5 the House on our appropriation bill will be similarly  
6 adopted in the Senate -- if not all of those restrictions,  
7 at least the ones of primary concern to most members of  
8 Congress, lobbying restrictions, class actions restric-  
9 tions, further involvement of the private bar, alien  
10 restrictions, the ones that so many members of Congress  
11 are critically important to their support for the continua-  
12 tion of this program.

13 So at this stage we have to just wait until  
14 Congress resumes consideration of the appropriation pro-  
15 cess, and then work through it in the Senate side and  
16 then a conference bill, until the State Justice bill is  
17 presented to the President for signature. It's impossible  
18 to give you with any accuracy any idea when that bill  
19 will, in fact, get to the President's desk.

20 If there are any questions on the appropriation  
21 process, we might talk about those now; or if you need  
22 any further explanation. Otherwise, we could just tell you  
23 very briefly what has and has not happened, really, on  
24 our authorization process.

25 CHAIRMAN McCALPIN: Does anybody have any

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1 questions on the appropriations process? Howard?

2 MR. SACKS: I know that Mario spoke to the  
3 members of the Operations Committee on this, but I'm still  
4 confused. I guess it's my fault, not Mario's fault.

5 All these restrictions on -- in 3480, as I  
6 understand it -- on page 8A of the Board book, are now  
7 law as far as -- no, they're not? Well, I thought you  
8 said that the restrictions in 3480 were carried forward  
9 in the continuing resolution.

10 MS. BOURDETTE: Well, no. Several things. One  
11 is the restrictions to 3480 were passed by the House --  
12 in the context of the authorization legislation.

13 When the House Appropriations Committee recom-  
14 mended to the floor our appropriation, they also recommended  
15 that those restrictions in 3480 be carried with the appro-  
16 priation. That bill was then referred to the Senate, and  
17 the Senate Subcommittee deleted those -- deleted all legis-  
18 lation on the appropriation bill, including the restric-  
19 tions on our appropriations. Therefore, they deleted the  
20 3480 restrictions.

21 There will be a move in the full Senate Appro-  
22 priations Committee and on the floor to reimpose, if not  
23 all, certainly some of those restrictions that were carried  
24 on the House bill. So they are certainly not law at this  
25 stage. But we can be sure that at some stage, they will

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1 be, or at least some of them.

2 MR. BRADLEY: Now Mary's statement was that  
3 the restrictions in last year's bill -- last year's bill,  
4 the '81 bill -- those restrictions that continue under the  
5 continuing resolution, and not 3480.

6 CHAIRMAN McCALPIN: Let me put it another  
7 way. As I understand, the restrictions of 3480 and of the  
8 House Appropriations bill were not included in the continu-  
9 ing resolution.

10 MS. BOURDETTE: That's correct.

11 CHAIRMAN McCALPIN: And the continuing resolu-  
12 tion is the only new legislation that we have.

13 MS. BOURDETTE: That's correct.

14 MR. BRADLEY: Although I think it would be  
15 appropriate to point out that, certainly in my judgment  
16 and I think Mary shares that opinion, that all of those  
17 restrictions in 3480 are still alive and well, even though  
18 they are not included in the continuing resolution.

19 CHAIRMAN McCALPIN: Marv, were you going to  
20 say something then about the authorization process?

21 MS. BOURDETTE: Well, just briefly. We are  
22 still waiting for their action in the Senate on the authori-  
23 zation legislation. You know, the House passed it some  
24 months ago and, while the Senate Labor and Human Resources  
25 Committee with jurisdiction over us did report out an

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1 authorization bill in July, the full Senate has yet to  
2 act on that. And we do not, as of today, have a date for  
3 Senate action.

4 That Senate bill that will be first considered  
5 by the floor is a simple re-authorization, except for one  
6 change in our Act. And that is the ABA-sponsored amend-  
7 ment to require substantial involvement of the private bar  
8 in the delivery of legal services.

9 Undoubtedly when that bill is taken up by the  
10 Senate, other restrictions similar to those in the House  
11 bill will certainly be offered on the floor of the Senate.  
12 So we are still in a "wait and see" position on our authori-  
13 zation, but Majority Leader Baker earlier in the year had  
14 made a commitment that this legislation would be taken  
15 up this year, and that the Senate would in fact be given  
16 an opportunity to vote once and for all, up or down, on  
17 legal services.

18 CHAIRMAN McCALPIN: Howard, did you have a  
19 question?

20 MR. SACKS: -- a whole list of restrictions.  
21 Some are more serious than others. Do we have any hopes  
22 or any intentions of trying to get the Senate to eliminate  
23 or modify some of the restrictions that are in H.R. 3480?

24 MR. BRADLEY: There's no question that our  
25 consistent effort has been to resist any and all restriction,

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1 and we will continue that posture in the Senate. However,  
2 I think it's absolutely clear, and I hope all of you under-  
3 stand it, that all of these -- some of these additional  
4 ones will be offered in the Senate. We will continue to  
5 oppose them, but even our strongest supporters on the  
6 authorizing committee and the Appropriations Committee  
7 have indicated that they are going to support certain of  
8 these restrictions.

9 I think that it's accurate to represent that  
10 some of the restrictions that have been offered on the  
11 House side will be adamantly opposed by certain members of  
12 the United States Senate. And I think that it's not --  
13 it's not inaccurate to represent that the Senate authoriza-  
14 tion with restrictions will be different than 3480 as you  
15 have it before you now. And then we will go into confer-  
16 ence, of course; and during that process, hopefully, im-  
17 prove on what has been done thus far.

18 CHAIRMAN McCALPIN: Revis?

19 MS. ORTIQUE: Maybe you are going to mention  
20 it, but the continuing resolution bothers me a little bit  
21 in that I wonder what kind of message has gone out to the  
22 field in terms of the continuing resolution. You recall  
23 at our audit appropriations committee meeting, we were  
24 talking about whether it would be a 90 day or 6 months;  
25 and we were all saying how -- on our Santa Claus was the

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1 6 months as opposed to 90 days. But now we got a 50-day.  
2 What does that do in terms of the field getting the mes-  
3 sage that 241 is realistic, 241 is not realistic. Certain-  
4 ly persons who are making decisions about their own future,  
5 their personal lives, can't just sit around and say, well,  
6 at the end of 50 days as opposed to October 1, I'm out of  
7 a job or I need to look elsewhere.

8 Are we concerned about that? Do we have hopes?

9 MR. BRADLEY: Well, certainly, Revius -- and  
10 there are a lot of field representatives and project  
11 directors here -- They are as informed and as knowledgeable  
12 as about what's going on on the Hill as we are. You know,  
13 we're working very, very closely with them on the entire  
14 legislative process.

15 Keep in mind that last year we were not in a  
16 much different situation last year at this time. We had  
17 a 75-day continuing resolution. This year we got a 50-day  
18 continuing resolution. And last year when we met, we were  
19 not exactly sure what our ultimate appropriation was going  
20 to be and what they finally did in December was to pass an  
21 additional, approximately 9 months continuing resolution.  
22 I'll have to -- I would like to believe, and I do believe,  
23 that most of our programs are very mindful and are, in  
24 fact, planning for all of those contingencies that you're  
25 suggesting.

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1 MR. ORTIOUE: Well, I guess I really didn't  
2 express it -- my real concern is, how much reality is  
3 there in the possibility of doing something in the 50  
4 days, really? Really getting something concrete passed  
5 in the 50 days, or whether the AWACs and the other things,  
6 the 12% cuts and that sort of thing, will keep them from  
7 really getting at this; and another continuing resolution  
8 is possible. Because my great concern that I've expressed  
9 to you about the possibility of -- and I expressed it to  
10 the Chairman this morning -- possibility of legal services  
11 being out there on a limb by itself.

12 That's the one thing that I fear the most.  
13 I think that we can survive as long as we have some bro-  
14 thers and sisters around us. I'm very much afraid that  
15 if we get out there by ourselves, we are in deep, deep  
16 trouble. I mean period -- deep, deep trouble; not just a  
17 reduced appropriation.

18 MR. BRADLEY: But of course, I understand  
19 your point, Judge, and clearly our strategy -- and I think  
20 it's fair to represent the strategy of our strongest  
21 supporters, both on the authorizing committee on the  
22 Senate, and the appropriations Committee on the Senate --  
23 will do everything they possibly can, legislatively and  
24 procedurally and otherwise, to make sure that, whether  
25 we're talking about our authorization or our appropriation

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1 we're not exposed as a separate budget or separate item --  
2 whether we're talking about going to the floor or whether  
3 we're talking about in Committee or, you know, at the  
4 Executive Branch.

5 I think that we have anticipated every possible  
6 contingent; and clearly in terms of the continuing resolu-  
7 tion. We are part of about an \$8 billion budget package  
8 in the State, Justice, Judiciary and related agencies;  
9 and if there's another continuing resolution, it would  
10 basically be for all of those agencies, not just for us.

11 In terms of our authorization, it's a little  
12 premature to speculate exactly what procedurally will be  
13 used as we go through our authorization process; but all  
14 of those things are being discussed by, you know, the  
15 members of the Committee and their staffs.

16 I think I can represent to you that we are  
17 fairly optimistic that both the Appropriations on the  
18 Senate side, the authorization on the Senate side, and  
19 the continuing resolutions, especially on the Senate side,  
20 -- that we are in good shape to deal with those contin-  
21 gencies that you're suggesting.

22 CHAIRMAN McCALPIN: Revius, let me answer  
23 your question from a little different perspective and  
24 point of view. At a meeting on the Senate side a week  
25 ago today, I pointed out the enormous administrative

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1 difficulty that we would encounter if we had a series of  
2 60-day continuing resolutions that would carry us over  
3 now until November and to January and to March and that  
4 sort of thing -- pointing out that we customarily award  
5 the grants to recipients in December, notify in December  
6 for the calendar year beginning the first of the following  
7 month. And that last year we were able to do that on  
8 the basis of, as Dan says, a -- a continuing resolution  
9 through September 30, '81. But that, if all we had was  
10 a series of short continuing resolutions, we would have  
11 a very serious administrative problem and, indeed, the  
12 lives of the recipients in the field would be very diffi-  
13 cult.

14 So yesterday when I came back here, I put  
15 essentially the same question that you have asked -- what  
16 is the likelihood of appropriation legislation in the  
17 ensuing 50 days? The answer that I got, that nobody  
18 makes any promises at all, is that members of the Senate  
19 believe that they will substantially perform, complete  
20 the appropriations process in the 50 day period of the  
21 continuing resolution.

22 If that happens, the appropriation legislation  
23 will be enacted by -- what is it -- the 20th of November  
24 or thereabouts, which is slightly in advance of the first  
25 of December; and we'll be able to tell the recipients

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1 in the field at that point what we have available for  
2 them for calendar 1982.

3 If it works that way, fine. If it doesn't  
4 work that way, we're going to have to improvise somehow,  
5 I suppose.

6 Any other questions of Mary about the legisla-  
7 tive process, and what's going on?

8 Mary, I want to thank you very much and public-  
9 ly acknowledge on the basis of more firsthand experience  
10 than I ever expected or wanted, the extremely effective  
11 work of our staff in this very difficult legislating pro-  
12 cess. I think Mary and Dan and their staffs have touched  
13 all the bases, have marshalled all the forces, have made  
14 the contacts, and operating in conjunction with the very  
15 broad network of support that we have around the country,  
16 have I think, done everything humanly possible to ensure  
17 the effective presentation of our case and, hopefully,  
18 the kind of results that we all want.

19 Our staff, in this respect, from my personal  
20 observation, has done a remarkable job, indeed. That's  
21 not to doubt that the rest of the staff and their own  
22 areas of responsibility are doing just as well, -- I just  
23 happen to have had more opportunity to observe this parti-  
24 cular area of activity in the last 4 or 5 weeks; and have  
25 felt that it was deserving of comment.

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1           The next item on the agenda is the report  
2 from the Committee on Appropriations and Audit. Mr.  
3 Engelberg.

4           MR. ENGELBERG: I would like to defer to --

5           MR. BRADLEY: Yes. But what I would like to  
6 just say, by way of introduction, principally, I guess,  
7 for maybe Mickey's and others' benefit -- we had an audit  
8 appropriations committee meeting here in Washington two  
9 weeks ago.

10           MR. KANTOR: You couldn't have Engelbert  
11 report on this? I think it would be much more interesting.

12           (Laughter.)

13           Go ahead, Mr. Bradley. I'm sorry.

14           MR. BRADLEY: What can I say? I hope the  
15 people in our audience will understand.

16           What we would like to do today, without going  
17 into all of the details of what we discussed in the audit  
18 and appropriations meeting, because all of you here at  
19 the Board meeting today sat through that discussion at  
20 that time. However, if it meets with the agreement of  
21 the members of the Audit and Appropriations Committee,  
22 Garry will present those modifications that we brought to  
23 the attention of the Committee for '81 before we get into  
24 the 1982 budget discussion.

25           MR. SINGSEN: The materials on page 17, 18, and

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1 19 present the formal document that reflects the recommen-  
2 dation of the Committee to the Board after the third quar-  
3 ter budget review.

4 In Column 6 you will see the proposed budget  
5 modification. As I reported to the Committee, essentially  
6 we have been working hard to ensure that the plans that  
7 we made during the year were carried out, and have been  
8 able to do that pretty effectively.

9 There are two essential modifications being  
10 proposed in the Committee's recommendation. One of them  
11 is technical, has to do with State support funds. We have  
12 had for years, as you know, a special needs category of  
13 revolving funds. That is, we use them for term purposes  
14 and regranted them. We carry those funds in the basic  
15 field category, in Category 1-A on page 17.

16 However, when we make a special needs grant  
17 for State support purposes, which we frequently do, that  
18 money for accounting purposes needs to be reflected as a  
19 State support expense. As a modification it's reflected  
20 in Column 6 -- the first of the two modifications, is  
21 simply a reflection of the fact that we made a number of  
22 special needs grants for State support out of the basic  
23 field special needs category. So we need to transfer the  
24 budget money to go where the expenses have already  
25 occurred.

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1           The second modification that the Committee is  
2 recommending to you has to do with clearing house. And  
3 you've seen already the extensive materials with regard to  
4 the moving of clearing house with independent grants status,  
5 and what's reflected in Column 6 is the transfer of  
6 \$900,000 to pay the cost of 15 months of operation of  
7 clearing house. Of course, it's been a 12 month operation  
8 before; but because they're moving outside, we needed to  
9 move them to a January 1 grant year instead of an October  
10 1 Fiscal Year, which is where they've been as part of the  
11 Corporation until now.

12           In addition, in doing the final preparation  
13 for this contract and reviewing all of the expense items  
14 that clearing house anticipates, we concluded that another  
15 50,000 should be transferred. Now this is since the  
16 appropriations and audit committee.

17           And so what I would ask the Board to do and  
18 with the Committee's indulgence, is to modify the recom-  
19 mendation that we made to the Board in Committee to  
20 \$950,000 transferred, the other \$50,000 would come out  
21 of the small remaining balance in the basic field area  
22 where some of the money was already coming from for the  
23 900.

24           This will -- several things that we have not  
25 fully accounted for. For example, the absence of FTS

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1 phones and General Services Administration purchasing  
2 powers, because they are no longer part of the Corporation  
3 -- and about 4 other things -- led us to conclude that  
4 950 would be a better figure for the 15 months.

5 So those are the recommendations with regard  
6 to the third quarter budget review.

7 CHAIRMAN McCALPIN: Gerry, let me -- looking  
8 at page 18, I understand that you are proposing to modify  
9 Line 2-D from 900 to \$950,000.

10 MR. SINGSEN: That's correct.

11 CHAIRMAN McCALPIN: I do not understand what  
12 other line you modified as the source of the \$50,000.

13 MR. SINGSEN: Line 1-A on page 17, which would  
14 be modified by an additional \$50,000.

15 CHAIRMAN McCALPIN: Would make it two million,  
16 156 thousand.

17 MR. SINGSEN: That's correct.

18 CHAIRMAN McCALPIN: The members of the Board  
19 have heard the recommendation of the staff with respect  
20 to modifications of the FY '81 budget. In the absence of  
21 the Chairman of the Committee on Appropriations and Audit --

22 MR. BRADLEY: You ran him off.

23 MS. ESQUER: If there are no questions, Mr.  
24 Chairman, I move that we approve the proposed modifications  
25 to the consolidated operating budget.

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1 CHAIRMAN McCALPIN: The proposed modifications  
2 are now before us, having been moved and seconded. Is  
3 there any discussion? With respect to those modifications  
4 which are, as I understand it, two in number?

5 Let me say that at the Audit and Appropriations  
6 Committee meeting, I spoke my piece about the transfer  
7 with respect to clearing house. I've thought about it a  
8 good deal in the meantime. I have not really changed my  
9 views. I think that if this were a separate item, I would  
10 be inclined to vote against it; but it's -- I understand  
11 also -- the sense of the Committee and the Board. I hope  
12 that history proves you right.

13 MR. ENGELBERG: It will.

14 (Laughter.)

15 CHAIRMAN McCALPIN: Any further discussion?  
16 All in favor of the motion will please signify by saying  
17 "aye".

18 MEMBERS: Aye.

19 CHAIRMAN McCALPIN: All opposed the similar  
20 sign.

21 (None opposed.)

22 So ordered.

23 (WHEREUPON, the proposed modifications were  
24 adopted.)

25 MR. BRADLEY: Mr. Chairman, if I could, I think

1 that this would be the appropriate time. Mario -- and I  
2 just passed this out; I apologize for not getting it to  
3 you, but I just got it myself this morning -- Under D.C.  
4 law, which I don't completely understand but Mario is  
5 here to explain it to us if we need further explanation --

6 Under D.C. law, since we are a private, non-  
7 profit corporation and the new entities of private, non-  
8 profit corporation, there needs to be express approval by  
9 the Board that would authorize the Chairman of the Board,  
10 not an employee of the Corporation, to execute a successor  
11 in interest agreement where we can transfer basically the  
12 property that is now in the possession of the clearing  
13 house operation in Chicago from our inventories, so to  
14 speak -- I'll explain it the way I understand it -- to  
15 the successor corporation.

16 MR. ORTIQUE: Now you've changed the word  
17 "Chairman" to "President".

18 MR. BRADLEY: No, the Chairman executes the  
19 agreement, and the President just implements whatever the  
20 agreement specifies.

21 MR. ORTIQUE: Oh, I think that that frivolous.  
22 And if that's all that means, you would normally do that  
23 anyhow.

24 MR. BRADLEY: Well, but Mario is here --

25 MR. ORTIQUE: He's the lawyer. I --

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1 MR. BRADLEY: You're the judge, though.

2 (Laughter.)

3 MR. ORTIOUE: I was about to say, I don't  
4 know anything about Washington, D.C., law. That's the  
5 important point.

6 MR. BRADLEY: But -- the question is, if you  
7 need further explanation as to why -- but I do think that  
8 we do need a resolution from the Board authorizing Bill to  
9 sign the successor in interest agreement.

10 CHAIRMAN McCALPIN: As I understand it, -- I,  
11 too, am seeing this for the first time -- the agreement  
12 is limited to a transfer of personal property owned by  
13 the corporation to this new corporation which will run  
14 Clearing House. Is that -- that's the sum total of the  
15 agreement, is it?

16 MR. LEWIS: That's correct.

17 MR. BRADLEY: And we're basically talking  
18 about, when you'll understand it -- I mean, that we have  
19 a relatively small staff at the Clearing House office.  
20 We're talking about some desks, some chairs, some type-  
21 writers, some filing cabinets. They do have a computer  
22 system that they use in the developing, or the technologi-  
23 cal improvements of the operation. I don't have a complete  
24 inventory of the property, but that would be -- you know,  
25 that would be specified in the successor in interest

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1 agreement. What did you say, Revius?

2 MR. ORTIOUE: Just a couple of things -- I  
3 don't understand the use of the term "personal property."

4 CHAIRMAN McCALPIN: That's because you come  
5 from a Code State.

6 MR. ORTIOUE: All right. Thank you. The  
7 second thing is, though, does this have to be a donation  
8 or do we count it in the budget, or how is that handled?

9 CHAIRMAN McCALPIN: Is there any consideration  
10 for the transfer?

11 MR. LEWIS: We are proposing that the considera-  
12 tion is, in fact, their performance under the contract  
13 to operate the Clearing House. That's the declaration  
14 of consideration.

15 CHAIRMAN McCALPIN: No tangible consideration?

16 MR. LEWIS: I would -- I'm inclined to some-  
17 what disagree with that.

18 CHAIRMAN McCALPIN: O.K.

19 MR. LEWIS: Fundamentally, only the Board is  
20 empowered to specifically transfer by any means, either  
21 sale or gift, personal property of the Corporation. And  
22 that's fundamentally what we're asking you to do.

23 CHAIRMAN McCALPIN: Mickey?

24 MR. BRADLEY: Well, I may say by way of intro-  
25 duction -- because we talked about this extensively and

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1 Mickey and Hillary were not there -- you know, we have  
2 been talking, and the staff has been proposing to the  
3 Board, I know since I've been here for over two years --  
4 I remember it was discussed at the first Audit and Appro-  
5 priations Committee I attended in the summer of '69 -- '79,  
6 I'm sorry. It feels like '69.

7           When we made the decision -- the Committee and  
8 the Board made the decision to terminate the Poverty Law  
9 Reporter; and we represented to you at that time we were  
10 going to integrate the services and the functions of the  
11 Poverty Law Reporter into an expanded Clearing House; and  
12 that since the amendments in the 1977 Act, the Green  
13 Amendments, permitted us to provide Clearing House ser-  
14 vices by grant or by contract rather than keeping it in  
15 house -- that we were moving toward that day.

16           We have informed, I know, the various commit-  
17 tees of the Board more so than the full Board that we  
18 were not making that recommendation previously to now be-  
19 cause, quite frankly, we had some internal problems at  
20 the Clearing House that we wanted corrected. But all of  
21 our budget recommendations and programmatic recommendations  
22 for the last year and a half have been moving toward the  
23 implementation of this plan.

24           MR. KANTOR: My question is more technical  
25 than it is substantive, since I support what you're trying

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1 to do

2 MR. ORTIQUE: That is my position.

3 MR. KANTOR: What are we talking about? What  
4 kind of equipment? How much is it worth, and why wouldn't  
5 it count against whatever the grant is going to be? And  
6 if it's not, why wouldn't we just lease the equipment to  
7 them so -- My point is this, for example: If 3 months  
8 from now for some reason, the National Clearing House for  
9 Legal Services goes out of business, there's certain equip-  
10 ment there that originally belonged to this Corporation --

11 MR. BRADLEY: Well, conversely, Mickey, what  
12 if the Corporation goes out of business? We have some  
13 hopes that the Clearing House will continue without --

14 MR. KANTOR: I'm not arguing the point. I'm  
15 trying to make this more effective, I think. Is there any  
16 reason why the value of this equipment can't be ascer-  
17 tained and put into the grant as just transfer the value,  
18 rather than the way it's being done? That's all I'm saving.

19 MR. ORTIQUE: That's the point.

20 MR. KANTOR: You see, I don't want anyone  
21 who comes in here a year from now to say that's our  
22 equipment. We're going to take it back --

23 MR. ORTIQUE: Or just having the new Board  
24 raise questions about the propriety of it. Is National  
25 Clearing House a non-profit --

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1 MR. KANTOR: But it's still a separate corpora-  
2 tion.

3 MR. ORTIOUE: We're giving away or donating --  
4 don't want them saying it was improper for you to have done  
5 it without ascertaining some value, without talking about  
6 a quid pro quo --

7 MR. LEWIS: We do have an inventory which  
8 itemizes the individual pieces and the cost of those pieces  
9 when originally purchased. We are, in effect, merely  
10 continuing something that agencies do and this organization  
11 has done.

12 At the time that the decisions were made about  
13 funding backup centers or national support centers, there  
14 were some which were not eligible under the terms of the  
15 Act; for example, Paralegal Institute. This Board directed  
16 at that time that the Institute have personal property  
17 where the possession of it at that time transferred to  
18 them. But while determination of grants, either because  
19 they were demonstration projects or in some instances  
20 because we have historically where there has been some  
21 evidence that they left the property in the possession of  
22 recipients -- under the rules of the Office of Management  
23 and Budget, grantual agencies are to leave property with  
24 recipients when the property is valued at \$1,00 or less  
25 and are to use your discretion about when the property is

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1 valued at \$1,000 or more.

2 So the practice that we're dealing with or the  
3 proposal that we're dealing with scores -- or squares with  
4 the prior practice of this organization and with what  
5 Federal agencies do.

6 We do have four year review -- the inventory  
7 and the itemized cost.

8 KANTOR: Mario, what is it worth, basically?  
9 What are we talking about? Not to the penny, just generally.

10 MR. LEWIS: I don't think we --

11 MR. ORTIQUE: You know, I just want to make  
12 sure that you understand what Mickey and I are talking  
13 about. We're not opposed to this. We are certainly in  
14 accord. We think this is the right way to go. We expressed  
15 our support of the National Clearing House, Inc., at the  
16 meeting.

17 Our concern is that the new Board, which I  
18 suspect will be looking for things to criticize and to  
19 make waves about, will not have those two to do it. The  
20 60 Minutes did a piece on Joint Services Administration  
21 giving away literally millions of dollars worth of equip-  
22 ment as new agencies developed, and that sort of thing.  
23 And of course, somebody in Congress says, we will have an  
24 investigation.

25 I don't mind being investigated, but at least

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1 I'd like to be able to say, well, I thought about it before  
2 it happened. That's all.

3 MR. BRADLEY: Well, I guess maybe I still  
4 don't understand you gentlemen are making, because the  
5 successor in interest agreement which Mario has prepared  
6 will, in fact, you know -- the contract, you know, that  
7 we will sign with them for 15 months will tell them pre-  
8 cisely what their annualized budget from us will -- and  
9 it will precisely describe the -- and incorporate the  
10 property that we will be --

11 MR. KANTOR: I understand. There's no consid-  
12 eration in this. Why can't there be one line item in  
13 their grant application, or in the grant, which says  
14 equipment transferred, "X" amount of dollars, and subtract  
15 that from the total grant; and then -- All I'm saying is  
16 that is a cleaner, better way to go, and then there's no  
17 doubt who that equipment belongs to.

18 MS. ESQUER: Or maybe add it to the total.

19 MR. KANTOR: Or add it. Add it to the top:  
20 I don't care.

21 MR. BRADLEY: Well, I can assure you I can --

22 MR. KANTOR: I'm only trying to -- I'm just  
23 trying -- I think that is more appropriate under the  
24 circumstances.

25 MR. LEWIS: Mr. Chairman, if I may. The

1 successor in agreement clearly points back to the contract  
2 and suggests literally that the transfer is contingent on  
3 performance of contract; the point of which is that there  
4 is legal consideration.

5                   The proposal that I understand you're making  
6 would, in fact, mean that -- just adding this as an amend-  
7 ment to the contract.

8                   MR. KANTOR: You're giving away your assets.  
9 How do you balance your books here unless you do that?  
10 I don't understand how you --

11                   MR. BRADLEY: No. Well, I don't object to  
12 that, and we will in fact do that. And I think that what  
13 you -- if I could suggest, that since Mr. McCalpin would  
14 be the one who will be executing this agreement if the  
15 Board authorizes him to do so -- that we will make sure  
16 Mickey, that the successor in interest agreement and the  
17 contract addresses and incorporates exactly and precisely,  
18 you know, what your recommendation -- what you're recom-  
19 mending.

20                   MR. KANTOR: I can see me on 60 Minutes now.

21                   CHAIRMAN McCALPIN: Howard, did you have  
22 something?

23                   MR. SACKS: With Dan's understanding, I'm  
24 content.

25                   CHAIRMAN McCALPIN: Did we have a motion?

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1 We did not have a motion before. Will somebody move the  
2 preceding conversation?

3 MS. ESQUER: I so move.-- the resolution with  
4 the understanding about the allocation of the assets as  
5 described.

6 CHAIRMAN McCALPIN: Assuming that everybody  
7 understands all that, is there any further discussion?

8 All in favor, please signify by saying "aye".

9 MEMBERS: Aye.

10 CHAIRMAN McCALPIN: Any opposed by like sign.  
11 Miss Shump?

12 MS. SHUMP: I have a question. On page 9 it  
13 says that at its September 12th meeting the Committee on  
14 Appropriations and Audit approved the modifications recom-  
15 mended. However, on page 2 of the memo material that  
16 Gerry provided the Board with, it says that each issue  
17 was briefed and discussed. Now which one of these is  
18 supposed to be correct?

19 MR. LEWIS: The statement on the Board book  
20 refers to the third quarter budget review and the pro-  
21 posed modifications, and the statement in the memorandum  
22 subsequently mailed to the Board refers to the 1982 pro-  
23 posed, consolidated operating budget on which the Committee  
24 took no vote.

25 MS. SHUMP: Thank you.

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1           MR. BRADLEY: And which leads us into the  
2 discussion of 1982. And here again, if I can, basically  
3 for the benefit of Mickey and Hillary -- what we did at  
4 the meeting, Committee meeting, two weeks ago -- the staff  
5 was not prepared and did not recommend specific budget  
6 allocations for 1982. What we did was to present in some  
7 detail, even with flip charts but no balloons, various  
8 issues that the staff in the field had indicated were  
9 essential activities, important activities; and we tried  
10 to characterize some of them as absolutely essential to  
11 the continuation of efficient and high quality and effec-  
12 tive legal services.

13           What we did -- the staff listened attentively  
14 and, hopefully, responsively to the concerns and sugges-  
15 tions and recommendations made by all the Board members  
16 that were present there. Then we immediately went back  
17 and then engaged in lengthy discussions with a large num-  
18 ber of persons that led us to developing for the first  
19 time an '82 proposed consolidated operating budget, which  
20 was mailed to each of you over a week ago.

21           So what we have proposed to do for you this  
22 morning is to -- rather than to talk here again in general-  
23 ities, is to try to summarize for you some of the issues  
24 that we did present at the Audit and Appropriations Com-  
25 mittee; but more importantly and specifically, to translate

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1 those programatic and policy issues into a proposed operat-  
2 ing budget. And, Gerry, if you would do that now.

3 MR. SINGSEN: I thought that something might  
4 be said about welcoming everybody to the new year -- our  
5 new year, at least. It was clear that starting with "Happy"  
6 new year was not quite appropriate, given what this year  
7 is like . So let me just say welcome to our new year and  
8 the discussion of the proposed, consolidated operating  
9 budget for 1982.

10 The memorandum that you have in front of you,  
11 as Dan has already said, reflects our best judgment about  
12 the way that we should proceed with a budget of \$241 million  
13 appropriated by the Congress for Fiscal Year 1982. It is  
14 only a budget at this moment for the appropriated sums.  
15 As you will remember in the past we have actually come to  
16 a full budget discussion, including any carryover balance  
17 in late November after we have closed our books.

18 We obviously -- for the first time with the  
19 meeting being held October 2, two days after the close of  
20 our Fiscal Year, are not in a position to discuss more  
21 than the appropriated funds at this moment. But, as I  
22 reported at the third quarter budget review committee, the  
23 actual available carryover funds will be quite limited  
24 this year.

25 The material which is presented, and I think

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1 Attachment No. 2 in the mailing of September 25 is prob-  
2 ably the most useful for looking at the detail level --  
3 the worksheet, as usual -- is described in the first 3  
4 pages.

5 What we have attempted to do is to reflect  
6 the discussion of the Committee and its weighting particu-  
7 larly of the difficult priority issues which we see com-  
8 peting in a budget presentation. At \$241 million our  
9 judgment is reflected here -- is that with appropriate  
10 reductions, largely just scaled reductions, we are able to  
11 proceed into 1982. And that is what is presented here.

12 What I would like to do is to present very  
13 briefly, without a lot of the discussion of the merits  
14 of each individual item, what we have concluded pretty  
15 much in the format of the 3-page memo; and then, depending  
16 on where particular concerns may focus, to go there for  
17 more detail in the discussion that may follow.

18 For field programs what we have recommended  
19 is that basic field programs be cut a proportional amount,  
20 about 25% amount, the actual final calculation will be made  
21 based on how all the dollar numbers work out when we're  
22 finished.

23 That native American and migrant programs, for  
24 a number of special reasons that are enumerated in the memo  
25 and were discussed on September 12, be reduced by only

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1 half that amount, about 12 1/2%; that we maintain a very  
2 small reserve for special adjustments in this year --  
3 that we will not have much need, but we should have some  
4 very small amount available in the case of small errors  
5 in the amounts of funds that we put out to make minor  
6 adjustments, to deal possibly with an emergency situation  
7 if it arises. It's really a token reserve.

8 In National and State Support we recommend  
9 that at \$241 million we make the same reduction in the  
10 overall allocation that we are proposing for Basic Field  
11 Programs. We do that with consciousness that these are  
12 very essential functions, and that we are dealing here  
13 with a \$241 million budget. As with many of the items  
14 here and as with our discussion on September 12, at a  
15 different budget level we would all have somewhat more  
16 difficult and trying questions.

17 The Census Impact Project as we have discussed  
18 before, we believe, is over for our purposes of this  
19 budget level. And you'll note in the presentation on  
20 page 1 of 7 in the Attachment No. 2 that Clearing House  
21 is proposed for 1982 with no budget. Let me just say that  
22 as a technical matter, because we've come over the October  
23 1 quarter before making the final action on Clearing House,  
24 there will be a sum here. It's the money that we've  
25 just discussed as the '81 money; but as part of the

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1 technical '82 budget it will be here.

2 Let me say also a word about Column 2, the  
3 base column, because sometimes that's confusing. The  
4 base as opposed to Column 1 which is the '81 budget, is  
5 the annualized amount as we've discussed it in the past.  
6 It's the base level of funding for different operations.  
7 That's why, for example, Clearing House appears there as  
8 914, its base out of 1981, even though we don't intend  
9 to appropriate any 1982 funds for it because we're using  
10 '81 funds for that activity in '82. But the base does not  
11 include one-time funds that have previously been allocated.  
12 It doesn't include special projects that are not continu-  
13 ing.

14 The calculations in Column 3, the proposed '82  
15 budget, are calculated off Column 2, the '82 base. This  
16 has always been a practice. Look back at prior years.  
17 You'll find this in our budget presentations to Congress  
18 and in our presentations here.

19 Going over to the second page of the Attachment  
20 2, for the Special Program category, the Clients Counsel,  
21 we're recommending only a 10% reduction. It's a relatively  
22 small amount of money, but we think that given its func-  
23 tions the Clients Counsel cut should be as little as  
24 possible, but there should be some small reduction.

25 For the Reginald Heber Smith Program which

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1 provides attorneys to work in the field, we think the  
2 reduction that is taking place in basic field programs  
3 was the appropriate reduction, 25%.

4 And similarly with the summer internship  
5 program which, as you remember from the Committee discus-  
6 sions, we said was probably something that should not  
7 continue -- we've reconsidered on that issue, and now  
8 propose that it continue but again at a 25% reduced rate.

9 As you know there's no expansion budget for  
10 1982. In Program Maintenance and Improvement the only  
11 element here that will continue is the technological im-  
12 provement area. And here we've talked about 3 specific  
13 functions being continued. They're detailed in the memoran-  
14 dum. The major one is the computer assisted legal re-  
15 search and moving to a national coverage level, although  
16 with less money than we originally thought would be re-  
17 quired. We were able to do it, we think, at about two-  
18 thirds of what we were talking about at Committee meeting.

19 In Category F, the demonstration projects,  
20 -- let me just say as to quality improvement project,  
21 you'll notice that it is zeroed here in '82, but that's  
22 because it's investment income. There is, in fact, a  
23 small final piece of expenditure which is investment  
24 income funded, which will be here as part of the overall  
25 '82 budget.

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1 Private-ware participation -- we're proposing  
2 a \$750,000 item here, essentially with two major compo-  
3 nents. One, a continuation of our work funding on a  
4 matching grant basis some pro-bono demonstration programs  
5 although with less funds -- at the least a reduction of  
6 the 25% that's happening to other field programs, and an  
7 examination before those grants are continued or others  
8 are made; how those grants are actually going.

9 In addition, about the same amount of money  
10 for technical assistance to both programs and to State  
11 and local bar associations, working closely with the  
12 American Bar Association in that effort, to help them  
13 move through this final transition of re-design; and, of  
14 course, to work through what is proposed by us the move-  
15 ment to a 10% level in our overall field allocation of  
16 the funds going to field programs for private bar delivery.  
17 And I think we'll be discussing that briefly. -- Shortly.

18 Category 5, Client Advocacy, as with a number  
19 of the other categories we recommend the continued but at  
20 a 25% reduction in funding level. The grants in that area  
21 from this year have just gone out, so the work is just  
22 beginning on them. We think we should continue with some  
23 more money working in this direction in 1982.

24 Legal Services Institute should, we think,  
25 come to a close as a special project of the Corporation.

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1 However, we think we need to provide some funds to finish  
2 out the academic year. That's the \$250,000 for them.

3 And in Program Development and Experimentation  
4 as discussed in the memorandum, basically what we're deal-  
5 ing with here is a continuation of the development of  
6 special material to help programs going through the re-  
7 design period. This is a national effort that backs up,  
8 supplements, and makes possible the kind of technical  
9 assistance -- delivery, for example -- to local programs  
10 and bar associations around re-design options working  
11 within legal services programs to provide specific help  
12 for design changes as reductions take place.

13 In the support budget we talked in some detail  
14 about our plans at the Committee meeting and, instead of  
15 trying to summarize each item, let me speak to the items  
16 generally. As you can see we've reduced from a base of  
17 20 million plus to a base of just less than 11 1/2  
18 million. This is based on a series of judgments about  
19 the Corporation's direct expense activities during 1982,  
20 a time of substantial reduction overall; and the conclusion  
21 that we need to cut even deeper in our direct expense  
22 activity so that all dollars possible can get out to the  
23 field.

24 The specifics are here, and obviously we can  
25 discuss them if there are questions about any of the

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1 individual line items within the worksheet.

2           Finally, if you look on page 4 of 7, line C,  
3 an allocated -- we do propose the continuation of a small,  
4 unallocated reserve within the direct expense budget. We  
5 think it's important, particularly this year. We think  
6 this is an extraordinarily tight and difficult budget  
7 within direct expense. And we think it's important be-  
8 cause this is going to be a transition year for the Board  
9 itself and for the staff. There may be some special  
10 expenses related to that transition for which there is  
11 some need to have an unallocated fund. We think the  
12 \$150,000, which you'll remember this year we did not need  
13 to tap except at the end of the year as a source of funds  
14 for the forward funding of Clearing House, should be  
15 available for the new Board and new management when that  
16 transition occurs so that there is some ability to act  
17 when they come into office.

18           That, basically, is the presentation of the  
19 '82 COB.

20           MR. BRADLEY: And I think for purposes of  
21 our further discussion and decision this morning, each of  
22 you have before you -- and here again I apologize that  
23 we were not able to get it to all of you in the mail or  
24 to some of you that were here yesterday did have a copy  
25 of something that the staff and representatives of the

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1 field have been discussing for some time -- that we have  
2 reduced to the piece of paper that's before you that is  
3 tied with principles on private bar involvement.

4 I think we have to understand the 1982 Consoli-  
5 dated Operating Budget in the context of several things.  
6 One is, as Mary made reference in her presentation and  
7 which I think most of you know, the bill that had passed  
8 the House and the bill that has been reported out of the  
9 Senate committee awaiting Senate floor action includes  
10 language mandating that there be substantial sums to  
11 create the opportunity for private bar involvement in the  
12 delivery of legal services.

13 I think that all of us are aware of a lot of  
14 the arguments and concerns in the debates and the pros  
15 and the cons that have been going on on this matter for  
16 some time. I would refresh the Board's memory and refer  
17 you back to the extensive discussions and debate, especi-  
18 ally the Revisions Committee, had over a period of about  
19 a year leading up to the adoption by the Board over a  
20 year ago of a policy report to the Congress and the Presi-  
21 dent of the United States on the delivery system study.

22 I would also remind you all of the long debate  
23 that we had in New Orleans in December of last year, when  
24 we adopted a \$399 million budget that we submitted to  
25 Congress that did, in fact, demonstrate the Board and the

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1 Corporation's commitment to trying to involve the private  
2 bar even more in the delivery of legal services.

3 Now, I'll be the first to admit that the  
4 community, and certainly your Board -- I mean your staff,  
5 and I don't think the Board today can make detailed statis-  
6 tic decisions that will resolve once and for all about  
7 what we mean about private bar involvement. All I do  
8 know is this, it's abundantly clear in terms of the United  
9 States Congress that Congress, in fact, will legislatively  
10 mandate and will require that the Corporation move in  
11 such a way that involves attorneys in private practice in  
12 delivering legal services to eligible clients.

13 The debate has come -- the debate did take  
14 place in the United States Congress in the House of Repre-  
15 sentatives in the committee level as to what substantial  
16 involvement of the private bar means. And that's included  
17 in your Board book today. Mary made reference to the  
18 fact what the language means.

19 There's a qualification, and I think that it's  
20 important for me to explain that. The Butler amendment --  
21 Caldwell Butler, who is a key actor in the support of our  
22 program this year -- the Butler Amendment -- the language  
23 that was adopted by the House requires that the Corpora-  
24 tion make available substantial amounts of funds to pro-  
25 vide the opportunity for legal assistance. Then

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1 Congressman Butler, who candidly is concerned about the  
2 legal services program for the indigent being turned into  
3 something like Medicare for doctors -- he expressly, and  
4 I quote: "Except that the Corporation shall issue regula-  
5 tions to provide the compensation to private attorneys  
6 for rendering such legal assistance shall not exceed  
7 reasonable cost and expenses, and the Corporation shall  
8 develop suitable criteria for the -- for determining the  
9 amount of such reasonable cost and expenses."

10 Well, I will represent to you this morning  
11 that whatever bill, whatever appropriation, we ultimately  
12 receive this year; whatever authorization we ultimately  
13 receive this year, will in fact include statutory mandate  
14 requiring this Board and our grantees to take appropriate  
15 action to involve the private bar.

16 Now we have literally worked long and hard  
17 and we're going to continue to do so as early as next  
18 week with representatives of the field and the client  
19 community to try to even flesh out more so than we're  
20 prepared to talk to you this morning, as to exactly what  
21 that means in every case and every grant and every con-  
22 tract and every program in every instance. We're just not  
23 prepared to do that.

24 What we have before you this morning -- and I  
25 hope that each of you will review with us and maybe we

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1 can discuss some of that in the context of the '82 budget  
2 request -- that when and if we make grants this year to  
3 our programs, which we normally do in mid-December and  
4 award funds to our programs, they will receive their  
5 checks for the beginning of the new program year in Janu-  
6 ary -- the staff needs some guidance from the Board that  
7 will permit us to develop the details of what is required  
8 by Congress and by what we meant when we said to the  
9 Congress in our delivery system study that we were going  
10 to take appropriate action, budgetary actions and other  
11 actions to involve the private bar.

12 We are trying to reduce certain principles  
13 and concepts which you have before you; and I would sug-  
14 gest that as we discuss the '82 budget allocation, that  
15 we can only discuss it and understand it in the context  
16 of the private bar involvement.

17 So that's basically the budget recommendations  
18 that incorporate, I suppose, by reference these principles  
19 on private bar involvement that the staff now presents  
20 to you as a result of the discussions that we had at the  
21 September 12 Audit and Appropriations Committee.

22 MR. TRUDELL: Mr. Chairman, for the sake of  
23 discussion -- in order to start the discussion I would  
24 like the motion be tabled. I move that the proposed Con-  
25 solidated Operating Budget for Fiscal Year 1982 as

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1 recommended by the staff be adopted. I further move that  
2 the principles on private bar involvement which, as I  
3 understand it, was handed out and the audience has copies  
4 as well, be used by the staff as guidelines in making  
5 grants for Fiscal Year 1982.

6 CHAIRMAN McCALPIN: Is there a second?

7 MR. : Second.

8 CHAIRMAN McCALPIN: Any discussion? Revisus?

9 MR. ORTIOUE: I've got some comments, and  
10 then a question. The comment is that I don't think that  
11 the allocated -- unallocated fund is sufficient. I think  
12 that you're going to find that, as we move these next few  
13 months, that the \$150,000 is not a realistic figure. But  
14 I suspect that you've looked at that, and you do the best  
15 you can and get it from whatever source.

16 MR. BRADLEY: Well, Revisus, one thing Gerry  
17 mentioned in passing, but he didn't mention the amount --  
18 and maybe I shouldn't let the cat out of the bag because --  
19 but we are in the process of closing out the books for  
20 '82. We will at the next Audit --

21 MR. ORTIOUE: For '81.

22 MR. BRADLEY: Excuse me -- for '81. -- at the  
23 next meeting of the Audit and Appropriations Committee,  
24 before your next Board meeting, we will have the exact  
25 amount --

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1 MR. ORTIQUE: I've got a handle on this.

2 MR. BRADLEY: Yeah. -- of how much money was  
3 one time -- it's probably going to be, I would say, at a  
4 minimum of a half a million dollars. And at that time,  
5 we will suggest to you whether or not we think our guessti-  
6 mates are right in terms of unallocated reserve.

7 I think you made a good point. You may, in  
8 fact, decide at your next meeting not to allocate that  
9 half million dollars until you see what the final appro-  
10 priation from the Congress is going to be.

11 MR. ORTIQUE: I just wanted to make sure that  
12 at least that remains fluid for the time being, and that  
13 no one would feel -- well, \$15,000 ought to be -- any top  
14 on it; because I just think that that's not realistic.

15 CHAIRMAN MCCALPIN: I believe we may also  
16 have some investment income that's unallocated, too. You  
17 had a question?

18 MR. ORTIQUE: The question I wanted to raise  
19 was, in your principles you indicate 10% that -- it was  
20 my appreciation when these principles were being discussed  
21 that you were not wedded to 10% as such, but rather the  
22 principles are more important than the actual 10%; so that  
23 a program would not to have to say we've got a \$2 million  
24 program; therefore, \$200,000 must be set aside for that.

25 That is a goal or a benchmark, but not

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1 necessarily an absolute. That's my understanding. The  
2 principles will be the thrust as opposed to the amount.  
3 Is that not correct?

4 MR. BRADLEY: Well, I think it's fair to  
5 represent, Revius, that in the total scheme of the \$241  
6 million budget you touched on a couple of issues -- I  
7 cannot represent to you today that we are suggesting that  
8 every grantee be absolutely, by law, regulation, whatever,  
9 -- be held to the rigid formula. However -- and the way  
10 this is worded in the second sentence -- it basically  
11 says, "substantial amounts shall be defined as 10% on an  
12 annual basis to basic field programs."

13 Now -- but the issue that you raised -- and  
14 I want to proceed gently on this issue -- it has come up  
15 in several contexts. It certainly came up in the context  
16 of when the ABA debated this at their convention two years  
17 ago. It has certainly come up in terms of the United States  
18 Congress. What does substantial mean?

19 Basically the decision ultimately is going to  
20 come back, the first round of this debate, with this Board  
21 in terms of what "substantial" means. Does substantial  
22 mean anything? Is it illusory? I mean, if we only spend  
23 \$2, is that substantial? If we spend 10%, is that sub-  
24 stantial? And I think that there's a possibility that if  
25 we don't make some general decision and general guideline

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1 on what we're basically talking about, that that decision  
2 is, in fact, going to be made for us specifically in our  
3 legislation and our appropriation.

4 Now clearly, I think, keep in mind that, of  
5 the 325 operating programs that we have now, over 175 of  
6 those programs today have private bar components. And  
7 most of those programs have, in fact, structured, organized  
8 functioning programs. About 65 of those programs, 66  
9 maybe, have contractual arrangements with private lawyers  
10 law firms.

11 We have a large number of those programs that  
12 have Judicare components. Eight of them have just pure  
13 Judicare, with no staff attorneys except for administra-  
14 tive purposes. Eight of those Judicare programs that the  
15 Corporation funds now have Judicare plus staff components  
16 that handles certain types of cases.

17 In some States -- and I can mention them,  
18 Wisconsin, for one; Minnesota, northwest Minnesota; Vir-  
19 ginia; Arkansas; now in Louisiana with the most recent  
20 expansion grants that we've made -- we have grantees that,  
21 by their own choice, by the decision of the local programs,  
22 that spend way in excess of 10% on private bar activities.  
23 But I would hope that when the composite is all put to-  
24 gether, that we can represent to the United States Con-  
25 gress that this Board is moving in the direction of

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1 allocating 10% of our basic bill grant for the involvement  
2 of the private bar.

3 That's a long-winded way to try not to --

4 MR. ORTIOUE: I understand that, you know,  
5 you've got to walk a tightrope because we don't want to  
6 appear to anybody about this, and we want the field to get  
7 the message that we do want substantial portions of the  
8 funds spent for field programs. No question about that.

9 All I'm saving is that my message would be,  
10 lock, these are the principles. Now you be concerned,  
11 number one, about the principles, and then the rest will  
12 fall in place because then you will have reached that 10%.

13 MR. BRADLEY: Dick Trudell?

14 MR. TRUDELL: I would like to suggest that the  
15 language regarding Native American Migrants be changed to  
16 just read as Native American Migrant grantees will not be  
17 required to allocate 10% of their funding for private  
18 attorneys participation. They will, however, be expected  
19 to analyze the feasibility of involving private attorneys  
20 in the provisional legal services.

21 Basically, you're saying the same thing: but  
22 I don't think that -- when you say grantees funded for  
23 limited purposes -- I mean they're funded to provide ser-  
24 vices like any other field program. And so I think that  
25 I would suggest that that be changed.

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1 MR. BRADLEY: I think that improves what we  
2 were trying to say. I mean, you know -- in the staff we  
3 sometimes get locked in. We, in terms of, say, basic  
4 field and limited purpose grants; but we don't mean it  
5 the way it literally reads to the uneducated person -- the  
6 uninformed, not uneducated. And I think the way you have  
7 re-written it sounds better.

8 Howard?

9 MR. SACKS: Now if I understand Dick's lan-  
10 guage, he says that these specially funded programs are  
11 required to analyze. Analyze means to study the feasi-  
12 bility of. That seems to be a --

13 MR. TRUDELL: Well, the reason I say that,  
14 Howard -- conceivably, with the travel cost, it may not  
15 be feasible to really involve them in any way, because of  
16 the cost consideration.

17 MR. BRADLEY: Well, I mean, it's not only  
18 because -- I mean, there are a lot of other considera-  
19 tions. Some of our migrant programs and native American  
20 programs where there are just absolutely no members of the  
21 private bar within a great distance, where even if we  
22 wanted to mandate it, they just couldn't be done.

23 MR. SACKS: But all we're telling them -- let's  
24 be clear about what it is, speak about it --

25 MS. SHUMP: Suppose we said, we'll develop

1 if feasible?

2 MR. SACKS: I'm very concerned about this,  
3 and I'm very concerned about a broader principle. Be-  
4 cause when you think about it, it's not much of a direc-  
5 tive.

6 MR. BRADLEY: I think Hillary strikes the  
7 note that I hope to strike.

8 MS. SHUMP: And the areas where it is feasible  
9 because of population centers or whatever --

10 MR. TRUDELL: Yeah -- because there are excep-  
11 tions, I'm sure. In the State of Washington where every  
12 paying legal service is with their migrant -- or native  
13 American component, there near Seattle, what have you.  
14 But generally the larger programs are just totally iso-  
15 lated, you know.

16 CHAIRMAN McCALPIN: Furthermore, it just seems  
17 to me that if you get to a District Court of the United  
18 States, or particularly a Court of Appeals of the United  
19 States, you have different possibilities. Another thing --

20 MR. SACKS: Revius' comment and Dan's response  
21 is different from what the staff has told us. The staff  
22 on page 3 in the paragraph marked -- that's headed "Pri-  
23 vate Attorney Participation" says in two places -- and  
24 I'll read you just one of them: "The staff --" This is  
25 at the end of that paragraph. "The staff agrees and

1 recommends that 10% of each programs' funding should be  
2 ear-marked for private attorney participation." Now  
3 that's a directive.

4 MR. BRADLEY: No. Well -- but that's not what  
5 is stated in the policy. See, one of the questions in a --

6 MR. SACKS: Well, what is the staff's --  
7 what are we going to tell -- I'm running a legal services  
8 program in Keokuk, Iowa. Tell me what I'm supposed to do.

9 MR. SINGSEN: I just want to interject. The  
10 language on page 3 -- I think the simplest way to respond  
11 is that it's inartful, and that the private bar involvement  
12 principles are an attempt to deal with the issue much  
13 more completely and clearly than the one paragraph on  
14 page 3.

15 MR. SACKS: Well, then let me tell you my  
16 concern. My concern is that there's a lot of opposition  
17 on some programs to this. And if all you're going to  
18 tell them is, well, the Corporation as a whole will put in  
19 10%, then me -- I'm in Keokuk will say, I don't need to  
20 worry. They'll take care of it in Northwest Minnesota.  
21 I'm going to go do business as usual.

22 CHAIRMAN McCALPIN: Howard, let me tell you  
23 how the author of the thing thinks of it. I think of it  
24 in terms kind of in order to show cause that, if you're  
25 not going to have 10%, you'd better demonstrate why. I

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1 would think that there is some sort of a presumption in  
2 favor of it, rebuttable if necessary: but that there ought  
3 to be a presumption in that favor.

4 If your presumption comes out something dif-  
5 ferent, O.K. I tend to think of it in terms of it in  
6 order to show cause.

7 MR. SACKS: Well, that's all right. But I  
8 want something of that kind, so when a regional office  
9 goes out to do an inspection, they've got some sort of a  
10 stick with them.

11 MR. ORTIOUE: That's why they have those  
12 principles there. And the principles, in my view, are a  
13 direct statement to -- look, we expressed these principles  
14 you, one, two, three, four, five; and we find you wanting  
15 on one and two and, by God, you better give me some exolana-  
16 tion. I think -- put it directly.

17 MR. SACKS: Well, Mr. Chairman, are you satis-  
18 fied with the statement that these principles that we  
19 hold for them will be implemented in the way that you  
20 suggest, or do you want to change the language?

21 CHAIRMAN McCALPIN: Well, I can understand  
22 the written principles in the term that I have just attribu-  
23 ted to it. Where it says substantial amount defined as  
24 10%, then I think that that says you get 10% unless you  
25 can demonstrate why that's not proper or feasible.

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1 MR. TRUDELL: The President is nodding his  
2 head --

3 MR. BRADLEY: And that's certainly the way  
4 I understand it.

5 MR. ORTIOUE: And I think that Representative  
6 Buckner in some of his private discussions was talking  
7 about this same type of possibility. That's the way I  
8 understood it.

9 CHAIRMAN McCALPIN: Ramona, did you have --

10 MS. SHUMP: Well, of course, I don't like the  
11 percentage. I'll be very honest about that. I understand  
12 and I recognize the need for private bar involvement. And  
13 always in principle when you start talking about percentages  
14 of field budgets, especially in light of the fact that  
15 telephone calls, letters, that I have received that offices  
16 being closed in neighborhood centers, about the difficulty  
17 that clients are experiencing right now in getting legal  
18 assistance -- which is a fact that many of the programs  
19 in this nation have already closed down intake -- and now  
20 we have a meeting, and we're saying, well, if we come out  
21 of this at 241, we're going to say that 10% of your budget  
22 has got to go for private bar involvement.

23 In December of last year, based on a different  
24 appropriation figure, there was a statement, agreement,  
25 to the fact that we would be spending \$30 million for

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1 private bar involvement. The figure that we're talking  
2 about now is considerably less. We are telling our field  
3 programs that we are going to cut them by 25%, by 10%,  
4 by 12 1/2 %. O.K.? If my multiplication is correct, we  
5 come out at 24 -- at 241 -- and we mandate, unless I'm  
6 clearly off-base, 10% of the monies that go out must be  
7 set aside for private bar involvement.

8 We're really saying we're cutting down from \$300  
9 million to either \$24 million or \$20 million; and, you  
10 know, I have real problems with that in light of the  
11 fact that clients are suffering, are going to suffer more.  
12 The field programs have already cut back. We are losing  
13 many dedicated attorneys, you know --

14 MR. BRADLEY: If I could -- If I could, though,  
15 No, but in terms of -- and I'm not an expert cost benefit  
16 analyst. But what is, in fact, going on -- and I would  
17 represent to you that, especially because it's my -- and  
18 I would represent to you on information and belief, that  
19 many of our programs are today moving aggressively and  
20 will continue to move aggressively under this involvement  
21 of the private bar, to have greatly expanded pro bono  
22 programs. And a cost -- simple cost benefit analysis, I  
23 think that that 10%, the possibility of 10% being used  
24 by our programs and the managers and the directors of  
25 all of our local programs, to involve a greatly expanded

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1 cadre and number of private lawyers who are willing to  
2 donate their time, free of charge, to representing clients  
3 will be more than off-set in many communities by even  
4 those reductions.

5 Now I see that the President of the California  
6 Bar is with us. I know for a fact that the San Francisco  
7 program, on their own initiative -- the San Francisco  
8 Bar, working with our San Francisco program. And we  
9 haven't even allocated the money next year. But they have  
10 already moved, and all domestic relations matters that our  
11 program traditionally has handled will now be handled by  
12 the private bar. And Joanne Garvey, who is the President  
13 of the Bar, was with us at a meeting last week. All immi-  
14 gration-related problems that have traditionally been  
15 handled by our program, will now be handled formally under  
16 a system established by volunteer private attorneys under  
17 a structured formal pro bono program.

18 And I can use that as an example, but I can  
19 also tell you what they're doing in Florida and other areas  
20 to more than make up for the reduction in the dollar amount  
21 that we are losing. And I think that most of our programs  
22 -- and I've been talking to a lot of our project directors --  
23 will, in fact, use monies that would be allocated under  
24 this private bar involvement to greatly expand and, hope-  
25 fully -- the theory being make sure that those clients

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1 that we have been representing and will no longer repre-  
2 sent, any new clients, will in fact be served.

3 So I don't view it as taking money away from  
4 client services. In fact, I think that it will, in fact,  
5 be used to expand client services.

6 CHAIRMAN MCCALPIN: Cecilia?

7 MS. ESOUER: Along the same line, Dan, I  
8 think that maybe the wording, you know, of the principles  
9 is kind of worded to have a cumulative type impact. And  
10 I think that I prefer the model that has been set, you  
11 know, by the appropriation, that it really be an induce-  
12 ment -- that there be an inducement rather than, you know,  
13 a taxation on the local programs. And I would really like  
14 to see the emphasis be out more on the regional basis  
15 rather than a local program basis. And, you know, while,  
16 you know, I may have some qualms about what the percentage  
17 should be, I really would like to see it -- see programs  
18 applying for funds the way that the model has been set up.  
19 And I probably think that the total would be about the  
20 same.

21 In that way local programs that are into  
22 developing or that have good relationships with their  
23 local bar, would then form a partnership to apply for  
24 those funds that would be available at the Regional level;  
25 and I think the concerns or the prima facie case that we

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1 would have to show in Bill's example, would probably be  
2 met. And maybe with least resistance and with a lot less  
3 tension at the local program level, because what I think  
4 a lot of people are understanding is what Ramona is say-  
5 ing -- that we're not saving to the field, you're going to  
6 suffer a 25% cut, but in many areas it will be interpreted  
7 as a 35% cut. And in fact, it really is not a 35% cut.

8           And I would like to feel in the positive tone,  
9 rather than on a taxation tone, because I think the impact  
10 would be greater and the acceptance would also be greater,  
11 and much more positive. Because certainly I think that  
12 the pro bono efforts that have gone on from the funding  
13 that was created have been a very positive exercise, and  
14 I would like to keep it on that basis.

15           CHAIRMAN McCALPIN: Cecilia, let me say a word  
16 or two in response. First, I couldn't agree with you more.  
17 I'd rather see it on a positive, affirmative, inducement  
18 basis. I do not see it, and I hope it isn't understood  
19 and I hope it isn't stated, in a negative or punitive way.  
20 I certainly don't see it that way at all.

21           But I do have a couple of considerations about  
22 your suggestion with respect to regionalizing the thing  
23 or somehow taking it out of the individual program.

24           First of all, it's been a cardinal principle  
25 with me and one of my concerns as long as we've been

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1 talking about this, that we do not build up a competing  
2 structure. I don't want to see us involve the private  
3 bar by creating new programs and new structures which may  
4 become the favorites of another Board or another adminis-  
5 tration of this Corporation down the line.

6 I have been trying all along to see to it that  
7 this is done through the existing programs, and I think  
8 that's extremely important.

9 Secondly, I am conscious of those words that  
10 Mr. Buckler stated down in New Orleans when he talked about  
11 the prospect of block grant two years down the road and  
12 urged the Bar to begin to develop in the State levels its  
13 constituency, to battle for its share in that sum, point-  
14 ing out to us that other social service agencies have al-  
15 ready got those constituencies and apparatus in place to  
16 do that; and that the Bar doesn't.

17 It is for that reason that I think it is ex-  
18 tremely important that we get not just regions and not  
19 just the whole country involved in developing this kind of  
20 a constituency and support, but that we get every program  
21 involved in it. Because I recognize the fact that in some  
22 areas of the country the private Bar doesn't want to be  
23 involved, and we've got to change that. And I recognize  
24 it's equally true that in some areas of the country the  
25 programs don't want the private Bar involved, and we've

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1 got to change that. And I think we've got the leverage  
2 the situation somehow to bring those two parties together,  
3 and this it seems to me is a way of going about that.

4 I don't reject out of hand your concept about  
5 regionalization, but I have some apprehensions about it.

6 Revisus?

7 MR. ORTIQUE: Bill, I think you made the same  
8 or similar speech at the Audit and Appropriations Committee,  
9 and I made a speech about it, too; but I think that my  
10 point is more important than your point. I want to re-  
11 emphasize it.

12 I think that what we are really saving in the  
13 principles -- that's why -- underline the principles --  
14 I think what we're saving to each individual project or  
15 program, look, you can get more mileage out of the dollars  
16 if you positively support a private Bar structure.

17 Now one of the problems that we run into is  
18 that most programs and most people that you talk to inter-  
19 pret private Bar activities as paid private bar services.  
20 That, to me, is what we don't want to encourage.

21 When we appropriated the pro bono dollars, a  
22 half million dollars for pro bono services, I saw that  
23 then, and I see it now as a boost for economic survival  
24 of programs, that the message ought to go out loud and  
25 clear: This is not a Medicare, this is not a means by

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1 which private lawyers are going to get rich. And it's  
2 the local programs we've got to see to it that does not  
3 happen. And my concern is that we do not decide that  
4 this means -- the principles that you enunciate -- my  
5 concern is that the number one thrust be, how do we  
6 stretch dollars? And pro bono programs can be made to  
7 work and within our program is the best place for them  
8 to work.

9 I don't agree with Congressman Buckler, and  
10 I said so in the private conversation. I just don't  
11 think that block grants will work for legal services in  
12 the foreseeable future. But --

13 CHAIRMAN McCALPIN: I would agree that your  
14 views are at least as important as mine.

15 MR. BRADLEY: Judge, on that point -- because  
16 what Congressman Buckler was -- because I've talked to  
17 him since then -- what he was trying to say, he doesn't  
18 think -- I mean, he doesn't support it. He said that in  
19 his judgment that he does not think that this Congress  
20 next year or in two years will re-authorize the Corpora-  
21 tion, because he says in his judgment Congress a year or  
22 two from now will, in fact, turn this program over to  
23 the governors on the broad grant. Although he personally  
24 doesn't support that, he just wants us -- and what he  
25 said, and what he told us in the ABA meeting in New

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1 Orleans, you all got a year or two to be prepared: because  
2 in his opinion a year or two, the handwriting is on the  
3 wall. But he never suggested that's the way to do it --

4 MR. ORTIQUE: He doesn't expect we Democrats  
5 to rise again. We're going to do it.

6 (Laughter.)

7 CHAIRMAN McCALPIN: Is there any other member  
8 of the Board that wishes to speak on this subject at this  
9 time?

10 MS. RODHAM: Are you talking about the private  
11 Bar issue?

12 CHAIRMAN McCALPIN: I'm talking about the  
13 motion that's before us, which also includes certainly  
14 the budget.

15 MS. RODHAM: I have just a couple of questions  
16 that I'd like to ask. I find the amount of money that  
17 will be allocated to regional offices and evaluations a  
18 little difficult to understand. I'd like to know what  
19 the continuing functions of the regional office and their  
20 evaluations components will be, and whether it wouldn't  
21 be possible to cut them even further. I'm particularly  
22 concerned with the amount of money that will be left for  
23 management and technical assistance and training develop-  
24 ment in light of the need that I think will be present  
25 for management and technical assistance. And I don't see

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1 how you can have money allocated for doing evaluations if  
2 you're not going to have any kind of follow-up. I'd rather  
3 see the regional offices and evaluations cut more than  
4 they're presently cut and money put into management and  
5 technical assistance that would either go directly to  
6 programs or State support or national support or stay in  
7 the Corporation or whatever.

8 I'm sure you had a good reason for doing that.  
9 I just don't understand it.

10 MR. SINGSEN: Well, let me begin, and Clint  
11 may want to speak in more detail since this area is one,  
12 of course, that he knows much more intimately than anyone  
13 else.

14 The decision making on the regional offices  
15 went in several stages. We looked at, as we looked at  
16 the whole Corporation, what were the functions we felt we  
17 had to continue performing, concluding that any grant-  
18 making organization has to maintain a liaison function  
19 with all of its grantees, has to maintain an information  
20 flow with all of its grantees, and as we have been develop-  
21 ing it over the last several years with the regional  
22 office as the core of the effort has to maintain the  
23 capacity to provide technical assistance to programs.

24 The distinction between technical assistance  
25 and regional office budgets and evaluation activities

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1 is more sharply drawn in the budget line than anywhere  
2 else, because in fact those are very highly integrated  
3 operations. And what our regional office staffs are doing  
4 and have been doing is assisting programs with management  
5 analyses, with service delivery modifications and with  
6 technical assistance.

7 The technical assistance budget is particularly  
8 used to hire consultants to hire the creative skills of  
9 people who are not in our regional offices. But we had a  
10 staff of people in regional offices who performed those  
11 services on a daily basis as part of the regular function.

12 Now obviously there was a question and a good  
13 deal of disagreement of whether it was necessary to main-  
14 tain 9 regional offices. Having looked at that question,  
15 we concluded that a basic maintenance function needed to  
16 be maintained in each of the 9 regions.

17 MS. RODHAM: Can you give me the figures from  
18 each of the regional offices?

19 MR. SINGSEN: I can't off the top of my head,  
20 but I think Clint or Bucky could in terms of individual  
21 staffing levels in each of the 9 regions.

22 The two small regions in this new configura-  
23 tion are San Francisco and Boston. The 3 regions that  
24 are going to medium levels of operation, if I can use  
25 that term, are Philadelphia, Northern Virginia, and Seattle.

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1 And the 4 offices that were maintaining the substantial  
2 cuts but at closer to regular operating levels based on  
3 the needs that we perceive in those regions, which are  
4 extensive, and where we have staff who are able to per-  
5 form those needs, meet those needs -- are Atlanta, Chicago,  
6 Denver, and New York.

7 Now I don't know, Clint, or Bucky, whether  
8 you want to add anything. I don't know what level of  
9 detail you'd like to share a response on.

10 MR. KANTOR: Yeah, I'd like to follow up and  
11 let Bucky or Clint or whoever's going to answer this --  
12 follow up on Hillary's, if you don't mind, Hillary.

13 Why wouldn't we consolidate Boston and New  
14 York? Why wouldn't we close Northern Virginia? Why  
15 wouldn't we consolidate Seattle and San Francisco? I  
16 don't understand. I am baffled by that. We're in a  
17 terrible financial crunch. Our job is to deliver legal  
18 services, not to deliver proposals and pieces of paper.

19 It seems to me if Boston and San Francisco  
20 are already down to a very small operation, then you cer-  
21 tainly can consolidate those. I don't know why, if you  
22 have a Northern Virginia office, you can't just have some-  
23 body here. I mean, you're paying heat and lights and  
24 telephone and whatever -- just bring them into this office.

25 Maybe all those questions have been considered.

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1 and there's obviously rational reasons for not. But it  
2 seems to me under this situation we might be able to save  
3 another million dollars, maybe, by doing that.

4 MR. SINGSEN: Well, you do need to remember,  
5 and then let me turn around, that as we have found in our  
6 extensive field programs over and over, consolidation  
7 doesn't necessarily mean savings. The kinds of consolida-  
8 tions you're talking about would add considerably to  
9 travel costs, for example; and we do need -- we're obviously  
10 cutting back on --

11 MR. KANTOR: Aren't your biggest costs per-  
12 sonnel costs in the regional offices?

13 MR. SINGSEN: No. They are not. The travel  
14 consultant -- we're cutting out a lot of consultant costs.  
15 We can't cut out the travel entirely, because we've got  
16 programs out there; and we are still going to be working  
17 with those programs. We can put the staff in one office  
18 instead of two, but we'll still need floor space for the  
19 staff. And we can reduce, as we're doing, the staff that  
20 we use here in Washington, substantially, and around  
21 the regions, substantially. But you've got 4 offices in  
22 Boston, 6 offices in New York; and you put them together,  
23 you're going to need 10 offices. And that's not going to  
24 save you any money.

25 And if you consolidate it in New York, it's

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1 going to cost you money.

2 MR. KANTOR: I don't agree with that. I think  
3 probably you can save a lot of money. It just doesn't  
4 make sense.

5 MR. SINGSEN: All I can tell you is that I  
6 think that's not correct economically, and that some of  
7 the field program people here, for example --

8 MR. KANTOR: I want to see some numbers.

9 MS. RODHAM: I'd like to hear also-- I see  
10 Bruce sitting over there with sheaf of papers in his hand,  
11 and I'd like to hear what the field, whatever Bruce is  
12 representing today, thinks about those --

13 MR. KANTOR: Do you change hats --?

14 MS. RODHAM: Based on the phone calls that  
15 I've received -- you know, I know that there's been a lot  
16 of thought given that way as well.

17 CHAIRMAN McCALPIN: You know, it's my inten-  
18 tion, when the Board is finished discussing this, to ask  
19 if anybody else wants to be heard. I will not be surprised  
20 if Bruce Morrison wants to be heard, but at the moment  
21 we were going around the Board and getting the discussion  
22 about it. And I think maybe the appropriate thing is to  
23 let Clint respond to Hillary's and Mickey's comments with  
24 respect to regional offices and savings there, before we  
25 broaden the discussion.

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1 MR. LYONS: Well, I think it's important to  
2 begin with an analysis of what is needed with respect to  
3 regional offices by considering the purpose for which the  
4 regional offices were established, and also to consider  
5 where we are at the time and what needs to be done over  
6 the next several months when the programs go through this  
7 period of decline and whether or not the regional offices  
8 perform a legitimate role with respect to that change.

9 And that is the level of analysis in which  
10 we approach the final decision making about what the level  
11 of operations of the regional offices should be.

12 I would ask you to keep in mind that we did  
13 reduce the regional offices' budget from 4.7 million  
14 dollars down to approximately \$3.1 million. Now to begin  
15 the analysis, I think first of all the regional offices  
16 do perform a statutory responsibility in terms of accounta-  
17 bility, being the accountability mechanism for carrying  
18 out our oversight responsibilities and our statutory respon-  
19 sibilities.

20 You cannot, even in the sight of reductions,  
21 totally negate that responsibility. I think you undo all  
22 of the credibility of this Corporation if, in fact, you  
23 just totally negate that responsibility.

24 Secondly, I think the regional offices have  
25 performed, along with the Headquarters staff here and in

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1 cooperation with the field, a support and development  
2 function. There has been a shift away from that. Given  
3 where we are at this time and the help the programs are  
4 going to need, in order to be able to re-design their  
5 operation, in order to meet the changed circumstances, to  
6 undergo in this national program a 25% reduction, particu-  
7 larly in some places in this country where we have simply  
8 finished a growth period and are still experiencing the  
9 problems and the trauma of that. And then all of a sudden  
10 to precipitously and traumatically reduce grantees by  
11 25% or more, they need help.

12 They need a centralized coordinating function.  
13 They need consolidation of information and help around  
14 re-design; plus there's a protection function to be per-  
15 formed by the regional office staff over this period of  
16 time.

17 We can go in, and we can look at situations  
18 in a program, and we can develop the report that will  
19 accurately reflect, since these programs are under attack,  
20 the fact that they are performing adequately.

21 Now it's anybody's judgment as to what an  
22 adequate level of our operation is, but we did approach  
23 the task in the context of what was needed; and we believe  
24 that the choices we made initially are the right ones.

25 The technical and management assistance money

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1 is not money that is used in the regional office operation.  
2 That money goes directly to programs to assist programs  
3 in the problems that they are having.

4 The regional offices played a substantial role  
5 in this national program, and expanding this program with-  
6 out any kind of financial scandals or other kind of scan-  
7 dals that large growth efforts often experience.

8 I think that the reductions that we've taken  
9 are the ones that are appropriate, and that the ones that  
10 we can safely undergo without abandoning the statutory  
11 responsibilities we have.

12 Let me just say a word about the consolidation  
13 of regional offices. The structure of the regional offices  
14 in terms of where they are placed really are premised upon  
15 a number of factors. One is, the regional offices do  
16 perform a dual responsibility of carrying out the national  
17 policy and accountability functions of this Corporation.

18 But they also serve as a representative clear-  
19 ing house for the region, and the programs in particular  
20 regions. They do advocate an attempt to try to strike a  
21 balance in representing those field programs and how we  
22 make decisions in allocating money.

23 That is a purpose for which I have assigned  
24 them, and that is part of the function they perform. So  
25 consequently, we thought that it was important to continue

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1 that representative function in the regions, particularly  
2 at a period when we were substantially cutting back, and  
3 when there are a number of substantial issues that had to  
4 be considered that would affect one region as opposed to  
5 another.

6           Secondly, it is the protection kind of thing.  
7 We have undergone through this Congressional process a  
8 whole period of allegations that were debated on the floor  
9 of the House of the Congress. Our enemies and adversaries  
10 were -- distorted facts. I believe that we had the  
11 ability in the regional offices to go forward and find out  
12 what the facts really were, and to present accurate facts.  
13 I think that responsibility needs to be continued.

14           Secondly, I think any new management in this  
15 Corporation -- I believe the regional offices will be the  
16 last place, perhaps not -- but my belief is they will be  
17 the last place to cut. I think they're to go, in terms of  
18 a new management structure.

19           I do think there will be critical protection  
20 functions to be performed by this current regional office  
21 staff, vis a vis programs, and the kind of help.

22           And one may argue about the amount of money,  
23 but we did approach the good judgments about the regional  
24 office with the level of analysis that I thought did not  
25 leave the kind of issues that Mickey and Hillary raised

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1       unconsidered. And I think in the end, it's the matter of  
2       judgment as to where you come down as to the amount of  
3       money to be left there.

4               MR. BRADLEY: Well, if I can reiterate a  
5       couple of points and maybe speak as a regional -- wearing  
6       my regional director's hat, because I was in the regional  
7       office in two regions for most of my legal services career --  
8       and I can't tell you all how much we discussed at the  
9       staff level the issues that Clint just summarized.

10              I think you also have to keep in mind that we  
11       have made a concerted, conscientious effort over the last  
12       couple of years -- this Board has -- to decentralize much  
13       of the activities of this Corporation. This budget, if  
14       you adopt it, there won't be an OPS. I mean, you know, we  
15       have just laid off 80 employees downstairs who have been  
16       involved in the national training emphasis. Much of that  
17       training effort now is going to be shifted back into the  
18       regional offices, and training just has to be an absolute  
19       essential function that this Corporation is going to con-  
20       tinue whatever level -- 71 million, 36 million, 241 million.

21              But I just think back -- and this is maybe  
22       true, you know -- but I certainly think back to those  
23       lonely days when I was in the regional office in Atlanta  
24       when we had a different administration in Washington under  
25       the Howard Phillips administration, and I -- I mean, I

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1 would represent to you that, even though I didn't travel  
2 because they wouldn't let me travel -- even though I  
3 didn't make grants, because they wouldn't let me make  
4 grants -- but being in that regional offices in constant,  
5 hourly, almost daily communication with every program in  
6 the southeast region, I think really helped us get through  
7 those turbulent, difficult days of that time.

8           And for all of the reasons that Clint reiter-  
9 ated, the fact that all of our programs are going to under-  
10 go enormous design change, are going to have enormous  
11 difficulties in implementing the requirement of the Act,  
12 whether it's the new private Bar emphasis -- I mean, what-  
13 ever it is, I think that -- And one of the things, you  
14 know, that I, clearly that we talked about is whether or  
15 not we should close any regional offices this year as  
16 opposed to next year.

17           And we're not talking about being pennywise  
18 and pound foolish. I think that we closed every regional  
19 offices or if we just closed certain regional offices,  
20 and some people in the field suggested -- well, Bradley,  
21 that argument cuts both ways. You don't want to have  
22 regional offices where there could be stacked up with  
23 the kind of people that, maybe, a Howard Phillips adminis-  
24 tration would put in the regional offices.

25           Well, you know, I can't answer those arguments.

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1 I can argue just as strongly the other way, that I don't  
2 think that we're going to have any irresponsible Board  
3 with an irresponsible staff that it's going to engage in  
4 the type of tactics that Phillips was engaged in.

5 And I think that if we close 3 or 4 of the  
6 regional offices you're talking about, if we're really  
7 talking about a net savings, and thus we can put more cash  
8 dollars in grants to our programs and serve more clients.  
9 I think that here again the cost would be fairly negligi-  
10 ble in terms of a few hundred dollars here and a few hund-  
11 red dollars there: and I -- I mean I would really represent  
12 to you that the activities that our regional offices and  
13 whoever's going to be staff of this Corporation this time  
14 next year is going to be probably unsurpassed by any  
15 period during our last 5 year history, including that  
16 enormous difficult when some of the regions had to spend  
17 hundreds and hundreds of new millions of dollars on  
18 program expansion and funding new programs.

19 We're just now getting -- especially those  
20 regions that Clint talked about -- we've had some problems  
21 in some of our regional offices, my old region in Atlanta  
22 being one of them. We've had the greatest period of  
23 growth from, you know, \$3 million to \$60 and \$70 million  
24 just in the last 3 or 4 years.

25 For us to retreat from those regional offices,

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1 especially during this difficult time right now, I just  
2 think is just not the right time to do it.

3 I'm reminded of the fact that the general  
4 accounting offices always critical of Federal agencies;  
5 and right now President -- President Stockman

6 (Laughter.)

7 -- slip of the tongue. Mr. Stockman, you  
8 know -- they're about to embark upon a major Federal effort  
9 to recapture over \$30 billion worth of Federal funds that  
10 have been questioned by various departments of the Federal  
11 government. And we just got in our final -- I mean, our  
12 audit report the other day of the billions of dollars that  
13 this Corporation has spent in the last 5 years, as of  
14 this moment right now -- we only have \$1 million in ques-  
15 tioned cost over that entire period of time. And some  
16 of those are negligible amounts; only a couple of them  
17 are fairly large.

18 I think that it involves just technical approv-  
19 al, you know, by the Corporation. One of the reasons that  
20 we have only \$1 million of questioned costs out of the  
21 billions that we spent, I think, is because the regional  
22 offices -- they are trying to make sure that all of that  
23 activity --

24 MR. KANTOR: That's all interesting. I'm  
25 fascinated by it, and I support the concepts. But no one

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1 no one has convinced me we need a Northern Virginia office.  
2 I mean, I find that ludicrous. Here, right across the  
3 river; I don't know -- where is it? In Arlington?

4 MR. BRADLEY: It's literally across the river.

5 MR. SINGSEN: It's right across the river.

6 MR. KANTOR: Why can't -- I mean, let's just  
7 take them one by one. Why can't whoever it is -- we're  
8 going to have to reduce the staff here. There's obviously  
9 going to be room in this building. Why in God's name  
10 can't the person or persons sit here? I don't understand  
11 it.

12 MR. SINGSEN: Mickey, you can do that.

13 MR. BRADLEY: We have, in fact, talked about  
14 that, Mickey, and I'm not saying to you -- I mean, we may  
15 talk more. We may say to the two people who are left over  
16 there, move into -- to Alan Alsman's suite because he's  
17 closing down. But it would still be perceived that -- you  
18 know, we're not going to save any money, maybe a few  
19 dollars.

20 MR. KANTOR: Don't you pay any rent over there?  
21 You must.

22 MR. BRADLEY: Well, I mean, --

23 MR. KANTOR: Yeah, but you're going to pay  
24 rent on Alan Alsman's suite --

25 MR. BRADLEY: No, no, no. We're going to give

1 that space up. Make a profit on it.

2 MR. KANTOR: Well, there must be other space.  
3 Double up -- I just can't believe you need a Northern  
4 Virginia office.

5 MR. TRUDELL: I can't either. I mean, you  
6 know, I've thought about this when we had the last Audit  
7 Appropriations Committee meeting: in terms of, if you're  
8 reducing the offices to -- and I have no idea what the  
9 individual budgets look like -- but to a maintenance level,  
10 I can't imagine, you know, having a smaller staff, and  
11 that staffing strung out further and further and are  
12 responding to the same number of grantees and all kinds of  
13 problems -- that it would be effective.

14 Even looking at this budget when I looked at,  
15 you know, the amount, the reduction, for the Comptroller  
16 and the Audit Division -- if you're going to have an equal  
17 number of entry that you had last year, this coming year,  
18 and you take these budgets and whack them in half or  
19 whatever, there was either some padding in there that  
20 shouldn't have been in there or whatever. But to go  
21 from 705 to 300,000 to me --

22 MR. SINGSEN: No --

23 MR. TRUDELL: All I'm getting at, though, is  
24 in terms of -- you know, shifting monies around or what-  
25 ever, you know, to make it a little tighter. I just --

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1 I don't know. I've circled a number of figures here, and  
2 I think at the Audit and Appropriations Committee meeting  
3 there wasn't any detailed discussion about any of the  
4 specifics; because we were going to hold off until this  
5 meeting.

6 MR. SINGSEN : I'd just like to speak to the  
7 two financial areas that were mentioned, if I could. The  
8 audit area reductions is primarily attributable to discontinu-  
9 ing the financial management improvement program which  
10 costs over \$200,000 a year, which we do not believe that  
11 we can support during the year of these massive reductions,  
12 as a priority matter. And the Comptroller's reduction is  
13 because of a substantial reduction in transactions. We're  
14 no longer making local training grants. We are no longer  
15 making proxy grants. We are reducing our grant activities  
16 in special needs, because we won't have any special needs  
17 funds. We're moving to a much more simplified grant  
18 operation. We're not going to be having substantial  
19 travel. All of those things are causing reductions that  
20 affect the controllership.

21 MS. RODHAM: Well, I hope nothing that I've  
22 said, and I know nothing that Mickey or Dick has said, is  
23 in any way intended to question the process or the product  
24 of the judgment. Just a question of whether or not there  
25 could be some other equally valid way of going at the

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1 problems that you outlined for us. I think that it's  
2 somewhat -- its difficult for us sitting around to come  
3 up with good questions and for you to come up with good  
4 answers on this kind of notice about Northern Virginia  
5 or anything else.

6 But what I would like is some understanding  
7 between the Board and the senior staff that, even though  
8 we were to approve the proposed budget, that the kinds of  
9 questions that we're still asking are still to be con-  
10 sidered on a regulat basis. But I don't consider anv of  
11 these issues closed.

12 I think the sort of flexibility that needs to  
13 be used at this time in dealing with very real issues that  
14 you are dealing with mandates that all these things be  
15 looked at on a very regulat and constant basis. And I  
16 think that at least this Board wants you to know that we  
17 support in that, but we're not going to rubber-stamp what  
18 it is you come up with: because of our individual concerns  
19 and that we need continuing reports and information about  
20 why you're doing what.

21 And one of the things we'd like to know about  
22 is Northern Virginia office and, you know, the other things  
23 that are individual concerns of us about how decisions  
24 were arrived at and whether those decisions should be  
25 written in or whether they should be revised.

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1 CHAIRMAN McCALPIN: Clint, do you have some-  
2 thing you have to say?

3 MR. LYONS: Yeah, I just wanted to tell Hillary  
4 that I've asked myself the same questions. Why Northern  
5 Virginia regional office. Just an anecdote to -- one of  
6 the things is that we thought -- I mean, we thought about  
7 re-arranging, consolidating regional offices. We weren't  
8 sure that the trauma that that would cause on top of the  
9 changes that people were going through, that that would  
10 be the most appropriate thing to do at this time. But  
11 those options, as Hillary says, are still open.

12 The other thing is that early on when I came  
13 here, I went out to a regional office and asked a regional  
14 director to resign. And the programs in that region saw  
15 that action on my part as an attack on their program and  
16 a comment on the credibility of their performance in that  
17 region.

18 As we thought about the Northern Virginia  
19 regional office and the cost involved of transferring it  
20 to Headquarters where policy was made, it may be that we  
21 would have been giving up more in terms of the perceptions  
22 on the other part -- on the other regions -- that maybe,  
23 you know, the Northern Virginia states were being sort of  
24 favored by being closer to the national policy m--

25 So all of those things were held in the

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1 balance: but I do agree, Mickey, that we need to continu-  
2 ally look at these things.

3 CHAIRMAN McCALPIN: Let me say -- and I don't  
4 want to cut anybody off, but I do want to move this dis-  
5 cussion along -- that certainly our staff is under the  
6 budgeting procedures that we established some time ago,  
7 keep it under continuous review within the various cate-  
8 gories. They have to get approvals and questions from  
9 the Appropriations and Audit Committee.

10 Beyond that, they have to come to the Board.  
11 I am sure that, even if we retain a \$241 million budget  
12 level, that will happen. All I can say to you is, if it  
13 turns out to be a different sum of money, we'll be back  
14 here in the not very distant future talking about some  
15 more difficult problems than the Northern Virginia  
16 regional office.

17 Howard?

18 MR. SACKS: Well, unless somebody wants to  
19 talk further about that item, I have two other questions  
20 I wanted to ask.

21 Number one is: Gerry, you have \$200,000 for  
22 program development and experimentation. You described  
23 that as to help the offices in re-design efforts, to  
24 adjust downward to smaller staff, and so forth. Can you  
25 give us just a little bit more detail as to why we need

1 a couple of hundred thousand for that?

2 MR. SINGSEN: Sure. And while that's the  
3 major effort that I see going on in the next 3 or 4 months  
4 when we see that budget being used probably in large part,  
5 if not completely, it's not the only effort. As you may  
6 remember, this year out of that category we had over  
7 \$600,000 budgeted.

8 What we've been involved in is a minority  
9 support project, a labor management relations project,  
10 the standards development project -- at least that one,  
11 I know, is going to take some additional money this year;  
12 some goals and priorities work. I don't believe we have  
13 additional funds that will be needed for that this year.  
14 And there's another one. I forget what it is.

15 MR. SACKS: You've said enough.

16 MR. SINGSEN: And those are little pieces.

17 MR. SACKS: Stop while you're ahead.

18 CHAIRMAN McCALPIN: Next question.

19 MR. SACKS: Last question. On page 4 or 7,  
20 at the Headquarters here, on line 8, Government Relations  
21 is being cut 50%, Public Affairs is being cut about a  
22 third. Now considering the crucial importance of our  
23 legislative activity, are you sure that you want to cut  
24 Government Relations from \$199 to \$99?

25 MR. SINGSEN: Yes. Having said that, let me

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1 say one other thing, and then turn this question to Dan.

2 We have a series of offices in the Corporation  
3 which I will call for this discussion a secretariat:

4 Public Affairs, Government Relations, the General Counsel,  
5 EEO, the Executive Office itself. And the Board budgets  
6 are really all part of a single effort, as we perceive  
7 them, which relate to our existence and operation as an  
8 entity seeking funds from Congress, responding to the  
9 public, and managing itself.

10 There's another set in Management and Adminis-  
11 tration, which is our support operation. And in the  
12 whole Secretariat area, which we looked at as a group, we  
13 are making a set of reductions. To a minor degree, these  
14 individual budgets probably don't individually represent  
15 in just a straight percentage way how we will conduct our  
16 business in the coming year.

17 It is all run out of the office of the Presi-  
18 dent: and the consolidated budget for the secretariat  
19 functions is being maintained at a 60% level, something  
20 like that, which we think is appropriate at this level of  
21 funding or even a lower level of funding.

22 MR. SACKS: So what you're saying to me is,  
23 you're going to have an adequate presence on the Hill.

24 MR. SINGSEN: Yes.

25 MR. SACKS: I can -- That's all. No more

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1 facility available nationally. That's the bulk. I think  
2 that's \$500 -- \$480,000 of the \$640,000.

3 The other two pieces are small items. One is  
4 to develop within that computer assisted legal research  
5 system a library, a brief bank of special poverty law  
6 materials that are accessible directly.

7 And the other is that we have developed a  
8 computer system for legal services programs. It's a --

9 MR. TRUDELL: Management program?

10 MR. SINGSEN: This is called a multi-use  
11 system for local programs. It includes word processing,  
12 computer processing, management information systems,  
13 accounting, a wide array of tools at a very low price  
14 which we are offering programs through contract that we've  
15 been assigned as part of this year's programs. Now last  
16 year's technological improvement project -- and a part of  
17 this money is to pay for people going out and helping  
18 programs, see how it works, designing it for local imple-  
19 mentation.

20 CHAIRMAN McCALPIN: Any other question? Dick?

21 MR. TRUDELL: How were those sites selected?

22 MR. SINGSEN: There was a competitive process,  
23 applications, and they were places that were ready to go.

24 MR. BRADLEY: Your Honor, I think it's import-  
25 ant also to point out in that -- I mean, California, for

1 instance, through the Western center, has developed, you  
2 know, that facility just for the State of California; and  
3 I think we may have a couple of other areas that have --  
4 that have done something like the Western center.

5 MR. SINGSEN: The North Carolina program, in  
6 fact, serves Louisiana, as part of its calling responsi-  
7 bilities.

8 CHAIRMAN McCALPIN: If there are no further  
9 questions concerning the pending motion from members of  
10 the Board, I will now recognize other persons in the  
11 audience. And since Bruce Morrison is on his mark, set to  
12 go, I'll recognize him first.

13 MR. MORRISON: It's hard to know where to  
14 start, because there are a number of issues. But I think  
15 I ought to start with one perception of what's gone on in  
16 terms of coming to this set of recommendations that you've  
17 received from the staff.

18 And that is that, as a general overall matter,  
19 many of the recommendations are consistent with the kinds  
20 of goals that field programs, through PAC and the funding  
21 committee, have developed in consultation with the staff.  
22 So that from one perspective, if we look at the big pic-  
23 ture, there are many things that are consistent; and I  
24 won't spend any time saying that, but I think that's an  
25 important perspective.

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1           The second point, a sub-point of that, is that  
2 with respect to the internal expenses of the Corporation  
3 in general, putting aside for a moment the regional  
4 office question that we just have been discussing -- the  
5 Corporation has been quite responsible legally in cutting  
6 its own budget, and trying to make as much money available  
7 as possible for the use of field programs in other parts  
8 of the community, giving services directly to clients.

9           That's, I think, important especially in  
10 contrast to the usual behavior of Federal bureaucracies.  
11 And I think that's something the Board should recognize  
12 explicitly, in what's been done. That's the good news,  
13 I guess.

14           On the other side, there are a few areas that  
15 I think are critically important and that we would urge  
16 the Board to depart from the staff's recommendation. I'm  
17 going to start with the regional offices. That's sort of  
18 the last thing that you were discussing that I want to  
19 talk about; and not because it's necessarily the most  
20 important. It certainly is not the most important finan-  
21 cially.

22           In other words, the \$3 million that's there  
23 budgeted for the regional offices and their activities  
24 are not going to make a substantial difference for the  
25 program as a whole as they're shifted. I don't think

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1 anyone is recommending that that full \$3 million could be  
2 saved. So it's a financial matter, and it's not that  
3 critical.

4 But it is critical in terms of what it reflects  
5 in terms of priorities and what it communicates. And  
6 there are certainly different views of this. But I think  
7 that the Corporation has come out on one extreme view.

8 Many people in the legal services community  
9 believe that the regional offices should have been abol-  
10 ished: that, given the size of the reduction, that given  
11 real skepticism as to what the regional offices could do  
12 to help programs in the years ahead, that the best thing  
13 to do was to just abolish regional offices. And things  
14 could be done out of Washington.

15 There are arguments against doing that, and  
16 in the end those arguments prevailed in terms of the DAG  
17 position. On the other hand, we see no justification for  
18 maintaining the level of resources in regional offices  
19 that's proposed in this budget. Whether you achieve the  
20 reduction in resources just by cutting all of the offices  
21 to a very small size, or whether you consolidate, it seems  
22 to me it's probably a level of detail that the Board isn't  
23 in a position to judge.

24 But we do think that the -- that rather than  
25 cut 25%, which is what the Corporation has done --

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1                   MR.                   : It's a third.

2                   MR. MORRISON: Between a third and 25%. With  
3 respect to, at \$241, our recommendation was that the  
4 regional office budgets be cut at least 50%.

5                   We think that the kind of offices that were  
6 left in San Francisco and Boston are more of the size  
7 of office that ought to exist if there are going to be 9  
8 regional offices, than the kinds of offices that were left  
9 in Atlanta. Something like 11 staff members.

10                  We doubt -- I mean, if those people can't  
11 travel, as Dan talked about happening in a prior era, then  
12 there certainly aren't need for that number of people.  
13 There's going to be a different kind of relationship  
14 between regional offices and programs, and we think that  
15 small offices can accomplish all the goals that are proper  
16 to leave those regional offices to do.

17                  So we would urge you to at least compel the  
18 Corporation to re-consider the decisions it's made about  
19 the staffing levels of the regional offices. We think  
20 they should be cut further, and we think that if, under  
21 some scenario which I hope is not one we'll have to con-  
22 sider, that the budget is substantially further -- that  
23 under those circumstances, we should fairly quickly get  
24 to a decision of whether regional offices are worth main-  
25 taining at all.

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1           Now, moving to things that have broader effect  
2 in terms of the field programs as a whole. No one has  
3 discussed the method proposed for cutting the basic field  
4 programs. And those of you who were at the Appropriation  
5 and Audit Committee meeting or whoever viewed the papers  
6 that were submitted there, know that there were 3 alterna-  
7 tives that were looked at, and 2 alternatives that at  
8 that time the staff was saying were getting serious con-  
9 sideration.

10           Those two alternatives were this, which is  
11 a pro rata cut. And the second one, which is a scaled  
12 cut, that cut the lowest funding programs in dollars for  
13 poor persons -- less, at the higher funded programs in  
14 dollars for poor persons; more, but within a reasonable  
15 range, so that no program was devastated in terms of the  
16 percentage cut.

17           Now that proposal and that idea was the pro-  
18 duct of -- I guess I would call -- creative tension be-  
19 tween the interests of those programs that, over the years,  
20 have been described as well-funded or better-funded: al-  
21 though those -- all those kinds of terms are very relative  
22 and by no means true absolutely, and those programs that  
23 have been at the minimum access level.

24           It is, I think, a great mistake even though it  
25 may be -- in some ways -- seem the simplest -- a grave

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1 mistake to go to this 25% pro rata cut. I had a long dis-  
2 cussion on this subject with Bill McNallov who is the  
3 Director of the Boston program which is often held up as  
4 the epitome of the program that oh, we've got all the  
5 money, etc., etc. And Bill was calling me specifically  
6 to say what a mistake he thought it was, if the Corporation  
7 went with the straight 25% pro rata -- that there was an  
8 element of good faith and community joining together to  
9 deal with the current cut that was reflected by the com-  
10 promise of the cap and floor approach of 20% to 30% that  
11 was very important for the credibility of the Corporation  
12 with the legal services community.

13 That had been a very difficult issue that,  
14 over the years, had been a divisive issue and that the  
15 community had been able to deal with it in a way that  
16 seemed to preserve a number of values.

17 This proposal, it seems to me, is unnecessary  
18 to go to straight pro rata, leaving aside all questions  
19 of Kastenmeyer Smith and legislative history. Just on  
20 good policy level, we think you should adopt the floor and  
21 cap approach, rather than the straight pro rata cut. And  
22 I'm very disappointed that the staff didn't come to that  
23 conclusion; even though it would help my own program by  
24 5%, I think the cost for the community as a whole is  
25 really -- is really too high, and you ought to go with

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1 that compromise which grew out of the programs that have  
2 to really deal with that problem of -- some people feel  
3 serious maldistribution of funds, but in any case, dif-  
4 ferences in funding levels.

5           Let me move on to the private Bar involvement  
6 issue. This is a very difficult issue, and many of us  
7 would like to be able to make it go away, and say -- you  
8 know, don't say 10%; don't say anything. I think that  
9 we're all aware that there is a statutory mandate that  
10 we're going to have, and there's certainly behind that  
11 statutory mandate a strong move that says that the community  
12 has to come to grips in some way with what substantial  
13 private bar participation is.

14           So I'm not going to spend any time on some of  
15 the philosophical problems I have with how we got to there,  
16 because that's certainly where we are. And I don't think  
17 that the problem is so much with the benchmark, as has  
18 been talked about, with 10% being some kind of a measure  
19 of substantial. I assume to people outside this community  
20 that may sound like a low number, rather than a high  
21 number. It sounds like to us, we're trying to cope with  
22 25% reductions.

23           But I'm very concerned about the difference  
24 between what the principles sound like on paper when I  
25 read them and the discussion I heard around the table.

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1 Because all the discussion around the table was about  
2 flexibility. It was about presumptive levels, and was  
3 about, well, of course, this will be O.K.; and of course,  
4 you can make a showing if it isn't appropriate; and the  
5 word "feasible" which is in the statutory language, but  
6 isn't anywhere on these pages -- on this page -- in addi-  
7 tion the word -- definitely go through local programs,  
8 which I know was behind this statement of principles, but  
9 isn't clearly stated in these principles -- that this  
10 particular document is woefully deficient in terms of  
11 the values I heard being expressed by the Board.

12 And if this is passed, this is the document  
13 that's going to govern. At some future time when people  
14 pull out, what were the policies and what were the princi-  
15 ples, this is what we're going to look at. And I don't  
16 think that is adequate to say, well, we understand it to  
17 be somewhat different. We understand -- We have this  
18 understanding; we had that understanding.

19 People like me will be standing out there tell-  
20 ing another Board that that isn't what you guys meant; but  
21 you won't be here to say so. And here it'll be, in black  
22 and white. And we all know what that means. That's going  
23 to govern. That's going to be the statutory language.

24 I think that there are many -- we could sit  
25 here and try to revise this language, but I don't think

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1 that's the thing to be done. It seems to me that the  
2 motion shouldn't carry the way it is; that there may have  
3 to be something much more brief. Maybe there's no motion  
4 needed at all, given the general discussion. But I urge  
5 you not to pass anything that is this hard and fast when  
6 it, in so many places, is going to raise problems. It  
7 doesn't contain feasibility. It doesn't contain local  
8 program requirements. It doesn't contain anything, really,  
9 about the Buckler limitations on what kind of money should  
10 be spent. And it doesn't say anything about the notion  
11 that 10% is only presumptive and can be overcome by a  
12 showing; in a local program that it's inappropriate.

13 So that for all those reasons I urge you to  
14 depart from this statement of principles as something to  
15 be passed in any way, shape or form.

16 The last thing I'm going to talk about is the  
17 smallest in terms of amount of money, but in its symbolism  
18 -- and I don't mean that in some phony sense, but what it  
19 really means in terms of priorities, I think, of what  
20 this Corporation should be saying. It seems to me a  
21 strange move and a mistake.

22 We had proposed that the client advocacy  
23 funding which was \$300,000 in this year's budget be main-  
24 tained at \$300,000. And the staff has now recommended  
25 that it be cut 25%. Various things are being cut 25%,

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1 and then certain things are not being cut or being cut  
2 less in reflection of their special value or their special  
3 need.

4           Nothing is more important in the time of de-  
5 creased resources -- and that includes pro bono -- nothing  
6 is more important than creative efforts to help clients  
7 represent themselves and advocate for themselves effectively.  
8 And there are substantial, real efforts in that area go-  
9 ing on; and, over the life of the Corporation, those  
10 efforts have been underfunded. And to cut back the 300 to  
11 225 to save the \$75,000 is inexplicable, to me.

12           It seems to me the least you should do in  
13 that area is to maintain that \$300,000, and to clearly  
14 say that you understand that -- another alternative delivery  
15 model other than pro bono and private Bar and staff attor-  
16 neys is clients in pro se and law advocacy roles, advocat-  
17 ing for their own interests. And things can be done on a  
18 very substantial basis. We should make that a priority.

19           So those are the things I had to say, and I  
20 would hope you would see that they are not -- they do not  
21 attack, in any sense, the basic thrust of what the Corpora-  
22 tion has done. But I think they're very important in  
23 their individual areas and, frankly, their adoption of  
24 them would give you a better budget for '82.

25           CHAIRMAN McCALPIN: Because I believe that

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1 other members of the audience may wish to address some of  
2 the same topics, what I propose to do is to see if there  
3 aren't other folks sitting there who wish to speak; and  
4 then I'll come back to the Board for consideration of the  
5 various topics which have been raised.

6 Willie Cook?

7 MR. COOK: At the risk of upsetting some har-  
8 mony on one of the issues, the private Bar issue which I  
9 spoke about the last two years or so, I agree with Bruce's  
10 comment on the understanding. But I have some further  
11 problems with that -- with the notion.

12 The main problem I have is with the 10% bench-  
13 mark. I don't agree with Dan's view in terms of how pro-  
14 grams are dealing with the private Bar issue. Now it is  
15 true that the experience in some parts of the country is  
16 quite different. Our experience in D.C. is totally dif-  
17 ferent to California, and I think the 10% benchmark poses  
18 for me a very, very serious problem. And it's this:

19 Even excepting -- and I was in Boston, and a  
20 member of the PAC Steering Committee which came up with  
21 the compromise in terms of a cap and a floor, and my pro-  
22 gram happens to be in the same kind of position that Bill  
23 McNalley's program is. That is, we are considered to be  
24 a well-funded program. Like it or not, we are probably  
25 -- something is probably going to be done on Kastenmaier-

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1 Smith that's going to affect D.C. rather dramatically, be-  
2 cause of our funding level in terms of dollars for poor  
3 persons. So what we are facing here -- what we are likely  
4 to face in D.C. is not only the regular cuts, but we are  
5 likely to face some form of Kastenmaier-Smith.

6 Now if we go along with Dan Bradley's idea  
7 and with those ideas in terms of the benchmark, then for  
8 us in D.C. that's going to have a devastating effect, be-  
9 cause our history in terms of our involvement with the  
10 private Bar -- and by the way, it isn't that I want the  
11 private Bar involved. I want the private Bar involved in  
12 a quite different way -- but that 10% benchmark is just  
13 simply going to devastate us, because in D.C. over the  
14 years our experience has been that the private Bar has  
15 donated either money or in kind resources to assist my  
16 particular program in the District of Columbia, and in a  
17 very substantial way.

18 We have been going in just the opposite way  
19 that Dan talked about in terms of California. So the 10%  
20 benchmark for us is going to mean not that we won't be  
21 decreasing our budget: we'll be decreasing our budget by  
22 a substantial amount of money. We're talking about 10%  
23 of what is left in terms of the private Bar involvement.

24 We have had -- I think that our experience  
25 with the private Bar here in D.C. has been very positive.

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1 My comments on the private Bar slice of the legal services  
2 pie was not meant at all to mean that I don't want private  
3 Bar involvement. I do want private Bar involvement.

4 I think in these times it makes no sense to  
5 talk about a 10% benchmark when we already are going to  
6 be devastated. I don't buy the notion -- you get more  
7 client service.

8 We've had a number of experiments. One in  
9 particular, I think, is very important in terms of dealing  
10 with the private Bar issue. When I first became Director  
11 about 6 years ago, the Morrow Foundation gave the Lawyers'  
12 Committee For Civil Rights a one-year grant, with the  
13 specific purpose of having the Lawyers' Committee be the  
14 administrative agency, or the administrative mechanism,  
15 for getting private Bar participation to deal with the  
16 everyday cases.

17 And that's where the problem comes for those  
18 of us in legal services. You never have problems getting  
19 the private Bar to take the so-called impact cases. You  
20 never have any kind of problem with those. The problem  
21 you have is dealing with what we deal with on 90% of our  
22 time: and that is the individual case, the individual  
23 service case, you handle on a day-to-day basis.

24 We had great response from the private Bar for  
25 the first three months of that Morrow Foundation grant.

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1 They took individual cases. But pretty soon the private  
2 Bar people that were on that panel became very reluctant  
3 to take any more of the individual cases, and the word  
4 from Lawyers' Committee to me, through Ann McCrory,  
5 was we can no longer handle the individual cases, Willie,  
6 that you're talking about but, however, if you have the  
7 law reform, the impact cases, we will be happy to handle  
8 those kind of cases.

9 My point is that I am embarking, and a lot of  
10 people in this community are embarking, on ways and methods  
11 by which we can get the private Bar to assist us in the  
12 short fall -- not by getting us to assist them. And that  
13 doesn't mean that we are opposed to the private Bar. The  
14 realization is that in 1982 in Washington, D.C., the  
15 private Bar has a hell of a lot more money than we will  
16 have in '82 to deal with this problem.

17 And what we want to try to do with the private  
18 Bar is to see whether or not -- first of all, let's try  
19 to assess the problem in terms of shortfall, as it relates  
20 to our clients in the District of Columbia. Then try to  
21 identify those public sources, private sources, including  
22 the private Bar, that might be used to beef up our efforts  
23 because of the shortfall that we expect from legal ser-  
24 vices.

25 So we are going the opposite way. I'm going

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1 to be pushing for the private sector, particularly the  
2 private Bar, to do that -- to increase their activity  
3 with neighborhood legal services in D.C., so that we  
4 won't have so much of a trauma that we expect from the  
5 cuts in the legal services budget.

6 We, for instance -- and many of you know this  
7 -- one of the law firms in the District of Columbia pro-  
8 vides two lawyers, two paralegals and two secretaries on  
9 a full-time basis to legal services. They've been doing  
10 that for the last 12 years. That particular firm, I have  
11 asked privately to increase their contribution whether it  
12 be in money or in time; but that's the direction in which  
13 I am going in trying to deal with this shortfall in the  
14 District of Columbia.

15 We are not going to be expanding our efforts,  
16 Dan. The 10% benchmark in D.C. simply means that we will  
17 be taking 10% more out of an already inadequate budget  
18 and out of -- after everything shakes down, depending upon  
19 how carefully Morris Smith is dealt with -- it's going to  
20 be devastating to anyone's fee.

21 I think it's an unwise kind of decision and,  
22 as I said, I have problems even with the way we got to  
23 this point; because I saw two or three years ago, when  
24 you started dealing with the pro bono issue, that we were  
25 going to eventually reach the point -- and I don't agree

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1 with you, Revius, that a lot of people's understanding is  
2 that when we say private attorney involvement that most  
3 people read that as pro bono -- I don't think the ABA  
4 reads that as pro bono at all. I think the ABA, on the  
5 contrary, a lot of the people in the ABA, read the proposed  
6 -- the language in the House bill to talk about direct  
7 funding to private attorneys from legal services programs,  
8 not just pro bono.

9 MR. ORTIQUE: You misunderstood me. I agree  
10 with you that out there they've got some different inter-  
11 pretations from me.

12 MR. COOK: But I just want to make it clear  
13 that I think that the pro bono notion isn't all that  
14 they're talking about. And I think that -- I guess what  
15 it boils down to for me is this: We are being devastated  
16 on the Hill in a number of ways. Money, of course, is  
17 very important; but more important for a number of us are  
18 the kinds of restrictions that are -- that are likely to  
19 end up in the Legal Services Corporation -- Legal Services  
20 Corporation bill.

21 There are a lot of us who do not feel that on  
22 principle and conscience we can deal with that in the  
23 coming year. I frankly think the private Bar movement in  
24 the way that the Corporation is talking about it is going  
25 to further devastate legal services programs; and I think

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1 a lot of people are going to simply decide to leave legal  
2 services. And I think that would be a -- well, I think  
3 it would be a shame. But I think -- the problem that I  
4 have is, I do not understand what we are going to have  
5 left in 1982. It's a mistake, Bill; I know that you feel  
6 strongly about it, the 10%. But I think you are wrong.  
7 I think the Board ought not to take any action on that  
8 today. They certainly -- as Bruce -- even as you go as  
9 far as Bruce suggested, the conversation around the Board  
10 this morning on that statement of principle certainly is  
11 different from the written word.

12 I think it's -- I think I would agree with  
13 Bruce that the best thing to do would be to re-think the  
14 statement of principles and come up with some different  
15 language, because as Cecilia says, you know, it certainly  
16 looks to me like it's punitive. And when you send those  
17 conditions off to end LSP in D.C., when we don't have any  
18 involvement in the way that you're talking about, what it's  
19 going to mean for me is reducing my budget further by 10%.

20 So I would urge that you re-think that state-  
21 ment of principle and, particularly, I would like to see  
22 that 10% benchmark deleted from the statement of principles.

23 CHAIRMAN McCALPIN: Is there anyone else who  
24 are guests in attendance at this meeting who would like to  
25 be heard? Jim Brody?

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1 MR. BRODY: Yes. I will try to be very brief.  
2 As a number of you know, my name is Jim Brody, and I'm  
3 President of the National Organization of Legal Services  
4 Workers which is the union that represents approximately  
5 3 to 4,000 legal services workers around the country.

6 I hope, though, that when I speak for the next  
7 couple of minutes I'm not perceived as speaking from a  
8 narrow Union perspective but as a person who was a staff  
9 attorney for 7 years in South Bronx in legal services,  
10 currently on leave to work for the Union; and as someone  
11 who is seeing probably as directly as anybody the devastat-  
12 ing impact on individual people's lives who have worked  
13 in the programs who have made a long-term commitment to  
14 legal services, who are disappearing around us.

15 Ms. Shump said something earlier today that I  
16 thought was -- brought up a very important point, but I  
17 don't even think went far enough. Last year when \$399  
18 million was being talked about as a budget request, this  
19 Board voted \$30 million to go to private Bar involvement  
20 legal services. At that time when we opposed it, -- we  
21 didn't oppose it publicly, but in our own councils --  
22 we were talking about an expansion program. We were talk-  
23 ing about a fairly significant additional budget request  
24 over our \$321 million.

25 Ms. Shump spoke to the fact that now should we

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1 be at \$241, should we be at \$200. The 10% going to the  
2 private Bar would clearly be a disproportionate -- dispro-  
3 portionate reduction in terms of being less than propor-  
4 tionate decrease in the funding for legal services.

5 If we were to go to \$200 million, for argu-  
6 ment's sake, and see 50% of what we were requesting, around  
7 \$399 million, we're not just talking about only a -- pardon  
8 me, a \$20 million investment in private Bar delivery, be-  
9 cause of the fact we're not going to reduce, I assume, the  
10 level of private Bar delivery whereas at a higher level  
11 -- where it's 100% in the Judicare program: where in some  
12 programs that Dan Bradley spoke about before, there's a  
13 higher level of involvement to begin with.

14 So should we, for argument's sake, go to \$200  
15 million? We're talking about 50% reduction in the level  
16 of funding for legal services from what we perceive to be  
17 an adequate level of funding, at least for the Fiscal Year  
18 coming up: and at the same time, nowhere near seeing a  
19 50% reduction in the level of private Bar delivery which  
20 this Board feels to be appropriate.

21 Now I would echo what Willie Cook says. I  
22 think it is not only important that the private Bar be  
23 involved in legal services, but I think it's critical.  
24 I don't think by saying that 10% is an incorrect figure  
25 or that any percent is an incorrect figure, the legal

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1 services community is saying to the private Bar, we don't  
2 want your support. We reject your involvement in legal  
3 services community. I think we all know how critical the  
4 involvement of the private Bar has been in this legislative  
5 year and in the legislative years in the past.

6 However, I think there does have to be flexi-  
7 bility left to the Corporation in consultation with the  
8 people in the field programs, not only because our future  
9 is so unclear and we're talking about such devastating cuts  
10 that were mentioned before, but more importantly, for the  
11 one reason I just want to leave you with.

12 Most of the people in this room or a number of  
13 people in this room work in the field programs. While I  
14 am aware that everyone on the Board is very concerned about  
15 and while I'm very much aware that the Corporation staff --  
16 and I mean this sincerely -- is terribly concerned about  
17 the devastating personal impact that we've seen on the  
18 lives of people who have given their recent work lives to  
19 the program, I don't think you should make a decision like  
20 this right now without thinking a little bit more about  
21 what it means to transfer a significant additional amount  
22 of money -- over a 25-35% cut -- in funding for these  
23 programs when it means the great disappearance of a large  
24 number of additional jobs of legal services workers.

25 We're not talking about a 25% cut, at \$241

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1 million. That's not inflation adjusted. Should we get  
2 \$321 million, which was perceived as a zero percent cut,  
3 a large number of jobs of legal services people would  
4 disappear. And when jobs disappear of legal services  
5 people, client services disappear.

6 More importantly, if we see \$241, if we see  
7 \$200, if we see a minimum of what I believe is not 10% --  
8 because if it's program by program, it's going to be well  
9 in addition -- well in excess of 10% -- we're going to  
10 see the lives of many, many legal services people disrupted  
11 and I believe the transition from a -- what is generally  
12 a predominant legal services staff attorney not in legal  
13 services to retain 15% private Bar involvement is not going  
14 to mean an equal or greater amount of client services.

15 I think the model that we see in legal services  
16 has proven itself to be the most efficient model. If some-  
17 day we're hopefully talking about 400-\$500 million to  
18 legal services, I'll be the first one to stand up and talk  
19 about a significant dollar commitment to the private Bar  
20 in legal services.

21 When we are talking about what is an extra-  
22 ordinary and inexcusable and obscene cut in the funding of  
23 what is such a critical program -- particularly when all  
24 programs around poor people are being devastated at the  
25 same time -- I think that it is an unwise act by this

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1 Board at this time to decide on a 10% level for individual  
2 programs. I hope that it is sent back to the Corporation,  
3 to the staff, to reconsider: and I hope that they will  
4 continue their consultation or close consultation with  
5 the people in the field.

6 MR. : I am -- from Greenville,  
7 South Carolina, Chairman of the Board of Legal Services  
8 Corporation of Western Carolina. Listening at the Board,  
9 you have a serious problem. The gentlemen who just left  
10 is not in favor of -- well, I said not in favor -- but in  
11 South Carolina the private Bar plays an important part  
12 in the rural areas of South Carolina. County staff each  
13 fill, where Senator Strom Thurmond lives -- each fill an  
14 economic purpose. Our office is in Greenwood. It would  
15 save the Corporation travel fees, this type thing. I am  
16 some private Bar.

17 But you have another problem. The gentlemen  
18 here in Washington who are already getting great service  
19 from the private Bar -- to get 10% you're going to pena-  
20 lize them. So some way I hope that you could make a  
21 decision in your language trying to correct this that you  
22 will not penalize them at the same time that you put aid  
23 to the rural counties.

24 On the regional offices, I hope that at least  
25 you maintain regional offices. From the understanding of

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1 this Administration that's in office now saying they're  
2 going to get the Government off people's back and give it  
3 back; so I do believe it's closer to Atlanta, to Green-  
4 ville, than it is to Washington. And I do believe that.

5 And Dan served a lot there in Atlanta, and  
6 our good director in the regional office means a lot to  
7 rural programs such as ours. And I hope you take this  
8 under consideration.

9 To call Washington, to try to get something  
10 done with a small staff -- you cannot do it. And one of  
11 the things -- when the programs are not working good, it  
12 improves that program. The cooperation and all is at  
13 fault. And the reason it's not operating good is because  
14 you're closing the regional office -- when you can't get  
15 to someone to help you.

16 I would like for you to call some of these  
17 other agencies in Washington to see how much -- and how  
18 long will it take. So take this under consideration. We  
19 need the regional offices. And try your best to help each  
20 of us. Thanks.

21 CHAIRMAN McCALPIN: Thank you. Bernie Veney?

22 MR. VENEY: I will be very, very brief. I  
23 just want to echo a couple of remarks; Bruce's remarks on  
24 client advocacy obviously I want to underscore -- but not  
25 when you stand the symbolism of using that amount at this

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1 critical juncture. The other question, of course, is  
2 the question of the private Bar involvement.

3 There is no question for me that there is  
4 going to be more involvement of the private Bar. The  
5 statute at some point or another will say that. But I  
6 think that this principle statement needs to be re-worked.  
7 In fact, I don't understand why it's necessary at all.

8 Clearly 3480 or something like 3480 is going  
9 to pass. Just as clearly it is going to mean greater  
10 private Bar involvement in the governance of programs.  
11 Just as clearly as we have greater private Bar involvement  
12 in the governance of programs, we are going to have a  
13 greater and greater thrust for the wider involvement of  
14 private Bar.

15 There is absolutely no need for the Corporation  
16 Board at this point -- for the first time, if memory  
17 serves me correctly -- to intervene in such a way in local  
18 decision making. This principle statement, as it stands  
19 now, in fact seems to point to the only resource being  
20 available to legal services programs being the dollar  
21 resources. Instead of dealing with the priority setting  
22 activities that every program is supposed to be involved  
23 in, and urging programs to look at the totality of re-  
24 sources in terms of meeting totality of needs, you begin  
25 putting earmarked funds; for the first time, the Corporation

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1 says, Thou shalt put "X" amount of money. You're opening  
2 the door that I would hope you will re-consider and, in  
3 fact, re -- I'm sorry. In fact, keep closed.

4 CHAIRMAN McCALPIN: Thank you very much.  
5 Charlie Dorsey?

6 MR. DORSEY: My name is Charles Dorsey. I'm  
7 the Chairman, P.G. I agree with the majority of things  
8 that my brothers have said. I will not talk about the  
9 private Bar involvement, because you've heard me on  
10 private Bar involvement before: except to say that we  
11 have to realize the diversity that exists in this country,  
12 diversity that exists in the private Bar throughout the  
13 country. And I would agree with Bernie that action on  
14 the private Bar piece needs a lot of work, and that it  
15 should not be dealt with summarily as part of an overall  
16 approach to the budget.

17 That flexibility has to exist in dealing with  
18 the private Bar involvement piece. The other thing that  
19 I would say is that I don't think that we should lose  
20 the value of the comments that Bruce made about the basic  
21 approach to reducing field programs.

22 There is one thing that has plagued legal  
23 services community since the existence of the Corporation  
24 -- has been the disparity of funding in various areas of  
25 the country. At its meeting in Cambridge a couple of

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1 months ago, PAGE struggled mightily with this problem which  
2 has plagued the community. And I would urge you that that  
3 also not be lost in terms of dealing with the floor and  
4 ceiling recommendations that has come from the funding  
5 criteria committee, generated from the PAGE meeting. And  
6 I would urge that that not be lost in this discussion.

7 CHAIRMAN McCALPIN: Thank you.

8 Is there anyone else, not a member of the  
9 Board, in attendance at the meeting who wishes to address  
10 the issues raised by the pending motion?

11 Yes, ma'am?

12 MS. LANIER: My name is Mary Lanier, and I'm  
13 speaking on behalf of --

14 CHAIRMAN McCALPIN: Would you speak to the  
15 microphone?

16 MS. LANIER: -- on behalf of the discussion  
17 of the 10%. I would like -- I would not like to see  
18 taking action on this in the manner where it will bind  
19 programs of serving the clients more. We all know what  
20 the private Bar has done in the past as far as serving  
21 the programs, you know, and I think the Board should  
22 really leave it open to a certain extent where programs  
23 such as D.C. programs and others will not be bound and  
24 penalized. Once they're put in that area of not being  
25 able to move in any direction, I feel that this is again

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1 a way that clients will not get the services that they  
2 should be getting, and the programs will be binded under  
3 certain areas that they will not be able to extend the  
4 services that they would like to. And I'd like for you  
5 all to take serious thought on that programs that this  
6 affects, as go out of this office.

7 Thank you.

8 CHAIRMAN McCALPIN: Thank you very much.  
9 Is there anyone else who wishes to be heard on this  
10 subject? As I started to say a moment ago, it is now  
11 approximately 12:15. The Board has to go into an Execu-  
12 tive session for consideration of an issue, as I mentioned  
13 earlier. I propose to make the appropriate announcement  
14 and take the necessary vote with respect to the Executive  
15 session to adjourn for one hour only, and to reconvene  
16 at 1:15.

17 MR. KANTOR: Just a point of clarification,  
18 Mr. Chairman. I understand this -- the paper entitled  
19 "Principles on Private Bar Involvement" is not contained  
20 within Steve's motion, or is it?

21 CHAIRMAN McCALPIN: It is.

22 MR. KANTOR: It is?

23 CHAIRMAN McCALPIN: It is.

24 MR. KANTOR: I would like to -- I'll just --

25 CHAIRMAN McCALPIN: The Board will be able to

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1 address the pending motion in any terms it wants when we  
2 come back.

3 MR. KANTOR: We ought to consider separating  
4 it from the budget.

5 CHAIRMAN McCALPIN: Anything that the Board  
6 wants, we can do when we come back. But now let's be --  
7 as I indicated earlier, there is a matter of litigation  
8 which the Board must consider under 45 C.F.R. 1622.5 H.  
9 It is appropriate for it to do so in closed, or Executive,  
10 session.

11 Do I entertain a motion to that effect, or  
12 simply make an announcement?

13 MR. : You need to poll the Board.

14 CHAIRMAN McCALPIN: I need to -- It's so  
15 moved that we go into Executive session for that purpose.  
16 Ms. Shump? Judge Ortique? Mr. Trudell? Ms. Rodham? Mr.  
17 Engelberg? Ms. Esquer? You're too fast for me. Howard  
18 Sacks? Ms. Worthy? Mario?

19 WHEREUPON, the Board recessed at 12:15 p.m.

20

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AFTERNOON SESSION

1:16 p.m.

CHAIRMAN McCALPIN: Mr. Kantor?

MR. KANTOR: Mr. Chairman, I would like to suggest to my fellow Board members that we consider a couple of changes in the document entitled "Principles on Private Bar Involvement" which will reflect, I think -- at least, I hope, accurately -- the discussion this morning.

I think it's a legitimate concern on the part of many speakers that our discussion may not have been totally reflected in the document. So I would like to change at least two of the sentences, and then add what Dick Trudell was talking about earlier, in the third sentence. I wouldn't change the second paragraph on at all.

And if I might, if it's -- need to for information, I'll read what I've done. The Corporation will ensure that a substantial amount of funds will be allocated. Then I'd strike the word "by existing grantees", and leave "to provide an opportunity for legal assistance to be provided to eligible clients by private attorneys." So let me read the sentence again, as it would be.

CHAIRMAN McCALPIN: You'd just delete three words?

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1 MR. KANTOP: Three words, yes. "The Corpora-  
2 tion will ensure that a substantial amount of funds will  
3 be allocated to provide an opportunity for legal assist-  
4 ance to be provided to eligible clients by private attor-  
5 neys."

6 Then I would begin the next sentence with 3  
7 new words, "As a guideline, substantial amounts shall be  
8 defined as 10% of funds awarded on an annual basis to  
9 basic field programs providing legal assistance to eligi-  
10 ble clients."

11 Then the third sentence would be altered sub-  
12 stantially. And I'll read that: This is Dick's language,  
13 I think, working with Dan or Hillary. "Native American  
14 and migrant grantees will not be required to allocate a  
15 certain percentage of their funding for private attorney  
16 participation. They will, however, be expected to examine  
17 the feasibility of involving private attorneys in the  
18 provision of legal services." End of paragraph.

19 MR. BRADLEY: That's fine with me.

20 CHAIRMAN McCALPIN: Mickey, let me go back to  
21 the first modification, that you made. And I just want to  
22 make sure that it doesn't send what I would regard as an  
23 erroneous signal. I would not want it to be thought, for  
24 instance, in line with what I said this morning, that we  
25 are talking in terms of allocating these funds to some

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1 new apparatus, some potentially competing apparatus; that  
2 I want these funds to go to grant -- present grantees.

3 I do not want this to be understood as taking  
4 10% of the basic field funds and doing exactly what Willie  
5 Cook and others have said, of leaving them with only 90%  
6 of a line which is already reduced by 25%. I want to  
7 make sure that these funds go to the field programs that  
8 we have now, and I don't want to be misunderstood that  
9 we're talking about using them in some other way.

10 That's been a cardinal principle of my approach  
11 to this whole thing. I want to see this money distributed  
12 to and used through the field programs that we have.

13 MR. KANTOR: I believe -- why don't we take  
14 those 3 words out, and put "through existing grantees" at  
15 the end of the sentence?

16 CHAIRMAN McCALPIN: That's fine.

17 MR. KANTOR: The word "through" is quite  
18 different from the word "by".

19 CHAIRMAN McCALPIN: All right. O.K. Howard?

20 MR. SACKS: Mickey, your second sentence, "as  
21 a guideline" -- now that's not a guideline to the Corpora-  
22 tion as such, because the Corporation as such plans to  
23 hit the 10%. It's really a guideline to individual pro-  
24 grams, isn't it?

25 MR. KANTOR: Well, I said "as a guideline".

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1 I -- the Corporation, it could come out 10.3 or 9.7. I'm  
2 not sure where it's going to come out. I think we ought  
3 to keep it as a guideline. I think that's the -- not the  
4 spirit, but actually what was said around here and what  
5 was suggested to us as well.

6 I understand -- I think the 10% is a good  
7 benchmark figure. I just don't want to have the kind of  
8 argument you could have a year from now about, it's 10.4  
9 or even 8.6% and we didn't fulfil the spirit of a regula-  
10 tion, I guess, that's going to have to -- I'm trying to  
11 leave maximum flexibility.

12 MR. SACKS: I understand that, and I agree  
13 with that. But I'm still concerned about -- is this  
14 just a guideline to us, or is this going to be a guide-  
15 line, a rebuttable presumption -- Bill's language -- to  
16 the individual programs so when the regional offices go  
17 out and talk to them and look at their books --

18 MR. BRADLEY: Well, you'd be revisiting that  
19 issue, Howard, in terms of -- because the staff, as I  
20 tried to suggest this morning, -- we are working; and it's  
21 probably our number one priority right now, if we can  
22 prioritize our crisis, to try to refine what we mean about  
23 these general types of principles and your Committee, may-  
24 be, or the Provisions Committee, all of these ultimately  
25 at the next Board meeting will have to review the

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1 specificity of whatever it is this means.

2 MR. SACKS: O.K. Since I'm on the Operations  
3 Committee, I'd be happy to probe for this amended resolu-  
4 tion on the understanding that we are talking about a  
5 rebuttable presumption or guideline to individual programs  
6 except, of course, for the Native American and Migrant  
7 programs.

8 MR. BRADLEY: If I could --

9 CHAIRMAN McCALPIN: Let me say right out --  
10 right out loud in public, I think the programs will be  
11 making a mistake if they think it's somebody else's  
12 responsibility.

13 MR. SACKS: That's what I'm concerned about.  
14 I don't want to have that happen.

15 MR. BRADLEY: I think it's important for us  
16 to understand this issue, and clearly, I obviously didn't  
17 make myself clear this morning.

18 Your staff, especially Mary and myself -- we  
19 have done everything we possibly could in the United States  
20 Congress to ensure that Congress not make the decision as  
21 to what substantial means. We did everything possible.  
22 We succeeded. Otherwise, this Stingman Amendment would  
23 have passed, that would require Judicare in each State.  
24 The Butler Amendment clearly supported in an effort to  
25 try to limit a raid on the funds that are available.

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1           Everything that we have been trying to do is  
2 that, you, Congress, should not earmark; you should not  
3 command; you should not dictate; because this Board will  
4 do that. And if we failed to do something that I think  
5 is in the spirit of what Congress clearly is requiring,  
6 then I think that we are making our program and we probably  
7 won't be here -- we're making our program in future legis-  
8 lative years extremely vulnerable to everything that we've  
9 been arguing against and fighting against for so many  
10 years. And I just think that -- and I think the way this  
11 is worded now plus what you finally decide at your next  
12 Board meeting, you know, will determine whether or not  
13 we've met that test or not.

14           In conclusion I just want to say -- and I've  
15 said it -- there are many legal services persons who  
16 might leave legal services because of this type of issue.  
17 And it won't go away. And I -- you know, we're going to  
18 have to bring some legal services persons, screening into  
19 the 18th century -- I mean they will never, ever accept  
20 anything along these lines. They just will not do it.  
21 And they will refuse to do so.

22           And I understand that. I mean, it -- I mean,  
23 I may feel the same way. But the reality is that we've  
24 got to face it, and we've got to do it regardless of how  
25 we might oppose it for whatever reasons. And I think that

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1 what you all have re-drafted here gives us the flexibility  
2 to deal. Keep in mind we've only gone to the floor. And  
3 it's important for you to understand this. We've only  
4 gone to the floor in the House. We've got to go to the  
5 floor in the Senate.

6 Just as we maneuvered through the House from  
7 trying to stop Congressional earmarking and specificity in  
8 terms of Judicare in each State, we've got to fight the  
9 same battles and win those same votes in the United States  
10 Senate.

11 And I think the statement that you all have  
12 adopted, or that you are now talking about, will assist  
13 us as we go through the next several weeks in the Senate.

14 MS. SHUMP: So what does it sound like now?  
15 I say, what does it sound like now? That all the changes  
16 have -- you know, there have been several changes. How  
17 does it read now?

18 MR. BRADLEY: No --

19 CHAIRMAN McCALPIN: She wants Mickey to read  
20 it.

21 MR. KANTOR: The Corporation will ensure that  
22 a substantial amount of funds will be allocated to provide  
23 an opportunity for legal assistance to be provided to  
24 eligible clients by private attorneys through existing  
25 grantees. As a guideline substantial amounts shall be

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1 defined as 10% of funds awarded on an annual basis to  
2 basic field programs providing legal assistance to eligible  
3 clients. Native American and Migrant grantees will not  
4 be required to allocate a certain percentage of their  
5 funding for private attorney participation. They will,  
6 however, be expected to analyze the feasibility of involv-  
7 ing private attorneys in the provision of legal services.

8 And the rest stays the same.

9 MS. SHUMP: Thank you.

10 CHAIRMAN McCALPIN: Do I understand that Mr.  
11 Engelberg accepts that as an amendment to his motion?

12 MR. BRADLEY: Yeah.

13 CHAIRMAN McCALPIN: Is there any other -- any  
14 other Board member have anything else to say, offer?  
15 Howard?

16 MR. SACKS: Yeah. I'm -- I haven't been  
17 reading as carefully or listening as carefully as I might,  
18 but I am troubled about the decision made by the staff  
19 to allocate cuts among the field programs on a pro rata  
20 basis. This was discussed at Audit and Appropriations,  
21 and I think there was a lot of support for the proposition  
22 that it should not be done flat out across the board, but  
23 rather to use a combination of cap and floor so that we  
24 don't , say, gut some of the better funded programs.

25 Now I'm aware of the fact that New England has

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1 a number of these better funded programs. But I think  
2 that we ought to be very conscious of what we're going to  
3 do, if we're going to do it --

4 MR. ENGELBERG: Yeah, but from -- as I under-  
5 stand it, you go to the other formula. This 25% is de-  
6 signed to prevent the better funded programs from taking  
7 even larger cuts. Cap and floor, as I understand it.  
8 That's what Bruce was saying.

9 MS. RODHAM: Yes. That's right.

10 MR. ENGELBERG: Would up the cut from 25% to  
11 30.

12 MR. SACKS: I just heard Bruce say, I'm  
13 opposed to pro rata, and I favor a cap and floor.

14 CHAIRMAN McCALPIN: As I understand cap and  
15 floor, the higher funded programs would be reduced 30%,  
16 the median ones 25%, and the lesser funded programs 20%.  
17 That's right, on the per capita.

18 So that -- I think it's accurate as people  
19 have said around the table, that to use your New England  
20 examples, they would sustain the larger cuts under the  
21 cap and floor than under the pro rata.

22 MR. BRADLEY: And I -- you know, this is an  
23 issue that we've debated with the field and among ourselves  
24 ad nauseum, I suppose, and there ain't no simple solution.  
25 I mean, we raised the question, and this Board has fought

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1 over it. Mickey, unfortunately, missed a couple of those  
2 meetings about the cost variation study, whether or not  
3 we were going to implement that and recognize the cost of  
4 living discrepancies between California and Missouri, for  
5 instance.

6 I just -- and I submit to you that the drastic  
7 reduction funding level this year of all of our programs,  
8 that this is not the year, of all years, -- in the past  
9 5 years when we were piping hundreds of millions of  
10 dollars, new money, into legal services and we haven't  
11 corrected that historical inequity that's existed for 15  
12 years -- that right now when we decide not to give people  
13 money but take it away from them, now on the downside of  
14 the curve is the time to correct those historical inequities.

15 And I just -- all things being considered; I  
16 mean, and I don't think Solomon himself, or herself, could  
17 come up with a better solution than --

18 CHAIRMAN McCALPIN: We've just re-written the  
19 Bible to refer to Queen Solomon.

20 (Laughter.)

21 MR. BRADLEY: -- in this transitional year,  
22 I think that if we're going to cut some programs, and all  
23 of them are going to be cut, that this year on a transi-  
24 tional period we probably should today decide that it  
25 should be at the 25%.

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1           However -- and in summary, and I won't say  
2 anymore about this budget issue -- I don't want you all to  
3 lose sight of the fact -- and Mary touched on it briefly  
4 this morning and our friend from the Senate budget commit-  
5 tee, I think, has left -- but, you know, we're going to  
6 have to do a lot to hold ourselves at the 241 level. And,  
7 in fact, when you meet again in December, we may have a  
8 lower appropriation and we may have to address this issue,  
9 in terms of whether or not we're going to make those kinds  
10 of cuts reflecting the differences between the higher  
11 funded programs and the lower funded programs.

12           But I just don't think today is the time to  
13 do that.

14           MR. SACKS: All right. My last comment --  
15 and then I'll be silent -- is I was much impressed by  
16 what Bruce had to say about the client advocacy cut.

17           MR. BRADLEY: But what --

18           MR. SACKS: I'm impressed by what Bruce said  
19 and, if there were any support around the table to change  
20 that figure, I would make a motion. But I don't want to  
21 make a futile --

22           MR. BRADLEY: Well, what I was going to  
23 suggest in my response to all of these items -- when we  
24 discuss some of these things, and while we're cutting  
25 everything, we just -- last year we allocated \$300,000

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1 for those client advocacy activities. Most of those grants  
2 have just recently gone out, as I will include in my  
3 President's report when we get to other business.

4 I have great reason to believe that all of  
5 those programs are going to succeed, but literally most  
6 of the grants just went out in the last few weeks. And  
7 I suppose the reason we went ahead and made the decisions,  
8 since the budget we brought to you cut everything, was  
9 with the full realization that we are going to come back  
10 to you in December with in excess of a half a million --  
11 maybe as much as \$750,000 -- where you will allocate that,  
12 in your December meeting. And at that time I think that  
13 some of the cuts that we are suggesting to you today, we  
14 will ask you to revisit that issue.

15 And one of those things we'll ask you to re-  
16 visit is restoring to money -- that money to the client  
17 advocacy pool, because --

18 MR. SACKS: Is this in the same State? It  
19 says Northern Virginia.

20 MR. BRADLEY: Well, no, Northern Virginia, I  
21 think we'll look at in a different posture than the client  
22 advocacy. I mean this is getting -- Your staff is also  
23 committed to client advocacy. I've got a meeting with  
24 Bernie soon, because OPS has --

25 MR. SACKS: Do you realize, Mr. President,

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1 that there's a body of opinion on the Board that would  
2 like to leave that at 300?

3 MR. BRADLEY: Then you're going to have --  
4 you're going to have an opportunity -- you're going to  
5 have not only an opportunity. You're going to have the  
6 money. We know you're going to have at least a half a  
7 million dollars to allocate. You'll probably have more  
8 than that, and that's going to be high on the staff's list  
9 of recommendations to you.

10 MR. SACKS: Mr. Chairman, I'm happy not to  
11 make an amendment.

12 MS. SHUMP: Does that mean that we'll also  
13 have money to put back the 10% cut in the summer intern-  
14 ship program?

15 MR. BRADLEY: Oh, yes.

16 MS. SHUMP: O.K. And the other thing --

17 CHAIRMAN McCALPIN: Even a half a million  
18 dollars will only stretch so far. There's a limit to  
19 what we can do with it.

20 Revisus?

21 MR. ORTIOUE: I would suggest that what we  
22 are merely doing today is sort of giving some guidelines  
23 to the staff as to how we are thinking and how they  
24 should be thinking, because obviously my intelligence is  
25 not as good as your intelligence. My intelligence from

1 what is likely to happen in the Congress is that -- we're  
2 going to get some cuts, but we're not going to get the  
3 12% cuts and that he may have to look -- it is likely that  
4 he'll have to look at --

5 CHAIRMAN McCALPIN: Sorry, Revis. The lady  
6 was having troubles.

7 MR. ORTIOUE: It's likely that we're going to  
8 have to look at all of these things again. And so I would  
9 hope that we would consider that we're not putting any-  
10 thing in concrete today. We're just trying to give some  
11 direction, and that certainly I agree with you we will  
12 re-visit that client advocacy figure. And I would only  
13 want to underscore to the staff that that, to me, would  
14 be of highest priority when we do have some money in  
15 hand.

16 CHAIRMAN McCALPIN: I would remind you that,  
17 under the procedure adopted by the Board a year or so ago,  
18 the budget is kind of a living, evolving document. It  
19 isn't even -- even if we approve it now, it isn't frozen.  
20 There are provisions for transfers at the committee level  
21 and provisions for transfers at the Board level; and all  
22 of that can be done through the course of the period  
23 covered by the budget.

24 Anything else?

25 MR. ORTIOUE: Move the previous question.

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1 CHAIRMAN McCALPIN: The previous question has  
2 been moved. I see no evidence that anyone else wishes to  
3 speak. The question then is on the motion of Mr. Encel-  
4 berg as amended. All in favor, please signify by saying  
5 "aye".

6 MEMBERS: Aye.

7 CHAIRMAN McCALPIN: Any opposed? Hearing  
8 none, the motion passes. It is so ordered.

9 WHEREUPON, the motion passed.

10 CHAIRMAN McCALPIN: The next item on the  
11 agenda, also for Singesen, is the 5-C, the mark for the  
12 FY 1983 budget request, page 59 of your agenda book.

13 MR. SINGESEN: Recognizing the authority on  
14 the future, I would concede to Mr. Bradley on this.

15 MR. BRADLEY: Let me consult with King and  
16 Queen Solomon.

17 (Laughter.)

18 MR. BRADLEY: But just let me remind the Board  
19 that what you normally do at your September meeting is  
20 approve a tentative mark which the staff uses to prepare  
21 a budget request for the subsequent fiscal year which you  
22 normally approve at the December Board meeting.

23 This year I'm not sure that we're going to  
24 have much flexibility, if the bills that are now pending

25

1 in Congress are, in fact, enacted into law because where-  
2 as in previous years they have authorized a certain amount  
3 than such sums that are necessary gave us great flexibility  
4 in making our request to Congress.

5 But as you know the bill that has passed the  
6 House limits our authorization next year to \$241 million.  
7 We're going to try to deal with that in more favorable  
8 terms in the Senate. I can't tell you we'll be successful.  
9 We're going to try. I just don't know.

10 The only relevance really is that normally a  
11 call goes out from Mr. Stockman to all Federal agencies,  
12 where all Federal agencies report back to OMB what their  
13 anticipated mark of request is going to be docketed over the  
14 15th.

15 What I had intended to do, unless you all  
16 direct me otherwise, is to indicate in a communication to  
17 OMB by that date that this Board, since we are an independ-  
18 ent agency and we always in every communication from Bill  
19 to him and from me to him -- we always open and close 15  
20 times that we are an independent agency and we don't  
21 recognize his authority over our budget. But we will  
22 communicate to him that this Board has not yet decided what  
23 our budget request will be and to keep in mind we are  
24 not required to do anything other than to advise the  
25 Administration as to what our formal budget request. What

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1 we normally do is that, when we transmit our budget to  
2 Congress which will be in January of next year, we also  
3 provide the Administration with a copy of that.

4           So I think that this item in terms of this  
5 Board making any decision today should be, and ought to  
6 be, deferred until your December 4th Board meeting.  
7 And I will communicate that. And I've already talked to  
8 one of Mr. -- to Mr. Kleinberg who is the staff person  
9 for Mr. Stockman, and he understands that we are in a  
10 dilemma different this year than we have been in the past.

11           CHAIRMAN McCALPIN: Unless I hear an objection  
12 consideration of the mark for the FY '83 budget request  
13 will be deferred until the next meeting of the Board.

14           All right. That brings us to Item 6 on the  
15 agenda, which is the next scheduled meeting of the Board.  
16 By prior action it was set for Friday and Saturday, Decem-  
17 ber 4 and 5, 1981. Unless that presents a very difficult  
18 problem or unless somebody wishes to re-examine it, that  
19 will be the time set for the next Board meeting.

20           Let me say it appears to me that it might well  
21 be useful for the appropriations and audit committee to  
22 be thinking now in terms of setting a date in advance of  
23 that and, presumably, around the 20th of November -- at  
24 least on a temporary basis because if we come at 241, it  
25 may not be needed. If there's a substantial variance from

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1 that figure, it might be -- I suggest that the closer you  
2 get to a meeting date the harder it may be to get people  
3 to get it on their calendars and scheduled.

4 I expect again, it would be a committee meet-  
5 ing which might well be attended by a good many more  
6 Board members than simply the members of the Appropriations  
7 and Audit Committee. So I would suggest that maybe we  
8 take a minute now and think at least tentatively in terms  
9 of dates.

10 Ravius?

11 MR. ORTIQUE: I would like to suggest, just  
12 for the thinking of the Committee and the convenience of  
13 persons who would want to attend, that: One, we would  
14 think in terms -- I would suggest that it is likely that  
15 Congress is not going to get to these things until well  
16 near the recess time, which would mean that the staff  
17 would need some time to do their work. Then you're at  
18 Thanksgiving and, you know, it would be difficult to get  
19 travel during that last week of November.

20 So I just think that we ought to consider  
21 the possibility of meeting on that -- that Friday, first  
22 the Audit and Appropriations Committee, and then go into  
23 a staff meeting.

24 CHAIRMAN McCALPIN: I would like to inquire  
25 first of the staff -- you know, what kind of problems,

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1 the morning of the time that we've got to -- if we decide  
2 that's what we want to do.

3 CHAIRMAN McCALPIN: O.K. All right. Yeah,  
4 Gerry?

5 MR. SINGSSEN: Just a small technical matter  
6 that Barbara just reminded me of. You may want to speak  
7 to the chairman of the committee with regard to reviewing  
8 the audit and meeting with the auditors, because the audit  
9 will be presented to the Board December 4; and general  
10 practice is that the committee chairman meets with the  
11 auditors prior to that meeting to review.

12 CHAIRMAN McCALPIN: That's no problem. I  
13 might also suggest that, purely as a matter of precaution,  
14 you may wish to give whatever notice is required for a  
15 committee meeting and you could always cancel it easier,  
16 I guess, than you could give a belated notice. So you  
17 consider giving a notice for a meeting even though it  
18 may not be held.

19 MR. ORTIOUE: You give notice of a meeting on  
20 the morning of, no matter what. Then we see what we do  
21 with it.

22 CHAIRMAN McCALPIN: Is there any further dis-  
23 cussion with respect to our next meeting?

24 All right, the last item on our --

25 MR. BRADLEY: Will the meeting be in D.C.?

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1 CHAIRMAN McCALPIN: Oh, I think so. I think,  
2 given these problems, it doesn't make any sense to meet  
3 and have it some place else. Much as I might --

4 I think there are those who may be willing to  
5 give us one-way tickets.

6 (Laughter.)

7 The last item on our agenda is under the  
8 heading of Other Business, and I would call upon the  
9 President to report to the Board.

10 MR. BRADLEY: Just briefly, I just have the  
11 one item. Dick Trudell is Chairman of the Committee of  
12 Provision of Legal Services; asked me to mail to him and  
13 to all the members of the Board, which I assume that each  
14 of you got, -- we sent it a week ago -- just a status  
15 report on 3 of our activities. One you've heard me make  
16 reference to, the client advocacy project, the \$300,000  
17 that you approved last year.

18 The OPS staff, and Dee is not here and I don't  
19 know if -- maybe, Clint -- if you have any questions; but  
20 those -- the process went forward, applications were soli-  
21 cited, a review process was completed, and grants have  
22 now been awarded. And we have provided each of you with  
23 an indication of those grants.

24 I think I can represent to you that every  
25 region was covered: urban programs, rural programs, Native

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1 American programs, migrant programs. And at the appropriate  
 2 time, which is, I don't think, any time soon, Clint's  
 3 staff who will now have the responsibility for much of  
 4 this activity -- we will make a more detailed report to  
 5 the Provisions Committee as we go through the client  
 6 advocacy project for this year.

7           Clint and I plan to meet with some client  
 8 representatives as soon as possible to talk about the  
 9 money that was included in the budget that you just  
 10 approved. The staff has some ideas in the direction which  
 11 that money should go, but we have a lot of staff work to  
 12 do and a lot of discussions with the client community  
 13 before we are comfortable with how we, you know, should  
 14 allocate that money.

15           The QUIP project -- just -- I guess I can tell  
 16 you the QUIP project is over. It's through with. The  
 17 evaluations of all of the QUIP grantees either have been  
 18 produced or in the process of production and printing now.  
 19 Carolyn World has been director of this project, was at  
 20 the party last night that we had, with copies of the  
 21 latest evaluations hot off the press. What we had always  
 22 intended to do and what we are, in fact, doing -- we are  
 23 broadly disseminating everything that we feel like that  
 24 we have learned to all of our programs and other interested  
 25 parties. As soon as the last one of those evaluations is

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1 completed, I'll make sure that each of the Board members,  
2 you know, get the summary of that.

3 I don't think we'll send you all the copy  
4 unless you want it, because it overshines all of the  
5 publications that Mr. Houseman has produced through the  
6 years. But we have spent some time in the dissemination  
7 of what we have actually learned from the OUIP project,  
8 especially in the technological improvements area and  
9 the utilization of private law firms in ways other than  
10 delivering legal services to eligible clients; in terms  
11 of management of law firms. So that project is now over.

12 The OUIP staff has been, in effect -- you  
13 know, they've worked themselves out of a job. And that  
14 information that we learned will now be used through our  
15 technical assistance apparatus in our regional offices.

16 Then finally the loan repayment program is  
17 also over. And while I think we may want to wait until  
18 the next formal meeting of the committee to tell you, we  
19 are not in a position to tell you that the fact of repay-  
20 ing loans, the loans of law students resulted appreciably  
21 in a reduction of attrition rate of attorneys. I think  
22 that we are prepared to represent to the committee at  
23 the appropriate time that we would not recommend alloca-  
24 tions of the monies for this purpose in the future, be-  
25 cause at best it was a 50-50 proposition -- I guess, is

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1 what I'm trying to say.

2 MR. ORTIOUE: Dan, you -- no, you weren't  
3 even there, but you recall our sense that we should have  
4 bought a building.

5 MR. BRADLEY: That was before my time.

6 MR. ORTIOUE: We'd be better off, if we had  
7 that building. We could give it to Willie Cook, if  
8 necessary.

9 MR. BRADLEY: Then my last report to you --  
10 and I think that -- I know I've spoken to many of the  
11 Board members individually about this, and last night I --  
12 it was very much appreciated, and I apologize on behalf  
13 of the Chairman for giving all the Board members such  
14 short notice. But all of the Board members that were in  
15 town last night, and I think there were 5 or 6 of you, the  
16 Board had a reception party -- wine, cheese, booze, and  
17 other things -- no, beer, it wasn't booze -- for all of  
18 the staff of the Corporation here in this room last night.  
19 And it was very well attended. It was very much appre-  
20 ciated by your staff.

21 Unfortunately, the timing was such that many  
22 of the staff that we have had to terminate had already  
23 left employment of the Corporation. We started this  
24 process, as some of you know, several long months ago,  
25 I suppose after last November and certainly during the

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1 early part of this year when it appeared that our budget  
2 was going to be substantially reduced. We started -- we  
3 brought in outside consultants to help us with RIF policy,  
4 with personnel problems, job placement, job counseling,  
5 services: and we have, as Bruce indicated in his overview  
6 to you a few moments ago -- we have drastically reduced  
7 the size of the Headquarters and the regional office staff.

8 We'll be giving up substantial space in this  
9 building. We will probably -- we will no longer have need  
10 for any space on the floor upstairs where Allen and his  
11 staff and the OUIP project has been. We'll be giving up  
12 substantial space on one of the other floors. We'll be  
13 trying to capitalize -- we have long-term leases on some  
14 of this space, at a very, very, very low rate, and there's  
15 a possibility -- we've been joking about it -- that if we  
16 sub-lease some of the surplus space that we have, we'll  
17 be able to capitalize on some pretty handsome income, you  
18 know, for the Corporation. Even if we don't get in that  
19 crunch with Congressional corporations --

20 But -- and I think, that while we don't have  
21 the organizational chart here for Mickey and for Hillary,  
22 at the last meeting of the Audit and Appropriations Com-  
23 mittee we did -- we do have an organizational chart that  
24 does, in fact, reflect a substantially reduced structure  
25 in staff of the Corporation.

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1 I think that I can report to you that we  
2 managed our RIF in a much, much more human way, I think,  
3 than -- than certainly Uncle Sam, from what I read in  
4 the paper. There's not an employee that left the Corpora-  
5 tion did not receive at least a minimum two months advance  
6 notice, many of them 3 and 4 and 5 months advance notice.  
7 And we were very, very generous and liberal with those  
8 employees in letting them take administrative leave for  
9 job interviews.

10 As I told you we hired some outside profes-  
11 sional firms to help them in their out placement efforts.  
12 I'm not prepared this morning to tell you exactly how  
13 many we were able to place but, from just information and  
14 belief, a large number of our employees have already ob-  
15 tained other employment.

16 Some of the employees that we have terminated  
17 continue working for the Corporation, because their notice  
18 maybe, you know, doesn't -- you know, they were given  
19 November 1st, December 1st, January 1st, because we were  
20 completing some of the OPS projects, some of the training  
21 projects and some of the OUIP projects. But we will go  
22 into the new Fiscal Year with a substantially reduced  
23 staff, substantially reduced obligation, not imposed -- a  
24 very, very stern, I supposed, I don't know -- I've tried  
25 in the past, it hasn't been too disciplined -- but even

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1 though the budget has been reduced over 40%, your staff  
2 will be extremely frugal, much more so than, I think, we've  
3 been in the last 5 years in things like our travel costs,  
4 in planning conferences. I mean, it's absolutely, you've  
5 got to fly the cheapest rate, you've got to stay in the  
6 least expensive hotel.

7 And I might, on that note, point out to you  
8 that -- no one asked the question -- but we also reduced  
9 substantially the budget for the Board of Directors. I  
10 was waiting for someone to inquire about that, and we just  
11 felt that we had to make some of those choices. And  
12 while our field, the client community, and all our pro-  
13 grams -- we're all just going to have to sort of lower  
14 our standard of operation. That's what this budget  
15 represents.

16 Other than that, I have nothing else to  
17 report at this time.

18 CHAIRMAN McCALPIN: Do you want to be  
19 recognized?

20 MR. KANTOR: Yes. And when you get ready --  
21 I just wanted to recognize Bob Raven, who is President of  
22 the California Bar; who is also head of the Standing  
23 Committee on Legal Aid to Indigent Defendants, American  
24 Bar Association; who was on the Board of the original  
25 Action for Legal Rights when this bill was passed; and

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1 both individually and the California Bar as an institution  
2 has been so strongly supportive of this program over the  
3 years, and has been vital, not only in California to the  
4 protection of legal services program and their expansion  
5 and success, but also nationally. And, Bob, we're happy  
6 to have you with us here today.

7 MR. RAVEN: Thank you.

8 MR. KANTOR: Thank you.

9 CHAIRMAN McCALPIN: I'm glad you've taken  
10 care of your internal California Bar politics.

11 (Laughter.)

12 I would also say that Bob Raven is one of  
13 those who, in March of this year, responded to the call  
14 of the then-President of the American Bar Association  
15 and flew overnight on the red-eye from San Francisco to  
16 Washington to be present at the ABA President's press  
17 conference the following morning here in response to  
18 the announcement from the Administration as to what they  
19 intended for this Corporation.

20 Bob Raven is a long-time, dedicated worker in  
21 this field, and I think is a magnificent choice as Chair-  
22 man of the Standing Committee. And as you can see, he's  
23 a present, here at this meeting, Chairman of the Standing  
24 Committee, which portends, I think, a good relationship  
25 for the future. Howard?

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1 MR. SACKS: I just want to say a word also  
2 about someone who had to leave, Judge John Farrin.

3 CHAIRMAN McCALPIN: Well, I was going to get  
4 to that point. I was nudged by the President.

5 Judge John Farrin who has a long history and  
6 indeed was once -- headed that local law firm operation  
7 that Willie Cook talked about this morning, is now a  
8 judge of D. C. Court of Appeals here; and is the Chairman  
9 of an entity within the American Bar Association known  
10 as the consortia of legal services in the public.

11 It's a grouping of all committees having some-  
12 thing to do with the delivery of legal services to the  
13 public, plus 6 public members of which he is one; and is  
14 the designated Chairman.

15 That consortium had a meeting here in Washing-  
16 ton last Saturday in which they brought together the  
17 various committees of the ABA involved in that field,  
18 heard Gerry and Dan and others connected with the Corpora-  
19 tion as it tried to work out a way in which it could  
20 operate more fruitfully with the Corporation in the  
21 difficult days ahead.

22 Steve, did you want to -- say something?

23 MS. ESQUER: We must have one minute to meet  
24 Mr. Raven. Maybe he would have a comment for the Board?

25 CHAIRMAN McCALPIN: Bob, do you want to be

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1 recognized? Have you got anything to say?

2 MR. BRADLEY: He's from California.

3 MR. RAVEN: I think I'll break into this --

4 CHAIRMAN McCALPIN: Pardon?

5 MR. RAVEN: I said I think I'll break into  
6 this slowly. I enjoyed the meeting, and I've learned a  
7 lot. As I get into it more, why I'll participate more  
8 fully. I have to make arrangements to get the agenda  
9 ahead of time. I made arrangements, but something went  
10 wrong with the U.S. Mail.

11 CHAIRMAN McCALPIN: Well, I think we'll be  
12 seeing a good deal of Bob. I hope and expect that he may  
13 be with us at our meeting on December 4 and 5, and barely  
14 two weeks after that many of us will be in his home town  
15 for the annual meeting of NLADA.

16 MR. ORTIOUE: Is he a Republican?

17 (Laughter.)

18 CHAIRMAN McCALPIN: I'm not going to -- you're  
19 out of order, Judge.

20 (Laughter.)

21 Gerry?

22 MR. ORTIOUE: I just wanted to know whether  
23 we had any chance of his becoming a new member of the  
24 Board.

25 MR. SINGSEN: I just wanted to say one

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1 additional thing on the employees who are being PIF'ed.  
2 That is, that I got a report yesterday on the state of  
3 assistance in helping people find jobs, and was told that  
4 there was one problem that our consultants had not en-  
5 countered in their prior work, in anything like this  
6 dimension, and that they didn't know anybody else had  
7 encountered before.

8 And that is that they can't get most of our  
9 employees to come and get help because they are too busy  
10 finishing their work for us, trying to get the work they've  
11 been committed to done.

12 So they say, this is an odd phenomenon, be-  
13 cause what happens everywhere else is, as soon as somebody  
14 gets a notice, they turn off on their jobs and they start  
15 spending all their time looking for the next job.

16 And we posed them a special problem.

17 CHAIRMAN McCALPIN: Of course, that doesn't  
18 surprise any of us who have been in legal services for a  
19 long time.

20 Anything else to come before the meeting?

21 MR. ORTIQUE: Since it appears that December  
22 may be our last meeting together, Mr. Chairman.

23 CHAIRMAN McCALPIN: No, it will not be in New  
24 Orleans.

25 (Laughter.)

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MR. ORTICOU: I think that's a disgrace.

(Laughter.)

I promise you you're going to miss the best  
party --

(Laughter.)

CHAIRMAN McCALPIN: The meeting is adjourned.

WHEREUPON, the meeting adjourned at 2:00 p.m.

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## CERTIFICATE OF REPORTER

I hereby certify that the foregoing transcript represents the full and complete proceedings of the 10/2/81 aforementioned matter, as reported and reduced to type-writing under my direct supervision.

  
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