

ORIGINAL

**LEGAL SERVICES CORPORATION
AUDITS APPROPRIATIONS COMMITTEE MEETING**

OPEN SESSION

September 16, 1991

8:00 a.m.

**The Ramada Renaissance Hotel
Ballroom A
1001 County Line Road
Jackson, Mississippi 39211**

Board Members Present:

**Howard H. Dana, Jr., Chairman
Jo Betts Love
Thomas D. Rath
Basile E. Uddo
Jeanine E. Wolbeck
Norman Shumway**

Staff Present:

**Patricia Batie
David Richardson
Alan Severson
Charles Moses**

**RETURN TO CORPORATION
SECRETARY ARCHIVES FILE**

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P R O C E E D I N G S

1
2 CHAIRMAN DANA: I'd like to encourage the committee
3 to come forward, and since we're on a fairly tight schedule,
4 and we have a fair amount of understanding to acquire in a
5 short period of time, so that we can help the Board, I'm going
6 ask the meeting to come to order.

7 This is a meeting of the Audit and Appropriations
8 Committee of the Legal Services Corporation. The full
9 committee is in attendance. The person who knows what we're
10 supposed to know is at the table in front of us.

11 Before we do anything else, I want to welcome the
12 hundreds and thousands of people who are here to watch us
13 deliberate, and I want you to know, at any time, please raise
14 your hand, and if enough of you want to speak, we certainly
15 will let you do so.

16 There are green board books or committee books
17 somewhere out there, so you can use those to follow along. Is
18 there a motion to approve the agenda?

M O T I O N

19
20 MR. UDDO: So moved.

21 MS. WOLBECK: Second.

22 CHAIRMAN DANA: It's been moved and seconded. All

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1 those in favor say aye.

2 (Chorus of ayes.)

3 CHAIRMAN DANA: The aye have it. Opposed?

4 (No response.)

5 CHAIRMAN DANA: It's a vote. In the board book at
6 pages 1, 2, 3, and 4 are the minutes of our last meeting. I
7 note that poor Blakeley is reported as being a member of our
8 committee, and with that exception, is there a motion to
9 approve the minutes?

10 MR. UDDO: You mean, to take Blakeley off of the
11 list of committee members, because he's not a committee
12 member?

13 CHAIRMAN DANA: Right, and put him down as a Board
14 member who was in attendance.

15 M O T I O N

16 MR. UDDO: So moved.

17 CHAIRMAN DANA: Is there a second?

18 MS. WOLBECK: Second.

19 CHAIRMAN DANA: It has been moved and seconded to
20 approve the minutes as amended. All those in favor say aye.

21 (Chorus of ayes.)

22 CHAIRMAN DANA: Opposed?

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1 (No response.)

2 CHAIRMAN DANA: It's a vote. The next item for our
3 consideration is a consideration of the third quarter budget
4 modifications. For the record, the history of our budget is
5 that it was originally adopted by the committee and then the
6 Board on March 17, 1991.

7 At the end of the first six months of the fiscal
8 year, which was upon us at that time, but our records are a
9 little bit behind that, we made some adjustments to that
10 budget at our June meeting.

11 It is our practice to amend the budget document that
12 is adopted by the Board is the Board's way of ministering or
13 exercising its policy oversight, and it is our practice to, at
14 quarterly intervals, to review the budget, and based upon
15 recommendations of management, make changes in that budget.

16 We may have gotten ahead of ourselves this time, but
17 David, would you help the committee understand what it is that
18 is before us in the Board book?

19 PRESENTATION OF DAVID RICHARDSON

20 MR. RICHARDSON: Yes, sir. Good morning, Ms.
21 Wolbeck, gentlemen of the Board. On pages in particular that
22 we're talking about, is page 10, where there are revisions in

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1 the management and administration budget, each of the
2 directors of the Corporation and myself, in conjunction with
3 Mr. Martin, Ms. Batie, have proposed the Board's budget,
4 Executive Office, and then each director has provided
5 projections of spending through the end of the year.

6 With those projections turned into my office, I then
7 reviewed those, brought them together into a report where we
8 could review them together, and there has been some revisions
9 made.

10 The revisions are included in the document and
11 actually reported in page 12. You have before you this
12 morning a document that has been reviewed by each of the
13 directors. I had a short opportunity to review it with one of
14 you yesterday, Mr. Dana, and the revisions are a result of
15 that review.

16 CHAIRMAN DANA: The document to which you refer is a
17 four-page typed document?

18 MR. RICHARDSON: Yes, sir, that summarizes the
19 changes that are incorporated. You may want to try to put
20 these all in the same order. There is a document, and pardon
21 me, many of them are not labeled. In the future, we will get
22 them labeled appropriately, but if you would look at the

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1 document, it's summary by budget, and it is a matrix in a
2 sideways fashion. It shows there are different budget
3 categories.

4 CHAIRMAN DANA: Summary by division?

5 MR. RICHARDSON: That is correct, sir. The total
6 budget for personnel approved by the committee and by the
7 Board in June had a revised budget of \$5,220,000 for personnel
8 compensation. The budget, in total, of course, has not
9 changed, but the proposed revisions, the personnel
10 compensation, the total is \$5,096,000.

11 What I'm getting to is with the two documents, the
12 proposed revised revisions that are before you today in the
13 memo, in the documents, the revisions are already reported and
14 included in the Board document, in the Board book that you
15 have before you in the green book. Mr. Dana, would you like
16 me just to go through the revisions so that we can --

17 CHAIRMAN DANA: I think, for the record, that would
18 be helpful, and we can follow along with your memo, but maybe
19 it would be helpful if you would just highlight the changes.

20 MR. RICHARDSON: Sure. And we'll make the memo part
21 of the record so that it will be complete.

22 CHAIRMAN DANA: Please.

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1 MR. RICHARDSON: As far as highlighting the changes,
2 with the proposals and the meeting schedules that were given
3 to us, we felt that there was only one budget that may need
4 increasing, and we've done that as a precaution. We did
5 increase the Board's budget \$16,500.

6 That was a result of, of course, with the proposed
7 meetings that we talked with different chairmen of the
8 committees and Mr. Wittgraf about what may be going on through
9 the end of September.

10 This \$16,500 was transferred from the Office of
11 Human Resources, and there is money available there as a
12 result of -- we had some personnel changes, of course, that
13 you've been reviewing as we go through the year. We've also
14 had some workers' compensation claims, and we had budgeted
15 money for a claim that -- we're on a reimbursable system, and
16 we have worked with the insurance company in trying to reduce
17 the workers' compensation.

18 So, as a result, we've been able to reap some
19 benefits from that, and that has been reduced significantly.
20 There was a transfer of \$31,500 from the personnel
21 compensation line. That is a result, like I said, of the
22 workers' compensation being reduced.

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1 That money was being transferred by way of -- or is
2 being proposed transferred to the temporary employee pay, the
3 consulting pay, the travel and transportation, and some other
4 operating expenses.

5 Mainly, the other operating has been some training
6 tapes and small type of office needs that were not foreseen,
7 and they would like to go ahead with those. Also, the other
8 budgets -- there are revisions, however, the other budgets, we
9 do not see a need to increase or decrease.

10 Within the executive office budget, we have proposed
11 changing or increasing the travel and transportation \$10,000.
12 As a result of success of the forums, there have been a couple
13 that were not originally scheduled and some additional trips
14 that were not contemplated.

15 So we've provided money for that. So we've reduced
16 the personnel compensation again there and the corresponding
17 benefits to put the money in the travel, transportation, and,
18 again, other operating costs.

19 Normally, when you go out on the road in meetings
20 like this, you have to rent equipment such as your
21 microphones. There is setup costs involved. So that's what
22 the \$2,000 is needed for in the other operating in this

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1 particular line.

2 The Office of Inspector General has proposed a
3 number of changes within his budget. Of course, Mr. Wilkinson
4 is no longer with us, but there was some delay in hiring staff
5 in his office. What he would like to do is to use this money
6 to purchase some equipment, and he would like to have some
7 computers, some copiers and so forth.

8 CHAIRMAN DANA: Have those investments been made at
9 yet?

10 MR. RICHARDSON: They have not been.

11 CHAIRMAN DANA: But they are proposed investments?

12 MR. RICHARDSON: That is correct.

13 CHAIRMAN DANA: And his successor will have an
14 opportunity to review those requests?

15 MR. RICHARDSON: Absolutely, sir. Mr. Wilkinson
16 also has employed, and we do have to transfer money into the
17 temporary employee line, he has used, in his office, a law
18 clerk that was not contemplated, and there has been Saturday
19 and evening for a temporary services person to come in and
20 help with some typing on the investigations that he was doing
21 that no one on the staff was helping him with.

22 CHAIRMAN DANA: Let me interrupt you, David, because

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1 we are under a time injunction. To summarize, you are
2 proposing a shift, as a safety measure, of some monies to the
3 Board line of approximately \$16,500?

4 MR. RICHARDSON: Yes, sir.

5 CHAIRMAN DANA: And proposing a series of
6 interdepartmental changes?

7 MR. RICHARDSON: That is correct, sir.

8 CHAIRMAN DANA: That, for instance, to the executive
9 offices, you're moving money around within various budget
10 lines but not from department to department?

11 MR. RICHARDSON: That is correct, sir.

12 CHAIRMAN DANA: As you know, I feel very strongly
13 that the Board, or at least this committee, should be involved
14 in that process. We have, as a committee, or as a board,
15 we've been meeting almost every month.

16 I would like it, in the future, if revisions are
17 going to be made in the budget, to characterize them as an
18 absolute minimum as a proposed revision in the budget so that
19 a board member looking at a budget and seeing a budget and
20 then actual expenditures and then what's left over realizes
21 that that was a budget that the Board approved, not a budget
22 that was changed by corporation staff in anticipation of a

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1 vote.

2 So substantively, I don't have any problem,
3 personally, with the changes that you proposed. Procedurally,
4 I have some problems.

5 MR. RICHARDSON: That's fine. It can be handled
6 either way, and I have no problem with that.

7 CHAIRMAN DANA: Well, I'm hoping that it will only
8 be handled one way.

9 MR. RICHARDSON: Sure. I understand.

10 CHAIRMAN DANA: But that's my view. Do the other
11 members of the committee share that?

12 MR. UDDO: Yes. I think it makes sense just to make
13 them as proposed, especially since we're meeting so regularly,
14 just like the committee approve and understand the changes.

15 MR. RICHARDSON: Sure.

16 CHAIRMAN DANA: Do I have a recommendation from the
17 committee to adopt the revisions outlined in this memo?

18 M O T I O N

19 MR. UDDO: Yes. I would move that we approve and
20 adopt the revisions that have been proposed in the memorandum.

21 MS. WOLBECK: I'll second.

22 CHAIRMAN DANA: Any discussion?

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1 (No response.)

2 CHAIRMAN DANA: Hearing none, all those in favor say
3 aye.

4 (Chorus of ayes.)

5 CHAIRMAN DANA: Opposed?

6 (No response.)

7 CHAIRMAN DANA: It's unanimous. Having revised our
8 budget, as set forth now in column 8 on pages 8, 9, 10, and
9 11, 12 of the Board book, this indicates that we are going to
10 be, overall, substantially under budget, does it not?

11 MR. RICHARDSON: That is correct, sir.

12 CHAIRMAN DANA: And as a projected carry-forward as
13 of June; that is to say, looking from June through the end of
14 the year, based upon a budget plan, where is that information?

15 MR. RICHARDSON: Okay. That is reported to you in
16 column 12 of the same pages that you were referring to.

17 CHAIRMAN DANA: That would be for the Corporation
18 itself?

19 MR. RICHARDSON: Yes, sir. Now, on each page,
20 column 12, the projected carryover is the grant monies that
21 are still available, or there are grants still being worked
22 on, as far as unsolicited grant proposal. So it may go down a

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1 little bit.

2 Let me interject here. As a result of the recent
3 hurricane on the Coast, we have received some initial
4 proposals are there money available for Cape Cod and also Cape
5 Hatterras. We will be getting proposals on those, I
6 understand, this week. So we could be making some emergency-
7 time awards to those areas. There is a small amount of money
8 available through the basic field component where this could
9 be done.

10 CHAIRMAN DANA: Well, as you know, that's something
11 that's been of interest to this Board, since we have, in our
12 request before Congress, a line item for emergency assistance.
13 What is the status of those requests, as we speak?

14 MR. RICHARDSON: Actually, they were made over the
15 telephone, and they were just asked to submit something in
16 writing as to what their need may be, and then we would get
17 back with them. So they're just sort of pending right now.

18 CHAIRMAN DANA: Questions?

19 MR. UDDO: Yes. I just want -- the total projected
20 carryover is, on page 11, \$1.6 million?

21 MR. RICHARDSON: That's correct, sir.

22 CHAIRMAN DANA: And that is about 300,000 higher

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1 than the last projected carryover of which we've been made
2 aware; is that correct?

3 MR. RICHARDSON: We projected at the beginning of
4 the year of 1.5 million in carryover, yes, and there was about
5 \$270,000 that was put back into, for instance, the migrant
6 lines. So, yes, your characterization is correct.

7 Let me add there, also, we had mentioned yesterday
8 that there is some migrant monies again and some proposals for
9 grants that have been sent in that we're looking at, trying to
10 get additional information. So the 185,000 that's in the
11 migrant line certainly could go down before year end also.

12 CHAIRMAN DANA: What is the status? Have we not
13 granted the Mississippi migrant request, or contract?

14 MR. RICHARDSON: We have not, sir.

15 CHAIRMAN DANA: Do you know why?

16 MR. RICHARDSON: The only thing I've been told is
17 that we're trying to get some additional information. I do
18 know that there are a couple letters going to them as to their
19 proposed use of the money, and we will be getting a reply from
20 their proposed use.

21 CHAIRMAN DANA: My understanding is that there is
22 one request for this money, one application.

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1 MR. RICHARDSON: Yes, sir, one grantee.

2 CHAIRMAN DANA: And the application was in on a
3 timely basis back in June or July?

4 MR. RICHARDSON: That information I don't have, sir.
5 We can certainly get it during the day.

6 CHAIRMAN DANA: I was surprised to learn, which we
7 did yesterday, that they were waiting, and it does seem to me
8 that time is of the essence, and if we're going to provide any
9 service to migrants in Mississippi, we better be about it, or
10 they will have returned home, if they haven't already. I
11 don't know what the timing, the motion of the stream is or
12 what the season is, but it does seem to me it ought to be a
13 reasonably high priority.

14 MR. RICHARDSON: Okay, sir.

15 CHAIRMAN DANA: Charley, are you aware of this?

16 MR. MOSES: Yes, I am. In fact, what's happened
17 with the Mississippi money, we have corresponded back and
18 forth with Mississippi. There were some questions that were
19 raised by the proposal from Mississippi, and we're trying to
20 clarify some of those questions.

21 As far as the other states are concerned, the money,
22 basically, is already out or very much in the process.

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1 Mississippi is the last one of the four states.

2 CHAIRMAN DANA: What is the timing? What is the
3 holdup?

4 MR. MOSES: The holdup is at this point we're
5 waiting for some information back from central Mississippi.
6 The grantee that put in the proposal for Mississippi was
7 central Mississippi, and we've written to them requesting some
8 additional information, which I anticipate we should be
9 getting very shortly, and, in fact, we had talked with them
10 and said we would try to talk with them while we were down
11 here in Jackson.

12 CHAIRMAN DANA: Harrison?

13 MR. MCIVER: Harrison McIver, project advisory
14 group. I talked with the director of Central Mississippi
15 Legal Services. She advised me that the position of LSC is
16 that the proposal had been rejected, but in addition to that
17 additional information has been requested. Alabama is also in
18 the same situation.

19 The problem, as I understand it, it's because
20 subgrant agreement, subgrant proposal, that we include the
21 Florida migrant program to assist, and that's what the issue
22 is. According to the letter, the letter from LSC, that if

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1 another proposal is submitted without the subgrant, then it
2 would be viewed more favorably.

3 CHAIRMAN DANA: Is that your understanding of the
4 status?

5 MR. MOSES: Well, it's a little more complicated
6 than that, but, essentially, both Alabama and Mississippi have
7 put in proposals but neither of which wanted to use their
8 money themselves.

9 So what we've been trying to do is to focus in,
10 particularly, in Mississippi, because the amount of money
11 involved is enough in Mississippi. It's approximately
12 \$180,000, I believe, for Mississippi to have a purely
13 Mississippi program. So we've been trying to focus their
14 attention on Mississippi.

15 CHAIRMAN DANA: What is the Corporation's rationale
16 in discouraging the subgrant approach, since, I gather,
17 Florida has substantial expertise in this area, since it has
18 had a migrant program for some time and Mississippi never has?

19 MR. MOSES: Well, the rationale is, essentially,
20 that if we're going to give the money to Mississippi, that we
21 would prefer to have the grantee be here in Mississippi, that
22 actually delivers and is responsible for delivering the

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1 services.

2 We've simply found, in the past, that if you don't
3 cross state lines with things like this that it's a lot
4 simpler administratively. There are some other potential
5 problems, and these have to do with the questions that we've
6 been trying to get answers with. There is, potentially, some
7 contradictory information that have been given to us that
8 we're trying to look into.

9 CHAIRMAN DANA: Members of the committee?

10 MR. UDDO: Do you have any time frame you think
11 you'll be able to make the decision?

12 MR. MOSES: Well, we were very hopeful. Like I
13 said, we had corresponded with central Mississippi, with
14 Lyndia, and Alan had talked with her last week and indicate
15 that we would like to talk to her while we were down here in
16 Jackson to try and straighten out some of this.

17 So we're very hopeful. As I say, this is the last
18 one. Alabama has, basically, gotten back to us with the
19 information we needed from them, and we're very hopeful to get
20 this wrapped up --

21 MR. UDDO: So Alabama has approved.

22 MR. MOSES: Well, Alabama came in, I believe, the

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1 final paperwork came in late in the week last week. I'm not
2 sure that the actual award has been approved, but it's in the
3 final process. I think it's scheduled to be published
4 sometime in the next week.

5 MR. UDDO: The Mississippi status is, technically,
6 it's been rejected.

7 MR. MOSES: Well, I'm not sure that I would clarify
8 or classify it quite like that. My feeling is the application
9 hasn't necessarily been rejected, but what we're doing is
10 we're trying to refine it.

11 MR. UDDO: So there's no doubt that the application
12 is under active consideration and there is exchange of
13 information going on?

14 MR. MOSES: Definitely. There's an exchange of
15 information, and we're definitely trying to work with the
16 program that made the application, which is why I don't
17 characterize it as being rejected, because if it were
18 rejected, we would simply not work with the organization at
19 all.

20 CHAIRMAN DANA: Who, within the Corporation, made
21 the policy determination that there would be no subgrants
22 across state lines?

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1 MR. MOSES: Well, I was not involved in any meeting,
2 if that's what you're trying to get at, but I'm sure that, in
3 this particular case, there had been discussion among a
4 variety of different offices, and it's just one of those
5 things that we're trying to, for control of the grants, trying
6 to limit it.

7 Particularly, in this instance, there are some
8 questions that came up because of the application that we've
9 been looking into.

10 CHAIRMAN DANA: Questions other than the across
11 state lines issue, you mean, that are of more moment than that
12 issue?

13 MR. MOSES: Potentially, yes.

14 CHAIRMAN DANA: The Board expressed a concern that
15 we were under an injunction from Congress to have migrant
16 programs where there were migrants. We have four states where
17 we hadn't been providing it. We've urged the Corporation to
18 get programs going.

19 The Corporation has, historically, done a lot. We
20 have national support centers that go across state lines, the
21 practice on a national basis, and it is not surprising that
22 Mississippi doesn't have it -- needs to import expertise in

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1 the short-term, in order to jump start their program --

2 MR. MOSES: Well, and, in fact, that's what we are
3 suggesting that they can do, but that is not exactly what the
4 proposal was trying to do. The proposal was not an attempt
5 for Mississippi to simply hire a consultant to come in and
6 help them, and, in fact, I think that is one of the things
7 that we're trying to work out with Lyndia.

8 CHAIRMAN DANA: I see. All right. I think, at
9 least this board member, would like to be kept advised as to
10 how you are coming with that, and I'm sure the whole board
11 shares my interest in that.

12 MR. MOSES: Certainly.

13 CHAIRMAN DANA: On page 8, David -- thank you,
14 Harrison, and thank you, Charley. Under program development,
15 there's the famous \$300,000. You indicate that you have a
16 budget plan for that \$300,000, and I wondered what that budget
17 plan was.

18 MR. RICHARDSON: Okay. In essence, what I have
19 done, as far as showing the projected carryover is showing the
20 projected uncommitted carryover. Where we have issues such as
21 the 300,000 in program development, the budget plan, of
22 course, is that the Board has set it aside for time-keeping,

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1 just as in the migrant component, where we have 185, that's
2 only the money remaining in the '91 budget.

3 In the budget plan, I've also included the 274,000
4 that the Board put in that particular line for Board action.
5 So the budget plan itself is money that has been or is
6 proposed to be spent or money that the Board has designated
7 for one purpose or other.

8 CHAIRMAN DANA: Okay. So in addition to the
9 300,000, which has been earmarked for time-keeping, and 274,
10 which is earmarked, currently earmarked for migrant programs,
11 are there other funds? Do we have some Native American funds,
12 or is that all --

13 MR. RICHARDSON: That's all been taken care of.
14 That money has been awarded.

15 CHAIRMAN DANA: So is it just those two items?

16 MR. RICHARDSON: There is one other, and that's the
17 Board training video, and we're in the process of finalizing
18 that now. There's about \$46,000 in management and
19 administration, and I've been told that that will be completed
20 in the next couple of months.

21 CHAIRMAN DANA: On page 9, you appear to have a
22 budget plan for regional training centers that contemplates

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1 spending more money than we appear to have available. Am I
2 reading that right?

3 MR. RICHARDSON: Yes, sir, it is. I'll have to
4 double check that. There is no other funds there except for
5 the regional training that, evidently, is a misprint.

6 CHAIRMAN DANA: In that connection, I would also
7 check the supplemental field programs on page 8 that we appear
8 to be, again, anticipating spending more than we have
9 available.

10 MR. RICHARDSON: I'll have to check it.

11 CHAIRMAN DANA: In the Board book, on page 17, in
12 line 8, this revised budget is also the budget we just
13 approved; is that correct?

14 MR. RICHARDSON: That is correct, sir.

15 CHAIRMAN DANA: And just to prove to you I read it,
16 is this expenses through June or July?

17 MR. RICHARDSON: July.

18 CHAIRMAN DANA: Are there any questions concerning
19 the expenditures in July?

20 (No response.)

21 CHAIRMAN DANA: The status report on our Fiscal Year
22 1992 appropriation, could you give us a brief report on that?

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1 MR. RICHARDSON: Yes, sir. I think yesterday Mr.
2 Severson even clarified some of the information that I may
3 have, but page 29 will show each of the people in attendance,
4 the requested budget for '91, the appropriation that we
5 received this year, and also this year's request by the Board,
6 the \$355,000,000.

7 The breakout that you see in column 4 is the
8 proposed Senate appropriation level. We have also received a
9 figure of 335,169,000 that was originally in the House
10 proposal, but due to rules was struck.

11 We were originally told that they would, that is,
12 the conference committee, would be meeting the last of the
13 September. It may be delayed a little further, and the
14 information that we have received from the Hill is that we can
15 expect a budget in between the two.

16 CHAIRMAN DANA: Well, hopefully, it will be at the
17 higher end. What is your guidance on developing a budget for
18 1993, or actually developing -- I have two questions:

19 One, last year, the committee was rushed, would be a
20 fair characterization, in our deliberations for the COB for
21 1992, because we were not in existence during the late fall
22 and winter, and therefore -- and came in, and we didn't have a

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1 budget, and we had lots of questions about it, you may recall,
2 and I would like to avoid that this year, and, in a calm and
3 deliberative way, fully understand what it is that management
4 is proposing, and, hopefully, we can understand that and be in
5 a position to recommend it far earlier in the process.

6 When, in the ordinary course of events, could you
7 develop that raw material for the committee to begin its work?

8 MR. RICHARDSON: Certainly within the next month. I
9 would think at the October meeting we could have some
10 preliminary figures. I have asked someone in our policy
11 office to contact the Bureau of Statistics to look and see
12 what the projected rate of inflation is for this year and
13 compare that to last year.

14 Then, we would need to determine an appropriate rate
15 of increase, either using the inflation fighter, using that
16 plus an additional increase, but those figures could be
17 generated very quickly, really, with that type of information,
18 and in whatever type of appropriate increase the Board would
19 decide could present and discuss.

20 We may want to go -- one of the increases that we
21 spoke of yesterday is in the GSA pay scale. That's going up,
22 it appears, 4.2 percent. That's the inflation fighter that

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1 they're using. Their -- basically, you're behind. That's the
2 inflation index that they're using as a result of '91.
3 They'll implement that January 1st.

4 CHAIRMAN DANA: Some of the areas of concern that we
5 had sort of early in this year, and it was a little late to do
6 much about it, and it was fairly difficult to come to grips
7 with it were, in addition to the cost-of-living increases for
8 the staff, there were the step increases, and it, apparently,
9 has been the Corporation's practice to operate off of
10 increases from last year's budget as opposed to last year's
11 actual.

12 When we compared actuals with budget, there were
13 huge increases, and I think we ought to go back and sort of
14 revisit some of those issues so that we have -- so the
15 committee really understands what it is that is being
16 proposed. So I'm hoping that we can get a fair amount of
17 backup for -- if it's the October meeting, that would be
18 wonderful.

19 MR. RICHARDSON: Okay. Let me clarify a little bit
20 now. What I was referring to was, for instance, projections
21 as to where we could go. For instance, if we decide -- if we
22 got a million-dollar budget, and we want to project an 8

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1 percent increase, that we would go to 1,080,000. Are you
2 speaking the breakout of the management and administration
3 with the different increases and decreases?

4 CHAIRMAN DANA: Yes.

5 MR. RICHARDSON: Okay. That will take a little bit
6 longer. I have started some preliminary work, but certainly,
7 by the November meeting, you can have that, and even before
8 then, we could supply the committee and members of the Board
9 that are interested some of that information.

10 CHAIRMAN DANA: I think that's what caused us the
11 problems last year. Even we can do the 8 percent on last
12 year's number, but when you get down to the meat of the
13 situation, I think the sooner you start flooding us with
14 information comparable to what we ended up with last year, the
15 easier the process will be, and my objective is to make it
16 easier this year rather than last year.

17 In term of -- when is it that we have been requested
18 by the Administration to indicate to them how much money we're
19 going to be asking Congress for next year?

20 MR. RICHARDSON: We have two basic time periods.
21 Certainly with the October 15th is the President's budget, as
22 last year they called and asked for guidance, this year they

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1 have not. The Corporation has, in the past, possibly six to
2 eight years, not provided a budget mark to OMB to be included
3 in the President's budget.

4 Last year, at the Board's direction, we did not.
5 However, we just informed them that the budget that we
6 requested for '91 was \$343 million. We didn't have a '92
7 proposal. As far as the proposal for '93 that goes to
8 Congress, normally, we get it up the first week in February.

9 CHAIRMAN DANA: It goes to Congress?

10 MR. RICHARDSON: That is correct.

11 CHAIRMAN DANA: So that's the Congress' time, and
12 sometimes it's been our experience, it's been my experience
13 that we've been late with that number, or we were -- for
14 instance, this year, I think it was well into March before we
15 gave them our --

16 MR. RICHARDSON: We gave them the '92 figure. That
17 was settled earlier. I think it was the February meeting that
18 we decided on a '92, and I may have the dates wrong. That did
19 go up earlier than, for instance, the March. We only approved
20 the operating budget for management and administration.

21 We did follow with that information. It's a part of
22 the package, but we did go ahead and release the package to

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1 Congress before then.

2 CHAIRMAN DANA: I think we would like -- are you
3 suggesting that we have to have a number, in order to
4 accommodate the Administration and have our number into OMB,
5 it has to be done before the next meeting of this Board?

6 MR. RICHARDSON: Yes, sir. It's usually done by
7 October 15th. It is a nonbinding, unofficial budget mark, and
8 all they really ask for is a target, and we could certainly go
9 up and say, you know, "We asked for 355 million. The Board
10 has not finished deliberations on the '93 budget mark."

11 CHAIRMAN DANA: We could do that. Would it be all
12 right not to do that until after the Board next meets so we
13 would be, effectively, a week late? I would rather not go in
14 with a number on a tentative basis that we know is too low,
15 and I don't think we're prepared, in the next three, minutes
16 to arrive at our guess.

17 MR. RICHARDSON: Sure. I can make the appropriate
18 contacts, we do have a budget reviewer, just to make sure, and
19 then let you know. Possibly, since we're meeting the 19th, we
20 could probably get it in the very next day, the 20th, after
21 that meeting.

22 CHAIRMAN DANA: We're rapidly running out of time.

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1 Is there something else that we should accomplish?

2 MR. RICHARDSON: No, sir, not at this point. We did
3 talk about how you want to deal with their new auditors, the
4 audit plan.

5 CHAIRMAN DANA: Thank you. As the committee knows,
6 we've hired a new auditor, and they are developing an audit
7 plan for the Corporation and have requested, at least in the
8 early stages, to meet with this committee before they launch
9 their audit plan so as to make sure that we understand it and
10 are able to make suggestions to them.

11 In fact, they'll be starting their audit before
12 their next meeting; is that correct?

13 MR. RICHARDSON: That's correct. They're going to
14 be doing some preliminary work in the next two weeks, just,
15 basically, getting background, reviewing the last three
16 audits, as far as the final financial statements. They have
17 already reviewed the financial work papers from Peat Marwick,
18 our old auditors, and we will be filling out questionnaires,
19 answering the question, doing some review of internal control.

20 We hope to do that in the next three weeks, yes,
21 before the next meeting. However, there is a possibility we
22 could contact them to come to the next meeting in Portland, if

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1 we'd have time to meet with them, or they have even offered to
2 set up a conference call where they could talk with each
3 member of the Board.

4 CHAIRMAN DANA: I was going to suggest that if they
5 develop a tentative audit plan, you might distribute that to
6 the committee and then confer with each of us to see whether
7 or not it would be appropriate to have a conference call, or,
8 alternatively, have them come to the great state of Maine in
9 October.

10 MR. RICHARDSON: Okay.

11 MR. UDDO: I can't imagine which one they'd prefer.

12 CHAIRMAN DANA: No. Finally, I've had a request to,
13 really, a fairness question, and I'm not sure what hat I'm
14 wearing, but, as you know, this country is in the process of
15 evaluating the census data, and I think that the census data
16 will be coming out this coming year and will be available to
17 impact the 1993 number that we're talking about, or the
18 allocation may well be adjusted as a result of this recent
19 census.

20 One of our grantees is only partially influenced by
21 the census, and that is our largest grantee, geographically,
22 known as Micronesia, and they believe that they are serving a

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1 far larger population, the ultimate in rural delivery system
2 that is far larger than the Corporation, and, indeed, Congress
3 is attributing to them.

4 I would like someone here at the Corporation to give
5 us a report as to whether or not that is, in fact, the case,
6 so that we can counsel with the appropriate members of
7 Congress to make sure that we make an appropriate adjustment
8 to their funding when we adjust everyone else's funding.

9 For those of you who don't know, but people in Maine
10 and Mississippi can identify with a delivery system that
11 covers an area 3,000 miles wide and 1,000 miles up and down in
12 which there are in the neighborhood of somewhere between 1-
13 and 300,000 people, the vast majority of which qualify for
14 legal aid.

15 So I don't know whether it's the Audit and
16 Appropriations Committee or the provisions or what committee
17 should be looking into this, but since we seem to be the only
18 committee meeting right now, could you assist us in pursuing
19 that?

20 MR. RICHARDSON: Yes, sir.

21 CHAIRMAN DANA: Thank you. Are there other items
22 that the committee wishes to bring up?

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