

LEGAL SERVICES CORPORATION
BOARD OF DIRECTORS

MEETING OF THE
FINANCE COMMITTEE

OPEN SESSION

Sunday, April 17, 2016

3:12 p.m.

Legal Services Corporation
3333 K Street, N.W., 3rd Floor
F. William McCalpin Conference Center
Washington, D.C. 20007

COMMITTEE MEMBERS PRESENT:

Robert J. Grey Jr., Chairperson
Harry J.F. Korrell, III
Laurie Mikva
Martha L. Minow
Father Pius Pietrzyk, O.P.
Robert E. Henley Jr. (Non-Director Member)
Allan J. Tanenbaum (Non-Director Member)
John G. Levi, ex officio

OTHER BOARD MEMBERS PRESENT:

Charles N.W. Keckler
Victor B. Maddox
Laurie Mikva
Julie A. Reiskin

STAFF AND PUBLIC PRESENT:

James J. Sandman, President
Ronald S. Flagg, Vice President for Legal Affairs,
General Counsel, and Corporate Secretary
Lynn Jennings, Vice President for Grants Management
Rebecca Fertig Cohen, Chief of Staff
Mayealie Adams, Special Assistant to the President
for the Board
Wendy Rhein, Chief Development Officer
David L. Richardson, Comptroller and Treasurer,
Office of Financial and Administrative Services
Carol A. Bergman, Director, Office of Government
Relations and Public Affairs
Carl Rauscher, Director of Media Relations, Office of
Government Relations and Public Affairs
Lora M. Rath, Director, Office of Compliance
and Enforcement
Janet LaBella, Director, Office of Program
Performance
Carlos Manjarrez, Director, Office of Data Governance
and Analysis
Jeffrey E. Schanz, Inspector General
Laurie Tarantowicz, Assistant Inspector General and
Legal Counsel
John Seeba, Assistant Inspector General for Audit
Daniel O'Rourke, Assistant Inspector General for
Investigations
David Maddox, Assistant Inspector General for
Management and Evaluation
Katherine Ward, Executive Assistant, Office of Legal
Affairs
Eric Jones, Network Engineer, Office of Data
Governance and Analysis
Antwanette Nivens, Office of Data Governance and
Analysis
Herbert S. Garten, Non-Director Member, Institutional
Advancement Committee
Frank B. Strickland, Non-Director Member,
Institutional Advancement Committee
Thomas Smegal, Non-Director Member, Institutional
Advancement Committee
Allan J. Tanenbaum, Non-Director Member, Finance
Committee

Robin C. Murphy, National Legal Aid and Defender
Association (NLADA)

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Motions: Pages 4, 4 and 35

1 P R O C E E D I N G S

2 (3:12 p.m.)

3 ACTING CHAIRMAN MINOW: May I call to order a
4 meeting of the Finance Committee, and I would request a
5 motion to approve the agenda.

6 M O T I O N

7 MR. KECKLER: So moved.

8 MR. GREY: Second.

9 ACTING CHAIRMAN MINOW: All in favor?

10 (A chorus of ayes.)

11 ACTING CHAIRMAN MINOW: May I have a motion to
12 approve the minutes of the January 29th meeting?

13 M O T I O N

14 FATHER PIUS: So moved.

15 MR. KECKLER: Second.

16 ACTING CHAIRMAN MINOW: All in favor?

17 (A chorus of ayes.)

18 ACTING CHAIRMAN MINOW: Great. We will now
19 turn to a presentation of the financial report for the
20 first five months of the fiscal year 2016.21 MR. RICHARDSON: Thank you. For the record,
22 this is David Richardson, treasurer of the corporation.

1 The report is in your board book beginning on page 216.

2 MR. LEVI: Sixteen? Seventeen.

3 MR. RICHARDSON: Well, 16 being the --

4 ACTING CHAIRMAN MINOW: The pink page.

5 MR. RICHARDSON: -- the pink page, yes. This
6 report actually doesn't need anything to be
7 highlighted.

8 In this particular report, we have reviewed
9 our spending through the five-month period. We're
10 running at 18 percent under budget. The OIG is under
11 budget in all categories except one; that's capital
12 expenditures, and that's only due to the timing of
13 expenses at the beginning of the year. Their spending
14 rate is 17.58 percent.

15 I will stand on the report. But if there's
16 anybody who has any questions, I'd be glad to answer
17 them.

18 ACTING CHAIRMAN MINOW: Yes, Gloria?

19 PROFESSOR VALENCIA-WEBER: David, on page 218,
20 it mentions the Hurricane Sandy disaster relief funds.

21 Is that Hurricane Sandy project essentially finished,
22 or what's the nature of this money that remains?

1 MR. RICHARDSON: It's an ongoing project. I
2 think it runs -- we actually have three grantees now
3 out in the field that are performing services. That
4 was an original grant of \$850,000. It all went to the
5 field except this 58,000, and we have not yet decided
6 how that money will be spent.

7 ACTING CHAIRMAN MINOW: I have question. This
8 is on page 219. This is the continuing issue about the
9 timing of filling open positions and the thinking about
10 that. I understand the context of uncertainty, but I
11 would welcome some comment about that.

12 PRESIDENT SANDMAN: Yes. The biggest gap is
13 in the Office of Data Governance and Analysis. Carlos
14 Manjarrez joined us in January of this year. We have
15 been recruiting diligently, but it's been slow going.
16 It's harder, we find, to fill brand-new positions where
17 we don't have a history than it is to fill
18 well-established positions that the market seems to
19 understand. But we are making progress on that.

20 And we did succeed, as the footnote indicates,
21 in hiring a new deputy director for fiscal oversight in
22 the Office of Compliance and Enforcement. So one of

1 those vacancies will go away.

2 Some of this is not positions that we've
3 created that we're delaying in filling. In any
4 organization of any size, there's constant turnover, so
5 there are unanticipated vacancies that arise as people
6 retire or move on for other opportunities.

7 We do track our time to fill positions against
8 industry standards and against our own history, and
9 we're making progress in bringing the number of days
10 down.

11 ACTING CHAIRMAN MINOW: Thank you. That's
12 very helpful. Particularly in data, I think that many
13 nonprofits are finding it difficult to match the
14 private sector salaries. And I wonder if we need to
15 review that as well.

16 PRESIDENT SANDMAN: Carlos is on that. Carlos
17 knows the market and has been an important part of our
18 deliberations about what the appropriate rate of pay
19 is. I don't believe that our difficulty in filling the
20 positions is because we've underfunded them.

21 ACTING CHAIRMAN MINOW: Any other questions
22 about this five-month report?

1 MR. HENLEY: Yes. I have one. David, I was
2 wondering if you could just comment on the consulting
3 and travel/transportation categories. They're both 55
4 and 37 percent under budget. I'm wondering if it's
5 just timing or if it's something else.

6 MR. RICHARDSON: There are some timing issues
7 there. For instance, the board's budget for both
8 travel and attendance fees occur at this meeting. But
9 we divide our spending by 1/12th and allocate it per
10 month. So we are behind a little bit on that.

11 Others, usually in the winter there's not as
12 much travel as we see starting now, with our Office of
13 Program Performance and Compliance and Enforcement that
14 are going out traveling. So basically, you'll see
15 March and April, May, there'll be some increased
16 spending. That will help make up some of that deficit.

17 But again, as we just talked about with the
18 staffing, as we have people who leave, sometimes we
19 have to delay trips and reschedule. So we'll have to
20 look at that as we go month to month and see how we
21 continue to progress in those areas.

22 ACTING CHAIRMAN MINOW: For the record, the

1 question was from Robert Henley, our wonderful
2 committee member.

3 Are we ready to move on to the revised
4 consolidated operating budget?

5 MR. TANENBAUM: I just had one other question.

6 ACTING CHAIRMAN MINOW: Sorry. Yes?

7 MR. TANENBAUM: That's okay. Allan Tanenbaum.

8 David, do you see any anomaly that's going to occur
9 between now and the end of the year that will create
10 either substantially more funds not spent or
11 substantially less funds available so that our
12 carryover will not be significantly different than it
13 has been?

14 Making the assumptions about hiring the
15 people, et cetera. But are we going to have any
16 surprises of the areas that haven't previously been
17 there that will create this carryover for next year?

18 MR. RICHARDSON: I do not believe so. We just
19 went through a process of reviewing the expenditures
20 for the period through January and doing projections
21 through the end of the year. They do show that
22 spending will pick up some, but this is basically an

1 optimistic approach about hiring and being able to get
2 these people in here.

3 And unfortunately, since we did that
4 projection, we've had a couple people who have resigned
5 and left. So we're diligently trying to replace those
6 people, and that has an impact also on the travel. So
7 I really couldn't say at this point other than saying I
8 don't think we'll spend anywhere near what we budgeted
9 for the year.

10 MR. TANENBAUM: And the vast majority of what
11 we spend is on personnel? And then we've got a fixed
12 occupancy cost, and the rest is regularly insignificant
13 compared to the total amount we spend on personnel?

14 MR. RICHARDSON: Right. That is correct, sir.

15 PRESIDENT SANDMAN: Salaries and benefits
16 are --

17 MR. TANENBAUM: Yes. So it's all about --

18 PRESIDENT SANDMAN: -- 72 percent for total
19 expenses.

20 MR. TANENBAUM: Yes. So it's all about
21 people.

22 PRESIDENT SANDMAN: Yes.

1 ACTING CHAIRMAN MINOW: Very good. So let's
2 move on to item 5, consider and act on LSC's revised
3 consolidated operating budget for fiscal year 2016. We
4 again are lucky to have a presentation by David
5 Richardson.

6 MR. RICHARDSON: Originally we put in that
7 there would be resolution at this. That's the reason
8 it's presented the way it is instead of presentation.
9 This particular quarter, after the projections were
10 made, we made a few internal budgetary adjustments that
11 were in the purview of the president.

12 I have described those that were over \$5,000,
13 and there is actually no board action at this time. I
14 should also state that there was no internal budgetary
15 adjustments for the Inspector General.

16 Again, I'll be glad to answer any questions
17 you may have about the presentation.

18 ACTING CHAIRMAN MINOW: Thank you. It looks
19 very straightforward. Does anyone have any questions?

20 (No response.)

21 ACTING CHAIRMAN MINOW: If not, then why don't
22 we go to the really fun part and hear from Carol

1 Bergman about the FY 2017 appropriations process.

2 MS. BERGMAN: Thank you very much, Madam
3 Chair. So you'll recall that the board voted that
4 PSC's ask for FY '17 would be 502.7. The White House
5 ask came out at \$475 million. This is a \$23 million
6 increase from their request last year.

7 Last December, you may remember there was an
8 FY '17 budget agreement. This was a two-year
9 arrangement that was made with Boehner before he
10 resigned that resulted in a \$50 billion increase
11 overall in FY '16 and a \$30 billion increase in FY '17.
12 This is over the original numbers that included
13 sequestration.

14 So the idea was that there should be a budget
15 going forward for both FY '16 and '17 to make it a
16 little easier to move through the appropriations
17 process this year. And as a result, the budget
18 committees were expected to pass budget resolutions,
19 and the appropriations process was supposed to be on a
20 fast track in both the House and the Senate. It hasn't
21 quite worked out like that.

22 The Senate decided not to do a resolution as a

1 result of the two-year agreement. There's no
2 requirement by law that there be a budget resolution.
3 So they're just going with the top line number that was
4 determined in the December budget deal.

5 In the House, the chairman of the Budget
6 Committee, Mr. Price, did want to move ahead with a
7 budget resolution that was consistent with the deal
8 that was cut in December. But many members within the
9 House essentially want a do-over from the budget
10 agreement and do not want to go along with the
11 decisions that were made in that budget deal.

12 ACTING CHAIRMAN MINOW: Excuse me. I just
13 would like to welcome the chair. Robert Grey, a sight
14 for sore eyes. I will continue to chair till you take
15 your seat. Then I happily turn it over to you.

16 Carol, please continue.

17 MS. BERGMAN: So as a result, the decision was
18 just made this past week that there are not going to be
19 302(b)s -- those are the actual numbers where the
20 Appropriations Committee chair gives a number to each
21 subcommittee chair to work with for the appropriations
22 process -- because at the moment there is no budget

1 resolution that is going to go to the House floor.

2 There is a draft resolution, and the language
3 of the report accompanying that draft resolution
4 includes language to once again eliminate LSC entirely.

5 This is consistent with the language that was in the
6 draft report last year.

7 Last year Frank Strickland, on our behalf,
8 went out of his way to speak with Mr. Price and met
9 with the staff. And one of the results was that the
10 report that accompanied the final committee budget did
11 not include the elimination of LSC.

12 But unfortunately once again the draft
13 includes the exact same language as last year, and
14 Frank has agreed to once again to up and meet with Mr.
15 Price's staff next week. He has already sent in a very
16 articulate explanation outlining his concerns. The
17 explanation that he and we were given last year was
18 that this was a way of bringing others into the process
19 to support the budget resolution.

20 The impact on appropriations going forward is
21 that the Senate is moving forward with 302(b)s and CJS,
22 the Commerce, Justice, Science committee under which

1 LSC's budget is, has a 1 percent increase. So that's
2 approximately \$60 million on or about the budget that
3 has been in FY '16 for CJS.

4 But as I said, the House is moving forward now
5 without 302(b)s. So they're going to go ahead and mark
6 up bills without having a top line number. So that
7 will probably look like they will use the overarching
8 number that was agreed to in the budget deal last
9 December, and then if in fact they make a decision on
10 the House floor to make cuts, they'll make cuts across
11 the board.

12 But right now, no bills will be able to go to
13 the House floor unless there's a specific waiver. This
14 is because the Speaker has made an agreement that the
15 process will be inclusive, and that if so many members
16 are concerned about the budget deal, he does not want
17 to override it and come across in saying there has been
18 to absolute numbers that are consistent with the budget
19 arrangement.

20 So since we submitted our budget in February,
21 on February 9th at the same time the White House
22 submitted their budget --

1 MR. LEVI: I don't understand what a waiver
2 is.

3 MS. BERGMAN: I'm not sure we do, either.
4 Basically, it means that there has to be a specific
5 waiver from the leadership in order for the
6 subcommittee -- they can mark up the bill and they can
7 bring it in subcommittee and they can bring it to the
8 full committee.

9 But the full committee, once they have marked
10 it up, can't come to the floor because they haven't
11 gotten an official top line budget number to work with
12 because there's no overarching agreement as to what
13 budget numbers they're working with.

14 So there would have to be a specific waiver to
15 say, okay. This committee's bill can in fact come to
16 the floor even though we don't know what piece of the
17 pie it's going to be because we haven't agreed and
18 voted on what that pie should be even though there was
19 a budget deal from last December because too many
20 people are unwilling to vote for a budget resolution
21 that would be consistent with that number. That's the
22 best I can do.

1 MR. LEVI: Well, that's better.

2 (Laughter.)

3 MS. BERGMAN: Okay. So moving along, we have
4 had 35 meetings with congressional staff in the House
5 and Senate appropriations and oversight committees
6 about our budget request, and we've met, of course,
7 with every single member staff who sits on the CJS
8 subcommittee in both the House and the Senate. And in
9 addition, Jim had an additional meeting with Chief
10 Justice Hecht from Texas with the Senate appropriations
11 staff. That included the leadership of the
12 Appropriations Committee and Mr. Shelby and Ms.
13 Mikulski. And overall, the response has been extremely
14 positive.

15 Despite all of this, three House
16 appropriations subcommittees have actually marked up
17 their bills. They worked with numbers that were
18 relatively consistent with the budget deal, but
19 obviously nothing is going to move to the floor at this
20 point.

21 So other things that are going on
22 simultaneously. There have been "Dear Colleague"

1 letters that have circulated. Everything was on a very
2 fast track because the original thinking was that all
3 the appropriations bills were going to get marked up
4 much more quickly because the idea is that both the
5 House and the Senate want to go on recess much earlier
6 this year because both conventions are in July. So the
7 idea was to move everything on a fast track.

8 So the funding letters had to be in to the
9 chairs of the committees in both the House and the
10 Senate in March, which were much earlier deadlines.
11 The exciting thing is that this year, for the first
12 time certainly since I've been here, the "Dear
13 Colleague" letters were bipartisan in both the House
14 and the Senate.

15 And the way that we were able -- or I think
16 the process was able to happen is that the actual
17 letter -- in the past, generally, the letters have come
18 in asking for either LSC's ask or the White House ask.

19 Instead, this year, that was done differently.

20 In the House, the "Dear Colleague" asked for a
21 minimum of the \$385 million that's in the FY '16
22 budget. So it sets a floor as to what would be

1 acceptable that folks are in support of. And in the
2 Senate, the language was even more vague. It just
3 asked for robust funding for legal services.

4 So it was great because as you can imagine,
5 there were many people who have signed. Many members
6 of Congress who've signed onto the letter in the past
7 were calling us saying, "You know there's a 'Dear
8 Colleague' letter that's circulating, but it's asking
9 for a lot less money than in the past. Are you guys
10 okay with that?"

11 And we're like, "We appreciate your support,
12 but yes, it's far more helpful for everybody if this is
13 a bipartisan process, not that there are many, many
14 folks of one political party who are in support of a
15 very large number. What is helpful is to have
16 bipartisan letters across the board."

17 And once again, NLADA sent up their letter of
18 45 general counsels in support of funding, increasing
19 LSC's funding, which we know from our meetings with
20 folks on the Hill has received a lot of support.

21 And Carl mentioned briefly about the Senate
22 briefing. We did a briefing on March 10th that was

1 similar to the one we did last year in the House on
2 veterans issues. This time it was at the request of
3 Senator Roy Blunt from Missouri in conjunction with
4 Patty Murray of Washington state. And this was on how
5 legal services helps veterans.

6 We had two grantees from the state of Missouri
7 and Will Gunn, who's the former general counsel of the
8 VA, and a veteran client from the Missouri program who
9 was really fabulous. And what was really exciting is
10 that we had such a large turnout, in particular of
11 Republican offices. We had 18 different offices that
12 were present, including the committees on veterans
13 affairs and budget and appropriations.

14 But what was really interesting is how many
15 former veterans are now working on Capitol Hill who
16 came and introduced themselves as former veterans
17 before they asked a question. So it was really -- we
18 got very, very positive feedback on the event, and
19 obviously, as Carl said, we were able to live-tweet it.

20 We got a lot of attention. And John gave the
21 introductory remarks. Jim moderated the panel.

22 We have a House panel scheduled for next

1 Wednesday. That's on ABA Day. And this time it is
2 being in conjunction with the newly formed House Caucus
3 on Civil Legal Services. This is with Susan Brooks,
4 Republican from Indiana, and Joe Kennedy, Democrat from
5 Massachusetts. And this is on why legal aid is
6 important to American business.

7 So it is a panel of four of the general
8 counsels who are going to be at the White House event
9 on Tuesday, so taking advantage of the folks that
10 they're going to be there. These are the general
11 counsels from Honeywell, KPMG, Pizza Hut, and Clorox.

12 So we are looking forward to that. Obviously,
13 any of you tools who are saying over for ABA Day and
14 want to come, happy to give you the information. I'll
15 have a few brochures around. We are, of course, once
16 again serving lunch because we've found that's the
17 easiest way to get congressional staff to come.

18 It's a large room, and we're hopeful, again,
19 because of the nature of it that -- One of the things
20 we did with the veterans briefing is it attracts staff
21 who don't normally think about legal services as an
22 issue that they pay attention to. It's the folks who

1 are working on military issues and veterans issues.

2 And by doing a panel that's really focused on
3 business, we are really hoping again to really expand
4 who is thinking about legal services by bringing in the
5 kind of folks we have and the caliber that they bring
6 on this kind of a panel. So hopefully it's a much more
7 effective way of increasing our reach rather than doing
8 just something that's about legal services per se.

9 So I'll stop there. Happy to answer any
10 questions.

11 CHAIRMAN GREY: Martha?

12 DEAN MINOW: It's terrific work, especially
13 the veterans events. I think it was extremely
14 well-timed and well-done.

15 I ask this question, I guess, every year. I'm
16 going to ask about the word "sequester."

17 MS. BERGMAN: Yes.

18 DEAN MINOW: Where are we?

19 MS. BERGMAN: Okay. So the idea is that when
20 the Budget Control Act passed, it was ten years of
21 sequestration with the idea of balancing the budget at
22 the end of that ten years. So the idea was that there

1 would be caps that would gradually increase on both the
2 domestic and defense spending that is discretionary in
3 the budget every year unless it was overrode by a
4 decision by Congress to do it differently.

5 So in FY '15, we dealt with sequestration
6 numbers. For FY '16, this is the budget deal that
7 Boehner resigned in advance over the fact that how we
8 were dealing with the budget. There was a budget deal
9 that he was a part of in the end that overrode the
10 sequestration numbers.

11 That's the \$50 billion in FY '16 that was over
12 and above that number that would have been if they'd
13 followed the Budget Control Act, and that part of the
14 deal was a two-year agreement so that in FY '17 there
15 would be an amount that was \$30 billion over and above
16 the agreement in FY '15.

17 So that's what is now on the table. And what
18 you're finding is that many members in the House are
19 saying, no. We were not a part of that deal. This is
20 not what we want. We want to return to the
21 sequestration, to the cuts in discretionary and
22 defense -- both domestic and defense spending across

1 the board. We want far greater cuts than are what are
2 encompassed in the budget deal that was created last
3 fall. That is --

4 DEAN MINOW: Very clear. Nonetheless, I
5 continue to be confused because if there was a deal
6 that went for two years --

7 MS. BERGMAN: Yes.

8 DEAN MINOW: But now it's back on the table?

9 MS. BERGMAN: It's not really back on the
10 table.

11 (Laughter.)

12 MS. BERGMAN: There is a deal that everybody
13 signed off on. Okay? Now, the general idea is the
14 House and Senate should pass a budget resolution with
15 top line numbers that then, in turn, give to the
16 appropriations committees the numbers that they're
17 going to work with. But it is not required by law.
18 Okay?

19 So if they're going to do it, they're supposed
20 to do it by April 15th and pass it as like a sense of
21 the House and a sense of the Senate that this is the
22 number we're working with, which is different than what

1 the White House number is that they came in at the
2 beginning of February with. Okay?

3 So what's happening is the folks in the House
4 are saying, we are not willing to vote for a budget
5 resolution that is consistent with that budget deal.
6 We want to discuss it again. And Ryan is saying, as
7 speaker, because he came into office saying, I'm
8 willing to listen, I'm willing to listen. I'm willing
9 to go forward without there being 302(b)s that are
10 consistent with that budget deal.

11 So he's not saying it's a do-over, but he's
12 not shutting down the discourse that's saying, we want
13 to talk about it differently.

14 CHAIRMAN GREY: Father?

15 FATHER PIUS: Just a question about the
16 legalities of the authority for budget. So if Congress
17 just does nothing, when does the money run out? When
18 do they have to make a decision for the money to keep
19 going? Is that two years? If they do nothing, we're
20 still funded for two years? Or does the money run out
21 October 1st?

22 MS. BERGMAN: No, no, no, no, no. No. Money

1 runs out October 1st regardless. All the deal is --

2 FATHER PIUS: So by October 1st, there needs
3 to be at least a continuing resolution or a budget
4 agent or something?

5 MS. BERGMAN: Yes. Absolutely. No, all the
6 budget deal was was overarching numbers to inform the
7 appropriations process. It is not a guarantee of an
8 appropriation for anything. There still have to be
9 appropriations bills or a CR at the beginning of the
10 new fiscal year or the government shuts down
11 regardless.

12 FATHER PIUS: Okay. And that's what these
13 processes are about now?

14 MS. BERGMAN: Yes.

15 FATHER PIUS: It's to get the -- and we all
16 know what's going to happen. They're going to do
17 nothing. They're going to do a CR until after the
18 election anyway.

19 MS. BERGMAN: Yes. That would be my business
20 guess.

21 (Laughter.)

22 CHAIRMAN GREY: Gloria?

1 PROFESSOR VALENCIA-WEBER: Carol, thank you
2 for the work. This next forum you describe with the
3 business leaders, is that occurring this week?

4 MS. BERGMAN: Wednesday the 20th, on ABA Day.

5 PROFESSOR VALENCIA-WEBER: Oh, it is?

6 MS. BERGMAN: Yes. We did that the last two
7 years. We've done it either in the House or the Senate
8 so that we can piggyback on the fact that we've got all
9 these folks in town for the White House event and do it
10 the next day. And in discussions with the ABA, it
11 doesn't interfere with any of the ABA delegate meetings
12 with members of Congress. It's at lunchtime, from
13 12:00 to 1:00.

14 PROFESSOR VALENCIA-WEBER: Oh, okay. I'd like
15 to know about that.

16 MS. BERGMAN: Yes. So I have brochures. I'll
17 make sure that you folks get them. Absolutely.

18 PROFESSOR VALENCIA-WEBER: Okay. And the
19 other question is I noticed in David's budget report
20 that you lost a person in your office, and you've been
21 doing an awful lot of work. Is this one of our senior
22 people in your -- I saw it in David's report.

1 PRESIDENT SANDMAN: Yes. Catherine's position
2 has now been filled.

3 MS. BERGMAN: Yes. The position's been
4 filled. No, this was last summer, and the position has
5 now been filled. So no, there's no open position. But
6 thank you.

7 CHAIRMAN GREY: Any other questions or
8 comments?

9 (No response.)

10 CHAIRMAN GREY: You want to try 2018?

11 MS. BERGMAN: Sure. Why not? The only thing
12 we get to talk about for 2018 is the calendar of when
13 we all get to talk about it. In the actual hard copy
14 of the board book, it's on 232. I don't know where it
15 is electronically.

16 This is just a list of proposed meetings
17 schedule. We have not scheduled anything yet. We have
18 a few days on hold. We're just recognizing the
19 challenges of getting everybody on board for these
20 meetings, and we wanted to give people a heads up of
21 the weeks we are looking to be able to have testimony
22 from outside groups, to be able for the Finance

1 Committee to really hear testimony from LSC management,
2 and for the Finance Committee to be able to really
3 consider the recommendations in advance of when the
4 July board meeting is.

5 So this is outlining a tentative calendar of
6 when we'd like to hold those meetings. In parens
7 you'll see the dates of when the actual Finance
8 Committee meetings took place last year.

9 MR. LEVI: But in fact, we do submit a budget.
10 And the President submits, apparently, a budget. Is
11 that correct? Is that what happens?

12 MS. BERGMAN: Oh, we will be -- this is all
13 leading up to the budget that we will submit to OMB in
14 September for FY '18 for -- oh, absolutely. Yes.

15 CHAIRMAN GREY: Any other comments?
16 Questions?

17 (No response.)

18 CHAIRMAN GREY: Carol, thank you. As you have
19 described the budget process and the additional layers
20 that have been added for consideration, it has been
21 interesting to finally come to Father Pius's point,
22 that so we're not going to have a budget. We're going

1 to get a CR. Much to do about everything, I guess.

2 Any other comments? Allan?

3 MR. TANENBAUM: Robert, since we now have this
4 private funding in a significant amount now, ongoing,
5 it appears, should the Finance Committee develop some
6 kind of a process to develop/review a budget for these
7 monies on an ongoing annual basis, and then monitoring
8 it, maybe not in the same way that we do the
9 congressional appropriation, but should that be a role
10 of the Finance Committee? And is that something that
11 needs to be incorporated in some charter that gives us
12 the authority to do that?

13 CHAIRMAN GREY: That's a good question.

14 MR. LEVI: I think we've had that discussion,
15 didn't we? Wendy, can you come up? I believe we
16 discussed that at the last meeting or the meeting
17 before. And the answer is, I think, yes.

18 PRESIDENT SANDMAN: I can speak to that. Yes,
19 we're beginning to do that. If you look in the board
20 book at page 220, there is a report on budget and
21 expenses for each of our special grant programs. Now,
22 this, though, does not report on all of the money that

1 we've taken in but haven't yet designated for a
2 particular program.

3 But Dave and I have spoken about this, and
4 I've recommended that he consult with the committee
5 about the best way to present this information and to
6 fold it into our regular financial statements so that
7 we have the same kind of oversight about private funds
8 as we have about public funds.

9 But I would like that to be a collaborative
10 process. We'd appreciate your input on how you think
11 that can best be done.

12 CHAIRMAN GREY: You were reading everybody's
13 mind because it was something that had been discussed,
14 we'd been working on it, and add time to put it in a
15 form.

16 MR. LEVI: I don't want to overly complicate
17 this. But I think, as an initial matter, the draft
18 ought to be presented in the Institutional Advancement
19 Committee because of the knowledge of the grants. And
20 then they should then forward it to your committee, and
21 then it goes to the board.

22 CHAIRMAN GREY: Why don't we just work

1 together on it?

2 MR. LEVI: Something like that. We'll figure
3 that out. Yes?

4 DEAN MINOW: Could it have footnotes referring
5 to the programs where the funds don't come directly to
6 LSC, but nonetheless we have obligations?

7 MR. LEVI: Well, all of these here, the funds
8 have come to --

9 DEAN MINOW: Right.

10 MR. LEVI: Yes. But there'll be this other
11 one. Yes.

12 MR. TANENBAUM: Well, that's why I just think
13 that a separately developed report that's not as robust
14 at all but at least, rather than leaving it to an Audit
15 Committee to look at the end, the Finance Committee can
16 just monitor it during the course of the year, which is
17 all that I was suggesting.

18 MR. LEVI: Yes. They need to. Yes. I agree
19 with that completely. And the people who make the
20 grants and our funders will expect that of us. And
21 there's nothing worse than having some loose safeguards
22 with respect to privately raised funds.

1 Frankly, that's one of the things that has
2 impressed me, being a not-for-profit board that had
3 private funds, where we had defalcations. It's one of
4 the reasons why I wanted to get the Fiscal Oversight
5 Task Force up and running right away here because
6 internal controls -- whether you're taking in public
7 funds or private funds, the surest way to have your
8 funders, wherever they're coming from, lose confidence
9 in an operation is to have no controls, and money
10 flying out the door, and a board that is not paying
11 attention. Yes?

12 MR. SCHANZ: And that concludes the IG's
13 report.

14 (Laughter.)

15 PRESIDENT SANDMAN: We'll aim to have
16 something to the committee for the July meeting, a
17 proposal on how we might do this. As we've discussed
18 internally, we've gone from being exclusively a
19 grant-maker to being both a grant-maker and a grantee.
20 And our goal is to be a model grantee and a model
21 grant-maker.

22 MR. LEVI: Yes, sir, Mr. Flagg? I've

1 taken 7 -- this is Robert's meeting. I'm shutting up.

2 MR. FLAGG: I would just point out to the
3 committee that at pages 21 through 23 of the board book
4 is the protocol for allocation of private contributions
5 of funds to LSC so that as money comes into LSC, there
6 is quite a detailed protocol as to how the
7 organization, with the input of the board, decides how
8 and whether to spend it. And that's all very
9 well-documented, and we keep those records.

10 CHAIRMAN GREY: Mr. Chairman, any other
11 thoughts? Madam Vice Chair? Mr. President? Members
12 of the board?

13 (No response.)

14 CHAIRMAN GREY: If not, thank you very much.
15 And Jim, if you at some point decide you want to get us
16 to be part of a call just for purposes of discussion
17 and sounding board, we'd be happy to do that.

18 PRESIDENT SANDMAN: Thank you.

19 CHAIRMAN GREY: Public comment?

20 (No response.)

21 CHAIRMAN GREY: Other business?

22 (No response.)

1 CHAIRMAN GREY: The chair would carry a motion
2 to adjourn.

3 M O T I O N

4 MR. LEVI: So moved.

5 DEAN MINOW: Second.

6 CHAIRMAN GREY: All in favor say aye.

7 (A chorus of ayes.)

8 CHAIRMAN GREY: It's been approved.

9 (Whereupon, at 3:47 p.m., the committee was
10 adjourned.)

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