LEGAL SERVICES CORPORATION
BOARD OF DIRECTORS

BOARD MEETING

OPEN SESSION

Thursday, January 22, 1998

2:05 p.m.

750 First Street, N.E.
Washington, D.C. 20002

BOARD MEMBERS PRESENT:

Douglas S. Eakeley, Chairman
Hulett H. Askew
LaVeeda Morgan Battle
Maria Luisa Mercado
Nancy H. Rogers
Thomas F. Smegal, Jr.
Ernestine P. Watlington
Edna Fairbanks-Williams

STAFF AND PUBLIC PRESENT:

John McKay, President
Victor Fortuno, General Counsel and Corporate Secretary
David Richardson, Treasurer and Comptroller

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

2 CHAIRMAN EAKELEY: Let's get started, and ask

3 first for an approval of the agenda as circulated.

4 M O T I O N

5 MR. SMEGAL: So moved.

6 CHAIRMAN EAKELEY: Tom Smegal moved. Is there

7 a second?

8 MS. BATTLE: Yeah. This is LaVeeda Battle.

9 I'll second that.

10 CHAIRMAN EAKELEY: All those in favor?

11 (A chorus of ayes.)

12 CHAIRMAN EAKELEY: Opposed?

13 (No response.)

14 CHAIRMAN EAKELEY: The agenda carries. Let me

15 just say two things briefly. First, Happy New Year,

16 everyone. Secondly, this is the first Board meeting or

17 Board conference where we've had our new Government

18 Affairs director participating, Mauricio Vivero, and I

19 just want to say welcome to Mauricio.

20 MR. VIVERO: Thank you. Thank you very much.

21 Glad to be here.

22 CHAIRMAN EAKELEY: It's nice to have you on

1 board. Now, we'll get to the first item of business,
2 Consider and act on whether to reduce the Corporation's
3 budget mark.
4 You'll recall, we had approved a budget mark
5 of $396 million for submission to OMB and the
6 President. After discussions with OMB and the White
7 House, the President recommended $340 million for the
8 budget mark which was the same mark as last year.
9 And after further consultation, John McKay and
10 I agreed that it would be prudent to conform our
11 requested budget mark with the actual budget mark
12 submitted by the President to the Congress, and that is
13 the matter before us. MR.
14 SMEGAL: Doug, may I ask in past years we have tried to
15 be out front on the budget mark and it's been higher
16 than other credible entities of the government such as
17 the GAO or such as the OMB. Is there some reason why
18 we don't want to do that, why we don't want to be out
19 front on this? It's a modest amount in my view.
20 CHAIRMAN EAKELEY: We have not in past years.
21 We have certainly gone into the process seeking to get
22 the President to go beyond what OMB would otherwise

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1 have had him put in for us.

2 But I don't believe that any time in the last

3 five years have we actually adhered to a budget mark

4 different than the one formally approved and

5 recommended to the Congress by the President.

6 MR. SMEGAL: You mean at some point in the

7 process, and it's your belief we're now at that point

8 where we should conform?

9 CHAIRMAN EAKELEY: Correct. We are definitely

10 now at that point where we should conform.

11 MR. SMEGAL: All right.

12 CHAIRMAN EAKELEY: Because the President's

13 budget has requested, on behalf of Legal Services

14 Corporation, an appropriation of $340 million. And

15 what we need to do in advance of our House

16 Appropriations Subcommittee hearing next month, is

17 flush out what that budget would look like.

18 And it would not -- we don't think it would be

19 at all productive to be at variance with the

20 Administration on this at this time.

21 MR. MCKAY: And I'd like to point out, Dave

22 Richardson is here, and attached to the memo that I

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1 sent you dated January 20th on the budget mark, is the
2 break-out which is also before you for consideration.
3 And if you have any questions on that, Dave is here and
4 is prepared to answer them.
5 CHAIRMAN EAKELEY: Well, John, why don't you
6 just recite for everyone what those principle elements
7 of the break-out are?
8 MR. MCKAY: David, would you do that?
9 MR. RICHARDSON: Sure. On Roman numeral one
10 we have our client services and the request is for $329
11 million, which includes the program services to
12 clients, our basic field components, which has a budget
13 request of $289 million. MS.
14 BATTLE: The only question I have on that second sheet,
15 David, is the FY 1999 request less than what we're
16 requesting for '98, and tell me why?
17 MR. RICHARDSON: What we have done is we have
18 reallocated the $340 million budget request. We have
19 zeroed in on some new initiatives that we would like to
20 undertake such as the client self-help and information
21 technology and the unmet legal needs of children and
22 domestic violence.

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1 And what we've done is we've reduced the $318
2 million amount that we requested in '98 to break it out
3 into those two categories, which would be the program
4 services and the new initiatives.
5 MS. BATTLE: Okay.
6 MR. MCKAY: And, if I may add, this is John
7 McKay again, we are working now with OPO staff to put
8 additional meat on the bone, if you will, with regard
9 to those specific initiatives.
10 What we hope to do is coming forward through -
11 - commencing here with OMB but then of course through
12 our Oversight and Appropriating Committees with real
13 specific information regarding those programs and those
14 proposals so that we have a budget mark and a submittal
15 that matches up with real live programs that have been
16 created and developed, not just in our budget area, but
17 also in our program area in consultation with the
18 field.
19 So there is a slightly different approach here
20 and a different tactic, if you will, based around unmet
21 needs out in the field. Did you want to finish, Dave?
22 CHAIRMAN EAKELEY: Why don't you just finish

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1 what you're doing.

2 MR. RICHARDSON: Okay. Last year we, of

3 course, had $12 million that we had requested for the

4 technology initiative. We have now broken that out

5 into technology and client self-help to $17 million.

6 And then the unmet legal needs of children and domestic

7 violence initiatives is $23 million. That is a new

8 category for us. So when you add the $289 million for

9 program services to clients and the $40 million for the

10 initiatives, we come up to a total budget for client

11 services of $329 million.

12 In addition to that we have our management and

13 administration budget and the Office of Inspector

14 General. And the budget prepared internally for M & A

15 is $8,985,000 and for the Office of Inspector General,

16 it's $2,015,000. Those two add together to $11

17 million, and $11 million added to the $329 for the

18 client services will give you the total of the budget

19 mark of $340 million.

20 CHAIRMAN EAKELEY: Are there any other

21 questions?

22 MR. MACIVER: I have a quick question.

1 Harrison MacIver from the Project Advisory Group.
2 While in developing the technological initiatives, do
3 you envision those monies finding their way back to the
4 field in some sort of format?
5 MR. RICHARDSON: Yes, we do. And we're
6 working on that initiative at this point to develop
7 that.
8 CHAIRMAN EAKELEY: That was my understanding,
9 too, Harrison.
10 MR. MACIVER: Okay.
11 CHAIRMAN EAKELEY: And even though your
12 question was out of order, we'll entertain it.
13 MR. MACIVER: I appreciate that and the
14 deference that you gave to it.
15 MS. MERCADO: Maria Luisa. That would include
16 the second initiative as well, right?
17 CHAIRMAN EAKELEY: Yes. Both of them, Maria
18 Luisa. MR. MCKAY: That's correct.
19 CHAIRMAN EAKELEY: I think the strategy is to
20 try to persuade the Congress that these are areas that
21 are deserving of additional funding but obviously their
22 intent is to go ultimately to the field to permit

1 grantees to serve more of their clients more
2 effectively.
3 MR. MCKAY: We're nodding our heads here in
4 Washington. That was certainly our viewpoint, yes.
5 MS. BATTLE: I have a question again. And
6 that's comparing our FY 1998 request with the 1999
7 request under the technological initiatives that you've
8 outlined. There -- I can see the entry that's been
9 designated, and is it that we're going to phase in the
10 unmet legal needs of children and domestic violence
11 initiatives in 1999? Is that what's envisioned at the
12 $23 million mark?
13 MR. MCKAY: If I might just on this -- I think
14 the heading under B where it says technology
15 initiatives, that's really an error. It really should
16 be new initiatives, that might clarify it for you, but
17 we really are talking about new programs separate --
18 they really are very separate categories, LaVeeda.
19 MS. BATTLE: Okay.
20 CHAIRMAN EAKELEY: But I think, LaVeeda, the
21 answer to your question is, yes, the intention would be
22 to -- if we got -- received this appropriation to

1 CHAIRMAN EAKELEY: Let me phrase -- if I
2 might, Maria Luisa, we are -- the motion as I
3 understand it is to approve the adjusted budget mark of
4 $340 million for FY 1999 with the allocation of the
5 request as presented in the attachment.
6 MS. MERCADO: Yes. I'll amend the motion.
7 CHAIRMAN EAKELEY: Thank you.
8 MS. WATLINGTON: And I'll second it.
9 Ernestine Watlington.
10 CHAIRMAN EAKELEY: Any further discussion?
11 (No response.)
12 CHAIRMAN EAKELEY: All those in favor?
13 (A chorus of ayes.)
14 CHAIRMAN EAKELEY: All those opposed?
15 (No response.)
16 CHAIRMAN EAKELEY: The ayes carry. The budget
17 mark as revised and allocated is approved.
18 MR. FORTUNO: This is Vic Fortuno. I just
19 wanted to make -- to remind everybody that when you
20 speak it would be helpful to the reporter if you
21 identified yourself.
22 CHAIRMAN EAKELEY: This is Doug Eakeley. I'll

1 say okay. And I will go on to Item 3 on the agenda,
2 Consider and act on proposed appointments to the Vice
3 Presidencies established by the Board on November 15,
4 1997.
5 This one you should have John McKay's memo of
6 January 15, 1998, that describes the previous board
7 action in creating the two positions and his actions in
8 listing the positions, his considerations, and his
9 selection and recommendation that John Tull be
10 appointed to the position of Vice President of Programs
11 and James Hogan for appointment by the Board as Vice
12 President, Administration.
13 John, do you want to say anything more about
14 this?
15 MR. MCKAY: Well, I -- if anyone has any
16 questions, I'd be glad to answer them. Hopefully, with
17 the process set forth and discussion I've had with most
18 of you, it should be relatively clear with regard to my
19 request.
20 CHAIRMAN EAKELEY: John, would you -- this is
21 Doug Eakeley again -- would you -- I think it's
22 appropriate to ask you in this context, perhaps,

1 because we're being asked to appoint two white males to
2 the two Vice Presidential positions, but would you just
3 want to state for the record management's commitment to
4 quality and diversity in its workplace?
5 MR. MCKAY: I'd be happy to, and I appreciate
6 the question. Let me say first since the -- I think
7 it's appropriate given that I'm asking for the
8 appointment of two individuals whom I think are
9 outstanding, I don't want to skip over that in the
10 slightest, and so I first want to say that I think both
11 of these candidates are well known to the Board. John
12 Tull for a long period of time and Jim Hogan, although
13 less period of time, many of you have had the
14 opportunity to work with him directly.
15 We, here, as our senior staff, have had an
16 opportunity now to work with Jim Hogan on an interim
17 basis as assistant to the President since October. I
18 think that the reviews on his performance have been
19 very good internally. I've gotten very good comments
20 from Board members regarding Jim and his abilities and
21 his background.
22 And so I want to say in respect to both of

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1 them, that I am very pleased with their qualifications
2 and their abilities and what each of them can bring and
3 will bring to the Corporation in the position of Vice
4 President.
5 And having said that, we are -- I am, as
6 President, and I think we together, President and the
7 Board, are aware of the concern and the perception of
8 the three senior positions, most senior positions in
9 the Corporation being occupied by, as you said, Mr.
10 Chairman, white males.
11 That is not a situation that I am pleased
12 with, and let me state in more positive terms that,
13 that from my standpoint, causes a rededication to
14 pursue diversity at all levels of the Corporation,
15 including the senior levels.
16 I think that when you look at the diversity of
17 our staff as a whole and when you look at the diversity
18 of what we refer to as our management team or senior
19 management, that we are very well represented and we
20 are a diverse senior management.
21 I hope that in terms of my tenure as
22 president, that we together -- and my suggestion to the

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1 Board is that you grade my commitment to diversity at
2 all levels, including the most senior levels, over a
3 period of time, and I think that's an appropriate way.
4 That's my own personal philosophy, one which I shared
5 with the board in advance of my appointment as
6 President, which is that diversity is -- should be
7 judged on experience and not words.
8 So I continue to pledge to you my commitment
9 to diversity at all levels in the Corporation. It
10 always enters into my consideration in terms of making
11 appointments. It is not the only consideration but it
12 is a very important one.
13 So we will continue to challenge ourselves. I
14 know the Board will continue to challenge me. I think
15 that's appropriate, I welcome it.
16 CHAIRMAN EAKELEY: All right. Are there any
17 questions?
18 MS. BATTLE: I just have one concern, and I've
19 expressed this directly to John and I know what the
20 process was for making this level of selection, and
21 that concern is that as selections are made, even
22 notwithstanding the fact that we may have applicants

1 from within the Corporation for positions, that if we
2 go through the process and we have qualified applicants
3 for positions, be they senior or otherwise, within the
4 Corporation, that the process allow us to be inclusive
5 of people who have the qualifications for the position
6 to be included in the entire deliberative process as we
7 go forward.
8 Now, we've talked about this so that's just an
9 observation and a concern, and I think that's all I
10 need to say about that.
11 CHAIRMAN EAKELEY: This is Doug Eakeley and I
12 think that we all share that concern and commitment,
13 LaVeeda.
14 Any other questions?
15 (No response.)
16 CHAIRMAN EAKELEY: Hearing none, I think
17 probably the way to do this would be to take one at a
18 time and ask for the Board to consider on motion the
19 appointment for -- of John Tull to the position of Vice
20 President, Programs, and then we'll do a separate
21 motion -- actually, well, let me put it this way, is
22 everyone comfortable with doing this in a single

1 motion, that we appoint John Tull to the position of
2 Vice President, Programs, and James Hogan to the
3 position of Vice President, Administration?
4 MR. SMEGAL: Yes.
5 MR. ASKEW: Sure.
6 CHAIRMAN EAKELEY: Okay. It's simpler. If
7 you want to break it up, we can, but if everyone is
8 comfortable doing it together, then is there a motion
9 to that effect?
10 M O T I O N
11 MR. SMEGAL: So moved.
12 MS. MERCADO: Second.
13 CHAIRMAN EAKELEY: Who was the so moved?
14 MR. SMEGAL: Smegal. So moved.
15 CHAIRMAN EAKELEY: And the second?
16 MS. MERCADO: Maria Luisa. Second.
17 CHAIRMAN EAKELEY: Any further discussion?
18 (No response.)
19 CHAIRMAN EAKELEY: All those in favor?
20 (A chorus of ayes.)
21 CHAIRMAN EAKELEY: All those opposed?
22 (No response.)

1 CHAIRMAN EAKELEY: The ayes have it. The
2 motion carries. Item 4 on our agenda is, Consider and
3 act on an individual Corporate officer's request for
4 permission to receive compensation from a source other
5 than the Corporation while on leave from the LSC. And
6 you should all have received, other than Tom Smegal, I
7 suspect --
8 MR. SMEGAL: I have it.
9 CHAIRMAN EAKELEY: Okay. Wow. All right.
10 Susan McAndrew's memo to us of January 14 explaining
11 the background of this request. In essence it is a
12 resolution required by our bylaws in order to permit
13 Martha Bergmark, whose resignation is not effective
14 until the end of her administrative leave period, to
15 receive compensation from an outside source.
16 MR. SMEGAL: This would be for the period
17 November 19, 1997 through January 31, 1998?
18 MR. FORTUNO: That's correct.
19 MR. SMEGAL: And this would be consistent with
20 our authority under Section 1005 (A) of the Legal
21 Services Corporation Act and Section 6.10 of the LSC
22 Board Bylaws as authorized by the Board.

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1 M O T I O N

2 MR. SMEGAL: I move that we, as a Board,
3 authorize Ms. Bergmark to receive salary or other
4 compensation for services as outlined in Susan's memo,
5 or whatever the words are appropriate, Vic.
6 MS. BATTLE: I would second that. This is
7 LaVeeda Battle.
8 CHAIRMAN EAKELEY: I think that basically the
9 motion can be framed as it is presented in the agenda
10 which I read.
11 MR. SMEGAL: Good.
12 CHAIRMAN EAKELEY: Any further -- any
13 discussion or questions?
14 (No response.)
15 CHAIRMAN EAKELEY: Hearing none, I'll ask for
16 a vote. All those in favor?
17 (A chorus of ayes.)
18 CHAIRMAN EAKELEY: All those opposed?
19 (No response.)
20 CHAIRMAN EAKELEY: The ayes have it. The
21 motion carries. Is there any other business?
22 MR. MCKAY: I would like to -- this is John

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1 McKay -- just point out to Board members that we
2 anticipate with the upcoming annual meeting that there
3 will be a -- the social event will be a reception which
4 we expect to do here at the Corporation following the
5 committee meetings on Friday the 6th. We will --
6 you'll get further notice of this, but it will be
7 probably from 5:00 until 6:30 here at the Corporation
8 and we expect to have a nice event.
9 MR. SMEGAL: Black tie dinner, John?
10 MR. MCKAY: It won't be black tie. We are a
11 poverty law agency, but it will be nice and we will
12 look forward to doing that. And Victor will provide
13 you with additional details.
14 CHAIRMAN EAKELEY: This is Doug Eakeley.
15 Now, it's my understanding also that we'll try and
16 arrange the committee meetings, and I thank LaVeeda and
17 Maria Luisa in advance for this as well so that we --
18 so that all members of the Board can attend the
19 Provisions Committee meeting so that those who are
20 interested in hearing about consolidation and other
21 issues might be able to do that?
22 MR. FORTUNO: That's correct. We're hoping to

1 have Ops and Regs and Finance meet in the morning and
2 then Provisions meet in the afternoon.
3 MS. BATTLE: What I haven't had a chance to
4 look at, actually, is the time of arrival for all of
5 the members of my committee, given our agenda, to see
6 if we can move that up. I think we're scheduled to
7 start at 10:00, and if we could start at 9:00 that
8 would buy us some additional time, because I do think
9 it's important for all of us to attend the Provisions
10 Committee meeting.
11 MR. FORTUNO: Would everyone on that committee
12 be here in time? I don't know, and I wonder who do we
13 have on line now that serves on that committee? We
14 don't have Bill.
15 MS. BATTLE: We don't have Bill.
16 MR. FORTUNO: We don't have John.
17 MS. WATLINGTON: We don't have John Erlenborn,
18 either.
19 CHAIRMAN EAKELEY: Bill usually comes in the
20 night before, but I don't know about John. I think
21 John Erlenborn probably could do it.
22 MS. BATTLE: Yeah. Yeah. If he can then I

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1 think that would be helpful to us, because I do intend
2 to try to see if we can meet the deadline of concluding
3 in time for the Provisions Committee meeting.
4 MR. FORTUNO: We'll shoot for 9:00.
5 MR. MCKAY: Yeah. We will start making
6 arrangements here to do that, LaVeeda.
7 MS. BATTLE: Okay.
8 CHAIRMAN EAKELEY: Any other business?
9 (No response.)
10 CHAIRMAN EAKELEY: Hearing none, is there a
11 motion to adjourn?
12 M O T I O N
13 MR. SMEGAL: So moved. Smegal.
14 MS. MERCADO: Second. Maria Luisa.
15 CHAIRMAN EAKELEY: Second from Ms. Mercado.
16 All those in favor?
17 (A chorus of ayes.)
18 CHAIRMAN EAKELEY: Nays?
19 (No response.)
20 CHAIRMAN EAKELEY: The ayes have it. We stand
21 adjourned. Have a safe trip to Washington next month
22 everyone, and I will look forward to seeing you in the

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1 new year for our annual meeting. Is it possible that
2 this is going to be our fifth annual meeting? It's
3 getting close.
4 MS. BATTLE: It's unbelievable, isn't it.
5 MS. WATLINGTON: I'm concerned we didn't hear
6 from Edna. I wonder what happened?
7 CHAIRMAN EAKELEY: Maybe Victor, could you
8 just give her a call when we hang up, please?
9 MR. FORTUNO: Will do. I'll check with both
10 Edna and John Erlenborn, and report on what happened
11 today.
12 CHAIRMAN EAKELEY: All right then.
13 MR. FORTUNO: Thank you one and all, and have
14 a good day.
15 CHAIRMAN EAKELEY: Bye-bye.
16 (Whereupon, at 2:30 p.m., the Board meeting
17 was concluded.)
18 * * * * *

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