

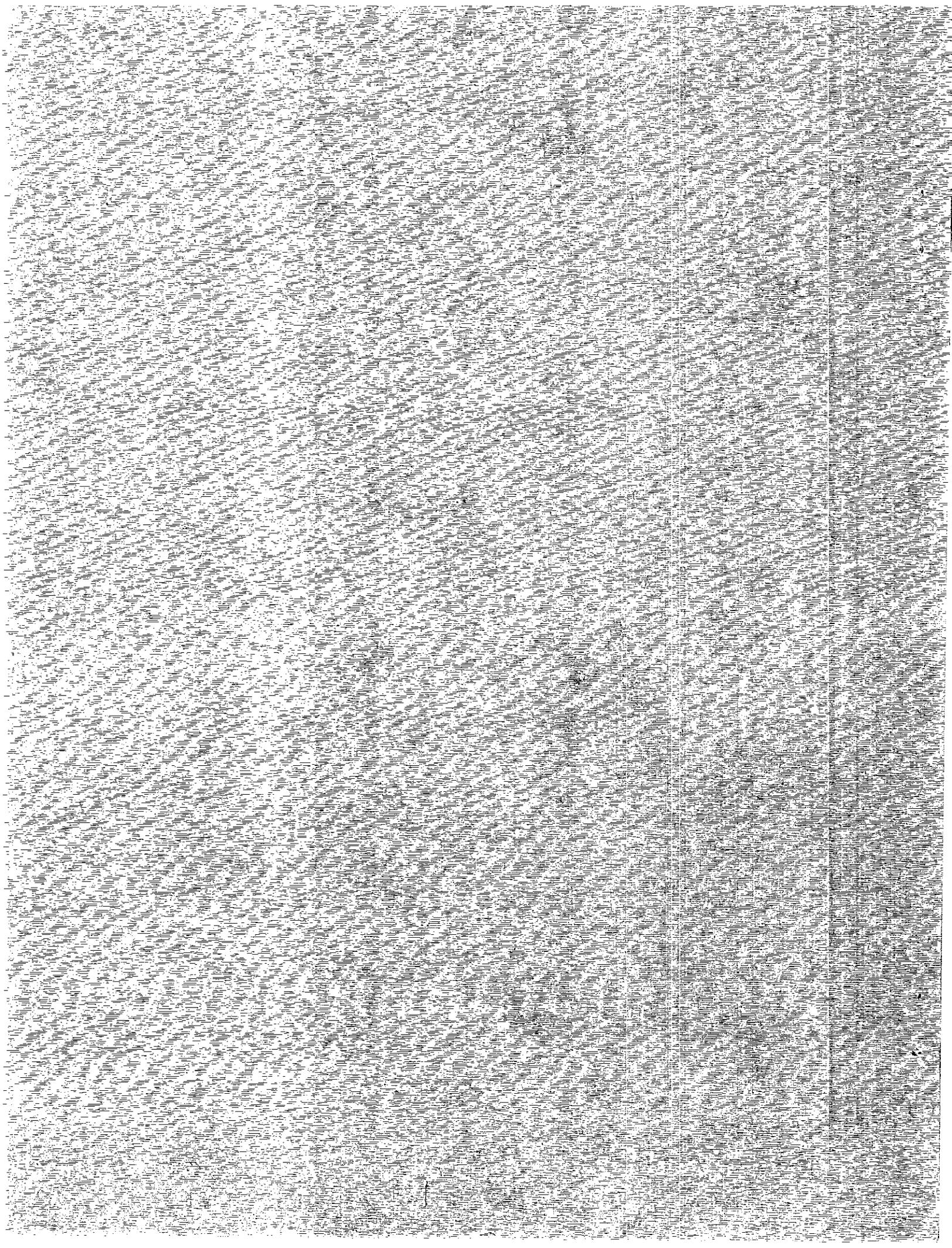
LEGAL SERVICES CORPORATION
BOARD OF DIRECTORS
AUDIT AND APPROPRIATIONS COMMITTEE MEETING

April 25, 1993

12:15 p.m.

The Embassy Suites Hotel
601 Pacific Highway
The Monterey I Room
San Diego, California 92101

Diversified Reporting Services, Inc.
918 16TH STREET, N.W. SUITE 803
WASHINGTON, D.C. 20006
(202) 296-2929



BOARD MEMBERS PRESENT:

Basile J. Uddo, Chairman
J. Blakeley Hall
Jo Betts Love
Norman D. Shumway
George W. Wittgraf
Jeanine E. Wolbeck

STAFF MEMBERS PRESENT:

John P. O'Hara, President
Emilia DiSanto, Acting Vice President
Patricia Batie, Corporate Secretary
David Richardson, Treasurer and Comptroller
Victor Fortuno, General Counsel
Eduard Quatrevaux, Inspector General
Kenneth Boehm, Assistant to the President and
Counsel to the Board
Susan Sparks, *Acting Director, Office of Monitoring, Audit,
and Compliance*

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P R O C E E D I N G S

(12:15 p.m.)

CHAIRMAN UDDO: I'm going to call the meeting to order, because I think we have everyone here who is a member of the committee, which includes Ms. Love, Ms. Wolbeck, and myself. I'm told Mr. Kirk is on his way, and he's a member of the committee. And hopefully he'll get here before the meeting ends.

In addition to the committee members, Mr. Hall and Chairman Wittgraf joined us today, and President O'Hara was here a minute ago. I'm sure he'll be back.

The first order of business is the approval of the agenda. I entertain a motion to approve the agenda.

M O T I O N

MS. LOVE: So moved.

CHAIRMAN UDDO: Moved by Ms. Love.

MS. WOLBECK: Second.

CHAIRMAN UDDO: Seconded by Ms. Wolbeck.

All those in favor of approving the agenda, signify by saying aye.

(Chorus of ayes.)

CHAIRMAN UDDO: Opposed, nay.

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1 (No response.)

2 CHAIRMAN UDDO: The ayes have it. The agenda is
3 approved.

4 The second item on the agenda is approval of the
5 minutes of our March 23, 1993, meeting. Assuming you've had
6 an opportunity to read over those, I would entertain a motion
7 to approve those minutes.

8 M O T I O N

9 MS. WOLBECK: I move to approve the minutes.

10 CHAIRMAN UDDO: Ms. Wolbeck moves their approval.

11 MS. LOVE: Second.

12 CHAIRMAN UDDO: Seconded by Ms. Love.

13 All those in favor, signify by saying aye.

14 (Chorus of ayes.)

15 CHAIRMAN UDDO: Opposed, nay.

16 (No response.)

17 CHAIRMAN UDDO: The ayes have it. The minutes of
18 the March 23, 1993, meeting of the Audit and Appropriations
19 Committee are approved.

20 The third item on the agenda is the consideration
21 of a report by the Provision for the Delivery of Legal
22 Services Committee on actions that were taken at their

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1 meeting today. And for that report, I would I would ask
2 Mr. Hall to please favor us with his comments.

3 CONSIDERATION OF REPORT BY THE PROVISION FOR THE DELIVERY
4 OF LEGAL SERVICES COMMITTEE ON RELEVANT ACTIONS OF THE
5 COMMITTEE AT ITS APRIL 25, 1993, MEETING

6 MR. HALL: Well, we took no action, although all
7 the members that are present here did hear a presentation
8 from Susan Sparks on the proposal that she has put together.
9 And I think we've all been provided copies of that.

10 I think the general tone of the report is hopeful,
11 and I think we want to move it up in time frame and get it
12 going. It's -- I mean, it's been around a long time and long
13 past due.

14 But really other than that and other than what we
15 all heard 10 minutes ago, I have nothing else.

16 CHAIRMAN UDDO: Thank you, Mr. Hall.

17 The fourth item on the agenda is consideration of
18 draft request for the proposals for a grantee timekeeping
19 mechanism.

20 CONSIDERATION OF DRAFT REQUEST FOR THE PROPOSALS
21 FOR A GRANTEE TIMEKEEPING MECHANISM

22 CHAIRMAN UDDO: Ms. Sparks, if you want to come to

1 the table, just -- I don't think there's anything much that
2 our committee can do right now.

3 Is there anything on the funding side of it that
4 you feel ought to be brought before the committee at this
5 time?

6 MS. SPARKS: No, sir. I think, as Mr. Wittgraf
7 suggested, if we can move it up a little bit to get a sense
8 as soon as possible as to the proposals coming in and what
9 kind of range they may fall in and where we're going to be.
10 As soon as we know that, I think that will be helpful to your
11 committee.

12 CHAIRMAN UDDO: We don't have to -- Dave, we don't
13 have to do anything with that \$300,000 -- I mean, it is
14 there, available for this, right? I mean, there's no other
15 action that needs to be taken, right?

16 MR. RICHARDSON: There is not, sir. No, sir.

17 CHAIRMAN UDDO: And in terms of congressional
18 action, it is properly appropriated for this undertaking,
19 right?

20 MR. RICHARDSON: That is correct, sir.

21 CHAIRMAN UDDO: Does anyone have any questions
22 about the financing aspects of the timekeeping proposal?

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1 (No response.)

2 CHAIRMAN UDDO: Thank you, Ms. Sparks.

3 The fifth item on the agenda is the perennial
4 consideration of the status on the rental of the
5 Corporation's former office space. And for that, we ask
6 Mr. Richardson to come to the table.

7 If you'd identify yourself for the record,
8 Mr. Richardson.

9 CONSIDERATION OF STATUS REPORT ON RENTAL OF THE
10 CORPORATION'S FORMER OFFICE SPACE

11 MR. RICHARDSON: Thank you, Mr. Chairman.

12 My name is David Richardson. I am the treasurer
13 and comptroller of the Corporation.

14 And in regards to the 400 Virginia Avenue property,
15 at the last meeting I had reported to you that BDM, who was a
16 NASA contractor, had come forward with a proposal to possibly
17 stay in the space for an additional four months.

18 However, at the quarter to 12:00 hour, they moved
19 out. The contractor had requested that they come into their
20 particular space. So on the 31st, they moved out of -- and
21 that is March 31st -- moved out of 400 Virginia Avenue.

22 At the present time, we only have the HUD space.

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1 That's a little less 9,000 square feet that is leased.

2 I had also reported to you that GSA has come
3 forward after some months of telephone calls or a few weeks
4 of telephone calls, and stating that they would not be
5 pursuing the space as originally thought.

6 However, in the last two Mondays of the Post, there
7 has been solicitation for offer in our neighborhood of this
8 property from GSA.

9 So both Trammell Crow, the real estate broker for
10 the owner of the building, and Charles E. Smith, our
11 particular broker, have responded to those two SFOs. And
12 hopefully, in the next two weeks, we'll have a little better
13 understanding of what is going on again in that particular
14 market.

15 Charles E. Smith has also prepared a letter that I
16 have with me today and a flyer. They have a data base of
17 some 3,000 different corporations, associations in D.C.
18 proper, that they are going to be mailing this flyer to and
19 making the space available on the open market again.

20 They have been cold-calling for the last three
21 weeks all the people -- corporations in that area that have
22 space. They've called NASA; they've called Martin Marietta

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1 -- both within the immediate area.

2 They have called the U.S. Comptroller of the
3 Currency. They have a contact there. And they have again
4 started to, you might say, beat the bushes, trying to solicit
5 additional people to come into the space.

6 We have two proposals outstanding at this point.
7 TRW has an immediate need for 10,000 square feet of space, so
8 a letter of offer has gone to them. TRW also has a need,
9 long term, for 50,000 square feet of space. Ours would be a
10 little short of that, so, again, that is being explored with
11 them.

12 There is another contracting group with NASA. It's
13 CSIC. And there is a proposal that they requested, which
14 Charles E. Smith and Trammell Crow worked out together and
15 submitted to them.

16 All of these are on the table. There are four or
17 five others that have shown some interest, but yet no others
18 have come forward and said, "Would you tell us what you would
19 rent the space for?"

20 And at this point, that's the type of consideration
21 that we've been going through on this base.

22 CHAIRMAN UDDO: Are the real estate agents saying

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1 that this is a problem in D.C. right now, or is this property
2 hard to rent for some reason?

3 MR. RICHARDSON: It is a problem in D.C. With the
4 new administration coming in, one of the first blocks -- one
5 of the problems that we had is the President's office,
6 Department of Transportation, Department of Defense. They're
7 all scaling back.

8 They had, in the first six weeks of the new
9 administration, over 300,000 square feet of space turned back
10 into GSA, space that they had rented on the open market for
11 different agencies.

12 And the agencies are downsizing. So their
13 immediate concern is to get some agencies in those spaces.
14 There are agencies that are expanding. The Department of
15 Transport is one; we're lucky that we're within the block
16 from them. So they have looked at the space.

17 HUD, again, is looking at the space. They had
18 originally said that they would take an additional 10,000 to
19 12,000 square feet of space. However, with the new
20 presidential appointee there, they have not been able to
21 justify securing additional space. That is something that is
22 being pursued at this point.

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1 CHAIRMAN UDDO: Mm-hmm. What's the worst-case
2 scenario for us?

3 MR. RICHARDSON: Worst-case scenario, of course,
4 is that we do not get the space rented. We have -- we are
5 obligated through August of '95 for the space.

6 CHAIRMAN UDDO: August of '95?

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

8 CHAIRMAN UDDO: And refresh my memory. What did we
9 do with -- I mean our budget constraints over the next two
10 periods, if we have to keep paying the rent on both places --
11 when do we start paying rent on the new building?

12 MR. RICHARDSON: Rent on the new building will
13 start June 1st.

14 CHAIRMAN UDDO: June 1st.

15 MR. RICHARDSON: And that money is already budgeted
16 in this year's budget.

17 CHAIRMAN UDDO: So for the next fiscal year, we
18 could still be facing having to budget to pay two rents?

19 MR. RICHARDSON: That is correct, sir.

20 The only space that is signed and sealed is the HUD
21 space, and they are in that space at this -- they are
22 refurbishing that space. They're supposed to move in in the

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1 coming week, but they are paying \$20,000-a-month rent on that
2 space at this point.

3 CHAIRMAN UDDO: Which leaves us with what? How
4 much is our rent beyond that?

5 MR. RICHARDSON: \$113,000 a month.

6 MR. WITTGRAF: That's the differential, or that's
7 the total?

8 MR. RICHARDSON: That's the total. And we would
9 then subtract the 20.

10 CHAIRMAN UDDO: Any questions for Mr. Richardson on
11 this agenda item?

12 (No response.)

13 CHAIRMAN UDDO: Hearing none, we'll move on to
14 agenda item six, which is consideration of guidelines
15 governing Board travel.

16 CONSIDERATIONS OF GUIDELINES GOVERNING BOARD TRAVEL

17 CHAIRMAN UDDO: Which is something that I asked be
18 put on the agenda because of what I think is ongoing
19 confusion and, in some cases, difficulty in managing Board
20 travel with respect to Board meetings principally. I mean, I
21 think that's what Board members travel for mostly.

22 And I was hoping that maybe, David, you could give

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1 us some additional insights, particularly with respect to
2 contract carrier requirements, because the complaints that I
3 hear and that I've experienced myself, in dealing with other
4 Board members in making arrangements for travel, is that the
5 contract carrier restraint is sometimes extremely difficult
6 to exceed to in the context of other things that Board
7 members are doing and other commitments.

8 I know. For example, I wish Bud was here, because
9 he has experienced some problems. If he's not in Orlando,
10 he's trying a case somewhere and has to try to get here for a
11 meeting -- that's the difficulty that's created with trying
12 to use the contract carrier.

13 I've got, as I guess -- I don't know if this was
14 distributed to everybody or not. I asked for the GSA
15 contract. Of course, we've all got our own travel
16 guidelines. But after reading it all, I'm not sure that I'm
17 any clearer on what the situation is.

18 For example, in the GSA contract, it refers to
19 "federal agency approves the use of non-contract fares under
20 the exception specified in the Federal Trade Regulations and
21 is shown in the Federal Travel Directory." Well, I didn't
22 have the Federal Trade Regulations or the Federal Travel

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1 Directory, so I was kind of stuck at that point.

2 Can you sort of give us the big picture of what our
3 constraints are and what we might do to create a little bit
4 more flexibility in -- particularly the travel arrangements
5 in connection with Board meetings?

6 MR. RICHARDSON: All right, sir. On page 17, the
7 items that are expressed in the Federal Travel Guidelines are
8 in your --

9 CHAIRMAN UDDO: Administrative Manual?

10 MR. RICHARDSON: No, sir. In the --

11 CHAIRMAN UDDO: Contract?

12 MR. RICHARDSON: In the contract.

13 CHAIRMAN UDDO: Page 17.

14 MR. RICHARDSON: Basically the exception rule --
15 and I'll --

16 CHAIRMAN UDDO: Now, wait. Okay.

17 MR. RICHARDSON: Okay. There it's got "the
18 individual traveler's preference is not a justification
19 for --" let me back up.

20 CHAIRMAN UDDO: I think I've got a different page
21 17. I don't see that.

22 MR. RICHARDSON: Okay. Let me -- half-way page is

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1 "A. Contract City Pair Row."

2 CHAIRMAN UDDO: Yeah.

3 MR. RICHARDSON: Okay. Right above that, we talk
4 about "The following codes shall be used for traveler
5 itineraries and itemized passenger reports to show contract
6 city-pair coverage."

7 And it talks about justifications to go away from
8 the contract city pairs. Individual traveler preference is
9 not an acceptable justification. "The contractor shall
10 classify trips according to validated carrier leg." So we've
11 got "City Pairs," "Contract Carrier Used."

12 B is "Space Not Available." This is an exception.
13 If there's not -- on the contract carrier or government rate,
14 if there is nothing available, then we can go to a time where
15 the space is not available in time to accomplish the mission,
16 we can go to another avenue.

17 "The flight schedule would require additional
18 overnight travel." Of course, we would look at that also and
19 weigh the two out.

20 "Carriers' flight schedule for the travel involved
21 is inconsistent with government policy. Rescheduling travel
22 to the maximum extent practical during normal working hours."

1 Of course, most of our travel is after working hours, but yet
2 we try to accommodate your particular schedules as being busy
3 individuals in your own practices.

4 On the next page, it talks -- F. The reason I skip
5 is G, it talks about the different rates there but --

6 CHAIRMAN UDDO: Right.

7 MR. RICHARDSON: "F. Flight schedules do not meet
8 agency mission requirements."

9 Again, with respect to --

10 CHAIRMAN UDDO: What does that mean?

11 MR. RICHARDSON: It goes back to time. For
12 instance, if we've got a meeting today that starts at 12:00,
13 the contract carrier cannot get you here before 1 o'clock,
14 then we would back up and say, "Okay, what type of either
15 government contract, if it's not the city pairs contract, or
16 other type of flights that may be available that will get you
17 here in a timely fashion for the meeting."

18 "Flight origin and termination points result in
19 excessive local travel time." Again, that goes back to if
20 you've got a problem -- contract carrier leaves at 7 o'clock
21 in the morning, gets you in, for instance, at a 9 or
22 10 o'clock time, but your meeting doesn't start until

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1 2 o'clock in the afternoon. We have that situation.

2 CHAIRMAN UDDO: So that could be an exception?

3 MR. RICHARDSON: That could be an exception.

4 And then "No contract coverage for route." And we
5 certainly have that in some areas, also.

6 There are a few others that are listed or might be
7 a little clearer just straight from the Travel Regulation
8 Guidelines. It says, "Space or scheduled flights are not
9 available in time to accomplish the purpose of the travel or
10 the use of a contract service would require the traveler to
11 incur unnecessary overnight lodging," which is, again, just
12 sort of bringing all those together.

13 CHAIRMAN UDDO: Mm-hmm.

14 MR. RICHARDSON: And then "The flight schedule is
15 inconsistent with explicit policies of individual travel
16 department agencies where applicable to schedule travel
17 during working hours." Again, adding two together to come up
18 with the one.

19 "Normal contract offers a lower fare available to
20 the general public, use of which results in a lower trip cost
21 to the government." We can authorize those types of flights,
22 also. There are times that there are restrictions on those.

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1 Used to -- there was a "fly or die" clause, where
2 you'd buy a ticket and if you didn't use it, it was too bad.
3 You basically still have that, with the exception if you
4 change a time, then there is a \$25 fee in many cases to
5 change it.

6 And we have authorized some of those for members of
7 the Board, monitoring teams, and so forth, where they need
8 some flexibility but yet there is a low cost available, even
9 if they would have to change for the \$25, would still be
10 lower than the flights.

11 CHAIRMAN UDDO: Cheaper, mm-hmm.

12 Well, then, it seems to me that at least a couple
13 of these exceptions -- and from what you're saying, I'm
14 assuming, as interpreted by your office -- would be available
15 to assist in making travel arrangements, to create some more
16 flexibility.

17 Now, I know you have. I mean, I know you've done
18 it for me. But it's -- something has changed recently? I
19 mean, it seems like Omega has become more insistent on
20 sticking with the contract carrier, whereas previously, as
21 long as a justification was given, they would, I guess, check
22 it out with the Corporation and do it.

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1 But there seems to be more difficulty in -- in
2 getting those arrangements made now. Has something changed?

3 MR. RICHARDSON: Personnel have changed, and that
4 has been the key problem that we have faced recently.

5 We had a young lady who worked with us for well
6 over a year, and she knows many of your names -- knew your
7 names right off -- well, she left Omega.

8 So when new people come in and they read and they
9 start interpreting the rules and regulations strictly by the
10 black and white, the way it's written here, when there was
11 justifications, not recognizing Basile Uddo as a Board
12 member, they're calling Pat -- they're calling myself to
13 approve those type of items; where in the past, they would go
14 ahead and approve it for you.

15 We again -- as Pat may not be aware right now, we
16 had a meeting two weeks ago. We brought in people,
17 introduced Trish and Ted -- and I'm not sure if you have
18 talked to them. Trish resigned last week. So now we've got
19 another one that we're going to have to work with.

20 And it is an ongoing problem, because it is -- as
21 Omega tells us, they're in it for a profit. They're not
22 paying their people enough money to retain them actually is

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1 the problem at this point. They have added telephone lines,
2 but with the turnover in people, it has made it a little more
3 difficult.

4 But we will continue to work with each and every
5 one of the Board members. And we have talked with both --
6 well, before -- Trish and Ted. Now, we've talked with Ted.
7 And whenever they bring somebody else aboard, we will go
8 over, and, again, we'll we review their -- your travel
9 preference, your travel profile that you've provided, to see
10 if we can work out some of the additional problems.

11 CHAIRMAN UDDO: But for purposes, I guess, of
12 information or the Board members, when the contract carrier
13 would create of these situations, like F or G. And I'm not
14 sure what you're telling me "doesn't meet the agency mission
15 requirements" means.

16 But it seems to me I had one instance one time when
17 I had to leave a Board meeting before it was completed in
18 order to take the contract carrier out of Dulles -- out of
19 Washington, which was the only way of taking it back. And
20 there was a communication lag. I understood later that if
21 you had been aware that I had to leave the meeting to take
22 the contract carrier, that you would have approved a

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1 different airline.

2 MR. RICHARDSON: Sure.

3 CHAIRMAN UDDO: But obviously, if a situation like
4 that is faced, where you either can't get to a meeting in
5 time or have to leave a meeting early, it would seem to fall
6 within F, that "it doesn't meet the agency mission
7 requirement," because it's frustrating the purpose of your
8 service on the Board. Board members should know that that's
9 an occasion where they could probably get a waiver of the
10 requirement to use the contract carrier.

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

12 CHAIRMAN UDDO: And my experiences are, in almost
13 all cases, there are government rates available, alternative
14 government rates, and our contract rates.

15 MR. RICHARDSON: That's correct.

16 CHAIRMAN UDDO: And "excessive local time and
17 costs," as you explained it, would be another instance of a
18 situation where taking the contract carrier would put you in
19 maybe well ahead of when you had to be in the meeting city,
20 or whatever, if you were flying in or flying out the same day
21 or something like that. That could be another instance where
22 there would be a justification for deviating from the

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1 contract carrier.

2 MR. RICHARDSON: Sure. And even in that particular
3 incidence, where you mentioned Dulles, where you had to drive
4 out to Dulles, there would be local travel involved.
5 Certainly we would prefer that you come out at National.

6 CHAIRMAN UDDO: National.

7 MR. RICHARDSON: It's certainly more convenient.
8 And we could have an exception for that, also.

9 CHAIRMAN UDDO: And what it costs to get back and
10 forth to Dulles, it's almost a wash sometimes. And the
11 difference between a contract carrier and a government rate
12 at least -- I mean, which -- I think from New Orleans it's
13 about \$100 difference, and you end up spending what, \$40 each
14 way to go to Dulles. So it's not an efficient requirement.

15 Ms. Love.

16 MS. LOVE: Mr. Richardson, my carrier changed, too.
17 And to me, it wasn't necessary, because it's about the same.
18 And that little small plane that I have to get on is very
19 frightening. I can't even stand up on the thing -- and I'm
20 going from Mississippi to Nashville. When I was just going
21 into Atlanta and could stand up.

22 And it's so frightening to me. And you could

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1 easily have a heart attack. And you know, the little thing
2 is so small, and it rattles around. And I am not a young
3 lady.

4 And to me, the money isn't any different, and it
5 was really nice on -- even on my health. And it didn't make
6 sense to change me.

7 MR. RICHARDSON: Just to address that, the
8 contracts are bid by GSA every six months. Right now the
9 only contract carrier, for instance, between Washington and
10 into Florida, if I'm not mistaken, is Delta. But the
11 airlines with the greatest number of flights into Florida is
12 American Airlines.

13 MS. LOVE: No, about Mississippi.

14 MR. RICHARDSON: I realize that.

15 CHAIRMAN UDDO: He's just using an example.

16 MR. RICHARDSON: I'm just using an example.

17 MS. LOVE: I know, but --

18 MR. RICHARDSON: There are areas that -- what I'm
19 getting to is that your carrier, the one that you used
20 before, may not have been on the route this year. And that
21 is happening more and more with government flights.

22 If your carrier, the one that you're used to, when

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1 they solicit the bid, they say, "Well, we're just not going to
2 bid on it this time," then another carrier ends up getting
3 the award. Or, as in many cases, now the city pairs are
4 reducing.

5 MS. LOVE: So now I go in from Mississippi to
6 Tennessee and in.

7 MR. RICHARDSON: Yes. Yeah, unfortunately.

8 It's like Mr. Uddo's circumstance. He goes from
9 New Orleans -- he goes west to Houston, if I'm not
10 mistaken --

11 CHAIRMAN UDDO: That -- well, Continental is not
12 the contract carrier anymore. But that's what it used to be.
13 You used to have to fly west to get east.

14 MR. RICHARDSON: Right.

15 CHAIRMAN UDDO: Yeah, it's crazy. But you need to
16 look at the schedules, too, because from what Mr. Richardson
17 is saying, there may be other justifications for --

18 MS. LOVE: All of them are the same. I'm not
19 trying to be funny. Everything leave --

20 CHAIRMAN UDDO: Everybody fly -- all of them fly
21 the -- all of them fly the small planes?

22 MS. LOVE: No, no, no. ASA is for Delta.

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1 Northwest goes into Memphis, on into D.C., which is still --
2 Northwest is the same as Delta's little plane. Either way
3 you go, you're going to get on something small. But American
4 Eagle is too small.

5 CHAIRMAN UDDO: Well, you've got my support,
6 because I don't think anybody should ever have to get on a
7 commuter plane. I don't like those things any more than you
8 do.

9 MS. LOVE: It's like a saucer and a cup -- to me.
10 And it really -- I was tired from getting up at 4 o'clock in
11 the morning in the first place. Then, to get on that little
12 plane and go into Nashville, it was really terrible
13 yesterday. And I had tested all of them and picked the
14 airline that made me the happiest.

15 And the stewardesses on the carrier that you all
16 picked for me, they're very rude people, you know -- not just
17 to me. They were -- "What is the problem with all of you
18 people today?"

19 You know, this is the little hop from Mississippi
20 to Tennessee. So you don't really have -- when you're up in
21 the air, you want to have some pleasant people that you're
22 going down with. Honestly.

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1 CHAIRMAN UDDO: But let's hope that that's an
2 exaggeration.

3 MS. LOVE: So I've already got a reason not to get
4 on the little American Eagle.

5 MR. RICHARDSON: I'll certainly make a note of
6 that. Any time that you have a problem, we have an outlet,
7 either through Omega or through GSA, where we can contact
8 them, whether it be with Omega personnel or airline, to make
9 them aware that there's a problem. And we will use that.

10 We go -- for instance, last week there was -- GSA
11 had a meeting with Omega, and they bring in the people that
12 Omega services. And they have an agenda, they go over
13 different things that are changing in the industry.

14 For instance, there was an 8 percent increase in
15 some of the city pairs that is coming in July. We were
16 notified of that at that point.

17 And there are times where people really do complain
18 about the city pairs and the way the awards are being made,
19 and that is voiced quite often in these meetings. But that
20 is something that we will continue to pursue and make them
21 aware of.

22 We usually go in with three or four things that we

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1 pick up through the Corporation that we'll make them aware
2 of. And it's not just us. When the other people go in,
3 they've got the same problems we have, and the biggest one
4 being -- at this point is turnover in Omega staff that are
5 helping their customers.

6 CHAIRMAN UDDO: Mm-hmm. Any other questions for
7 Mr. Richardson from members of the committee?

8 MR. RICHARDSON: I'd like to bring up one thing
9 additional --

10 CHAIRMAN UDDO: Sure.

11 MR. RICHARDSON: -- that we are experiencing more
12 and more. And that is the government -- secure the
13 government ticket and connecting it with personal travel.
14 The last two or three meetings we've had used Board members
15 who had business at different areas than home and to
16 Washington and return, or whatever the city may be.

17 I think in your mailing you were given -- Omega
18 gave you examples of the way that the contract is set up that
19 we must handle personal travel.

20 For instance, if someone is coming from St. Louis
21 into San Diego, and that's where their destination -- and
22 going back to is to St. Louis from this particular point.

1 What Omega will do is they are supposed to issue
2 the government-rate ticked round-trip. And for instance, if
3 you're going to Palm Springs, back to St. Louis, then they
4 will look for the cheapest full-fare flight available. And
5 it could be a restricted flight.

6 But just for an example, it may cost, say, \$300 for
7 that round-trip, \$150 each way. And if it costs, on a
8 restricted flight. \$350, what they will do is they will issue
9 that ticket for you for the \$350.

10 However, they will -- what they will do is they
11 will credit Legal Services for the \$300 and then you, as
12 Board members, can use a credit card to pay for the
13 additional leg of the trip.

14 And it may help in some circumstances, because
15 we've actually had Board members, for instance, who will --
16 and I'll use this particular leg again, St. Louis to
17 San Diego, but then they have business in Denver.

18 So when they call in, they say, "Well, we'll make
19 arrangements to get from Denver back home to St. Louis, so
20 just issue this, the government-rate ticket." We can do that
21 under the provisions of the contract, because what we're
22 trying to is minimize the cost to the Corporation.

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1 It may help you though, as Board members, by giving
2 us your full travel information and then charging that and
3 letting Omega work out those flight arrangements, because
4 certainly if we do that -- I don't know if it will be cheaper
5 to you or not. We'll just have to explore. It may -- it
6 should be cheaper to you, as Board members, to handle it that
7 way.

8 There is also a case where it could cost less,
9 where you, for instance, maybe would come from St. Louis to
10 San Diego. You've got business in Los Angeles, and you drive
11 up there, and then you take LAX out of Los Angeles, back to
12 St. Louis. And it may only \$140.

13 So the total flight would be \$290. And that is
14 with the restricted government -- or with paying the \$300 to
15 the Corporation.

16 Unfortunately, the way it's set up, if you get a
17 restricted flight out of LAX back to St. Louis and it costs
18 less than the government carrier, you, as a Board member, do
19 not get credit for that. It just means that the Corporation
20 pays \$290 for the ticket.

21 CHAIRMAN UDDO: Mm-hmm. Any questions about that?

22 David, it probably would help -- I don't know if

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1 you have this internally already or not, but maybe some
2 clarification or interpretation of those more relevant
3 exceptions might be helpful for Board members to have so that
4 when they're face with a situation -- I mean, if it's clearly
5 outside of those exceptions, I won't even waste your time
6 with it.

7 But if it looks like something that fits within an
8 interpretation of those exceptions, they'll know that there
9 is the possibility of getting a waiver based upon one of
10 those exceptions. Would that be possible to do?

11 MR. RICHARDSON: Certainly. I can work with
12 Ms. Batie and we can something prepared for you.

13 CHAIRMAN UDDO: That would be great.

14 Any other questions for Mr. Richardson on this
15 agenda item?

16 (No response.)

17 CHAIRMAN UDDO: Okay. Then number seven is a
18 matter that I asked be continued on the agenda just so that
19 we could kept abreast of the matter of efforts to secure
20 Corporation funds, and where our funds are deposited, and the
21 potential for insurance of our funds and that sort of thing.

22 Could you just give us an update on that?

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1 CONSIDERATION OF STATUS REPORT ON
2 EFFORTS TO SECURE CORPORATION FUNDS

3 MR. RICHARDSON: Yes, sir. In the last month, we
4 have continued discussions with Riggs. They are telling us
5 again that there is a vehicle that we can secure the funds.
6 We are hoping in the next two weeks to be able to sit down
7 with them again and go over this.

8 If they do not, as I had told you before, we have
9 identified a bank that we could sit down with and secure our
10 funds completely.

11 We have been at Riggs for some 15 years, ever since
12 the Corporation was formed. There have been some very close
13 ties there. And personally, I'd to be able to stay with
14 their banking there. But if they cannot meet the
15 requirements that we have, I have no hesitation in moving
16 elsewhere, and we will do that.

17 CHAIRMAN UDDO: Okay. So you think that you're
18 getting closer to knowing whether you're going to stay there
19 or whether you're going to have to go somewhere else and
20 resolve it somewhere else?

21 MR. RICHARDSON: Yes, sir.

22 CHAIRMAN UDDO: But what happens -- where is the

1 money in the meantime? Is it in Riggs in accounts that
2 aren't fully insured, for one thing, right --

3 MR. RICHARDSON: That's correct.

4 CHAIRMAN UDDO: -- because of the amounts kept
5 there?

6 MR. RICHARDSON: At our current level -- for
7 instance, FDIC is \$100,000, I think we have about \$500,000
8 in the bank now, so we do have a \$400,000 exposure. That is
9 not of a real major concern, because Riggs -- anytime there's
10 an FDIC or RTC seizure, there is plenty of advertising going
11 on, there are plenty of people who are aware of it.

12 Many of you know that we were at NBW when they did
13 collapse. I actually had a vice president call me and said,
14 "Do not, under any circumstances, put any money in this
15 bank."

16 We had the same circumstance from NBW -- or, I'm
17 sorry, from United National Bank. And we actually had a
18 vice president of the bank call at 9 o'clock and say, "You've
19 got \$4 million in the bank, and there is a situation." And
20 that's as far as he would go.

21 And we moved all the money out into Riggs. Riggs
22 ended up -- then it was purchased by Signet Bank, who now

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1 handles our grant accounts -- 11 o'clock.

2 And the way that transpired, even with Signet
3 buying the bank, there would have been a loss. But by
4 11 o'clock of that Monday, that week, Signet called up and
5 wanted to know where the \$4 million was transferred to.

6 So they work pretty close, hand in hand with that.

7 CHAIRMAN UDDO: All right.

8 MR. RICHARDSON: Actually, the account is
9 interest-bearing at this point. If we would go to a trust
10 department, we would lose a quarter to a half a percent a day
11 interest.

12 CHAIRMAN UDDO: A day?

13 MR. RICHARDSON: Yes, sir.

14 CHAIRMAN UDDO: That's significant.

15 Just give me one second. I want to ask the
16 Chairman something.

17 (A discussion was held off the record.)

18 CHAIRMAN UDDO: Any questions for Mr. Richardson on
19 agenda item seven?

20 (No response.)

21 CHAIRMAN UDDO: All right. And that brings us to
22 agenda item eight, review of the consolidated operating

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1 budget expenses and other funds available for the period
2 ending February 28, 1993.

3 If you want to just run us through that,
4 Mr. Richardson, we'll see if there are any questions.

5 REVIEW OF CONSOLIDATED OPERATING BUDGET, EXPENSES, AND
6 OTHER FUNDS AVAILABLE FOR THE PERIOD ENDING FEBRUARY 28, 1993

7 MR. RICHARDSON: All right, we would be referring
8 to pages 20 through 25. To begin with, we have, of course, a
9 budget of \$361,909,000 -- \$361,909,926. From here on out,
10 I'll basically round off to thousands, instead of repeating
11 all the way down.

12 Within -- back to page 20, under the delivery of
13 legal assistance, our total budget is \$320,130,000. We have
14 written contracts and expended to date \$315,855,000.

15 That is broken down with our field programs: Basic
16 field, \$305,769,000. We have written contracts of \$296,256,
17 leaving remaining funds of \$9,512,000. The majority of those
18 funds that are remaining are for the -- in each of these
19 cases, is for your month-to-month grantees.

20 There is approximately a \$60,000 contingency in
21 this line, and that was identified earlier. It's just money
22 that has been sitting for each year that we have used in a

1 case that was moved to meritorious grants. Before that, it
2 was used for emergency situations that have come up.

3 In the Native American programs, there are
4 \$8,001,000 budget, expended to date to \$7,713,000, basically
5 a \$308,000 remaining balance.

6 In the migrant programs, there's a budget of
7 \$11,398,000; expended to date, it is \$10,818,000, leaving a
8 balance of \$580. Of course, there is -- we're working on a
9 proposal to get additional money. There is the \$150,000
10 balance there.

11 Some of that was used for the Proteus conference,
12 25 of that. There is another migrant conference scheduled
13 where there will be an additional 25 used. So there's about
14 100, maybe a little bit more, because the 25 that we set up
15 for the other programs was not completely used.

16 The emergency grants -- there was a balance of
17 \$169,000. There was -- just call it to your attention, there
18 was no new 1993 appropriations that was made. It was
19 completely carried over from last year. But we have an
20 appropriation of some \$488,000. We have spent all of that.

21 Prior to '93, we had spent down to \$169,000. This
22 year we've spent \$95,000. The balance is \$73,000 there.

1 We do have some information from Legal Services of
2 Hawaii. And I would venture to say in the next few weeks
3 that this may be awarded to help them with the hurricane that
4 happened there.

5 The U.S. Court of Veterans Appeals -- again, there
6 was no new money there. Of the \$950,000, we had spent, in
7 '92, all of it except basically \$25,000. And this year we've
8 spent about \$6,100. And that's mainly for travel and the
9 training that has been going on with this particular program.

10 I'm sure tomorrow, when Mr. O'Hara gets in and Ken
11 Boehm gives their legislative report, they will make you
12 aware that they have been to both -- if I'm not mistaken,
13 both House and Senate hearings. And there's a possibility in
14 '94 of additional money for this line. It is something that
15 the courts are wanting to continue.

16 Under B, we have the program development, the
17 \$300,000. And we have heard prior to today the report on
18 that, where we will be hopefully award some of that money to
19 the field to set up timekeeping projects.

20 Under C, the supplement field, the law school
21 clinics, we have the \$1,254,000. The solicitation for that
22 money did go out. It's in the process at this point. There

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1 has continued to be discussions on the Hill in regards to the
2 transfer authority, the reprogramming of that money. And
3 again --

4 CHAIRMAN UDDO: David, maybe we ought to sort of
5 interrupt at this point and get Ken to tell us about the
6 status of what is going on on the Hill with that law school
7 clinic money.

8 Can you -- you were talking to me about it before,
9 but I would like the whole committee to hear where that
10 stands, because we could be reaching a fairly critical point
11 within the next month or so.

12 MR. RICHARDSON: Now, that's clearly the case.
13 There was a supplemental going through -- the President's
14 supplemental stimulus. And a lot of things we're waiting to
15 see -- a lot of things were held in abeyance while that
16 played itself out. That's over now.

17 The next supplemental, which is called the second
18 supplemental, was contained in the President's budget that
19 was released the first week in April. That would be the
20 vehicle that we could get the reprogramming done to change
21 the \$1.24 million that is in the current FY '93 budget for
22 law school clinical programs into the three designated

1 spending areas.

2 That has already been sent to the House and Senate.
3 It was included in our budget request that was sent over. It
4 was discussed back and forth with the committees, both at the
5 hearing and afterwards. And so we're on track with that.

6 The committees themselves have not yet taken it up,
7 but there are a couple of compelling expenditures in that
8 supplemental that may cause it to move a little faster. That
9 has money for the federal judiciary in it, has some
10 additional funds for some programs that will run out of funds
11 about mid-May.

12 So there is some impetus to get the Congress to
13 move quickly. That's not to say that they will when they
14 haven't made a decision yet whether they will or they won't.
15 But if they do decide to move quickly, that would be our
16 vehicle.

17 And if they added it to there, then we would have
18 any additional spending authority for those funds. Right now
19 they're still waiting to see what they'll do with it, and I
20 suspect in the next week or so we'll hear more.

21 MR. WITTGRAF: Mr. Chairman.

22 CHAIRMAN UDDO: Mr. Wittgraf.

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1 MR. WITTGRAF: Mr. Boehm -- are you referring to a
2 specific part of a supplement appropriation that would be
3 initiated by the state commerce and justice appropriations
4 subcommittee?

5 MR. BOEHM: Actually, this would be voted on by the
6 full Appropriations Committee, while a lot of what was is in
7 there comes out of commerce and justice, state, all the
8 judiciary funds, for example.

9 There is special funding for security for all the
10 new bankruptcy judges that they just voted last year. And a
11 lot of the more compelling items in there are from commerce
12 and justice, state.

13 But in terms of the actual critical decisions are
14 going to be made at the full Appropriations Committee, House
15 and Senate both, first in the House and then in the Senate.
16 So it's bigger than just our subcommittee.

17 MR. WITTGRAF: Well, it's bigger than that --

18 MR. BOEHM: Right.

19 MR. WITTGRAF: -- but part of it is coming out of
20 our subcommittee.

21 MR. BOEHM: That's correct.

22 MR. WITTGRAF: Okay.

1 MR. BOEHM: Yeah. In fact --

2 MR. WITTGRAF: Does that include additional monies
3 for U.S. District Court or federal public defenders?

4 MR. BOEHM: Yes. Yes. And as you may know, that's
5 been a critical sore point. Those programs had run short
6 last year. They're running short again this year.

7 There have been some differences of opinion between
8 the appropriating committees and the judiciary as to what the
9 magnitude of the need is. But right now, the last I checked,
10 which was just two days ago, they were talking about one of
11 the components of federal judiciary running out of funds on
12 May 12th, for example.

13 MR. WITTGRAF: So our subcommittee will be moving
14 something. What we don't know is whatever they move into the
15 whole package, whether or not that will include the
16 supplemental appropriation request that we made.

17 MR. BOEHM: Right. And we do have some pluses
18 going into it. We're not asking for additional funds.

19 MR. WITTGRAF: Right.

20 MR. BOEHM: Most of -- the bulk of that is a
21 request for additional funds. It was somewhat contingent on
22 what was happening with the President's stimulus package, the

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1 \$16.3 billion that ended up then being stymied in the Senate
2 with the filibuster and so forth, because there is some --
3 request for additional funds in the current fiscal year.

4 And since that also included funds in the current
5 fiscal year, the appropriating committees were waiting to see
6 what would happen there.

7 There's still additional spending authority left
8 over for this current fiscal year, and they were kind of
9 keeping an eye on that figure before coming to terms with
10 this.

11 So it's possible at this point.

12 MR. WITTGRAF: My understanding is there's now a
13 substantive, roughly \$4 billion extension of unemployment
14 compensation benefits, supplemental appropriation that's
15 moving, but that's wholly separate from what we're talking
16 about here.

17 MR. BOEHM: Right. That's wholly separate, that's
18 true. And there -- I don't know that there will be an
19 attempt to, for example, to second-play the apply.

20 You can find pretty much what the President is
21 asking for, for this additional supplemental for Fiscal Year
22 '93, in the message that he submitted to Congress in the

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1 beginning of April that included our figures for the coming
2 fiscal year.

3 I mean, the typical arrangement is for the
4 President's budget for the future fiscal year to contain any
5 adjustments -- and there almost always are some in any given
6 year, and especially in a year when you have administrations
7 change -- but also includes FY '93 changes as part of that.
8 So that's --

9 MR. WITTGRAF: But, in fact, there are two
10 different proposals --

11 MR. BOEHM: Exactly.

12 MR. WITTGRAF: -- moving forward at this time?

13 MR. BOEHM: Right. Right. And they're -- they
14 will probably take that up shortly, deciding what they are
15 going to do or not do. But nobody knows for sure.

16 I've talked to a lot of staffers, both sides of the
17 aisle, Senate and House, and nobody knows for sure exactly
18 what they're going to do with it. There are a lot of
19 compelling items in there, but they --

20 MR. WITTGRAF: But we don't know that reprogramming
21 request is part of either of those proposals.

22 MR. BOEHM: Not yet -- I mean, because they haven't

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1 really taken it up or marked it up, or gone through the
2 process. Right now -- we're not clearly part of the
3 President's, but that would -- we wouldn't normally be
4 anyway.

5 I mean, there always are, at the end of these
6 spending bills, sections of, in effect, technical
7 adjustments, changes in authority, shifting between lines,
8 where it requires congressional approval.

9 And as we noted before on this, because this line,
10 the law school clinical program, was a separate line in our
11 budget for FY '93, it wasn't just in the conference report.
12 It wasn't subsumed under M&A, management and administration,
13 line, that's the reason we have to get the same level of
14 authority to change it, namely to go through a full
15 Appropriations Committee bill process.

16 MR. WITTGRAF: Okay. Thank you.

17 Thank you, Mr. Chairman.

18 CHAIRMAN UDDO: Kenneth, if you don't know, maybe
19 someone here can tell us -- when do those grants usually go
20 out, the law school grants?

21 MR. BOEHM: Typically, we've gotten them out, I
22 believe, in June -- July.

1 CHAIRMAN UDDO: Were the decisions made in June,
2 and the money goes out in July?

3 MR. BOEHM: Right.

4 MR. RICHARDSON: The money can go out later.

5 MR. BOEHM: Right. Because what there is, is once
6 the awards are made, there is a 30-day comment period. And
7 usually the awards aren't made until either July or first of
8 August, and then it's for actually the next school year.

9 CHAIRMAN UDDO: So it would be the '93-'94 academic
10 year?

11 MR. BOEHM: That's correct.

12 CHAIRMAN UDDO: Okay. And we have another meeting
13 before June, before that decision would ordinarily be made.
14 So we have at least one more meeting to see where we stand
15 and consider what to do.

16 In other words, we're not facing a crunch period
17 quite yet, because nothing is supposed to happen in May with
18 respect to those grants.

19 MR. BOEHM: It doesn't have to, and we're not held
20 to that.

21 And David and I just talked and said -- and we've
22 also heard from the Senate Appropriations Committee, and

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1 actually there's two or three items there.

2 One is, as we mentioned at the last Board meeting,
3 we may not have a full hearing before the Senate
4 Appropriations Committee this year. We've been told that
5 that's a distinct possibility.

6 Typically that -- if we did have one, that would be
7 in May. That's not to say we can't communicate with them,
8 and we do have requests for some meetings in the works there.

9 They have requested any additional information on
10 reauthorization -- oh, not "reauthorization" -- on
11 supplemental requests through the staff there. We have
12 already sent them our FY '94 budget requests, and we're going
13 to get them additional letters shortly further supporting
14 that. So we're on track with the Senate.

15 Now, the Senate would take up this measure after
16 the House, but we want to make sure that they're also aware
17 of what our request is.

18 CHAIRMAN UDDO: Okay. And then with respect to
19 these grants, we don't need to do anything to interfere with
20 the process, because nothing is going to happen, at least
21 until June, because I wouldn't want the grants to be made
22 until we've had a chance to see what is going to happen with

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1 this. Okay?

2 MR. BOEHM: Right. And just one other complicating
3 factor, because they make it complicated: We may be in a
4 situation -- and this really makes the case for holding off a
5 little bit.

6 We may be in a situation where we do get favorable
7 action from the House. They put it in; it's not really
8 viewed as controversial.

9 And in sounding out what's going to happen in the
10 Senate, we're well on our way. And I don't think we'd want
11 to lock ourselves in with "drop dead" date. Instead, be a
12 little more flexible and see what the wishes of the House and
13 Senate are going to be.

14 CHAIRMAN UDDO: Well, obviously, if the House
15 reports it out favorable, we're going to have to hold off ont
16 he grants until we see what happens. We could make the
17 grants, and the money might not be there if we're not
18 careful.

19 So, you know, I think -- and then you guys would
20 have to put up the money, so we're not going to do that. But
21 we have at least more meeting before we face anything
22 critical like that.

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1 Thank you, Ken.

2 MR. BOEHM: Thanks.

3 CHAIRMAN UDDO: David, you can go ahead and return
4 to what you were saying. I hate to interrupt, but I wanted
5 to get that in at the appropriate point.

6 MR. RICHARDSON: That's okay. We'll go back to
7 page 20, and we'll look at C2, the supplemental field
8 programs. There is a budget there of \$1,193,000. Expended
9 to date, it is \$966,000.

10 Going to page 2 and the support for delivery of
11 legal assistance, the total budget is \$20,981,000, spent is
12 \$16,998,000, with a balance of \$3,982,000.

13 When we look down into A1, the regional training
14 centers, total budget is \$770,000. Expended to date, it is
15 \$447,000. That money, again, along with the others, except
16 where I've noted before, is earmarked for particular
17 programs, and those programs are month-to-month at this
18 point.

19 The National Resource Training Center, there's been
20 no money expended at this point from that line.

21 In the National Support Center, the budget of
22 \$8,399,000, we have spent \$7,131,000. The balance, being

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1 \$1.267, is, again, mainly from month-to-month funding.

2 State support programs are \$9,760 budget -- excuse
3 me, \$9,760,000 budget. We've spent \$8,038,000 to date.

4 Clearinghouse -- the \$985,000 has been totally
5 expended.

6 CALR Program -- the \$616,397 has been spent to
7 date.

8 That will conclude basically the field programs,
9 with the exception of the Board initiatives. And, of course,
10 we're still working with the competition and grants there.
11 And that's under 3C.

12 For the Board initiatives, there's \$1,027,000
13 there. Expended to date, it is basically \$1,000, and that's
14 for travel for the committee to get together. And that is an
15 ongoing process as we do speak.

16 The meritorious grant -- there's \$10,000 there.
17 That is again going back to the Hugo. A few years ago, there
18 was a program in South Carolina that that money is earmarked,
19 and they are still working with an insurance company.

20 They had some structural damage to their building.
21 They're trying to get the insurance company to pay it. At
22 this point, they have not and have refused to. And it's

1 likely that that money will go help that program correct the
2 damage they have. It's my understanding they're working on
3 the problem to correct it.

4 That's basically the report on the grant programs.
5 We can turn to M&A on page 22 and look at the management and
6 administration. The budget for M&A, the \$10,902,000, we've
7 spent -- expended to date at \$4,031,000, so there is a
8 remaining balance of \$6,871,000.

9 If you'd like, we can also return to the next page.
10 You can see the different carryovers we have in each line.
11 Let me refer you to page 25. And this just shows a breakdown
12 of the money has been spent in each of the categories.

13 Compensation -- the total for all the different
14 offices is \$2,280,000.

15 Temporary employee, which we've cut way back at
16 this point is \$22,000, almost \$23,000.

17 The benefits -- we have reduced some of the
18 benefits, as you're aware, and we've spent \$471,000 to date.

19 The consulting, \$329,000 -- the biggest chunk of
20 that, of course, is our monitoring, where we -- they use the
21 consultants there.

22 Your compensation, along with court reporters and

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1 some attorneys' fees, is in the \$37,000 that's in the Board
2 line.

3 The transportation costs, \$178,000.

4 Communications is almost \$40,000.

5 The occupancy costs -- and this includes the --
6 what we've paid to date, and it's offset by the \$20,000 a
7 month that we're receiving from HUD, and it also includes
8 \$30,000 that we did receive from BDM when they were in the
9 executive space.

10 Printing costs is \$31,000 to date.

11 Other operating is \$148,000.

12 The "Other" is the money that has been spent out of
13 the \$46,000 for the Board training materials. And I
14 understand that there is -- will be some additional money
15 spent from that line. There will be a production, if I'm
16 mistaken, of the video in Spanish. And then those materials
17 will be copied and made available, also.

18 You can look back at B and look at the different
19 percentages. We're in good shape basically at this point.
20 It should be around 42 percent. And we have spent, to date,
21 about 37 percent. So we're fine there.

22 Oh, back up to page 23, we had originally told the

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1 Board that we had projected \$300,000 in the grant recoveries
2 and interest income. And to date, we have received basically
3 \$48,000 for grant recoveries, \$76,000 for interest. There's
4 some miscellaneous income that is basically FOIA money, where
5 we sold last year's grant or fact book and those types of
6 items. So, to date, it's \$127,000.

7 CHAIRMAN UDDO: Okay.

8 MR. RICHARDSON: That concludes my report on that
9 particular item.

10 If there are any questions, I'd be glad to try to
11 answer them for you.

12 CHAIRMAN UDDO: Any questions from members of the
13 committee?

14 (No response.)

15 CHAIRMAN UDDO: Members of the Board?

16 Mr. Wittgraf.

17 MR. WITTGRAF: Mr. Chairman.

18 Mr. Wittgraf.

19 MR. WITTGRAF: Thank you, Mr. Chairman.

20 Mr. Richardson, looking, let's say, at the delivery
21 of legal assistance portion, which is obviously, and
22 appropriately, the largest proportion of the budget, where

1 you're projecting -- or where you have, rather, the
2 \$12.25 million of remaining funds, and you indicated that
3 was, in large part, if I understood you, because of
4 month-to-month grantee relationships still, and those are
5 monies that you're expecting to see expended, give or take a
6 \$60,000 contingency, right?

7 MR. RICHARDSON: There are a few other
8 contingencies. There's the 60 in the basic field. There's a
9 little over 100 in the migrant line. And there is
10 approximately 40,000 in the Native American line. And there
11 has been some earmarking; I think there's going to be a trip
12 and some travel in regards to the Native American --

13 MR. WITTGRAF: But, excuse me, the 100,000 in the
14 migrant line is the 100,000 that's the basis for the
15 solicitation that went out?

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

17 MR. WITTGRAF: Yes. Okay. So in a sense, that's
18 committed.

19 MR. RICHARDSON: Yes, sir. Other than that, yes,
20 the rest of the money is basically earmarked.

21 MR. WITTGRAF: I guess what I'm leading up to, if
22 you take any contingency there and take the so-called "other

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1 funds available," the grant recoveries, the interest income,
2 and the miscellaneous income -- and certainly the president
3 should jump in if he's concerned with where I'm headed -- I'm
4 just wondering if, in fact, there are any monies that could
5 be available for innovative and meritorious grants again.

6 On the one hand, it seemed to me that that was a
7 very popular undertaking, essentially giving basic field
8 grant recipients the opportunity to meet a special need or to
9 try a new approach on a one-time basis. And we know that we
10 had many more requests for those funds than we were able to
11 fund.

12 On the other hand, I think we've only disserved
13 ourselves and our grantees through the years by having these
14 large carryovers, which has caused us to be "whipsawed" -- my
15 term at least -- as we were for Fiscal Year '93 because of
16 the prior practice and trying to actually spend down our
17 funds and then leaving people with the wrong assumption that
18 there was a large carryover.

19 And I would like to see the Corporation in the
20 future at least not have a large carryover, not be
21 "whipsawed" perhaps, not that the "whipsawing" was malicious,
22 but it was a fact that happened.

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1 So subject to whatever thoughts the president might
2 have, I am just wondering if there are monies that could be
3 available for Fiscal Year 1993 for innovative and meritorious
4 grants from what you see at the moment as the shape that's
5 developing of the utilization of the FY '93 monies?

6 MR. RICHARDSON: There are certainly monies here.
7 And certainly when we look at the grant recoveries, the
8 \$126,000, that could be done, along with the 60 in the basic
9 and the 100 there. Well, of course, we're getting
10 solicitation for that.

11 The only thing that I would caution, of course, is
12 that we have now received a presidential budget, which is a
13 freeze budget, which gives management and administration
14 \$9,774,000 for next year.

15 CHAIRMAN UDDO: The White has recommended a freeze
16 budget?

17 MR. RICHARDSON: That is correct, sir.

18 MR. WITTGRAF: The White House has recommended a
19 freeze budget.

20 MR. RICHARDSON: If you would --

21 CHAIRMAN UDDO: This White House has recommended a
22 freeze budget?

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1 MR. WITTGRAF: Where have you been, Basile, the
2 last few weeks?

3 CHAIRMAN UDDO: I knew it. I'm just rubbing it in.

4 MR. WITTGRAF: Oh, okay.

5 MR. RICHARDSON: And actually, in looking at this,
6 if anybody wanted to look at the White House budget, it's
7 column one of this attachment, 20 through 25. But I would
8 caution that approach at this point.

9 MR. WITTGRAF: Caution against it.

10 MR. RICHARDSON: Against it, because at this
11 point -- I mean, we have a \$10,800,000 budget this year. And
12 we're looking at the prospects of possibly two rents next
13 year. We really are facing some very hard financial times
14 unless we do get some relief there.

15 MR. WITTGRAF: I think what you say, particularly
16 from your position, makes a great deal of sense. It's
17 probably a question that I'll pursue each time we have the
18 opportunity to meet with you, because I -- for the two
19 reasons I mentioned:

20 One, the virtue, I think, of innovative and
21 meritorious grants.

22 And, two, getting away from these big carryovers,

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1 which I think eventually come back to haunt us, much as they
2 have for this year. But I suspect that your cautious
3 approach is probably well justified at this point in time.

4 MR. RICHARDSON: One of the things that's on the
5 May agenda for A&A is a review of the six months through
6 March with a projection for the final six months at the May
7 meeting. Then we'll have a pretty good idea as to
8 identifying these areas where money is available. And
9 certainly when you see that, I anticipate the question again.

10 MR. WITTGRAF: Perhaps my inquiry is a month early,
11 but at least you stand advised.

12 Thank you, Mr. Richardson and Mr. Chairman.

13 CHAIRMAN UDDO: Thank you.

14 MR. WITTGRAF: And I don't know, perhaps the
15 president would like to say something, too, because he has
16 certainly been left with the burden of a very tight M&A
17 budget.

18 CHAIRMAN UDDO: Do you want to say anything,
19 Mr. President?

20 MR. O'HARA: Thank you, Mr. Chairman.

21 Thank you, Mr. Wittgraf.

22 Yes, I just want to comment on the meritorious and

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1 innovative program. I think it's a -- not only a very
2 worthwhile program, but it's a program that I would hope that
3 in the future this Board and other boards would do it on a
4 regular basis.

5 I think this afternoon, in the forum, you will be
6 hearing from a gentleman from the Legal Aid Foundation in
7 Los Angeles, which happens to have one of the grants.

8 And the preliminary information that I have
9 received on that would indicate that this particular project
10 that's called a "bridge project" has been a huge success in
11 pointing out the need that's out there that this project has
12 identified. And I think that that alone would encourage me
13 to have the Board go for this in the future.

14 But looking at our budget, as we have been doing on
15 almost a daily basis now, we are going to be very prudent in
16 what we do, and we'll come back to the Board on that.

17 Thank you.

18 CHAIRMAN UDDO: Thank you, Mr. President.

19 Any other questions for Mr. Richardson?

20 Yes, Mr. Shumway.

21 MR. SHUMWAY: David, going back to page 24, you
22 said that -- this is a report for the five-month period --

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1 that normally we should -- the figure of expenditure by that
2 time should be something like 42 percent or 37 percent, which
3 is below the 42, and therefore good.

4 Are the expenses in this category roughly equal per
5 month, or will there be some come due at the end of fiscal
6 year that will bring us up to the 100 percent level? Or can
7 we anticipate some savings here?

8 MR. RICHARDSON: Certainly we'll be able to answer
9 your question much more thoroughly next month. But to give
10 you a preliminary understanding, there are currently expenses
11 that we pay that are not here.

12 For instance, our unemployment compensation is
13 quarterly. To give you an idea of what that has done, last
14 we paid unemployment compensation, 3.5 percent of the first
15 \$8,000 of every person that works in the D.C. area's
16 unemployment.

17 This year it's -- I think it's 4.5 on the first
18 \$9,000. So they went up two-fold; they went up on the on the
19 percentage, and they went up on the base. So we have that.

20 We have the Worker's Compensation, those that may
21 be on disability; and we do have a couple of those that have
22 been on for a time. We will get that bill in August. So

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1 there are expenses coming later in the year that will raise
2 that percentage.

3 However, in talking with some of the directors,
4 they do feel that there may be some carryover in their
5 particular offices. But again, I think we'll have a better
6 picture in May, where we can discuss that further.

7 CHAIRMAN UDDO: Thank you, Mr. Shumway.

8 Any other questions for Mr. Richardson?

9 MR. WITTGRAF: If I understood his response to
10 Mr. Shumway's question, Mr. Chairman, it's better to look
11 probably in quarterly increments rather than monthly
12 increments, at the spending, particularly under the M&A
13 categories; is that a fair conclusion?

14 MR. RICHARDSON: It would be -- well, to an extent.
15 Of course, the reason, when you say that, our first quarter
16 in the fiscal year is October through December. The
17 unemployment is basically negligible at that point. So it
18 really starts with January through March, March through
19 December.

20 So your biggest quarter for spending, as far as
21 those particular items, is the first and second quarter,
22 mainly the first quarter. And then when you look at the

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1 federal disability, that comes in August, so that's once a
2 year.

3 MR. WITTGRAF: But quarterly increments would be a
4 truer indication of what we're spending than monthly
5 increments?

6 MR. RICHARDSON: Yes, sir, I do believe that.

7 MR. WITTGRAF: Thank you.

8 And thank you, Mr. Chairman.

9 MR. SHUMWAY: What I was looking for in that regard
10 -- of course, those are expenses that we really cannot avoid,
11 we can't do anything about. But I know there's been an
12 austerity program that's been in place just among us and the
13 staff.

14 And if there's any indication that that is having
15 some positive results, it probably is too early to really
16 assess that. But that was why I asked the question.

17 MR. RICHARDSON: There is, and since we did talk
18 about the other austerity program a little bit, we have had
19 14 staff members leave between October 1st and as of last
20 Monday. Of those, there have been two, I believe, that have
21 been replaced.

22 So we are down 12 in the Corporation, so that the

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1 austerly program -- we are seeing some savings, particularly
2 in salaries and benefits because of those people who have not
3 been replaced.

4 MR. WITTGRAF: And the Board, doing its part, got
5 rid of one of its members, too.

6 (Laughter)

7 CHAIRMAN UDDO: Any other questions for
8 Mr. Richardson?

9 (No response.)

10 CHAIRMAN UDDO: Thank you, David.

11 That completes our published agenda. Is there any
12 concern of members of the committee or Board that they would
13 like to bring to the attention of the committee at this time?

14 (No response.)

15 CHAIRMAN UDDO: Hearing none, I'll entertain a
16 motion to adjourn the meeting.

17 M O T I O N

18 MS. LOVE: So moved.

19 CHAIRMAN UDDO: Moved by Ms. Love.

20 MS. WOLBECK: Second.

21 CHAIRMAN UDDO: It has to be seconded by
22 Ms. Wolbeck.

1 All those in favor of approving the agenda, signify
2 by saying aye.

3 (Chorus of ayes.)

4 CHAIRMAN UDDO: It's unanimous. The meeting is
5 adjourned.

6 Thank you.

7 (Whereupon, at 1;25 p.m., the meeting of the Board
8 of Directors Audit and Appropriations Committee was
9 adjourned.)

10

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