

LEGAL SERVICES CORPORATION
BOARD OF DIRECTORS

TELEPHONIC MEETING OF THE
FINANCE COMMITTEE

OPEN SESSION

Monday, August 20, 2012

4:05 p.m.

Legal Services Corporation
3333 K Street, N.W.
Washington, D.C. 20007

COMMITTEE MEMBERS PRESENT ON TELEPHONE:

Robert J. Grey Jr., Chairperson (present in person)
Sharon L. Browne
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 (present in person)

OTHER BOARD MEMBERS PRESENT:

Charles N.W. Keckler (present in person)
Laurie Mikva

STAFF AND PUBLIC PRESENT IN THE CORPORATION'S OFFICES:

James J. Sandman, President

Richard L. Sloane, Special Assistant to the President

Rebecca Fertig, Special Assistant to the President

Kathleen McNamara, Executive Assistant to the
President

Victor M. Fortuno, Vice President for Legal Affairs,
General Counsel, and Corporate Secretary

Katherine Ward, Executive Assistant, Office of Legal
Affairs

David L. Richardson, Comptroller and Treasurer, Office
of Financial and Administrative Services

Jeffrey E. Schanz, Inspector General

Laurie Tarantowicz, Assistant Inspector General and
Legal Counsel, Office of the Inspector General

David Maddox, Assistant Inspector General for
Management and Evaluation, Office of the
Inspector General

Carl Rauscher, Director of Media Relations, Office of
Government Relations and Public Affairs

Elizabeth Arledge, Communications Manager, Office of
Government Relations and Public Affairs

Treefa Aziz, Government Affairs Representative, Office
of Government Relations and Public Affairs

Don Saunders, National Legal Aid and Defender
Association (NLADA)

Ann Carmichael, American Bar Association Standing
Committee on Legal Aid and Indigent Defendants
(SCLAID)

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

2 (4:05 p.m.)

3 CHAIRMAN GREY: I'd like to call the Finance
4 Committee to order, based on the notice that there
5 would be a meeting today, August 20th, at 4:00 Eastern
6 Daylight time.

7 I would like to acknowledge that we have a
8 quorum assembled for the committee meeting, and that
9 this is an open meeting. And I would ask that there be
10 a motion to approve the agenda to begin the meeting.

11 M O T I O N

12 FATHER PIUS: So moved.

13 MS. BROWNE: I'll second.

14 CHAIRMAN GREY: Thank you. Without objection,
15 the agenda is approved.

16 It is our goal to consider and act on the FY
17 2014 budget request, identifying a target for us to
18 consider. We've had a number of discussions about that
19 in the past. We've had a couple meetings about it,
20 both Committee and Board.

21 And we asked on more than one occasion for the
22 staff to assist us in analyzing the data related to the

1 thoughtful discussion and an appropriate request based
2 on the population that we serve and the work that we
3 have been charged to undertake.

4 And they have responded on a number of
5 occasions, but there were further questions at the
6 board meeting. So to get us started, I'm going to ask
7 Jim Sandman if he would summarize and bring together
8 our questions, our discussion, and sort of help us
9 crystallize our thinking around this so that we might
10 have a thoughtful deliberation about moving forward for
11 2014.

12 PRESIDENT SANDMAN: Thank you, Robert.
13 Management's recommendation is that the Corporation
14 seek funding in fiscal year '14 at a level between
15 470- and \$490 million. Our recommendation is driven
16 primarily by the increase in the size of the population
17 financially eligible for service at LSC-funded
18 programs.

19 We project that between now, 2012, and 2014,
20 there will be an increase in the size of the eligible
21 population of 2.34 percent. We estimate that the
22 increase since 2007, the last year before the recession

1 began, will be 32 percent, 32 percent between 2007 and
2 2014.

3 I think it's important to bear in mind the
4 level of poverty that we're talking about. Currently,
5 to qualify for service at an LSC-funded program, a
6 typical individual can't have income of more than
7 \$13,963 per year, and a family of four can't have
8 income of more than \$28,813.

9 As the materials we circulated on Friday show,
10 the ratio of legal aid lawyers to the eligible
11 population is declining at LSC-funded programs. If we
12 were to get back -- try to get back -- to the 2007
13 ratio of lawyers to eligible population, that would
14 suggest a total budget for LSC in fiscal year '14 of
15 \$472.1 million.

16 That number assumes that all of the increase
17 in basic field funding would go to hire lawyers and
18 that there would be no increase in support staff to go
19 along with those lawyers. If we were to assume that
20 support staff were to be increased to maintain the same
21 ratio of staff to lawyers as existed in 2007, that
22 would lead you to a number of about \$560 million.

1 We think it's important to bear in mind that
2 the redistribution of funding because of the
3 relocations of the private population will hit some
4 programs very hard. We've laid those figures out in a
5 prior memo.

6 We also anticipate that non-LSC funding will,
7 on average, be no better than flat. Non-LSC funding
8 was down 2.2 percent last year for the programs that
9 LSC funds. Based on the information we have to date
10 this year, we don't have any reason to believe that
11 that number is going to go up.

12 A few other relevant data points. The
13 Corporation's request for fiscal year '13, the number
14 that the Committee and the Board agreed on a year ago,
15 was \$470 million. In light of the increase in the
16 private population, we don't believe that the
17 Corporation's request for fiscal '14 should be any less
18 than that.

19 LSC is the backbone of the civil legal
20 services system in the United States. I think it's
21 important to keep in mind that the President asked for
22 450 million in fiscal year '11, and the poverty

1 population has only increased since then.

2 The increase that we recommend is commensurate
3 with the increase in the projected poverty population,
4 the 2.34 percent increase that I mentioned, between
5 2012 and 2014. That would put you at a number of about
6 \$481 million.

7 I'd be happy to answer questions.

8 CHAIRMAN GREY: Thank you, Jim.

9 In your consideration, as you walked through
10 this, it sounds like you kind of went backwards and
11 forwards and then brought it back full circle again.
12 Could you talk a little bit about the political
13 consideration? Does this get us past what everybody
14 likes to refer as the red face test?

15 PRESIDENT SANDMAN: I think it does. I think
16 it's important to emphasize that the number that we're
17 recommending is not a number that we believe is
18 sufficient to close or narrow the justice gap
19 considerably, and political reality is definitely a
20 factor in the number that we recommend.

21 And I think there are two audiences that we
22 need to keep in mind. One is Congress; the other is

1 the Office of Management and Budget, which will advise
2 the President on what the President's request should
3 be.

4 The President's request in his budget is very
5 significant. I don't think it's any accident that,
6 this year, the Senate Appropriations Committee voted to
7 fund LSC next year at \$402 million, which was exactly
8 the number that the President recommended in his
9 budget.

10 So I think we need to have a number that is
11 credible, or at least puts us in a credible discussion
12 position, with both the Office of Management and Budget
13 and with our appropriators on Capitol Hill. And I
14 think a number in the range that I've mentioned does
15 that.

16 CHAIRMAN GREY: John?

17 MR. LEVI: I just want to remind
18 everybody -- incidentally, I think Jim and the staff
19 here, you've done a great job of pulling a lot of
20 information together for us at a level that we have not
21 previously seen. I think it's very helpful to all of
22 us.

1 I want to remind everybody that a few years
2 ago, the board that we succeeded had pending a \$516
3 million budget request. That, of course, was based on
4 a slightly different methodology. It was a
5 presumed -- I think it was a part of a five-year plan
6 to get to full funding, what was regarded as full.

7 We then came in and said, well, we were going
8 to renew that, which we did our first year. Certainly
9 the conditions in the country have deteriorated in
10 terms of the population we serve even significantly
11 beyond the years in which we put those numbers up. If
12 you think back to when Frank Strickland's board put up
13 516, the poverty population was in the 50 millions, not
14 in the 60.

15 I'm not saying we should go with the 560,
16 which is also what Jim's analysis about what would we
17 look like if we went to 2007 levels, but certainly,
18 something in the range that Management is proposing.
19 Certainly we shouldn't be retreating from our position
20 that we took last year, and I think we have to, in my
21 view, increase it some based on what's happened.

22 We have a growing poverty population. We hear

1 now also from the field that the other sources of
2 funding are dropping. We know this. SO I feel that we
3 do have two roles. We wear lots of hats as
4 not-for-profit board members.

5 CHAIRMAN GREY: Yes. Yes, it would be nice if
6 all we had to do is wear two hats.

7 MR. LEVI: That's right.

8 CHAIRMAN GREY: But we've got a lot of hats.
9 And I think that it takes -- I think the responsibility
10 is to balance and consider all those aspects in coming
11 up with a recommendation.

12 Questions or comments from board members on
13 the phone?

14 MS. BROWNE: This is Sharon. I've got a
15 question for Jim. You've mentioned a projection, say,
16 of between 470 and 490. Is it possible -- and I don't
17 know if this is possible -- if we assume that we're
18 taking the 481 figure, which is the 2.34 percent
19 increase, is it possible to break it down as to what
20 would be basic field grants, TIG, the LRAP, management,
21 and the Office of the Inspector General, how the money
22 would be allocated?

1 And then, once you answer that, I have a
2 second question. But I'll ask that second one later.

3 MR. LEVI: I think the answer is they're going
4 to give you that in a second here.

5 PRESIDENT SANDMAN: We did break that down in
6 our request for fiscal '13, and the breakdown is on
7 page 2 of my memo of July 13. So if we were to go to
8 481, there would be some tweaking in these numbers.
9 But this gives you a very good indication of what the
10 relative allocations would be to each of the five lines
11 in our budget.

12 MR. LEVI: What page is that?

13 PRESIDENT SANDMAN: It's page 2 of the memo.

14 MS. BROWNE: That brings up to 470. But what
15 if we increased it up to the 481? Would it mostly be
16 in basic field, or would it be in TIG or LRAP or
17 management, or how would that increase be distributed?

18 MR. LEVI: It would be the same.

19 PRESIDENT SANDMAN: It would be --

20 MR. LEVI: It would all be field, basically,
21 wouldn't it?

22 PRESIDENT SANDMAN: I believe it would

1 all -- yes. It would all be basic field, which I think
2 is the right place to put it.

3 MS. BROWNE: Thank you. And I have to agree
4 with John and with Robert. I think the staff has done
5 a tremendous job in providing us with the information.

6 In your comments, Jim, you mentioned the
7 number of attorneys have increased as well as the
8 support staff for our grantees have also decreased.
9 And this is just -- I think I'm just confused.

10 In your August 16, 2012 memo, you mention that
11 in 2007, which seems to be our benchmark that we're
12 using, there were 4,300 full-time-equivalent attorneys.

13 And this is in the third paragraph, in 2007.

14 PRESIDENT SANDMAN: Yes.

15 MS. BROWNE: And when I was looking at your
16 July 24th memo, on page 2 it seemed to have a different
17 number of full-time attorneys, 3,920. And I imagine
18 there's some nuances there that I'm just not familiar
19 with.

20 PRESIDENT SANDMAN: I believe the difference
21 is the difference between full-time and
22 full-time-equivalent lawyers. And you're looking

1 at -- yes. That's the difference. Page 2 of my memo
2 of July 24th was full-time attorneys.

3 Full-time-equivalent lawyers adds to that
4 number part-time lawyers and accumulates them to equate
5 to full-time people. So full-time-equivalent lawyers
6 is always more than full-time lawyers. That was a
7 great catch.

8 MS. BROWNE: But it makes sense with your
9 explanation, is that the full-time-equivalents includes
10 combining the part-time attorneys as well. So that's a
11 great explanation. Thank you.

12 And then I know NLADA said that there was a 13
13 percent decrease in support staff, but I didn't see
14 that number listed in your August 16th memo. I just
15 noticed that there is definitely a decrease in the
16 support personnel. And so that could be a help.

17 PRESIDENT SANDMAN: There is definitely a
18 decrease in support personnel. I think NLADA may have
19 been looking at the results of the survey that we did
20 back in December of last year. We now have more
21 current information, so I was laying out the most
22 recent information we have, which wasn't available to

1 NLADA at the time they did their memo in June.

2 MS. BROWNE: And again, let me just say I
3 really appreciate all the work the staff has done, and
4 you, Jim, on the 2014 budget request information.

5 MR. LEVI: And Sharon, we rely on you to catch
6 those --

7 PRESIDENT SANDMAN: You should be a judge,
8 Sharon.

9 (Laughter.)

10 MS. BROWNE: No. I don't think so.

11 CHAIRMAN GREY: Martha, are you on?

12 DEAN MINOW: Yes.

13 CHAIRMAN GREY: Oh, good. Did you hear any of
14 that discussion?

15 DEAN MINOW: Yes, I did, thank you. I'm sorry
16 I was late.

17 CHAIRMAN GREY: It's timely. And we had a
18 summary earlier by Jim of the various questions and
19 memos and discussions that we had prior to this
20 occasion, and Jim gave us that summary. And then
21 Sharon, I guess, when you got on had started asking
22 questions about it, and that brings us current.

1 And I continued with the request of board
2 members on the phone, if they have questions and
3 comments.

4 PROFESSOR KECKLER: Jim, one of the things
5 that I appreciated -- a lot of these figures are very
6 useful. One of the things that I appreciated that you
7 talked about, and that I think the Committee may want
8 to think more about is the ratio of attorneys that you
9 talked about in the past per eligible client, because I
10 think that gets to a slightly different, and in my view
11 improved, concept for the budget request based on
12 service level of maintaining service levels of the
13 past.

14 It could be current services. It could be of
15 a few years prior, depending on the way that you
16 conceive it. But I think that that has some stronger
17 appeal to me. When you look at the graph that's
18 usually provided of the history of the budget request
19 that we have versus the Smithsonian and the FBI, you
20 can see that for many years, LSC did in fact get its
21 budget request, and that starting around '06, '07,
22 before we got here, there starts to get to be a

1 divergence for us that other people don't have.

2 I can't attribute it to anything specifically.

3 But what brought up this idea is that when we came in,
4 the concept of this budget, the concept as it was
5 presented, was based on an ideal. It wasn't based on
6 current services. It wasn't based on past service
7 levels. It was based on a constructed ideal that was
8 gradually going to be reached by gradually increasing
9 the budget request.

10 And you can say, well, there was political
11 issues, there was economic issues, and so on. But for
12 whatever reason, that budget concept, quite apart from
13 the specific budget request, did not fly. It did not
14 convince people to go along with that idea. And so our
15 request as a Board started to diverge from actual
16 appropriations.

17 So you might want to think about -- the
18 Committee may want to consider that and recenter the
19 idea on current services -- or services of a few years
20 prior if you don't want to take the 348
21 level -- services in the prior years.

22 And I think that might be -- I'm not sure what

1 the budget concept was before '06/'07. But that idea,
2 that idea that led us originally to a 516 number, from
3 which we've gradually gone back, it's not been an
4 effective appropriations, effective in appropriations.

5 So I'm hesitant to -- there's still sort of an
6 echo in our budget request. There's sort of an echo of
7 that 516 number still hanging over it, and I don't
8 think it was helpful. That's my view.

9 MR. LEVI: Well, in terms of the current work
10 that's been done this year and last year, I don't think
11 the 516 has -- that figure has not had much relevance
12 except as an historic fact.

13 PROFESSOR KECKLER: Right. The only thing I'm
14 saying --

15 MR. LEVI: What we're looking at is the
16 2007 --

17 PROFESSOR KECKLER: Right. And I'm
18 saying -- by echo, I really mean something
19 truly -- that we had this 516 number. For the first
20 year, we didn't want to go back from it, so we gave
21 that again.

22 MR. LEVI: Right. Yes.

1 PROFESSOR KECKLER: So then we had another
2 number, and we didn't want to go too far back from 516.
3 So it's still sort of centered our view, a little bit.

4 CHAIRMAN GREY: Well, let me say this. What I
5 think has been good about the Board and the discussion
6 has been a constant movement toward that which is
7 relevant to the work that LSC does. The budget has to
8 be related to work and the people that are necessary to
9 get the work done.

10 I think every time we have gone over this, and
11 it gets refined as we go along, we look more to -- and
12 I think it's because the Board has asked Management to
13 do this. And credit to you and Sharon and others who
14 have basically said, look. I get that. I know where
15 we've been. But the reality today is, what is it going
16 to take to get the job done?

17 And that's a very powerful question because as
18 you ask that question and see the level of need that is
19 out there, your tendency is to say, you know what?

20 There is not enough to take care of the increased need.

21 And so let's talk about what it is that's going to be
22 necessary for us to fulfill the mission and the goals

1 and objectives of this organization.

2 And the questions that have been asked of
3 Management have been more centered on that, and I think
4 have allowed us to really understand, one, the issue of
5 what it takes to serve this population. But it also
6 gave us a tool that I think others in Congress thought
7 positively about, and that is called leverage; that
8 when you get a dollar, a federal dollar, it is
9 leveraged significantly in an effort to -- not in an
10 effort; in our support of those who are the objects of
11 our services.

12 It persuaded me that what we do with what we
13 have is a lot, and we could do more if we had more.
14 But at some point, that leverage becomes less than
15 optimal, and we've operated in that regard for a long
16 time.

17 And I think we have a fiduciary responsibility
18 to tell Congress, you can't leverage but so much when
19 you have an increased need and less dollars. They work
20 in inverse proportion.

21 So I think we've come around to a much
22 more -- and I think in a collegial way -- thoughtful

1 approach to how we ask for this number. And I think
2 that when I talk about the red face test, my idea is
3 that you can go to the Office of Management and Budget.
4 You can go to the Budget Committee of the Congress.
5 You can talk to the constituencies that we serve.

6 And we can make a very strong case for why, in
7 the reality of today, this number is a fair objective
8 approach and not just a political, or giving away the
9 ship, so to speak, at the same time.

10 MS. BROWNE: Robert, I agree that we've put a
11 lot more thought into our budget request. And I think
12 we need to continue with that.

13 CHAIRMAN GREY: Yes.

14 MS. BROWNE: I can also see what Charles is
15 concerned about, and I think he has made some really
16 good and constructive thoughts about our budget
17 process.

18 And when you do take a look on page 9 of the
19 August 16th memo that we received, you can see that the
20 amount that LSC has requested and the amount that was
21 appropriated are significantly different when you take
22 a look at the way the Smithsonian received its budget

1 and the FBI received its budget.

2 So I think there just might be -- we can make
3 an argument that's true, and the argument that we make
4 for our funding is right on. But there seems to be
5 quite a bit of discrepancy between what we're
6 requesting and what we're receiving.

7 I think that's what Charles is getting at.
8 Why is there such a discrepancy in what we're
9 requesting and what we're receiving versus what the
10 Smithsonian is requesting and what they're receiving?
11 And I think that's a good point to consider.

12 PROFESSOR KECKLER: Let me clarify that, if I
13 might, Sharon.

14 MS. BROWNE: I'm sorry. I didn't mean to put
15 words in your mouth.

16 PROFESSOR KECKLER: No. But to say here I
17 think that the discussion -- I think there's an issue
18 about ways that the budget is prepared. Last time we
19 did sort of a back-of-the-envelope calculation off the
20 420 number, and the increase in the poverty population,
21 I think, comes out in the 460 range. And if you wanted
22 to talk about cost of living or inflation, it would

1 come out even closer to Management's request.

2 But I guess the issue is, there's different
3 views -- and I've only realized this after a couple of
4 years of serving on the Board -- different views out
5 there about whether a discrepancy is a good thing or a
6 bad thing. Right?

7 And some people have different intuitions
8 about that. Some people have an intuition that
9 discrepancy is a good thing. It lays out the need,
10 which is real, and it somehow spurs or encourages and
11 highlights the gap. Right? It's sort of like
12 physically, there's physically a gap between our
13 appropriation and our request. So there's a gap. We
14 can talk about a justice gap. There it is, in one
15 aspect of it, in a chart.

16 So some people think a discrepancy is good.
17 My intuitions have always been the opposite way, that a
18 discrepancy is not a good thing and that if we are
19 somewhat aligned -- I mean, a little bit more than
20 Congress would give, but somewhat aligned -- it makes
21 us more credible with the appropriators and encourages
22 a stability or a guideline increase over time,

1 stability in funding, stability of services for our
2 grantees, and credibility with our appropriators that
3 we're conscious of a balanced need for budget control
4 and their limitations on their capacity to give. And
5 we're thinking about them as we're doing our budget
6 request.

7 So people have different intuitions about
8 that, and that drives -- one of the things that when
9 I -- it's because my intuition about whether a
10 discrepancy is good is different than other people.

11 DEAN MINOW: Well, this is Martha. This is
12 Martha, and I think it's a really constructive and good
13 discussion. And we really are in a different place
14 than we were a year ago. It's a much more rigorous
15 analysis, and I really thank Jim for helping us on that
16 as well as members of the Board.

17 I guess I start in a somewhat different place
18 than either talking about discrepancy or talking about
19 existing service levels, and it's where Robert was a
20 minute ago. He was talking about documented need, and
21 so the analogy for me is not the Smithsonian; it's the
22 VA.

1 We have a different kind of demand for the VA
2 when you have swelling numbers of people coming back
3 from serving in the military, and the budget has to
4 reflect that. And we similarly have a different kind
5 of need now with the change in the poverty population,
6 with the enormous explosion of problems in areas where
7 there hadn't been practices like foreclosure. And
8 we've done a really good job, I think, in documenting
9 those problems.

10 And the leverage problem here, there's
11 actually -- as we all know, the risk of closing down
12 offices means the shutting down of any possibility of
13 any services, much less leverage.

14 And we just -- I just have been very sobered
15 in learning from people in the field about how much is
16 not just an additive cutback. That is, it's not just,
17 well, now we've served this number of people fewer.

18 It's actually toppling a system that's been
19 cobbled together to hold together the pro bono, to hold
20 together the way in which there's a cooperative system
21 so that people can do pieces of cases and unbundled
22 cases.

1 And if there isn't the anchor of our grantees,
2 you can't have any of that. So talking a number out of
3 the air is unacceptable. Playing a mind game about,
4 well, if we go this high, then maybe they'll go this
5 low -- I'm not for any of that. I just am -- I'm for
6 straight shooting. What is the need? And that's what
7 I think that we're offered here with the memo.

8 CHAIRMAN GREY: I said board members. But
9 Allan and Bob, if you have thoughts or comments, this
10 is also your time to talk as well.

11 MR. TANENBAUM: This is Alan. And being the
12 newest member of the Finance Committee, I mean, I have
13 my own intuitive views of the crisis out there. But
14 based on the information that's submitted, it is
15 compelling.

16 It is more than justified in terms of
17 justifying the number. And I think that anything less
18 than the number proposed is not defensible the way
19 we're presenting the argument. We have the findings.
20 We know the need. We know the metrics, and the number
21 flows from that to a large degree.

22 I think the piece that -- I don't know where

1 this piece fits into the process. But the risk of real
2 closure of offices is very significant in the rural
3 parts of the country. The urban grantees, they've got
4 a better ability to supplement the funding. The
5 urban -- I mean, the rural grantees don't because they
6 just don't have a base of private sector that's come
7 forward, or that's willing to come forward.

8 And that risk to rural America is huge. If we
9 go in with a different number, we're saying, this is a
10 number now that will hopefully maintain the status quo
11 if we can get it. If you do anything lower than that,
12 I think it questions your whole argument.

13 CHAIRMAN GREY: Okay.

14 MR. HENLEY: Yes, Robert. This is Bob. I
15 would agree with that. I think Management's done an
16 excellent job, and I really see both sides of the
17 argument in terms of the budget pressures across the
18 board and the increasing need on the other hand.

19 I think we talked about this early on, that
20 the amount -- it the amount that we're talking about
21 that Management has recommended makes a lot of sense.
22 And I think that part of the message -- and we're able

1 to serve, I don't know what it is, one out of three
2 people.

3 There's a large unmet need out there still.
4 We recognize that's -- we make that point along with
5 the request, and I think that's what makes the most
6 sense in the circumstances.

7 CHAIRMAN GREY: Thank you.

8 FATHER PIUS: Robert, this is Father Pius.
9 Just to add my two cents or two million cents or
10 whatever, thinking about the need level, part of what I
11 think about, too, is that the federal government is, of
12 course, a player in this. I don't think any of
13 our -- or very few, if any, of our -- grantees are 100
14 percent funded by the LSC. We always assume that this
15 is a mix of things.

16 So even when we determine what the need might
17 be or reducing the gap, the civil justice gap, we
18 always remember, even if we can figure out what that
19 total of dealings would need to be, we should keep in
20 mind that the federal government's portion should only
21 be a portion of that, and that we think about that as
22 we're doing the states.

1 And part of our thinking, too, I think, is
2 that the states' share of that has unfortunately been
3 going down lately, a lot. So not only is there greater
4 need, but the portion that's being contributed by the
5 states has been significantly reduced.

6 I think that makes a part of the way we
7 approach this with the federal government to make them
8 aware that unless the states are willing to increase
9 their share, if we want to even maintain previous
10 levels of service, that the federal government is going
11 to have to increase its share, just even to maintain.

12 The other problem with that, too -- and even
13 thinking about if we do this, assuming there's an
14 attorney per eligible client ratio, is that even
15 looking at the poll or the results of the surveys of
16 the grantees that we've done is that most of our
17 grantees have frozen salaries or reduced salaries over
18 the grantees, or a huge share of them have.

19 So increasing in funds isn't going to increase
20 lawyers in the near term, I don't think. Increasing
21 funds is going to just try to get lawyer salaries back
22 onto par that have stagnated for the last three years

1 because of some of these budget cuts. And so any
2 increase in funds to up the lawyer FTE numbers is just
3 going to be even much larger than that.

4 So as everyone is saying, everything is
5 pointing to a much larger number, but a larger number
6 that is so large that it is simply politically
7 unpalatable. So the question is, whatever number we
8 determine what the need is, is that number is going to
9 be too much for Congress to swallow.

10 Even if we just assume it's the federal
11 government's share, even if we assume it's to maintain
12 services, it's still going to be a number too big for
13 the federal government to swallow.

14 And even with some prompting on my part, the
15 NLADA has admitted that these political considerations
16 are necessary. Everybody does it. We try to come up
17 with a politically palatable number, something that is
18 within the realm of possibility.

19 So I think there's general agreement that
20 there needs to be -- we need to reflect in our budget
21 request there's an increase because it reflects both
22 the decreased support that legal services is getting

1 from the states as well as the increased need. That
2 increase will never cover what the actual need is, but
3 it needs to be something.

4 And I think, from my point of view,
5 Management's range is a good range. It
6 suggests -- it's well thought out, and I'm certainly
7 supportive of something in that range.

8 CHAIRMAN GREY: Let's do this. Since we have,
9 I think, some agreement that we've done a better job on
10 the analysis -- and Jim, I think you answered
11 everything that we asked of staff in terms of helping
12 us come through a thoughtful approach and analysis of
13 this matter -- your recommendation as a group suggests
14 that we should be between 470 and 490; and if we take a
15 more linear approach to the increased population, that
16 we would be in the 480 range.

17 And for purposes of discussion, is there any
18 support among the Committee for recommending a number
19 close to the number proposed by the staff in the 480?

20 MR. LEVI: Why don't I just -- do you want to
21 move?

22 CHAIRMAN GREY: Well, I want to ask the

1 Committee if they will consider that.

2 MS. BROWNE: Let me make sure I understand.

3 You're asking the Committee to consider a
4 recommendation to the Board in the range of 480
5 million --

6 CHAIRMAN GREY: Yes.

7 MS. BROWNE: -- which would reflect the 2.34
8 percent that Management or that Jim mentioned earlier.
9 Is that correct?

10 CHAIRMAN GREY: Correct.

11 MS. BROWNE: Okay.

12 MR. TANENBAUM: Well, this is Allan. I'll
13 make a motion that the Committee recommend to the Board
14 481, based on the analysis that we have, if that's what
15 the proper protocol is.

16 CHAIRMAN GREY: Not quite, but close.

17 (Laughter.)

18 MR. TANENBAUM: I told you I was the newest
19 member.

20 CHAIRMAN GREY: Well, listen. Here's where we
21 are. We've got -- the members of the Board now have to
22 consider the work of all the comments, including yours.

1 And I think the number on the table is 481 for us to
2 consider.

3 And my question is: Have we done the
4 analysis? Are we ready to talk about 481? And if we
5 are, I'd ask the board members to give me their
6 thoughts about it as a specific number.

7 MR. LEVI: I don't think there's ever going to
8 be -- look. There's no perfect world.

9 CHAIRMAN GREY: Sorry?

10 MR. LEVI: There's no perfect world here. I
11 think we have a good, solid management team. They've
12 done a lot of analysis here. There are lots of
13 different ways of looking at this. In some respects,
14 this number is a nod to all the voices. But it has a
15 real analytical basis, and I believe we ought to
16 support.

17 CHAIRMAN GREY: IS that a motion?

18 MR. LEVI: Well, now, we asked you wanted a
19 motion a minute ago. So it's a comment. I'm happy to
20 make the motion, but it's a comment.

21 CHAIRMAN GREY: It's a comment. It's not a
22 motion.

1 DEAN MINOW: Robert, you said that Allan's
2 motion was almost. What is the proper motion?

3 CHAIRMAN GREY: It has to come from a board
4 member.

5 MR. LEVI: He wants a board member to make it.

6 M O T I O N

7 DEAN MINOW: Okay. I will so move.

8 FATHER PIUS: This is Father Pius. I'll
9 second it.

10 CHAIRMAN GREY: The motion has been moved and
11 properly seconded. Discussion?

12 MS. MIKVA: Robert, this is Laurie. This is
13 still -- when you say board, you mean committee board?

14 CHAIRMAN GREY: Committee board. That's
15 correct.

16 MS. MIKVA: Okay. Thanks.

17 CHAIRMAN GREY: Discussion both from the
18 public and from the board, I would call for.

19 FATHER PIUS: Not from the public yet. Wait
20 till the discussion's over.

21 DEAN MINOW: Let's finish the Board's
22 discussion. Yes.

1 MS. MIKVA: Well, I would agree with John. I
2 think this is a middle ground. If it were up to me,
3 the number would be much higher. But I can see all of
4 the arguments, and Management has a good basis for
5 coming at this number, although it is obviously way
6 inadequate to meet the need. And I think it's where
7 the Board should go.

8 CHAIRMAN GREY: We'll hear public discussion
9 after the vote. I'm getting some nods here and there.

10 FATHER PIUS: This is Father Pius. This is
11 the number I was thinking, 480 even, just because I
12 like round numbers. But 481 is fine. This is the kind
13 of number I was thinking.

14 I think it's in line with our previous
15 request. I think it reflects some of the increase in
16 need. And it's cognizant of the fact that there is
17 great political uncertainty, at least for the next
18 three months.

19 MS. BROWNE: And this is Sharon. I will go
20 along with the 481 number. But I've got to just
21 mention how uncomfortable I am when we're facing such
22 economic distress in all areas of the economy.

1 And I don't think LSC should be required to be
2 the only support for aid to eligible clients. I think
3 it has to come from the states. I think it has to come
4 from the local governments, as well as the federal
5 government in partnership.

6 And the 481 number certainly can be justified.
7 But it's a number that is high, in my estimation. But
8 I can go along with it.

9 DEAN MINOW: It's Martha, and I really respect
10 all of the things that you're saying. And I think that
11 some states will be able to contribute more. But
12 sadly, other states just really can't.

13 And so what this analysis, I think, does is it
14 kind of acknowledges harsh realities. If I had my
15 choice, I would also be asking for more. But I am very
16 mindful of the considerations that many members of the
17 Board have raised, and also the context that we're in.

18 And that explains not going as high as I myself would
19 go.

20 CHAIRMAN GREY: Thank you. Comment? Public
21 comment?

22 FATHER PIUS: No public comment yet. We

1 should vote first.

2 CHAIRMAN GREY: Well, we've got -- Father,
3 I've consulted counsel, and I feel more comfortable to
4 allow public comment at this point. But Robert's Rules
5 of Order doesn't cover the LSC.

6 FATHER PIUS: All right.

7 MR. LEVI: Is that Robert Grey's Rules of
8 Order?

9 CHAIRMAN GREY: No, no, no.

10 (Laughter.)

11 CHAIRMAN GREY: That's good, John.

12 So for a period of a couple minutes, let's see
13 if there is any other comment on the discussion so far.

14 MR. SAUNDERS: Mr. Chairman, this is Don
15 Saunders, NLADA. And I'll be much briefer than two
16 minutes. I just wanted to thank you on behalf of all
17 of us at NLADA and in the field for all the hard work
18 that you have done as a Committee, the support each and
19 every one of you has shown for the program.

20 We're particularly appreciative of
21 Management's really wonderful work in refining the
22 justifications to present to the Congress, and really

1 just wanted to support the Management recommendation.
2 Obviously, we would like to see it higher, but we
3 understand the constraints you're operating under.

4 And again, just a word of thanks for all your
5 work and commitment.

6 CHAIRMAN GREY: Don, thank you --

7 MS. CARMICHAEL: Chairman Grey?

8 CHAIRMAN GREY: Yes?

9 MS. CARMICHAEL: This is Ann Carmichael from
10 the ABA. And I wanted to echo everything that Don
11 said. We very much appreciate all the hard work that
12 the Committee and everyone has put into considering the
13 number, and know that that's a very difficult task; and
14 do appreciate your recognizing that while the need is
15 very great and continues to escalate, in order to
16 achieve long-term stability for the program, it's very
17 important that we don't forget that right now Congress
18 is in a very difficult budget environment.

19 And so acknowledging that and not aiming too
20 high, I think, will help us in the long term beyond FY
21 '14, make sure that no matter who's in office, LSC can
22 achieve long-term stability.

1 CHAIRMAN GREY: Thank you.

2 Anyone else?

3 (No response.)

4 CHAIRMAN GREY: Hearing none, the motion
5 before the Committee is the budget request for 481.
6 All those in favor of the motion please signify by
7 saying aye.

8 (A chorus of ayes.)

9 CHAIRMAN GREY: Opposed, no.

10 (No response.)

11 CHAIRMAN GREY: The motion's adopted.

12 Any other business to be brought before the
13 Committee?

14 MR. LEVI: We do need to -- I guess this will
15 wait after. But for the board members, we'll need to
16 schedule a Board call, I guess. Is that right?
17 Because you need a number.

18 CHAIRMAN GREY: John just mentioned the fact
19 that this now has to go to the Board. And so the next
20 order of business, then, would be to establish a board
21 meeting for the Board to consider the number.

22 MR. LEVI: In advance of -- I think we

1 apparently cannot wait until North Carolina, is what
2 I'm told.

3 CHAIRMAN GREY: So we'll do that as soon as we
4 can put together a quorum, John. How about that?

5 MR. LEVI: All right.

6 CHAIRMAN GREY: If there is no other business,
7 I'd entertain a motion to adjourn.

8 M O T I O N

9 FATHER PIUS: So moved.

10 DEAN MINOW: Second.

11 MR. LEVI: Thank you. Thank you all.

12 CHAIRMAN GREY: Thank you all.

13 (Whereupon, at 4:55 p.m., the Finance
14 Committee was adjourned.)

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