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LEGAL SERVICES CORPORATION

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MEETING OF THE BOARD OF DIRECTORS

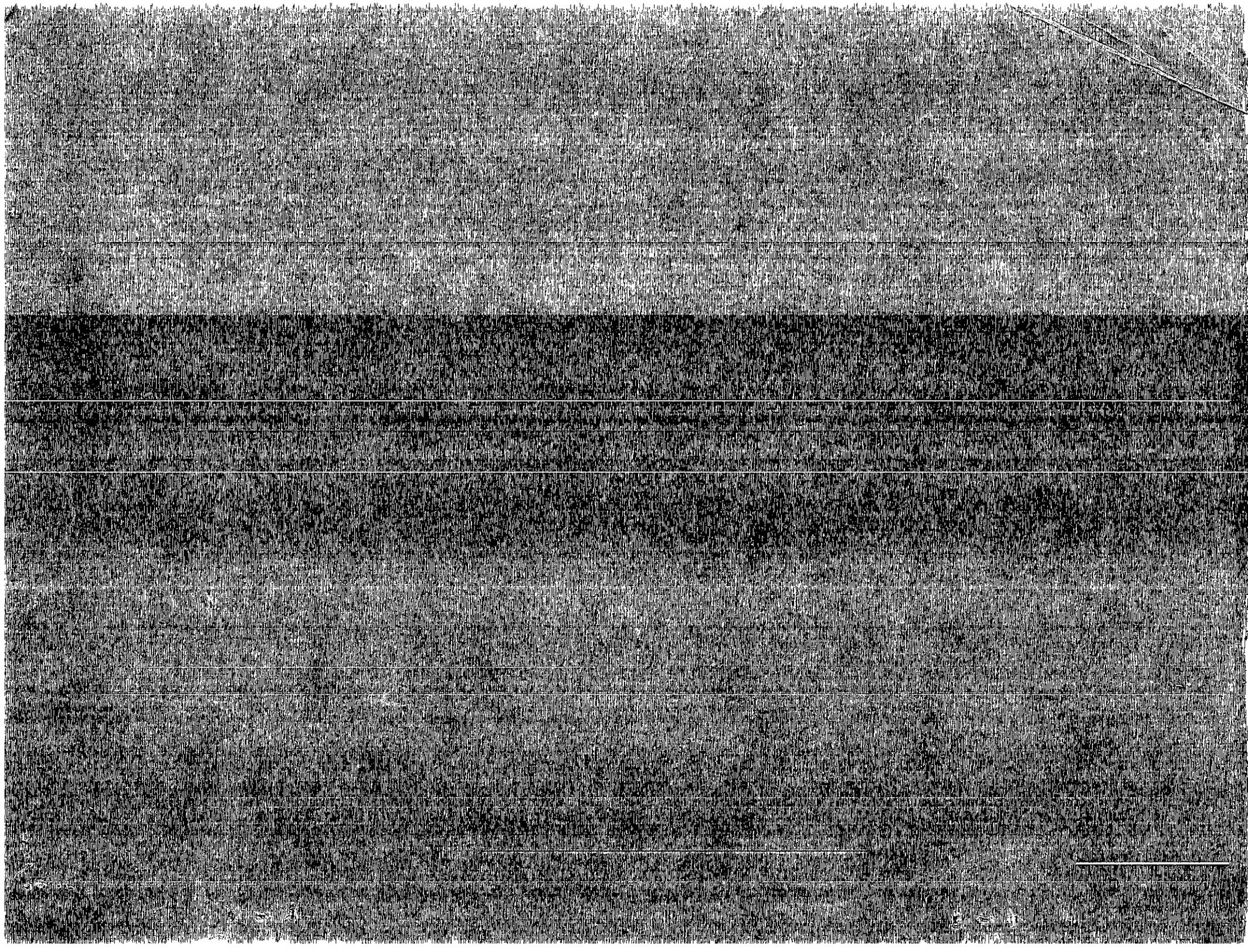
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MARVIN CENTER
GEORGE WASHINGTON UNIVERSITY
WASHINGTON, D.C.

The meeting of the Legal Services Corporation's Board of Directors convened at 9:05 a.m., on December 1, 1978, pursuant to notice, Hillary Rodham, Chairman, presiding.

The following Directors were present:

- HILLARY RODHAM, CHAIRMAN
- J. MELVILLE BROUGHTON, JR.
- ROGER C. CRAMTON
- STEVEN L. ENGELBERG
- CECILIA D. ESQUER
- ROBERT J. KUTAK
- GLEE S. SMITH, JR.
- GLENN C. STOPHEL
- RICHARD TRUDELL
- JOSEPHINE WORTHY
- THOMAS EHRLICH, ex officio



1 LEGAL SERVICES CORPORATION

2 - - -

3 MEETING OF THE BOARD OF DIRECTORS

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25 NEAL R. GROSS

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ALSO PRESENT:

E. CLINTON BAMBERGER, JR., Executive Vice President

FRANCIS HENNIGAN

FABIO de LaTORRE

CLINT LYONS

OTHER MEMBERS OF THE CORPORATION STAFF

REPRESENTATIVES OF THE PUBLIC

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P R O C E E D I N G S

1
2 CHAIRMAN RODHAM: Good morning. Everyone is here
3 who is going to be here, neither Mel Broughton or Revius
4 Ortique will be here today.

ADOPTION OF THE AGENDA

5
6 CHAIRMAN RODHAM: Can we have the agenda as set
7 forth in tentative form in the book we have all received --
8 there will be in addition to this tentative agenda, an
9 Executive Committee meeting during lunch to discuss personnel
10 matters that was unanimously approved by the Board, and I
11 would like to add that. I do not know exactly where it will
12 fit on the agenda because I do not know how far we will get
13 before we have lunch.

14 The actual having of the meeting will occur during
15 lunch.

16 Could we have a motion to adopt the agenda?

17 MR. SMITH: I move we adopt the agenda including
18 the addition of the Executive session during the lunch hour.

19 MR. TRUDELL: Second.

20 CHAIRMAN RODHAM: All those in favor of adopting
21 the agenda, please signify by saying aye.

22 [Chorus of ayes.]

23 CHAIRMAN RODHAM: Any opposed?

24 [No response.]

25 CHAIRMAN RODHAM: We will move to the first item on

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1 the agenda as adopted, which is the approval of minutes
2 of October 19th and 20th.

3 APPROVAL OF MINUTES OF OCTOBER 19-20, 1978 MEETING

4 CHAIRMAN RODHAM: Roger, I read them and I could
5 not find any punctuation or grammatical mistakes, but I bet
6 you did, so let's hear them.

7 MR. CRAMTON: I have no corrections.

8 CHAIRMAN RODHAM: Does anyone else have any
9 corrections or additions to the minutes? Is there a motion
10 that they be adopted?

11 MR. CRAMTON: I suggest a staff conspiracy here.

12 CHAIRMAN RODHAM: I bet they spent a week
13 proofreading. I was so disappointed.

14 MR. KUTAK: I so move them.

15 MR. ENGELBERG: Second.

16 CHAIRMAN RODHAM: All those in favor?

17 [Chorus of ayes.]

18 CHAIRMAN RODHAM: All those opposed?

19 MR. CRAMTON: Excuse me, there is one, on page
20 five, the word "Committee" is misspelled.

21 MR. EHRLICH: We put that in precisely to see
22 whether you would catch it.

23 CHAIRMAN RODHAM: With the change and correction
24 in taking out the third "t" in "Committee," on page five,
25 any other additions or corrections?

1 [No response.]

2 CHAIRMAN RODHAM: The minutes will stand as
3 corrected.

4 The first Committee report will be that of the
5 Appropriations and Audit Committee.

6 Glen?

7 STATUS OF THE ANNUAL AUDIT FOR FISCAL YEAR 1978

8 MR. STOPHEL: Yes, Madame Chairman.

9 The first item on our agenda is the presentation
10 of the annual audit. As the Board members are probably aware,
11 we have a statutory duty to have our books and records
12 audited annually by an independent certified public accounting
13 firm. This year again that firm is Price Waterhouse and
14 Company, and they have presented today, and each of you have
15 had delivered to you a final report.

16 We have today with us two representatives of the
17 firm of Price Waterhouse and Company, Mr. Bill Waushire,
18 who is the partner in charge of our audit, and Mr. Joe Kallas,
19 who has been the audit manager. They are available to answer
20 questions if any Board member has a question.

21 As Chairman of our Committee, I have met with them
22 subsequent to the final preparation of the audit report, in
23 addition to which they were at our last Committee meeting and
24 we discussed matters related to the audit.

25 The opinion which appears on the first page of the

1 report is what is known as a clean opinion, it has no
2 exceptions nor subject to provisions.

3 The carry over items of fund balances which are
4 set forth in the footnotes to the audit report will appear
5 on the schedules we will be looking at in a few minutes,
6 because they do tie in. Out of a \$16 million fund balance
7 carry over, I believe there was \$224 difference, but it is
8 very insignificant in view of the amount of funds.

9 In discussing the financial accounting of our
10 Corporation, we have asked the auditors to comment on any
11 problems they see with grantee audits, because, of course,
12 this is where most of our funds are spent, not here in the
13 Corporation's activities, but rather in the grantee activities.

14 They do review those audit reports. We should
15 point out that the audit reports of grantees that are reviewed
16 are typically for a year preceding the one in which they are
17 reviewed, in other words, a report that would be reviewed
18 this year by our auditors would be a year old at the time
19 they review it.

20 I have been considering what we could do as far as
21 having that more current or in some way having our internal
22 auditing staff be able to pursue any problems quickly and
23 promptly upon discovery, and also to encourage the grantees
24 to select those auditors who are adept and current, and very
25 professional in their approach to auditing.

1 The Committee has no further comments on the report.
2 Does any Board member have a question or would you like to
3 ask the auditors a question?

4 If not, I would move that we accept the audit
5 and financial statements.

6 CHAIRMAN RODHAM: Is there a second?

7 MR. ENGELBERG: Second.

8 CHAIRMAN RODHAM: Any questions?

9 [No response.]

10 CHAIRMAN RODHAM: All those in favor, please signify
11 by saying aye.

12 [Chorus of ayes.]

13 CHAIRMAN RODHAM: All opposed?

14 [No response.]

15 CHAIRMAN RODHAM: The audit and financial statements
16 are approved unanimously.

17 MR. KUTAK: Just as a matter of curiosity, there are
18 no pending suits against the Corporation?

19 MR. STOPHEL: I am not aware of any.

20 Mr. President, do we have any pending law suits that
21 affect the Corporation?

22 MR. EHRLICH: There are some pending.

23 MR. BAMBERGER: There are some, they are minor,
24 they would not affect our financial position.

25 MR. KUTAK: That is why there is nothing in the

1 footnotes?

2 MR. KALLAS: We do not consider those significant
3 and that is why we do not mention them.

4 MR. KUTAK: It is such a standard item.

5 MR. KALLAS: Everyone has a law suit.

6 MR. de la TORRE: I would like to take an opportunity
7 to express the appreciation that I have to the staff who
8 did all the work. My name has been brought out and I do
9 have that kind of qualified staff.

10 I left the Corporation for some time, and the work
11 has been done. I think they deserve all the credit.

12 CHAIRMAN RODHAM: Why don't you introduce each one
13 of your staff people?

14 MR. de la TORRE: This is Charles White, who is the
15 Senior Accountant, and Henry Thompson who is the Budget
16 Officer, in the Comptroller's Office.

17 CHAIRMAN RODHAM: We join you in thanking each one
18 of them very much for the excellent work that the Comptroller's
19 Office does not only with respect to the auditing, but with
20 respect to everything else that we have, and that goes for
21 you, too, Fabio, don't exclude yourself or be so modest.

22 Mr. Stophel, what is the next item on your Committee
23 report?

24 MR. STOPHEL: I will ask Mr. Hennigan to help us
25 out.

1 REVIEW OF THE PRELIMINARY CONSOLIDATED OPERATING
2 BUDGET FOR FISCAL YEAR 1979

3 MR. STOPHEL: You have received the next item, which
4 includes a review of the preliminary consolidated operating
5 budget for 1979, which is our current fiscal year. We have
6 gone through some reallocations, as the Board will recall,
7 including the reduction in the direct expense categories. The
8 staff has responded to those requests of the Board and has
9 for your review, the final consolidated operating budget with
10 the date of November 29th, just finished yesterday.

11 The one item that we perhaps should note in the
12 carry over of funds from the 1978 to the 1979, the last
13 column, column (4) on that sheet, represents the carry over
14 balances. You will notice it totals, on the second page,
15 \$12,113,766, for the various categories set forth.

16 Clint, do either you or Buck have any comments on
17 the carry over balances?

18 MR. HENNIGAN: I would only note that the amount of
19 balances ties directly to the designated balances in the audit
20 report, and the report of expenses ties directly to the
21 Comptroller's summary of expenditures for the period ending
22 September 30th.

23 The figures are essentially accurate. Approximately
24 \$9,000,000 of the balances forward are in grants and contracts
25 and are effectively pre-designated for use.

1 Approximately \$2.6 million is in the form of direct
2 expense balances forward. The allocations of those have been
3 considered by the Appropriations and Audit Committee and the
4 Board since September, and are reflected in the 1979 and also
5 in the 1979 columns of the 1980 budget.

6 MR. STOPHEL: Does anybody have a question about
7 the carry over balances? We discussed those at our last
8 Board meeting, I believe.

9 [No response.]

10 MR. STOPHEL: The next item in your packet of
11 materials is the status of fiscal 1978 balances and proposed
12 allocations, which gives a further breakdown of some of these
13 carry overs.

14 The third item in your packet is "Summary,
15 Consolidated Operating Budget, Fiscal Year 1979." I think we
16 might move to it, since it is the budget under which we will
17 be operating during this fiscal year, subject to any
18 reallocations by the Board, and we might look at that briefly,
19 if you have not had an opportunity to do so, to see where the
20 funds are budgeted to be spent.

21 You will notice the summary page, which is the first
22 page, shows the proposed allocation of appropriations, then
23 the balance forward from the previous fiscal year, which again
24 ties back in to our audit report.

25 The investment income, which is \$2,000,000, is

1 allocated for this year. Estimated other income is basically
2 pro bono services directed to the Corporation. I might note
3 this is not pro bono to the grantees or any part of those
4 programs. It is basically pro bono services to the Corporation.

5 The preliminary consolidated operating budget totals
6 \$284,000,000.

7 The pages which follow that are a breakdown of those
8 amounts of funds.

9 Again, I would ask the staff members whether they
10 have any comments on any part of this allocation as to how the
11 \$2.2 million was taken out or anything else.

12 MR. HENNIGAN: First I would mention the allocation
13 of appropriation column is very close to the 1979 columns that
14 we have considered in developing the 1980 budget recommendations
15 with the Board. There are some slight changes to reflect the
16 shift several weeks ago from estimates to actual figures on
17 annualized levels for grant programs. There are some slight
18 differences that developed through the year.

19 MR. KUTAK: Buck, excuse me, are you working at this
20 memorandum?

21 MR. HENNIGAN: I am sorry. The document I am working
22 from is labeled "Summary Consolidated Operating Budget, Fiscal
23 Year 1979."

24 There were three documents. One was the final
25 version of the 1978 budget, another was a report on status of

1 balances, and then finally, the summary, consolidated operating
2 budget for fiscal year 1979.

3 MR. KUTAK: It is in this packet?

4 MR. HENNIGAN: Yes, it is the last item in the
5 packet.

6 To repeat briefly, the column labeled "Proposed
7 Allocation of Appropriation" is quite consistent with what
8 you have been considering, with the exception of shifting from
9 estimates to actual figures for annualized levels for grant
10 programs and to take into account the \$2.2 million reduction,
11 which the Board moved at its October 19th meeting.

12 The effect of that reduction in 1978 was felt in
13 1979 mainly by a further increase in the program improvement
14 category, because the funds are annualized -- I am sorry, the
15 effect is felt in the program improvement category because the
16 funds are moved there. They also move as annualized funds
17 in 1980.

18 The program support category stands out because of
19 the rather large amounts taken out there in training and the
20 fact that portion of the budget by itself is not mixed up
21 with a lot of other things, for example, field services.

22 The management and administration amount was also
23 done somewhat as a result of those changes. We absorbed them
24 generally, as indicated to the Board and the Appropriations
25 and Audit Committee, in the memorandum we supplied. There is

1 one exception.

2 There are some inquiries being made into the future
3 of the Commerce Clearinghouse contract with the Poverty Law
4 Reporter, which is an item of VI, Program Support, which
5 appears at page five of the details of this budget, at the
6 very bottom, where you are showing an estimate of \$400,000 of
7 appropriated funds and the balances forward from 1978 of
8 \$160,000.

9 The allocation of those amounts may change in the
10 next several weeks, and will be taken up with the Appropriation
11 and Audit Committee at its next meeting, as to any reallocation
12 as decisions are made on that activity.

13 Other than that, I have nothing significant to report
14 that has not been before the Committee or Board before.

15 Are there any questions I have not addressed,
16 Mr. Stophel?

17 MR. STOPHEL: I think you might fill us in on the
18 cost variation study, because this was something that was
19 discussed in our allocations. The Board will recall that we
20 had several presentations, and the fact that we should
21 recognize the differences in the cost of operating programs
22 in various geographical locations.

23 Footnote one in this particular item mentions the
24 rural telephone and travel funds that we have allocated and
25 then annualized.

1 I think we might have a brief report on the status
2 of our cost variation study.

3 MR. HENNIGAN: This study was in effect a contract
4 in the amount of \$125,000 with a firm called Contract
5 Research, Incorporated, in Belmont, Massachusetts.

6 The principal purpose of the study is to develop
7 an index or a set of indexes, something like a cost of living
8 index, to adjust grant levels to reflect community and
9 regional size or differences in the cost of doing legal
10 business, in other words, do the prices of lawyers and legal
11 overhead costs vary from region to region in the country, and
12 do they vary from small towns to large metropolitan areas.

13 It involved a nationwide process of collecting data
14 on salary and overhead costs on private firms and public
15 agencies, there were 152 sample sites and there have been
16 2,432 separate contacts, to select data.

17 We applied the collected data on salaries and
18 overhead costs to what we call a Legal Services allocation
19 model, which is simply an idealized percentage distribution of
20 salary and overhead costs that we developed from staffing
21 patterns and budgets that are provided to us from our grantees
22 in their grant applications.

23 Having run the data through that model, so to speak,
24 we then had the contractor apply a variety of standard
25 analytical, statistical type needs, to develop the indices,

1 which would, in effect, measure whatever variations occur.

2 In addition, the contract called for guidelines and
3 efficient updating procedures.

4 The study is basically complete, except for
5 production of a final report and a review of the data
6 collected, with a program director whose program areas include
7 sample sites.

8 The purpose of the data review is to identify any
9 serious discrepancies in the data, where a project director
10 said, no one pays a salary that high or that low in this area,
11 I know that, in which case, the contractor will look into the
12 situation and in any case, make the final judgment on data
13 validity.

14 There is a problem of whether the study is complete,
15 which I will come to in a minute.

16 Basically, at this point, the study concludes that
17 cost variation indices could be used in a framework or a set
18 of boxes and matrix, which down one side, has three classi-
19 fications of communities, cities over 200,000, cities from
20 10,000 to 199,000, in standard metropolitan statistical areas,
21 and then all locations outside standard metropolitan
22 statistical areas.

23 Going across the top, it is apparent that California
24 is a distinct cost region in the legal industry. Then the
25 question is whether we treat the rest of the country in effect

1 as one region, or break it into parts, such as North Central,
2 West, South, and Northeast, which are the basic frames of the
3 study.

4 In any case, within that framework, the current
5 indices that have been developed suggest that in California,
6 in locations over 200,000, it costs roughly 123.4 percent
7 of the base 100, to do legal business. In other words, if
8 you are setting up a firm in California, plan to spend
9 roughly 23.4 cents more on the dollar than whatever the norm
10 is in the country.

11 In the next tier of cities, 10,000 to 199,000, in
12 California, the index is 114. It only drops below 100, the
13 norm, in California, for locations below 10,000 and outside
14 SMSA's. It then goes to 98.9, which is statistically, rather
15 close to 100.

16 For the other regions, the drop is significant, for
17 reasons I will explain shortly; as a combined North Central/West
18 region, the cities over 200,000 come in only at 105. In the
19 South, the large cities come in at 107.7, and in the North West,
20 105.5.

21 I should note the differences of that kind in the
22 sample of this size are rather meaningless. They are
23 essentially identical numbers.

24 At the next tier, cities 10,000 to 199,000 in
25 standard metropolitan statistical areas, for North Central/West,

1 the reading is 102.6. For the South and Northwest, they drop
2 below 100, to 97.8 in the South, and 95.1 in the Northwest.

3 For cities outside standard metropolitan
4 statistical areas, basically small cities and very small
5 towns, all the indices are below 100. I mentioned California
6 was 98.9, the North Central/West combination was 89.7, the
7 South is 92.8, and the Northwest is 87.1.

8 In effect, in smaller areas, it suggests that if you
9 are setting up an office, you will pay somewhat less than the
10 norm of 100 to do your business.

11 The results of the study are roughly along the line
12 you would anticipate, at least we have been able to assign
13 measures to that expectation.

14 As I have mentioned, California stands alone. The
15 difficulty is, when you take California separately in this
16 study, the validity of the sample for California taken alone
17 is rather marginal. When you remove California from the
18 Western states because of the large population in California,
19 you badly undercut the validity of the Western sample. That
20 is why we have had to combine the West, except California,
21 with the North Central states, to form one index region.

22 That region included most of the country west of
23 the Ohio and Mississippi, and probably is too large to be
24 acceptable, I think, for adjustment purposes. If I were a
25 program, I would find difficulty in being included in a land

1 mass that size.

2 On the other hand, if we leave California in the
3 Western region, which allows us to treat the West separately,
4 apart from North Central, you get a very strong upward bias
5 in the Western region. As you know, the population of
6 California is larger than the population of all the other
7 states combined in that region, and that pushes it up that way.

8 The solution to the problem of how to deal with
9 California and in effect, to reconstitute the West, except for
10 California, is to spend about \$15,000 more to do further
11 sampling and data collection in both California and the
12 Western states. That would take about two months to do the
13 data collection and to regenerate the indices.

14 My recommendation, and I think this needs to be
15 further discussed within the staff, but my recommendation to
16 the President and other senior staff would be to extend the
17 study up to the \$15,000 cost to improve the data, the indices,
18 and the potential acceptability of their application.

19 The adjustment is not going to be applied in 1979,
20 because of the movement back from \$304,000,000 to \$270,000,000,
21 and therefore, any further work on the study will not delay
22 present allocation plans.

23 A number of other issues have come up in the course
24 of the study, particularly as we look at access factors, rural
25 adjustments and the rest. I think thinking is beginning to

1 develop within the Corporation staff and the Program Advisory
2 group, that in the long run, a single shot cost variation
3 adjustment may not be desirable, that it may be better to look
4 at variations and cost as one among several factors to weigh
5 in developing a mixture of adjustments, of which some things
6 offset others. A good deal of analytical work outside the
7 study remains to be done there.

8 Furthermore, we do have a problem with state-wide
9 programs, excuse me, or non-state-wides that have large areas.
10 Some of these pay a uniform salary scale, yet they have
11 communities that cut across the whole matrix that I described
12 to you, from large metropolitan areas to small.

13 When they are all paying the same basic rate, you
14 develop a very complex waiting situation on how you are going
15 to apply a cost variation index that is supposed to take into
16 account variations in cost across geography.

17 We have had a lot of good side benefits from the
18 study. It has considerably accelerated work on our data
19 resources. We have learned a lot about preparing allocation
20 models, which are a necessary analytical tool in a national
21 program.

22 We have a unique set of national data on legal
23 industries' salary and overhead costs. We may ask the
24 contractor to refine some of that data slightly, to prepare
25 some monographs, which I think will of wide interest in the

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1 legal community.

2 I am glad to have the opportunity to make this
3 report. "Cost variation study" has become a catch word, and
4 I am not sure some of you have had a clear sense of what it
5 is about. I hope this has helped somewhat.

6 MR. STOPHEL: This report was delivered after the
7 last Committee meeting, so we are hearing it at the same time
8 you are, and we would be delighted to have response, because I
9 think this is an important part of what is going on in the
10 allocations process.

11 Do you have available the indices that are being
12 used in the study, Buck, that is, what things were left out
13 that we might be interested in knowing about?

14 MR. HENNIGAN: You mean in terms of factors that we
15 could not deal with?

16 MR. STOPHEL: Yes.

17 MR. HENNIGAN: There were some difficult conceptual
18 problems dealing with overhead costs. Some are very hard to
19 measure, certain types of insurance, malpractice costs, and
20 other things. We have had to compress some of those into what
21 we call a composite, and treat them in what we call a constant
22 in the analysis. It means you attempt to measure them, but not
23 unexpectedly, the data ends up giving almost mystical patterns
24 in some cases. It simply makes no sense.

25 It simply says you cannot phrase your question and

1 a respondent cannot read what you are trying to find or the
2 variations are so contingent on a wide variety of variables
3 that you cannot do anything about it.

4 With those, you finally resign and say, we will lump
5 them together and treat them as a constant. We have had to
6 do that in some cases.

7 The net result is that the study, in my judgment, is
8 much more reliable on salary costs than it is on what we would
9 call overhead costs, office space, communications, rent, and
10 that type of thing.

11 Since approximately 75 to 80 percent of our grantee
12 funds go in the form of salary costs, I am fairly comfortable
13 if we come to that conclusion in making an adjustment based
14 essentially on salary.

15 There is another consideration, too. It is apparent
16 that because of the scale of some of our operations, that our
17 overhead costs may not track those of the typical industry,
18 except perhaps for the very large State Attorney General system
19 Again, their overhead is more on the criminal than the civil
20 side.

21 MR. STOPHEL: How do we respond to rural problems,
22 which is another one of the things we have to respond to, if we
23 are using just salaries?

24 MR. HENNIGAN: The tentative thinking on the rural
25 data that we have collected on the industry as a whole is that

1 generally, legal services programs, while they may follow the
2 industry generally, have a large metropolitan area, medium
3 size city, but they do not follow it down to the local rural
4 area.

5 In other words, we probably tend on the average in
6 rural areas to pay a slightly higher scale, or at least in
7 the public sector, there is not much to compare with in rural
8 areas. As you may know, most public positions in rural
9 areas are part-time, at least outside of judicial posts, and
10 many of those are part-time as well.

11 The practical consideration is whether when we
12 develop the indices, and this is a further analytical step of
13 the contractor, which would not cost much, is to strip out
14 many of the small and rural areas as not being relevant to
15 legal services programs, who in effect compete for resources
16 more in the medium and large city market.

17 This is one of the things we are learning about our
18 own program in relation to the industry.

19 Does that address the question?

20 MR. STOPHEL: I suppose the thing we have heard most
21 about is telephone and travel costs in the rural areas, which
22 would be considered an overhead item, I suppose, and is not
23 one of the indices being studied in this cost variation study.

24 Do we have any other study going on that will relate
25 to that particular item?

1 MR. HENNIGAN: The best approach that we have to
2 rural questions now, outside what I described in cost
3 variation, which I think raises more questions than answers,
4 is the special access study consideration of rural access
5 generally. That is on our agenda today in connection with
6 that study.

7 I think the problem in rural is not so much the data,
8 as shaping our questions or our understanding of what rural
9 legal operations really are.

10 MR. CRAMTON: Buck, doesn't looking at rural costs
11 realistically require a dimension that is not part of this
12 study, and that is the lawyer productivity. It seems to me
13 that the lawyer's salary may be the same or less in a rural
14 office because there is a competition for lawyers and lawyer
15 services, it may mean you pay a reduced amount per month or
16 per year. If the lawyer had to spend a lot of time in
17 traveling and the like, in order to reach clients, the number
18 of clients that can be effectively handled in that period of
19 time is going to be less.

20 The expectation is that the lawyer productivity will
21 be less, and therefore the same amount of dollars will reach
22 your clients, the same number of poor people and the same
23 number of means, and you are getting a lower level of service
24 as a result.

25 That is a question that this study does not address

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1 at all. It tells us what we know, and that is you can rent
2 an office or get a lawyer for less in a small town than you
3 can in a metropolitan area, in general. We knew that before.

4 MR. HENNIGAN: As I said, the study simply confirms
5 the expectation and it puts the measure to it. The difficulty
6 is that cost variation adjustments simply deals with
7 differences in prices, really, as well as cost, whereas the
8 interest in the last years, as the program has matured, I
9 think, has been more on the direction of operating adjustments,
10 where, in effect, the resources required to deliver a unit of
11 legal work, however measured, can vary quite differently as a
12 result of geography or other circumstances.

13 The study does not touch to that at all, and that is
14 why, among other reasons that I mentioned, I think the
15 realization is beginning to come that this is an important
16 aspect of looking at adjustments, but perhaps is not something
17 you can do on a single shot across-the-board basis.

18 MR. CRAMTON: It may be that the delivery system
19 study will produce data which will be more helpful in terms of
20 some of the productivity measures being tied in.

21 MR. HENNIGAN: In my judgment, that is correct. This
22 data may ironically tend to be more useful for competitive
23 salary studies and adjustments, which, I suppose, is not so
24 ironic. That is a large part of cost. It is giving us
25 subjective data in that area.

1 MR. STOPHEL: Any question from any other Board
2 member on the cost variation study?

3 [No response.]

4 MR. STOPHEL: In view of the fact that this is what
5 we were referring to as an allocation of our 1979 budget and
6 does respond to the reduction we made in direct costs at the
7 last meeting, it might be appropriate for the Board to
8 actually adopt this allocation. Of course, it is subject to
9 adjustment by the Board through the year as we go into it.

lb

10 I believe it would be appropriate that I move we
11 adopt this allocation of the 1979 budget.

12 MR. ENGELBERG: I will second.

13 MR. CRAMTON: Mr. Stophel, one question; the
14 allocation of the balances forwarded from fiscal year 1978,
15 that is an allocation that is now being proposed for Board
16 approval for the first time, is that correct, that has not
17 been previously approved?

18 MR. STOPHEL: In our last Board meeting, we had
19 estimated figures, which were very close to these. These are
20 just final figures, according to the audit report.

21 Am I correct?

22 MR. HENNIGAN: At the last Board meeting on October
23 19th, in the budget materials then presented, the Board had
24 before it only what were the estimated allocations of direct
25 expense balances forward. That estimated at \$2.8 million.

1 At the meeting of the Appropriations and Audit
2 Committee on November 15th, we had preliminary estimates of
3 the grant and contract balances in the amount of \$9 million as
4 well.

5 As I pointed out earlier, most of the grant contact
6 balances are in effect committed in 1978 or are just simply
7 being spent out. The discretion lay largely with the direct
8 expense, which is why we isolated those earlier and included
9 them in the early budget materials.

10 It is correct that the grant and contract balances
11 have not been before the full Board.

12 MR. STOPHEL: Thank you, I stand corrected. I get
13 these meetings mixed up.

14 Roger, do you have any comments or questions on the
15 allocations, other than direct expenses, or including direct
16 expenses?

17 MR. CRAMTON: I just wanted to ask a question or
18 direct attention to items in direct expenses, in column two.
19 There is an item of \$450,000 under Field Operations (2),
20 Management and Technical Assistance. There is another item
21 of almost \$400,000 on page three under Program Expansion,
22 which is planning for management support of program expansion.
23 Those items total \$800,000.

24 There was concern expressed at the last Board meeting
25 and at several of the Committee meetings about the scale and

1 scope of corporate direct expenditures, and management,
2 administrative programs, and I was unclear as to whether
3 this was a new allocation of approximately \$850,000, which in
4 part makes up for the \$2 million or approximately, that the
5 Board asked to be taken out of direct expenses.

6 MR. HENNIGAN: If I may address that, the first set
7 of funds on page one, under Management and Technical
8 Assistance, are direct expenses by the Corporation, what we
9 call administrative funds. The expansion figure that you
10 referred to on page three, in effect, deals with grant and
11 contract balances.

12 If I may discuss each separately, under Management
13 and Technical Assistance, these figures, \$300,000 of
14 appropriate funds and \$450,000 of balances forward, first to
15 appear at the Appropriations and Audit Committee at its
16 September 28th meeting, and appeared also in the materials
17 that were before the Board at that budget line on October 19th

18 The allocations on the staff side preceded the
19 recommendation on September 28th to reduce the budget by
20 \$2.2 million. We simply have not altered them, Mr. Cramton.

21 If you turn to the expansion funds, we had as
22 footnote six indicates, two sets of expansion balances carried
23 forward. In fiscal year 1978, we set aside an expansion
24 reserve because we thought we might need additional funds
25 to complete a program's balance, where it would be useful to

1 add another county a year early. We ran into a few problems
2 of that kind in 1977. None materialized in 1978, and those
3 funds were not required.

4 In addition, just in the normal process of working
5 out the mathematics of expansion, we did not need \$167,000
6 and some odd dollars of the total \$26 million available. Both
7 of those, since in effect, they are again annualized in the
8 1979 base, represent one time funds. We have set them aside
9 for some of the necessary tasks of launching the expansion
10 program in 1979, particularly the additional added cost of
11 conducting hearings and that kind of thing, where the burden
12 may not only be on the Corporation, but on the people
13 attempting to organize a program.

14 Furthermore, some of those funds can be used in
15 advance of a grant, to help a embryonic program to get off the
16 ground, before its full amount is received.

17 There are two different kinds of money, one, direct
18 expense balances, and as I said, they were first referred to
19 the Committee in September, and then the expansion balances,
20 which were first referred to the Board in this instance.

21 Does that address your concern, sir?

22 MR. CRAMTON: Yes, except we are not going to really
23 pay the expenses of people developing a proposal, are we, it
24 is really the expenses of corporate employees and regional
25 staff in holding these hearings and traveling to them and the

1 like, is that correct?

2 Is it really an additional staff or direct expense
3 item?

4 MR. HENNIGAN: The ones run directly by Corporation
5 staff will be charged off, mainly in the management and
6 administration. If they tend to be inordinately high, we may
7 have to recommend some transfers of balances, but more
8 directly, as you may know, we have to use consultants and
9 other help in doing this. Their cost will be absorbed partly
10 in there.

11 It also may be necessary, and I can perceive this
12 in some cases, where it is certain that things are beginning
13 to move to launch a program, and some funds are required in
14 advance of the grant. We have not had that flexibility in
15 the past. We have in effect had to make the grant with a large
16 amount of start-up costs, and this gives us a little
17 flexibility, I think, to make a partial allocation, subject
18 to everything going through.

19 In fact, as we have discussed previously with the
20 Committee, I believe, we plan in the case of expansion programs
21 to vary the size of their grant initially in relation to their
22 capacity to spend, although at the end of the year, we will
23 bring them to an annualized level of 739.

24 As we move up that spending path, we will probably
25 capture additional one time funds and add them in here, but

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1 they also would be used to strengthen and manage the expansion
2 program. Some training could be financed in this, too.

3 What we are really hoping to use the money for is to
4 do a better job of launching the expansion program, than we
5 did in the past. I think most of the funds here, unless
6 specifically transferred to field operations, is going to
7 other people and Corporation staff.

8 If transfers of that kind would be made, of course,
9 they would be dealt with directly with the Committee, as we
10 normally do in other adjustments.

11 CHAIRMAN RODHAM: Any other questions?

12 MR. TRUDELL: I have some concern about the carry
13 forward in the expansion area, because when you look at page
14 three, the biggest item is Native American, and this has
15 nothing to do with the reporting, but in terms of the staff
16 being continually made aware that expansion monies for Native
17 Americans for 1978 was something like \$1.2 million, and then
18 you come to find out at the end of the fiscal year, there is
19 still \$274,000. I see that has been allocated to Wisconsin,
20 Oklahoma, and Michigan.

21 MR. HENNIGAN: That is correct.

22 MR. TRUDELL: My concern is that in taking a
23 considerable length of time to get that money out there, has
24 an impact on field services, from the standpoint of those
25 programs in a sense being put in a position where they have to

1 wait and wait and wait to get services. By the time you get
2 those programs operational, what impact is that going to have
3 on the Field Services budget?

4 That is a pretty large figure. I cannot accept
5 whatever problems Field Services is incurring, in terms of
6 getting that money out. It is going to have an impact on
7 whatever monies are made available to Native Americans for
8 the fiscal year 1980, which has not been cited yet.

9 It is a small group of people, yet you look at that
10 particular column of the budget and it is the biggest item.

11 MR. HENNIGAN: Mr. Lyons?

12 MR. LYONS: Mr. Trudell, Field Services did in fact
13 in its last expansion effort, experience some difficulty in
14 getting some of the Native American expansion funds out. It
15 is probably due to the fact that in terms of delivery
16 methodology and in some areas where small clusters of Native
17 Americans existed, for instance, if you had 1,000 Native
18 Americans on Indian reservations and the expansion was going
19 at \$7.39, or around \$7.00, the amount of money was just not
20 sufficient in terms to put a viable delivery mechanism
21 together.

22 Consequently, we just did not know at that point
23 enough about the delivery models for those small numbers of
24 people.

25 Currently, in this year, we are planning to address

1 all of the issues of the delivery problems, of getting monies
2 down to small numbers of people, and drawing on the various
3 models that exist in getting those monies out. Decisions may
4 be made that in effect what we tried to do is build some
5 support units and larger programs and put small programs
6 specifically designed to serve Native Americans around those
7 small clusters of people, but we are programming that money
8 back into the 1979 expansion efforts.

9 The Denver Regional Office is working on a planning
10 process to address the issues of the delivery models and how
11 you get monies out to all of those unserved Native American
12 populations that are so small. The problems of delivery are
13 really very complex, as you know. -

14 MR. TRUDELL: I am aware of what is going on. I
15 guess my concern is that there is still a considerable amount
16 of confusion in terms of the various delivery mechanisms that
17 you people can put together. All I am saying is I would hate
18 to continually see in any budget, such a small program area
19 when as much as 20 percent of its allocation for 1978 is still
20 being in the bank, so to speak.

21 The fact of the matter is if those programs are
22 operational, because when you look at the basic field, with the
23 exception of the migrant area, those two areas are the only one
24 that have not been fully taken care of.

25 It does have an impact on the 1979 allocations for

1 Field Programs, because the program does not exist, yet there
2 was money there to bring those programs into existence.

3 I know you people on working on the population study
4 and it has taken a considerable amount of time to get it
5 completed, and it is holding up the allocation for the 1979
6 expansion monies for Native Americans.

7 I am saying that I hope I for one will not have to
8 continue to come to Committee meetings or Board meetings and
9 still see this area unresolved.

10 MR. LYONS: I do not think that will happen. We do
11 currently have planning efforts going on about how we go about
12 this business of delivery models and the complex issues involved
13 in delivering services. It requires some specialized model.

14 MR. TRUDELL: I think in terms of reverting to
15 a certain extent from the philosophy of "big is better"; that it
16 has an impact on these small clusters of people regardless of
17 if it is 1,000 or less. There are some communities that are
18 larger than 1,000 eligible, or having a large enough population
19 to have a program, but yet there is some foot dragging.

20 I hope it does not continue.

21 CHAIRMAN RODHAM: Any other comments or questions?

22 [No response.]

23 CHAIRMAN RODHAM: Do you want to move on to the next
24 item on the agenda?

25 MR. STOPHEL: There is a motion on the floor.

1 CHAIRMAN RODHAM: As I understand the motion, it
2 is just as to the allocation for the cost variation?

3 MR. STOPHEL: It is to approve the cost allocation
4 for 1979 as presented here.

5 CHAIRMAN RODHAM: All those in favor, please signify
6 by saying aye.

7 [Chorus of ayes.]

8 CHAIRMAN RODHAM: All those opposed?

9 [No response.]

10 CHAIRMAN RODHAM: The motion is carried.

11 MR. STOPHEL: I think we might go out of order just
12 a moment and go over to the financial management improvement
13 program, which we had Mr. de la Torre report briefly on after
14 the Committee meeting. I think it is something that the
15 Board members would be interested in hearing.

16 I would like to ask Mr. de la Torre to come up and
17 explain the kind of things his department is doing for the
18 grantees in the area of financial reporting and financial
19 management, and then we will go into the 1980 budget following
20 that.

21 REPORT ON THE FINANCIAL MANAGEMENT IMPROVEMENT PROGRAM

22 MR. de la TORRE: We have prepared nine planning
23 sessions in the financial management area, and so far we have
24 done seven. I would like to express the appreciation of the
25 proposed office for the Denver, Philadelphia, and Atlanta

1 regions. They have done an excellent job. I think they reflect
2 really, in my humble opinion, what the field directors believe,
3 that we need financial management.

4 I have always concurred with Roger Cramton, with
5 the Board members, that this is really the place where we can
6 get nailed, to say it that way. I have always found that to
7 be the most vulnerable spot. We can discuss it forever with
8 Congress, but 2 plus 2 minus 1 is 3.

9 That is the case, and until I decide to leave the
10 Corporation, if I do so, I will keep fighting that, because
11 I would never accept being called a Washington bureaucrat, I
12 will never be like that, and I know I have the full support
13 of most of the grantees, and they accept what we are doing.

14 I think these training sessions are very helpful.
15 Some of the comments have been very favorable, and others have
16 not. In the long run, I think they will help.

17 That is the first step toward what we call the LC's
18 financial philosophy. We have to stop thinking in terms of the
19 Ma and Pa operation that we inherited from CSA. We are the
20 biggest grant making corporation in the country right now,
21 non-profit corporation. We are bigger than the Ford
22 Foundation now.

23 We have to start behaving like that, what we call
24 the no nonsense, common sense business approach, and we have
25 to do it that way.

1 Thank you.

2 MR. STOPHEL: I think I might comment that the
3 external auditors are independent accountants, and they
4 commented on the activities of our internal audit department
5 of our Comptroller, and being a private practitioner, I can
6 say this, I suppose, lawyers are not traditionally good
7 managers, particularly in the financial end. We just do not
8 do a good job, we are like traveling salesmen, we just do not
9 keep good records sometimes, and the internal audit section
10 of our Comptroller's Office is vitally interested in seeing
11 that our grantees do have good financial recordkeeping, good
12 cash flow management, and the division of responsibilities
13 within financial management so that the same person receiving
14 the funds and disburses the funds does record the funds.

15 The independent accountants made the comment that
16 if there is any area of our financial management that needs
17 beefing up and strengthening, it would be the internal auditors
18 although they are doing an excellent job with the great increase
19 we have had in the number of programs, the workload is more
20 than what would enable us to do the kind of continuing
21 excellent job that we need to do.

22 This is something that the Committee on Appropriation
23 and Audit would be considering, because I, too, consider this
24 essential, and I agree as someone commented, even a \$50,000
25 discrepancy in a \$300 billion operation would not be

1 considered material or significant, but it will become
2 significant if that appears to be a discrepancy in any one of
3 our grantees.

4 I agree with Fabio, that is where we will get nailed,
5 so to speak. I think this is very important and while we
6 are dealing with our Next Steps and dealing with program
7 areas, we must not cut in any way our efforts in the
8 financial management area.

9 Are there any questions of Mr. de la Torre?

10 CHAIRMAN RODHAM: In that regard, what is the
11 notice in some of the decisions made as to how to cut the
12 central budget in order to comply with the Board's directive
13 at the last meeting, what will be the effect of that on your
14 operation and how will that impact on what you hope to
15 accomplish in the next year?

16 MR. de la TORRE: In 1979, we will add two more
17 persons, what we will call the senior audit staff, to our
18 staff. We have four right now. We try to do our best.

19 I would like to clarify a little on what Glenn
20 expressed. The LSC audit and accounting guide provides that
21 the recipients or grantees have to have a certified financial
22 statement within Section 1009(a) of the Act, let's say 90 days
23 after the close of the fiscal year.

24 Normally we have received 90 percent of those in
25 that period, maybe on 120 days. We have planned in the

1 training session, through most of the program directors, that
2 the certified financial statements are not a basic management
3 tool, but it is very nice to have that, but without adequately
4 and timely budget reports, like we do in the Corporation, there
5 is no other way I have ever come across, even Professor
6 Robert Anthony says so, that you can manage a non-profit
7 corporation. You have to manage by budget and control. You
8 cannot wait 12 months, then four more months, and after 16
9 months, have what we call the cookie jar or the shoe box
10 checkbook, and have the CBA come in and reconstruct your
11 records. That does not work.

12 It will work for a small grantee, but we have a lot
13 of grantees right now who really are complying with the LSC
14 audit and accounting guide, and our auditors review the
15 financial statements to see that they are in compliance with
16 the rules and regulations and guidelines in the financial
17 area, and that they are on par with the general accounting
18 principles, and we are basically satisfied with that.

19 I think it is going more in 1980 than in 1979, but
20 we will see. We have to wait. We try to do our best, and
21 those people work very hard.

22 MR. BAMBERGER: I have expressed a concern that
23 those people have a very heavy burden on them.

24 In response to your question, Hillary, I think
25 this training that is being done will alleviate some of the

1 demand on Fabio's staff to go to programs, establish systems,
2 or revamp or remodel systems. I think the training is a more
3 efficient way to address a lot of the technical assistance
4 that he has been giving the programs.

5 I have also said to him, if during the year, he
6 is not able to keep current with reviewing the audits that
7 have come in from the programs, if he is not able to meet
8 demands for help in programs that go beyond sort of simple
9 setting up of systems, then I want to know it, and somehow or
10 the other, we will find a way. I will come back to you and
11 tell you that we do have a problem and we need to meet it.

12 MR. STOPHEL: I assume there is a coordination
13 between the Comptroller's Office with regard to financial
14 matters and the Field Services Office, say in contracts, that
15 is, that we do not just keep renewing contracts despite the
16 fact that somebody is not responding to the requests from
17 the Comptroller's Office.

18 MR. de la TORRE: We have received all the support
19 required, and I keep them posted, I write a memo to them
20 expressing our opinion, for example, in Philadelphia, Denver,
21 and Atlanta, this is the first time Board members and
22 accountants have been brought together to receive training.

23 Ninety-five percent of the program directors and
24 about 75 percent of the Board members, and the chair-person
25 of the other Committee were brought together, and I think it

1 is required. At times, we only see 20 to 40 percent
2 assistance, and we do not appreciate that. The effort is
3 too big and the expense is too big.

4 MR. BAMBERGER: If the regional offices note
5 financial difficulties in the monitoring of reports, they call
6 on Fabio for help. Pat Yogus, the other principal member of
7 the staff who is not here, if he notes in reviewing the
8 auditing reports any discrepancy, he gives a report of that
9 to the Office of Field Services in Washington and to the
10 regional office.

11 MR. STOPHEL: I thought the Board would appreciate
12 knowing about these efforts in the financial management area.

13 CHAIRMAN RODHAM: Very much so, and especially as
14 they feed into our discussions about Next Steps and what we
15 are going to be doing.

16 MR. de la TORRE: Since I have come back to the
17 Corporation, he gave me all the support, and I wanted to
18 express my appreciation, maybe because he did it, but he did
19 the right thing.

20 CHAIRMAN RODHAM: I think that has been really one
21 of our very strong points, not only have we not been nailed,
22 we have not really been criticized at all in that area.

23 MR. STOPHEL: Madame Chairman, the last item on
24 the agenda for our Committee reports, has to do with the
25 draft 1980 budget, and the request to Congress.

1 REVIEW OF THE DRAFT FISCAL YEAR 1980 BUDGET
2 REQUEST TO THE CONGRESS

3 MR. STOPHEL: The Board members have received the
4 draft dated November 17th, which was after the Audit and
5 Appropriations Committee meeting, at which we briefly
6 discussed the basic philosophy of the request, and suggested
7 strongly that the number of Corporation positions be reduced,
8 and you can see the memorandum from the President, or from
9 all three of our senior staff members having to do with
10 budget matters, the President, the Executive Vice President,
11 and Mr. Hennigan, with regard to this item.

12 I think the best way to approach this, and I hope
13 the Board members have reviewed the materials, is to ask the
14 President, Executive Vice President, and Mr. Hennigan, to
15 lead us through the draft, so that the Board members can
16 give any comment. I am sure the staff would appreciate your
17 comments, because this is our document. Any Board member who
18 goes up on the Hill to accompany the President may be asked
19 to support this document, so you should be prepared to do so.

20 With that, I would like to ask Mr. Ehrlich to lead
21 into the discussion, if he would, on the philosophy behind
22 the draft request.

23 MR. EHRLICH: By way of background, you will recall
24 our timing is to have this document in final form beginning
25 January, so it can be submitted to the Congress.

1 Preliminarily, we expect to receive a comment or
2 recommendation from the Administration on the budget. You
3 will recall that the Administration does not control it, but
4 can comment. As part of the process of putting the
5 Administration in a position to comment, we were asked to meet
6 with the Deputy at OMB in charge of Human Resources, Suzanne
7 Woolsey, and Mary Burdette, Buck Hennigan and I went and met
8 with her to review the philosophy of the budget as it was
9 prepared, what we were trying to do, and why we were trying to
10 do it.

11 We stressed that we were at the last phase of the
12 minimum access plan, that we had hoped to achieve completion
13 of that plan in 1979, that we had hoped indeed to have
14 Administration support for conclusion of the plan in 1979,
15 that Mr. McIntyre, the Head of OMB, had indicated that he
16 could not see his way clear last year of supporting it for
17 1979, but expected to for 1980.

18 We did stress that point and indicated the importance
19 to the some three million poor people around the country in
20 every region, but particularly in the South, the Southwest,
21 and the Midwest, who will still be without any service at all
22 at the end of 1979.

23 We underscored that it was the highest priority for
24 the Board, and that the \$24.5 million needed to achieve
25 completion of the plan was absolutely essential, that we were

1 not to continue to have justice effectively denied for those
2 women and men.

3 We stressed not only the importance to us and
4 the project advisory group had already indicated its support
5 for an even higher sum. Charlie Dorsey, the Head of PAG is
6 here, the National Clients Council, also the American Bar
7 Association, Bob Evans of the Washington Office is here. I
8 know the President of the American Bar Association wrote
9 directly to President Carter as have representatives of other
10 national bar groups and state bar groups. It is not only
11 these groups, but also the Leadership Conference, the Urban
12 League, the Congressional Black Caucus, the National Conference
13 of Black Lawyers, and a number of other groups have in fact
14 written to the President urging support for this budget and
15 stressing its importance to them and to the people they
16 represent.

17 I think that has a significant impact.

18 We indicated, of course, that apart from expansion,
19 apart from our highest priority, it is essential to keep
20 existing programs as close as possible to current levels, the
21 continuing problem of low salaries in terms of retention, and
22 the need for an additional \$14 million dollars for the increase
23 of six percent to existing programs, in light of the certain
24 inflation increases.

25 We also stressed the other major components of the

1 1980 budget, particularly we reviewed the Next Steps process
2 and indicated the need to strengthen existing programs in
3 terms of the requirement to provide high quality service,
4 we stressed, in terms of the \$14 million requested for
5 Special Needs, the two priority areas of rural programs and
6 competitive salaries, as urged by the Congress, but also
7 reviewed some of the other areas in which certainly Special
8 Needs have emerged in the past, and will again in the future.

9 Finally, we reviewed the particular need for support
10 on the state and national levels and the \$7.9 million requested
11 for that.

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12 In response, we were told that office had just
13 completed cutting several billions of dollars from the HEW
14 budget, and billions from other programs as well.

15 We received a picture, which all of you have heard
16 before, an effort to have a very tight budget, to cut many,
17 many programs, social programs, and the best that we heard that
18 many would be receiving would be keeping their budgets at the
19 same rate they were in 1979.

20 We should hear within the next two weeks what the
21 judgment of OMB is as to the recommendation. No one in the
22 climate we are facing can be terribly optimistic to think that
23 all that can be done by us will be done, whatever the judgment,
24 we will, of course, go to the Congress and make our case.

25 If anything arises in the interim, vis-a-vis OMB, I

1 will be immediately in touch with the Board and of course
2 the Committee. Our job is to present as effectively and
3 forcefully and clearly as we can, what we think we need, why
4 we think it is there, and why it is important, and that is what
5 we have sought to do.

6 I think in this budget, the predominant focus is
7 on the need to finish the Minimum Access Plan, also the need
8 to provide the cost of service increase to meet the Special
9 Needs requirements, and the support requirements as well, is
10 a persuasive case, and we will do all we can to make that case
11 forcefully, and we will obviously need the help not only of
12 the Board, but of all groups here in this room and elsewhere,
13 the Project Advisory Group, the National Clients Council is
14 already at work on that effort, and I think we will do it
15 and do it together.

16 If I may turn to Buck to review the various clusters
17 of areas covered by the budget, which will be received
18 together with a letter from me to the Speaker of the House
19 and the President of the Senate, transmitting the budget,
20 a draft of which you have. That letter tries to give the case
21 in as persuasive terms as we can, and will be widely circulated
22 in the Congress, as well as the budget document itself.

23 MR. HENNIGAN: I have laid before you an excerpt
24 of several pages of the budget, beginning with page 28. It
25 is labeled "Budget Summary, Fiscal Years 1978, 1979, and 1980."

1 We have simply indicated in pencil the proportional
2 shares of the major budget categories for the three fiscal
3 years. That table also contains page references to the
4 detailed sections of the budget, where the narrative
5 justification and additional breakdown of numbers may be found.

6 The numbers for the three fiscal years may differ
7 slightly from those you have seen in earlier Committee and
8 Board considerations. This is a result of moving to close
9 down fiscal 1978, the adjustments we made in the 1979 budget,
10 and also a recent reduction in positions in the 1980 budget,
11 as mentioned in the covering memo.

12 As you notice in the total budget, the relative
13 shares of most instances have been fairly constant over the
14 three year period.

15 I might point out that the category at the top
16 called the "Provision of Legal Assistance," and another
17 category on the second page, page 29, called "Support For the
18 Provision of Legal Assistance," are like all sort of
19 synthetic budget categories. We use them only in the budget
20 request to Congress to divide our activities roughly between
21 those directed to support, the provision of direct support
22 in the field, and those which are more of a logistical nature,
23 in the support for the provision of legal assistance.

24 They simply sum up two major areas of our budget.

25 The familiar categories are the ones with Roman

1 numerals, the ones that you see regularly in the budget sheets
2 that we lay before you.

3 As you notice going to I, Field Services, the
4 proportional shares there have been relatively constant over
5 the years, at or just below the middle 70's. Program
6 Improvement has been increasing its relative share. Program
7 Expansion, III, will fall in 1980, as we in effect clean up
8 the remaining pockets of unserved areas. We simply do not need
9 the levels of funding that we asked for in the preceding years
10 to do that job.

11 IV, Demonstration Projects and Evaluation, is
12 complicated in terms of comparison by carry over balances each
13 year, actually the proportional shares of new money are
14 relatively constant there.

15 Program Development and Experimentation, on page 29,
16 has not been a large share, and will fall somewhat in 1980,
17 mainly because of large injections of investment income. It
18 will be ending in that year.

19 In the Support for the Provision of Legal Assistance,
20 the synthetic category, which picks up Program Support and
21 Research Institute on Legal Assistance, and Management and
22 Administration, the shares have been fairly constant, running
23 between five and six percent of the total budget.

24 VI, Program Support, has been increasing slightly.
25 VII, Research Institute on Legal Assistance, has been holding

1 fairly steady at a rather small fraction. VIII, Management
2 and Administration, it has been fairly constant with a slight
3 downward trend, dropping about a tenth of a percentage point
4 per year, which within a small number is significant.

5 MR. CRAMTON: Mr. Hennigan, in most of these tables,
6 or at least in some of them, the Management and Administration
7 category does not include the field offices and the like, and
8 I gather here it does.

9 MR. HENNIGAN: No, it does not, sir. If you are
10 referring to the Corporation's direct expense or administrative
11 activities, they appear in the following areas: I, Field
12 Services, which includes the regional offices.

13 MR. CRAMTON: I think that is kind of misleading
14 because Provision of Legal Assistance implies that part of
15 it is development grants or support centers or the projects
16 that actually are delivering legal services and not the
17 management and administration and support of that legal
18 assistance.

19 Support for the Provision of Legal Assistance, it
20 seems to me, should include all of the management expenses.

21 MR. HENNIGAN: Since 1976, we have followed a
22 functional classification in both our accounting and budgeting
23 that is consistent with the guidelines of the Certified Public
24 Accountants Association on the advice of our auditors.

25 Those standards call for related functions wherever

1 possible to the functional purposes. That is why we have
2 carried the field operation cost in the Field Services category
3 under the broad provision of legal assistance. That is linked
4 directly to that service in the field.

5 Similarly, we carry all the costs of our training,
6 recruitment, and program materials operation in VI, Program
7 Support, in addition to some grant funds that are mixed in
8 there.

9 The Research Institute, which is almost entirely
10 an in-house financed personnel type of operation, is carried
11 there, of course, and Management and Administration is
12 essentially the central overhead of the Corporation, that which
13 is not allocated functionally in any other part of the budget.

14 As you know, we do make separate breakouts of these
15 accounts. Looking at the direct expenses of the Corporation,
16 for example, we have from time to time made displays where
17 we lump all Corporation activities as distinct from grants
18 and contracts, they run approximately six to eight percent
19 over the three year period.

20 I have no difficulty bringing these together for
21 display purposes, but I really feel strongly that for budgeting
22 purposes, where you can link your own activities directly to
23 the functions that are being performed in your main business,
24 that they should be carried that way.

25 It gets to be a principle, I suppose, of budget

1 philosophy and accounting. I think this is increasingly the
2 prevailing practice in Federal agencies on what have been
3 traditionally called salaries and expenses accounts, to display
4 them functionally.

5 MR. CRAMTON: It is a question of what the function
6 is, the category is Provision of Legal Assistance, and in my
7 view, the regional offices do not provide legal assistance,
8 but what they do is under the second category of Support
9 for the Provision of Legal Assistance. If you were to have
10 a category one under that and say Field Services, partly for
11 the purposes of the Board and I think also for Congress and
12 the outside world in trying to understand what the Corporation
13 is doing, something that makes it a little easier to see that
14 the percentages and amounts that are devoted to the Corporation
15 own activities as distinct from activities of grantees.

16 I would not want to quarrel about the accounting
17 procedures. These are kind of functional accounting questions.
18 There are good ways to do it, it is just what is most useful
19 for us in terms of grappling with the tasks that we have.

20 MR. EHRLICH: When we began, you will recall, we did
21 have Board members who have been with the Corporation from
22 the outset, and we had quite a lot of discussion. The essential
23 thing was to see that we had one that met accounting principles
24 and was one that was consistent with the approaches adopted by
25 those who reviewed budgets in Congress, and we stuck with

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1 a system so that we did not shift gears in the middle and
2 therefore give the appearance of a shell game.

3 The one we have is the one auditors have advised us
4 to have and it does seem, in terms of what we have been asked
5 to have by the Hill, to comply, and the details of the budget
6 behind the summary statements do spell out in a good deal of
7 detail what is going on and where the allocations are based,
8 and do seem in terms of those we deal with in Congress, both
9 the House and the Senate, to be in the form that is helpful
10 to them.

11 MR. STOPHEL: I thought our monitoring activities
12 were under IV.

13 MR. HENNIGAN: You are correct. I should have
14 mentioned that there are direct expenses there, where we
15 carry it with evaluation. I did miss that one. That is
16 another piece of direct expenses under Demonstration Projects
17 and Evaluation.

18 MR. STOPHEL: The regional offices are basically in
19 I, IV, and VI?

20 MR. HENNIGAN: No, there are no funds for the
21 regional offices in VI, Program Support. All the direct
22 expenses charged there at this time are either in Washington
23 or in the Chicago Clearinghouse operation.

24 MR. CRAMTON: All I am asking for is that the
25 alternative display at least be made available to the Board

1 in which we can break out of each one of these categories the
2 direct expenses so that they are visibly displayed in terms
3 of people and monies, so they can be looked at.

4 MR. HENNIGAN: That is done in two places on the
5 budget, Mr. Cramton, on pages 26 and 27, in considerable
6 detail.

7 Just to break it in, on page 27, Field Operations,
8 is in I, Support Operations are in VI, Research is VII, and
9 Evaluation, as Mr. Stophel noted, is in IV. On page 26, the
10 Management and Administration section there is VIII, on the
11 budget table before you. Program Activities is the combination
12 of everything on page 27, it just pulls them all into one set
13 of numbers.

14 These tables show all the funds spent directly by
15 the Corporation for the purposes, in terms of the amount of
16 things that are bought, persons, time, consultant cost,
17 communication, rent and the like. You will also notice a
18 line labeled "Grants and Contracts," which pulls you back
19 to page 26 and on more detail on page 27, to the activities
20 that take place directly out in the field.

21 In addition, there is a personnel summary in the
22 rear of the document which shows the number of persons divided
23 by offices in the Corporation.

24 MR. CRAMTON: All the information I asked for is
25 here, but it is not displayed in any of the percentage

1 breakdowns, in a way that it is easy to see.

2 MR. HENNIGAN: I do have that information in rough
3 form. I am sorry I did not make copies of it, if I had been
4 aware of your interest, I would have. If there is a concern
5 for a quick review of any of those proportional shares, I
6 can do so.

7 MR. EHRLICH: Buck, why don't you continue to go
8 through the broad categories? The Board members may want to
9 raise questions about some or all of them.

10 MR. HENNIGAN: In the area of Field Services, the
11 principal changes which have been discussed in the broad
12 tables, which were presented to you earlier, and this is I
13 again, the details begin at page 40, we will be adding
14 approximately \$1.7 million to national support centers in 1980;
15 \$4.2 million to state support centers; \$100,000 to the National
16 Clients Council; \$250,000 for the Reginald Heber Smith program;
17 and regional operations will go up, I believe, about \$300,000
18 to \$400,000, and it is spread over several numbers.

19 In the Program Improvement area, the cost of service
20 adjustment, II, projected now at six percent, will take
21 approximately \$14.4 million of the \$29 million shown. The rest
22 is allocated, with the exception of small amounts for reserve
23 and completing a competitive salary adjustment, to a broad
24 category called "Special Needs," for which the criteria and
25 allocation planning are still in process, as they are still in

1 part with the 1979 allocations, as we discussed at the last
2 meeting of the Committee on Appropriations and Audit.

3 MR. STOPHEL: Let me ask a question about the state
4 support groups, where we are increasing by some \$4 million.
5 We discussed, I suppose, what we were planning to do, but our
6 basic contracts with the national support centers have
7 basically required the specific client need and specific
8 problem to be handled by the support center. Therefore, we
9 made them basically an activity much like our other grantees
10 who are rendering legal services.

11 Is that the trend for state support or are we going
12 to use these as primarily training vehicles, what are we
13 going to be doing?

14 MR. HENNIGAN: That is another area where there are
15 many possibilities under consideration and a good deal of
16 staff work is being done. I think Mr. Lyons could probably
17 best speak to that.

18 Clint?

19 MR. BAMBERGER: While Clint is coming up, I can
20 respond in part to that. We are asking the programs to plan
21 this year, to propose plans this year for the sort of support
22 they think should be rendered in each state. Those plans will
23 be reviewed by the regional offices and by Clint's office.

24 MR. STOPHEL: These six states that are listed on
25 page 50, it says they are independently funded state support

1 programs. By independent funding, does that mean we are
2 funding them directly, on page 50 of the budget request?

3 MR. LYONS: That is correct. It essentially means
4 those are programs that are set up with independent
5 incorporated boards and traditionally have existed over a
6 long period of time, and have received direct funding from
7 the Corporation.

8 MR. STOPHEL: What are their activities? Do they
9 render legal services?

10 MR. LYONS: They are the state support centers and
11 they engage in representation of some clients around specific
12 issues and they also provide back-up support to the local
13 programs in those areas, around issues that are better done
14 on a state level as opposed to a local level. That is an
15 attempt to avoid a duplication of effort by individual programs
16 around a common issue that has a state-wide impact.

17 MR. STOPHEL: Is the form of their contract
18 basically the same as the national support center contract?

19 MR. LYONS: The national support center's contract
20 is a contractual arrangement. I believe these arrangements
21 have historically been grantee arrangements.

22 MR. STOPHEL: Grantee arrangements provides the
23 provision of legal services?

24 MR. LYONS: That is right.

25 MR. STOPHEL: How do they back-up the provision?

1 I am interested in what they are doing that distinguishes them
2 from a grantee that is rendering legal services, and the
3 national support center, which is rendering legal services.
4 There seems to be a third category of "grantee" that is out
5 there doing something. I am just trying to figure out what
6 they have been doing.

7 MR. LYONS: One distinction, the national support
8 centers do focus around specific issues in a particular area
9 that does in fact have a national focus or a national impact.

10 MR. STOPHEL: Let me see if I understand how they
11 are working; if a program has a case in which it needs expert
12 help, it calls on that support center for that expert help,
13 for that specific client, that is the way they are working it?

14 MR. LYONS: In part, that is what they are doing.

15 MR. STOPHEL: What else are they doing besides that,
16 in general? You said in part, that is what they are doing.
17 I thought that was what they were doing.

18 MR. LYONS: That is what the national support
19 centers do. They provide some training and develop some
20 materials for the programs that may request their help.

21 MR. STOPHEL: They began doing that after the
22 amendment of the Act?

23 MR. LYONS: That is right.

24 MR. EHRLICH: The state support ones listed here
25 in New York, Ohio, New Jersey, Michigan, Massachusetts, and

1 California, provide litigation coordination and some other
2 kind of support, for the programs in that state. If there is
3 a complex problem in Michigan, for example, a complex piece of
4 litigation, too large or difficult for a single particular
5 local program, the Michigan state-wide support service would
6 provide the help on that problem, and in particular areas
7 where they have developed expertise, and housing happens to
8 be one in Michigan. It is focused exclusively on the state
9 problems of Michigan, and exclusively on the state laws of
10 Michigan.

11 MR. STOPHEL: You do not really distinguish between
12 the activities these programs are doing and the national
13 support centers, except these are localized to the state level?

14 MR. EHRLICH: Correct. In some cases, there is
15 a much more coordination effort that is possible on a state
16 level than would be true on the national level.

17 MR. STOPHEL: We are funding this year \$3.7 million
18 for that sort of thing, just coordination of these six states?

19 MR. LYONS: In 1979?

20 MR. STOPHEL: Yes.

21 MR. LYONS: No.

22 MR. HENNIGAN: The 1979 level to carry the existing
23 six, with the adjustments that will be made this year for cost
24 of service and other items, is \$2,985,000, and that includes
25 also picking up the joint venture units, as you will remember,

1 the \$1 million. In addition, we have \$750,000 of balances
2 forward which is being used on the one time basis for planning
3 for state support, which is the prelude for the additional
4 allocation in 1980.

5 MR. TRUDELL: There are planning grants made to
6 states that apply for it, or is it being done in-house?

7 MR. LYONS: Will be, yes.

8 MR. TRUDELL: Grants will be made, is that what you
9 are saying?

10 MR. LYONS: Planning grants will be made to state
11 planning efforts.

12 MR. TRUDELL: Out of curiosity, the states listed
13 here, are they solely dependent, does their budget just amount
14 to the grant that is awarded to them from the Corporation, in
15 other words, is there any matching effort or any money coming
16 from these state bar associations or whoever these things are
17 run under?

18 MR. LYONS: Those are independently incorporated
19 legal services programs, designated state support centers, and
20 they can go out and raise funds in the same manner as a service
21 delivery program can do.

22 MR. STOPHEL: Are any of them doing it?

23 MR. LYONS: I believe some of them are receiving
24 CETA grants and other kinds of funds to be able to determine
25 supplements to Legal Services Corporation grants.

1 MR. TRUDELL: I guess the governing boards of these
2 state support centers, as well as the national support centers,
3 they have a little more discretion in terms of who sits on
4 those boards, I assume, in comparing them to local programs
5 where you require a certain number of clients and they can
6 pretty much decide --

7 MR. LYONS: No, they must meet the statutory mandate
8 as well.

9 MR. EHRLICH: We do have the regional directors here
10 from all the regions involved, and if you are interested, we
11 could turn to them for the details. Their boards must meet
12 the same statutory requirement as any other program.

13 MS. ESQUER: Is that as of the effective date of
14 the regulation requiring eligible clients to be on the board,
15 which is July, 1978?

16 MR. EHRLICH: As of the effective date of our
17 regulation.

18 MS. ESQUER: All of the support centers and joint
19 venture efforts all have boards that consist of one client?

20 MR. LYONS: The joint ventures do not necessarily
21 have boards. They are not separately incorporated entities,
22 they are in effect what the term implies, joint ventures among
23 various legal services programs in a given state. They
24 contribute money out of their budgets and we have that down
25 to the extent of \$1 million. They do not have independently

1 incorporated boards, whereby they would have to meet the
2 statutory requirement. They are engaged in things like
3 a joint effort in legislative representation.

4 MS. ESQUER: The state support centers that are not
5 joint ventures and the national support centers, are made up
6 of clients right now?

7 MR. LYONS: They have to meet the standard statutory
8 requirement.

9 MR. STOPHEL: As I understood the planning for the
10 joint ventures, it was not anywhere near what you described
11 these support centers doing. The joint venture activities, as
12 I understood them, were basically a coordinating effort along
13 with the programs within a state, sort of a-clearinghouse, if
14 you will, of what was going on in the programs so that there
15 was not a duplication of effort. These are rendering legal
16 services.

17 I do not think it is contemplated that the joint
18 ventures would render legal services, as I have understood what
19 was happening among the state programs.

20 MR. LYONS: I am not sure whether you are attempting
21 to make the distinction between the traditional six state
22 support centers and the joint ventures.

23 MR. STOPHEL: That is one of the distinctions I want
24 to make, or that I want to be clear on. We are adding, in
25 the 1980 budget, over 1979, we are adding in the state support

1 area, \$4.2 million as an increase. As I have understood, it
2 was basically to establish or fund, or \$1 million of that was
3 of the 1979 figure for joint ventures.

4 As I have understood what we have just been
5 discussing, it is that these six who are spending somewhere
6 in the neighborhood, I suppose, of \$2.7 million, and are
7 rendering legal services, whereas the joint ventures are not
8 rendering legal services, but are doing the coordinating
9 efforts among programs that are rendering services.

10 Is that a fair distinction?

11 MR. LYONS: That is, as far as it goes, a fair
12 distinction. Some of the joint ventures may in fact
13 coordinate legislative representation among the programs, but
14 by and large, you are correct, most of the joint ventures are
15 essentially the sort of coordinating arrangement among the
16 programs who make a contribution to their existence.

17 MR. STOPHEL: The \$4 million, and I guess we are
18 still planning on how that is to be spent, that is between
19 the two kinds of activities you have just described?

20 MR. LYONS: In the support document, the options
21 paper, we laid out a number of functions that we feel that a
22 group of people like we interacted with in this whole process
23 of looking at state support, we laid out a number of functions
24 that could be looked at, that could be better done at a state
25 level.

1 The planning process that is being implemented at
2 this point with the \$750,000, is to begin a process at each
3 state level, whereby those programs in the state will begin
4 looking at whatever kind of state support efforts they have
5 ongoing at the present time, and to determine whether or not
6 those efforts are in fact adequate for the needs that are
7 out here in terms of the cost effectiveness of better
8 coordination efforts, in terms of the quality of legal
9 services, with respect to some client representation to be
10 better done at the state levels.

11 In fact, when these states go through these processes
12 some may in fact say, we think the current operations that we
13 have are sufficient. Others will say, we think that these
14 functions are necessary here, and we need X number of dollars
15 to effectuate that. Some states have nothing at all by way
16 of state-wide coordinating effort.

17 We are simply, through this planning process, having
18 this money available, attempting to have the states look at
19 what can be best done at a state level, from a point of view
20 of economy, and from the point of view of quality.

2b
21 MR. STOPHEL: I would be willing to wager that if
22 there is \$12.2 million available, nobody is going to say, we
23 have what we need.

24 MR. EHRLICH: Out of the Next Steps process,
25 coordination, training, and other support activities on the

1 state level came up with a very, very high priority. Time and
2 again it was said throughout the country, this is what we
3 need in order to be sure we are maximizing the impact and
4 the efficiency of our operations.

5 On the basis of that, the Office of Field Services
6 concluded that without regard to 1980 funds, there is a need
7 for planning state by state, some of it is very far along.
8 Some states have virtually nothing. Most are in the middle.

9 There ought to be, we concluded, a plan in terms of
10 coordination, litigation, and other activities, and training,
11 without regard to whether or not it would be increased \$4.5
12 million or whatever, in 1980.

13 At the same time, we said, it is apparent there is
14 a need for increased funds, and so those plans ought to take
15 some account of not only what they would do if there is no
16 increase, if there is nothing in 1980 because our budget does
17 not allow it, which is certainly a possibility, and what they
18 would do if there is increased levels of support. That is
19 the overall effort, and it is one that over the course of the
20 year, I hope the Board will watch and look at the kind of
21 efforts that go on, and obviously we will share the results
22 of the planning effort with the group.

23 MR. TRUDELL: Out of curiosity, what is the grant
24 process in terms of applying for planning monies? If you
25 think in terms of what Tom was saying regarding if there is no

1 money in 1980 and that is a very strong possibility, in light
2 of trying to deal with program improvement and program
3 expansion. I do not know how optimistic some people are, I
4 am generally not when it comes to getting more money. I
5 think this would be one area that would probably be just X'ed
6 out, in terms of an increase of \$4.2 million, and that is a
7 sizeable chunk.

8 In terms of the encouragement and as you pointed out,
9 in terms of even planning toward there being no money there,
10 what do we do? What is the process?

11 Is there a range of amount of monies in terms of
12 the size of the planning grant?

13 MR. LYONS: In terms of the planning process, we
14 are going to appoint a committee to address the funding issues,
15 the broad parameters of the funding issues. One of the main
16 objectives of this process relevant to the issue of funds is
17 to have the states go through the process, and it may be that
18 even if the money is not there, that having taken a look and
19 really examine the issue of the need for state support, those
20 programs may see and choose to commit some of their own
21 resources to the effort, because they simply find that some
22 things can be better done at the state level on a coordinated
23 basis, and they can get better quality.

24 We are not saying to programs, we guarantee each one
25 of you X amount of dollars. We are essentially saying, look at

1 it, develop plans, we will look at them, and we will make the
2 decision as to which of those plans should have funding.

3 MR. STOPHEL: As I recall our contracting
4 arrangement with the national support centers, are they deemed
5 grantees for purposes of de-funding, or are they not separate
6 contracts like Reginald Heber Smith?

7 MR. EHRLICH: Their current contracts are subject
8 to the same procedures and de-funding as any other grantee.
9 They provide legal services and the statute, and the General
10 Counsel will amplify, if you wish, provides that any grantee
11 that does provide legal services is subject to that provision.

12 MR. STOPHEL: The state centers are in the same
13 situation?

14 MR. EHRLICH: That is correct. The state ones are
15 funded by grants, the one in Michigan is an example, as opposed
16 to a contract, which we have with each of the national support
17 centers.

18 MR. TRUDELL: In terms of the planning monies, they
19 are apprised of the fact that it is there, they can apply for
20 it, and it is just not kind of an arbitrary thing in terms of
21 encouraging those states that are a little further along or
22 have the interest to go ahead and get something in, that there
23 would be a good chance of them getting some planning money?

24 What I am saying is in terms of the communication
25 with the rest of the world out there west of Washington, D.C.

1 in terms of being informed that the money is there and there
2 is some kind of process that a request goes through, so that
3 it is not just an arbitrary thing saying the State of New
4 Jersey or the State of Georgia, get your act together and you
5 will get the money.

6 MR. LYONS: The answer is yes. As a matter of fact,
7 a letter will go out to each project director in the country
8 explaining the process, and how we intend to deal with the
9 issue of funding.

10 MR. TRUDELL: Nothing has gone out yet, but something
11 will go out?

12 MR. LYONS: No, nothing has gone out yet, but we
13 have the documents available to go out at this point.

14 MR. MILLER: I am from one of the identified state
15 support centers. The distinction you were drawing between the
16 joint ventures which you thought were focusing on coordination
17 and state support centers, which sounded like they were just
18 direct representation, in fact, my program in my state is not
19 that kind of thing.

20 We happen to keep fairly tight percentages, tight
21 track on where we spend our resources, and I think our direct
22 representation, which is opposed to coordination, information,
23 brief banks, newsletters, the whole clearinghouse function,
24 and direct representation, we spend an amount that varies from
25 month to month, but it is in the neighborhood of five percent

1 of our resources.

2 We are a small program, with only four attorneys. I
3 think the advocacy and direct representation at the state
4 level is absolutely essential, but at the level of resources
5 we have the coordination function which really absorbs most
6 of our attention.

7 MR. STOPHEL: That is the high percentage of your
8 expenditures?

9 MR. MILLER: Absolutely.

10 MR. STOPHEL: You are more like the joint venture
11 that I described, that the national support center was spending
12 more of its money on direct legal representation?

13 MR. MILLER: I cannot speak from authority on the
14 allocation of national support center resources.

15 MR. STOPHEL: Fine.

16 MR. BAMBERGER: The next category is Program
17 Expansion. The explanation of that begins on page 65 of the
18 budget request.

19 MR. HENNIGAN: As explained in the note in that
20 section, we have not made the allocations by the three basic
21 expansion categories, Basic Field, Native American, and Migrant
22 pending the resolution of the 1979 allocation questions which
23 center, at this time, mainly on the Native American population.

24 I think we are fairly close to resolving the 1979
25 questions, and the next draft that you will see of the 1980

1 budget will control both for 1979 and 1980, the distributions
2 among the three categories.

3 As I noted earlier, the amount for expansion is
4 less than in 1979. The amount we have targeted represents
5 the cost of completing minimum access, plus a cushion to allow
6 for the resolution of the Native American questions, and
7 possibly some exceptional costs in remote areas, which are
8 still unserved and which may present some very difficult
9 problems in bringing the service in.

10 By the time we go to the Committee, we should have
11 fairly definite plans on exactly how to use that residual
12 portion or whether it will be required at all, in which case
13 we may propose budget adjustments to the Committee, which would
14 be the normal thing to do.

15 MS. ESQUER: I may have been gone and a question may
16 have been asked, but do you have an anticipated date for the
17 completion of the Native American population count?

18 MR. HENNIGAN: For the full completion, I have only
19 the portion that looks likely in 1979. I will have to ask
20 Mr. Lyons.

21 I think the question is basically a distinction
22 between American Indians in Alaska and the lower 48, and other
23 populations who, under some circumstances, could be defined
24 as Native Americans.

25 MR. LYONS: We have a portion of the report, and the

1 completed report is due next Friday.

2 MR. CRAMTON: Mr. Bamberger, I missed one comment
3 on the Field Services part of this budget, may I go back to
4 that point, Madame Chairman?

5 CHAIRMAN RODHAM: Yes, certainly.

6 MR. CRAMTON: One was just the observation that was
7 made on page 42, and which was discussed at great length at
8 the Corporation Committee's meeting, that is there is a six
9 percent cost of living change that is built into the Program
10 Expansion.

11 The other one comes from note five on page 43,
12 where it says 79 percent of the funds of the grantees are
13 spent on personnel, and of that total, 32 percent is for
14 attorneys, and 37 percent is for non-attorney professional
15 support personnel.

16 I must admit that figure just staggered me. I
17 assume the attorneys are paid more than the secretaries and
18 paralegals. The figure has now been in two drafts. I just
19 cannot believe it, I do think there must be an error.

20 If there is not an error, I would like to have a
21 breakdown of the expenditures of local programs and why it is
22 that this proportional amount of their resources, in my view,
23 is spent on non-attorney personnel.

24 MR. BAMBERGER: I think the ratio of support personne
25 and paralegals is certainly more than a one to one ratio.

1 MR. CRAMTON: Even so, because of differential pay
2 rates, it is like the question of law school faculty, more
3 secretaries, clerks and library people, so you spend an
4 enormous amount of money.

5 MR. EHRLICH: We can provide the breakdown for you
6 to show you, and some of it is in fact in the materials we
7 have given the Board earlier.

8 MR. CRAMTON: The figure did surprise me. I assumed
9 the local programs, that most of the personnel costs of local
10 programs or at least the larger share would be for attorneys
11 rather than for non-attorneys. It raised a question to me
12 if this figure is correct, how local programs are allocating
13 their resources.

14 MR. BAMBERGER: We will look back at the data and
15 double check it.

16 MR. HENNIGAN: I appreciate your flagging that. I
17 think what may have worked in there is the ratio of staff
18 distribution, and not the ratio of resource allocations. In
19 other words, it may reflect the proportion of staff rather
20 than the proportion of money.

21 MR. CRAMTON: I do ask that you please check the
22 figure.

23 MR. BAMBURGER: We will.

24 MR. HENNIGAN: As a practical matter, just briefly,
25 and I am doing this off of another sheet, in the LSC funds alone

1 close to 50 percent is on the attorney side, and the remaining
2 50 percent is spread over all other categories. I think these
3 are not the allocation percentages for the staff.

4 MR. BAMBERGER: Are there any other questions on
5 Program Expansion?

6 [No response.]

7 MR. BAMBERGER: The next category begins at page
8 67 of the draft, Demonstration Projects and Evaluation.

9 MR. HENNIGAN: In the discussion beginning on page
10 68 and following, a number of points are raised about
11 terminating the delivery system, continuing certain kinds of
12 projects, shifting the base of funding from Demonstration
13 to regular, these are issues that will become subjects of
14 increasing concern as we move through 1979, and as we move
15 toward the conclusion of the Delivery Systems Study.

16 Basically in question is the future role of
17 experimental grants of this kind, of the Corporation's overall
18 effort.

19 In addition, the Information System effort is
20 shifting from activities directly connected with the Delivery
21 Systems Study to the development of an extensive data
22 capability, based on the experiences in data collection and
23 analysis in that study.

24 Similarly, the funds for Special Studies and
25 Evaluation reflect further drawing down upon the increasing

1 knowledge that we are acquiring in those fields.

2 It is a relatively stable portion of the budget, but
3 one area in which I think we will be dealing with a great
4 many questions later on.

5 The next category is Demonstration Projects and
6 Evaluation, that is IV, and the discussion begins at page 77.
7 This includes the investment income for the Quality Improvement
8 project.

9 As indicated on page 77, the allocation for
10 investment income will drop considerably in the last year of
11 the Quality Improvement program. On the other hand, the
12 appropriated portion will increase to \$1 million. Those are
13 the funds that are involved in the Board's discussion at the
14 last meeting of the Legal Services Institute and similar
15 innovative projects.

16 I believe the Board has been provided separately
17 at the October 19th meeting with the information on the
18 Quality Improvement program.

19 MR. STOPHEL: When do we project having all of the
20 programs into our Management Information System, is that next
21 August?

22 MR. HENNIGAN: The system will be, as I understand
23 it, effectively on line late this year, with the majority of
24 programs involved. I believe Ms. Vogt is here.

25 MS. VOGT: The programs will begin data collection

1 in March of 1979, with the first report day in June of 1979.

2 MR. STOPHEL: Thank you.

3 MR. HENNIGAN: The next item is VI, Program Support.

4 The budget in this section, in previous fiscal years, was
5 totally in the area of our Office of Program Support, due to
6 changes made during the past summer, the training activities
7 in this portion of the budget are with the Office of Program
8 Support, the recruitment activities are now the responsibility
9 of the Office of Field Services, and Program Materials,
10 basically the clearinghouse function and the contract with
11 the Commerce Clearinghouse for the Poverty Law Reporter, are
12 under the administrative direction of the Research Institute.

13 This area of the budget, more than any others, is
14 not tied in with the organization of the Corporation, but the
15 functions are closely related, and for that reason, we have
16 kept them together.

17 The most significant changes covered in the
18 discussion are in the areas of training. We have listed
19 separately this year, client and paralegal training, formerly
20 it was covered under the broad category of legal training,
21 which still stands separately.

22 MR. BAMBERGER: I think I will say from pages 87
23 to 90, you will find a detailed explanation of the proposed
24 training, the cost projections for it.

25 MR. HENNIGAN: An important point in the cost

1 projections here is the plan during this year to begin
2 shifting more from Corporation conducted events to grants to
3 the local programs, to state-wide programs in some cases, to
4 possibly the state and national support centers, who actually
5 conduct the training.

6 The estimates shown in this section of the budget
7 reflect in considerable detail the cost for doing much of
8 that grant type activity, although in other sections of the
9 budget, the detailed cost tables that I pointed out in response
10 to Mr. Cramton's concerns, we have costed out on the
11 traditional basis because it is really the only basis we know
12 well at this time.

13 Consequently, if you get into the budget details, you
14 will find under the support area, costs for travel and
15 consultants, which probably will shift more into direct
16 grants and contracts, as the year goes along. This is
17 something that we will keep the Appropriations and Audit
18 Committee carefully advised on.

19 It may be possible before we go to the Congress to
20 revise some of those estimates to show less for travel and
21 consultants and more for grants, than the budget details
22 presently show.

23 I understand the plans are in 1978 to shift more to
24 direct grants, and probably by 1981, it will be substantially
25 on that basis for training activities, which means the

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1 Corporation's role becomes one of coordination, evaluation,
2 conducting innovative training efforts, and still developing
3 national training events for those areas of substantive law
4 where that is simply most efficient, but that usually goes
5 to the more experienced attorneys.

6 MR. BAMBERGER: The other elements of this budget
7 are the Recruitment effort, which is explained at page 103
8 and 104, and the Program Materials, with an explanation at
9 pages 105 to 109.

10 MR. HENNIGAN: I think I mentioned earlier that the
11 Poverty Law Reporter contract with the Commerce Clearinghouse
12 is now under review for changes and these will be reflected
13 in the draft of the budget that we will be going to the
14 Congress with.

15 MR. BAMBERGER: If there are no questions on that
16 item, the next item is the Research Institute. The explanation
17 of that expenditure begins at page 110. The information on
18 the Management and Administration budget is at page 115. This
19 does reflect the reductions in staff that were considered at
20 the last meeting of the Committee of Appropriations and Audit.

21 The explanation reviews each office and the positions
22 and responsibilities.

23 MR. HENNIGAN: You may notice in the detailed
24 sheets that we have not shown the amounts under 1980. At
25 page 114, the total for this section, \$7.7 million, is being

1 distributed over those offices. There are some questions, as
2 there are every year, on what should be accounted for
3 centrally in the Office of Administration, and what should be
4 distributed over the individual offices listed here.

5 The total is known and all the personnel costs and
6 the rest, it is mainly a question of distributing printing,
7 allocating rents, and communications. We have not completed
8 that process. The next draft will contain those detailed
9 figures.

10 MR. CRAMTON: I have some questions in this area,
11 more to the overall picture that is sort of first revealed on
12 page eight of the whole budget request, and that is how those
13 figures compare with prior years.

14 The last paragraph of the opening statement says,
15 "...as in the past, the Corporation seeks to see the maximum
16 possible funds go to programs in the field..." I have shared
17 that concern and have raised it on several occasions.

18 "...such funds are 92.8 percent of this proposed
19 budget," indicating that 7.2 percent are not, and they break
20 down as 1.4 percent for regional offices, 3.6 percent for
21 Research Institute and Program Support, and 2.2 percent for
22 central management and administration.

23 I gather the bulk of that total of expenditures is
24 direct expenses of the Corporation, although some is consultant
25 grants and contracts.

1 How do those figures compare with those for 1979
2 and 1978 and the prior years?

3 MR. HENNIGAN: Some of the numbers are in the table
4 we have been using as a basic guideline during the meeting,
5 the excerpt from the budget report starting at page 28. On
6 page 30, you will find the comparison for Management and
7 Administration.

8 MR. CRAMTON: I guess I would be interested, at
9 least for my own purposes, in a tabulation of similar
10 percentage breakdowns of the total corporate expenditures,
11 over our four year period, which kind of breaks them down
12 into these percentages in the field, percentages on regional
13 office activities, percentage on Research Institute and
14 Program Support, and the percentage on Management and
15 Administration.

16 It would be a comparison of the fiscal year 1980
17 figures with those of prior years.

18 MR. EHRLICH: In the Program Support, it has gone
19 from 2.3 percent to 3.0 percent to 3.6, in 1978, 1979, and
20 1980. The Research Institute has gone from .3 percent to
21 .2 percent, to .2 in 1980, and Management and Administration
22 has been from 2.5 to 2.4 to 2.3 percent for those three years.

23 The big shift is proposed in 1980, there is the one
24 in Program Support, and most of that increase is for support
25 that will be used on the local level.

1 MR. CRAMTON: I still think, Tom, a tabulation would
2 be helpful in part.

3 MR. EHRLICH: I thought I just gave you that.

4 MR. CRAMTON: It does not essentially reveal
5 what is the percentage of our expenses in recent years that
6 has gone out to the field, and are you going up or down.
7 Is the 92.8 an increase or decrease?

8 I could probably get it together from the materials
9 here, but it might take me half a day.

10 MR. HENNIGAN: In the materials which were provided
11 to the Board for the October 19th meeting, there is an
12 Attachment H, which gives, I believe, for the four fiscal years
13 exactly the information you are asking for, Mr. Cramton. I
14 did not bring additional copies to this meeting, but I do have
15 one copy with me.

16 The Field Operations, the regional office figures,
17 starting with 1977 and running to 1980 are, 1.0, 1.2, 1.6,
18 1.4.

19 The Management and Administration figures, and these
20 may differ or vary slightly from what we have been discussing
21 earlier because there have been some slight number changes in
22 1979 and 1980, but in this attachment, which is generally
23 accurate, for 1977, 2.9, for 1978, 2.4, for 1979, then
24 calculated at 2.8, and that has dropped to about 2.6, I
25 believe, because of the reductions, and for 1980, it is shown

1 here as 2.3, and that has fallen slightly as a result of
2 personnel cuts, to 2.2.

3 MR. CRAMTON: The Research Institute and Program
4 Support figures?

5 MR. HENNIGAN: The Research Institute for 1977 was
6 .2, for 1978, .3, for 1979, .3, and for 1980, .2.

7 MR. CRAMTON: What about Program Support?

8 MR. HENNIGAN: Program Support, in 1977, 2.19, in
9 1978, 2.6, in 1979, 3.3, and in 1980, 3.5. Again, there have
10 been some changes and those are as a result of the reductions
11 and they may differ marginally from the amounts shown on
12 the page I referred to earlier today.

13 That is Attachment H to your October 5 materials.

14 MR. CRAMTON: With those I can add together and
15 figure out the percentage going to the field of the total.

16 MR. HENNIGAN: There is a small piece which is
17 Field Evaluations, which will be added to that. It was not
18 counted separately in 1977, it was .4 percent in 1978; .3 in
19 1979, and .3 in 1980.

20 MR. EHRLICH: Buck, is it not fair to say that the
21 bulk of the funds, although not all, are those within the
22 Provision of Legal Assistance, and not all because some of
23 the Program Support money goes directly to local programs?

24 The great bulk of it, and we can give you now the
25 percentages for Provision of Legal Services for those years.

1 MR. HENNIGAN: I think on the numbers Mr. Cramton
2 is looking for, are also in this attachment. I can save you
3 the trouble of adding by giving them to you, for the three
4 fiscal years.

5 We make a distinction between grants and contracts.
6 Those funds spent directly by the Corporation for program type
7 activities, and this takes out the training grants, because
8 they are in Grants and Contracts, this is directly overhead
9 costs, and what we call Management and Administration or
10 central overhead.

11 MR. CRAMTON: What is the figure that is comparable
12 to the 92.8 percent?

13 MR. HENNIGAN: The 93.8 percent would consist of
14 all the Field Services grants, including those for Program
15 Improvement and Expansion, and we have counted the
16 Demonstration grants and the Program Development and
17 Experimentation grants as all a direct provision of services.

18 In the program type activities, excuse me, that also
19 included training grants in that, also, under Field Programs.

20 Those come out for the four years as 93.8 percent
21 in 1977; 93.2 percent in 1978; 91.9 percent in 1979, and that
22 is low because we moved \$2 million more in, as you may recall.
23 That is probably closer to 92.1 percent now. It was 92.6
24 percent in 1980.

25 The program type activities, the direct expense

1 program type as distinct from Management and Administration,
2 for 1977, 3.3 percent; for 1978, 4.4 percent; for 1979, 5.3
3 percent, and for 1980, 5.1 percent. Again, the last two
4 years, those are very slightly down a bit.

5 The Management and Administration figures, I believe
6 I gave those earlier, they are 2.9 percent in 1977; 2.4 percent
7 in 1978; 2.8 percent in 1979, and 2.3 in 1980. Those three
8 lines will add to 100 for each year.

9 Does that give you the figures you are looking for?

10 MR. TRUDELL: I think what Roger is really driving
11 at, if I am getting the right interpretation, is you give
12 these percentages which may show an increase of the total
13 budget, yet when you are jumping from 205 to 27, you get
14 \$337 million. There is a lot inbetween in terms of taking
15 monies out of Category I and Category IV and Category VI,
16 or whatever, it still sort of distorts the picture in terms
17 of looking at the increase in budget say for regional offices,
18 where they may have had a budget of \$250,000, and all of a
19 sudden, boom, they are up to \$400,000 in an one year period.
20 That is a substantial increase.

21 I realize there are more responsibilities because
22 there are more grantees, but I guess it may be helpful in
23 terms of taking a close look at the budget materials to
24 request specific schedules that would give us a little more
25 background, and yet not have you change the format that you

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1 have everything plugged into.

2 MR. HENNIGAN: Two points, if I may respond; first,
3 I think the movement of budget shares from year to year is
4 the best measure of what is taking place. We have had large
5 dollar leaps. The question is not how much in dollar or
6 percentage terms of an individual activity, but how much that
7 sector of the budget changes in relevant magnitude.

8 The shares have actually been fairly constant.

9 On detailed schedules, I am not sure I understand
10 the question. Did you want something showing increases, for
11 example, in personnel or travel, in absolute dollars for
12 every year?

13 MR. TRUDELL: I think in terms of just how the money
14 is allocated, in other words, how many pots can the central
15 office reach into, how is it spread out. I think in terms
16 of some schedules for the benefit of us who do not have the
17 time to just pour over these budgets and try to look at each
18 area. I would say some kind of loosely put together schedule
19 pulling out these various amounts so we can see the growth
20 of the regional office's budgets and the growth of the central
21 office's budgets.

22 MR. BAMBERGER: I think that information is in the
23 materials which have been given to the Audit and Appropriations
24 Committee over the last couple of meetings. If you want,
25 before you leave the meeting, we will get together with Buck

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1 and we can give you that, and if there is anything else that
2 is missing, we can get it together.

3 CHAIRMAN RODHAM: My problem with the questions is
4 this is a descriptive document of decisions we have made. I
5 am aware the regional office has increased and I have a rough
6 idea, based on all of the information we have had before us
7 in the last Board meeting and Committee meetings, what the
8 percentages are.

9 This budget document is descriptive of decisions
10 that have already been made. I do not know how many different
11 ways we want to describe what we have done, but I think each
12 of us has to take some responsibility for remembering the
13 kinds of decisions that have underlaid these descriptions.

14 I know Buck is always in the hot seat when we are
15 trying to figure out who did what to whom and how it all adds
16 up. Those decisions have been programmatic decisions that
17 have been made by this Board as well as Committee backing for
18 this Board.

19 MR. CRAMTON: Madame Chairman, that is partly
20 accurate in a sense that this is kind of an unfolding
21 panorama in which various decisions and commitments are made,
22 and we certainly have an enormous amount of information made
23 available to us.

24 I was just suggesting that the manner and the
25 presentation of the information may help the Board at some time

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1 in facing up to the decisions that it has to make about what
2 are the relative priorities on the use of Corporate funds, and
3 I agree, it was Buck's comment on that that relative shares
4 are important. It is true, Madame Chairman, the Board is
5 making essentially a budget allocation for the first time for
6 the 1980 year at this meeting. Therefore, it seems to me
7 that questions or comments about that are appropriate before
8 we approve it.

9 I wanted to ask a couple of questions, if I might,
10 about relative shares on these direct expenses, because I
11 agree with Buck, that is an important question. What I see,
12 if I look at the totals on page 27, for the 1979 and 1980
13 columns, if you look down to the bottom on the totals, the
14 direct expenses go from \$12.1 million to almost \$16 million,
15 an increase of \$3.8 million. That is a 31 percent increase.

16 As I figured out, and I may have made a mistake,
17 I figured it as a 31 percent increase. The total increase
18 however, from \$277 million to \$330 million is merely an 18
19 percent increase.

20 The question to me that you are really talking
21 about, in terms of relative shares, and this is a proposed
22 budget in which the relative shares of direct expenses is
23 increasing much more rapidly, almost twice the rate of the
24 increase that is proposed. That raises a question whether it
25 is consistent with the posture and statements we have made

1 about our goal is to see that the maximum funds go out to the
2 field and whether we are being more productive and most
3 efficient in the use of the money to serve poor people, and
4 how fast the direct expenses have grown.

5 MR. HENNIGAN: Mr. Cramton, the correct comparison,
6 I believe, is on page 26. I believe the \$16 million figure,
7 did you take that from page 27?

8 MR. CRAMTON: That is right.

9 MR. HENNIGAN: That is for program type activities,
10 and the total direct expenses on on page 26, under the column
11 labeled "Totals," "1980" and "1979." The increase is \$5 millio
12 between the two years.

13 MR. CRAMTON: The regional offices are on page 27,
14 are they not, and the Research Institute and the Recruitment
15 effort, and so on?

16 MR. HENNIGAN: They add up to \$16 million.

17 MR. CRAMTON: It seems to me that it is not clear
18 that the relevant total -- one further comment, as I figure
19 these totals out, the \$12 million of the \$277 million, and
20 \$15.9 million of the \$330 million, that is what is proposed
21 as an increase in the direct expenses from less than 4.4
22 percent of total expenditures, to about 4.8 percent. It is
23 an increase in relative shares.

24 I am just raising the question as to the justi-
25 fication of it.

1 MR. HENNIGAN: One answer is the considerable drop
2 or relative drop in expansion funds in this year. That
3 represents a \$5 million relative absolute drop from year to
4 year, which at the margin, is going to be reflected in some
5 of these.

6 I think, in gross terms, the shares are relatively
7 constant from year to year. There is a \$7 million drop
8 between 1979 and 1980 in the expansion funds. That would
9 have one definite impact on it because that would pull the
10 field part down relatively, and allow the others to increase
11 relatively.

12 MR. ENGELBERG: As I understand what we are doing
13 today, we are making a very preliminary decision about the
14 allocation of this budget, I realize we are presenting it to
15 the Congress, and I am still learning the budget process, but
16 my recollection is once the final figure comes down from the
17 Congress, we will then have to go through what we have just
18 gone through, and that is make some final decisions, and
19 certainly the Board is not locking itself in, in a final way,
20 to allocate, because we all recognize that this \$337 million
21 is likely to be pie in the sky.

22 Is that essentially procedurally correct?

23 MR. EHRLICH: That is true. It is also true that
24 when we go to the Congress and present this budget, and
25 present expansion as our highest, and present the other basic

1 structure and philosophy of a deviation from that, without
2 reviewing it with the Congress --

3 MR. ENGELBERG: Clearly, the kind of decisions
4 that have to be made today are that we do not favor this
5 magnitude of expansion today, and we had better say so now
6 so that we are not in the position of having told the Congress
7 one thing, and I think everybody understands that.

8 What I was leading up to, my recollection is at
9 the summer Appropriations Committee meeting where we did the
10 final Committee mark-up on the 1979 budget, we did have the
11 kind of breakdown, I think, Roger and Dick were talking about,
12 that is, there was a \$20 million figure which did pretty much
13 lump together all Corporate expenses, regional office and
14 everything.

15 It was the figure of \$20 million which led Roger
16 to make a motion to reduce that by \$2 million.

17 What was a pretty comprehensive direct expense
18 figure, was it not?

19 MR. HENNIGAN: Yes, I think that action took place
20 at the September meeting of the Appropriations and Audit
21 Committee. In June, there were large areas of potential
22 expenditures for which we did not treat until after the
23 results of the Next Steps process.

24 MR. ENGELBERG: Didn't that figure include everything
25 relating to what could be called "direct corporate expenses,"

1 regional offices, everything, and it did not include direct
2 field expenses.

3 MR. HENNIGAN: It included everything but grants
4 to field programs, the grants for the Delivery Systems Study,
5 and Program Development. It also included the training funds
6 as well.

7 As I explained earlier, those were costed as
8 Corporation expenses, although in fact, many may end up in
9 Grants and Contracts.

10 MR. ENGELBERG: That was sort of an odd way of
11 doing it, from your point of view, Buck, in other words, that
12 was presented to the Committee so it could get a pretty
13 clear understanding of what these direct expenses were?

14 MR. HENNIGAN: No, it is a normal presentation.

15 MR. ENGELBERG: It was inconsistent with what you
16 said earlier, because you lumped into that, say, field
17 regional offices, you put them under there as opposed to
18 putting them under Field Services.

19 MR. HENNIGAN: For display purposes to the Committee,
20 we make a separation of direct expenses by the parts of the
21 organization, and in the total budget, we locate those parts
22 in the functional area that is appropriate.

23 MR. ENGELBERG: I think that is really what Dick
24 and Roger are saying, that it is important for display purpose
25 I think we all agree, at least I totally agree, which is not

1 to say that we are going to look at that and automatically
2 decide to cut it, but I do think it is very important, and I
3 guess my question is, do we need that now, that display. It
4 seems to me that the critical time that we need it is sometime
5 next fall when we know what the final budget is going to be.

6 I suspect that what happened this year is going to
7 be mild compared to next year. I think we are really going to
8 have some very difficult decisions to make and certainly at
9 that time, we have to have the kind of breakdown that Dick and
10 Roger asked for, which I think you gave us last year.

11 MR. TRUDELL: I agree with Steve. I am not raising
12 questions from the standpoint of wanting an immediate breakdown
13 or whatever, but I think in terms of having to make cuts and
14 being faced with that reality in terms of new people getting a
15 better feel for where we are coming from, and I have not
16 attended any Appropriations and Audit Committee meetings up
17 until the last one, at the outset of my being on the Board,
18 but in the future, I hope to participate in those meetings.
19 If someone has to raise these questions, I will raise them at
20 the Committee meetings.

21 I think just so you know where we are coming from
22 in terms of being concerned about central office, regional
23 offices, and field programs, I am sure there are going to be
24 some major decisions made regarding the 1980 budget.

25 MR. EHRLICH: I must say with all deference, I think

1 you have questions and concerns, but I do think the most
2 extraordinary way the Budget Office has provided you with
3 the detailed information, I would urge if there is a specific
4 thing you want to know, to ask it.

5 I would like to make one further point; in light of
6 the last Committee meeting, we did go through an extensive
7 cut of the projected personnel increases for 1980. What we
8 did for the Committee is say, here is what we think we need
9 to do, and it was a tight budget then. Several members of
10 the Committee, Stevel Engelberg and others strongly urged
11 that we cut that, and I think they were right to do it. We
12 did very much so.

13 The additional personnel numbered-17 in 1980 over
14 1979, and it is what I view right at the danger point or
15 somewhat below it. I do not want anybody to think that we
16 have not done that already and therefore when I say next year
17 to you that I am worried about that figure, it should not be
18 a surprise, because I am worried about it now, and goodness
19 knows, I will be worried more.

20 There are three in the Comptroller's Office, for
21 example, and one more in the Government Relations Office.

22 I view those as essential to do the job that is
23 called for at the budget level being well below \$337 million,
24 as well as at \$337 million.

25 MR. CRAMTON: I very much appreciated that response

1 and it did raise a question as to why the personnel
2 compensation item from 1979 to 1980, on the direct expense
3 sheet, goes up about 25 percent. I gather that is because
4 many of the people who are indicated as being 1979 additions,
5 in fact, are going to be added during the year or at the end
6 of the year, and therefore the full cost is only found in 1980

7 It is overall, at least, a substantial increase in
8 personnel compensation, when you look at 25 percent.

9 MR. EHRLICH: You are quite right, most of the
10 1979's come near the end and will be annually budgeted in 1980

11 MR. HENNIGAN: I might note that is not untypical
12 in budgets that the 1979 reflects a reality that you see at
13 hand, and 1980 is very optimistic about how quickly we will
14 keep people on and no turnover and the rest. There is an
15 upward bias in one year, and a downward in another year.

16 MR. ENGELBERG: I would like to make it clear that
17 I was not in any way suggesting that we are not getting proper
18 information. I think we all recognize that we all. I just
19 want to be sure in my own mind procedurally, that in terms of
20 the really difficult decisions, and we are not going to go
21 to Congress until some next summer at which time I just want
22 to be clear, as we did last year, without anybody asking for
23 it, to get the kind of display Buck gave us last year.

24 I do not view this operation as a fat and sassy
25 operation. I think it is a very efficient well run operation,

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1 and I am talking about direct expenses, and, as I think it
2 came up in that Committee meeting, we are the only entity that
3 reviews that budget as opposed to them reviewing the field
4 budgets. It is a job that we have to do, and I do not think
5 Roger or any of us feel, although we are all applying for
6 the Howard Jarvis award, we do not feel that it is an easy
7 task, it is very difficult.

8 I think we just want to be sure that we get the
9 information we got last year. We did get it without asking
10 for it last year. I think it is very helpful.

11 MR. EHRLICH: I did want to stress that some of
12 those difficult decisions were made already, in terms of
13 the personnel.

14 MR. CRAMTON: It is true also, Steve, that these
15 decisions are going to be made for us in many ways, because
16 as Tom has pointed out, much of this 25 percent increase in
17 personnel compensation reflects people who are going to be
18 hired and be onboard by the time the decision is made.

19 MR. ENGELBERG: Which we have approved.

20 MR. CRAMTON: That is right.

21 One final question on this sheet, and then I will
22 get off your back. The independent consultant items, I gather
23 direct expenses are the total of 26 and 27, and there is no
24 total of the two, which makes it very difficult.

25 MR. HENNIGAN: Yes, sir, there is. The totals

1 column on page 26 is the total of Management and
2 Administration, Program Activities --

3 MR. CRAMTON: Then there is a total for the Field
4 Operations and Support, and there is no total of pages 26
5 and 27. In any event, the independent consultant item
6 doubles between 1979 and 1980, on both sheets. I assume that
7 is perfectly appropriate. I just wanted to flag it and ask
8 the question as to what are the general areas which lead to
9 this very dramatic increase in independent consultants?

10 MR. HENNIGAN: I think it is easiest to track it
11 directly at page 26. You will notice that under "Management
12 and Administration," it is nearly constant, \$831,000 and
13 \$893,000, the very large jump is in Program Activities,
14 from roughly \$2 million to \$3.8 million.

15 If I may direct your attention to page 27, under
16 Independent Consultant Projects, you will notice under
17 Field, Research, and Evaluation, they are virtually constant,
18 that it is all in Support Operations, basically, the training
19 function.

20 As I explained on several instances, the cost of
21 that in terms of nationally conducted training events,
22 although in fact we are planning to shift much of that into
23 the grant and contract area, and I expect that amount, both
24 in 1979 and 1980, to decrease considerably and the grant and
25 contract lines down at the bottom of page 27 to go up.

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1 MR. EHRlich: It may be that before we send the
2 budget up, we can show that figure more accurately, because
3 that, the travel and transportation, are the two that increase.

4 MR. CRAMTON: They sort of leap out at you.

5 MR. EHRlich: Yes, they do, and they leaped out to
6 Congress last year, and one can explain when you get down to
7 it, here is where the money is going, but meanwhile, there is
8 some concern about if we can do it more accurately in terms
9 of reasonable expectation, which would help a lot for those
10 two items.

11 MR. CRAMTON: I want to reinforce what Steve said.
12 I am not implying that we should take any negative action on
13 these items today in terms of the budget allocations, but I
14 wanted to raise questions because we are the only body, as
15 Steve says, who reviews the direct expenses, and also because
16 we ought to perform the function of Devil's advocate for
17 meeting questions which we know congressmen who are concerned
18 about this sort of thing are going to raise.

19 It may be a matter of presentation in part that can
20 adversely affect the whole package if not presented right.

21 MR. BAMBERGER: That takes us through the 1980
22 budget request. Are there any questions?

23 MR. ENGELBERG: How long do we have to make final
24 editorial suggestions or comments? As I understand it, Buck,
25 is it through early January before you put it in final shape?

1 MR. HENNIGAN: We indicated in the covering memo
2 that there will be a draft circulated about December 15th,
3 which will reflect some minor adjustments of the numbers as
4 a result of having final figures for 1978 which ripple into
5 1979 and 1980, and also some of the appendices which are now
6 missing should start to shape up in that version.

7 We plan to use that mainly for final field comments
8 and also to aid in generating support for the budget. Copies
9 will be mailed to you.

10 The one that I think is most important for the Board
11 to respond to will be in effect the final draft in early
12 January. We are approaching the printer's copy at that point,
13 and that also will be forwarded to you along with any indication
14 of substantial changes from the version you see now on
15 December 15th.

16 MR. BAMBERGER: I think we would like the comments
17 on the December 15th draft so we can incorporate them in the
18 early January draft. It is going to be more difficult to make
19 more changes after that. It is a growing document, but the
20 last draft you see will be virtually the final form and all
21 pieces will be in place.

22 MR. HENNIGAN: In approving the budget resolution,
23 the Board directed the staff to prepare a draft request. I
24 think in approving the request, you approved us to proceed to
25 carry out your resolution. Mr. Engelberg has raised, I think,

1 quite directly, that although the budget may be an indication
2 of priority at this time, the basic decisions are after the
3 appropriation has been received.

4 Looking over the previous years, I do not think we
5 had a formal motion on the adoption of the budget request. I
6 think we were simply instructed to proceed.

7 MR. STOPHEL: I will be glad to make one, but I
8 am certainly not interested in doing so unless we need one.

9 MR. HENNIGAN: As indicated in the covering memo,
10 we are quite close to what we cast in the resolution as the
11 approximate figures for the major functions. There are some
12 variances but they are quite slight on a percentage base.

13 CHAIRMAN RODHAM: Any questions or comments?

14 MR. STOPHEL: That concludes our report.

15 CHAIRMAN RODHAM: Buck, I just want to say thank
16 you, as usual, you have done a tremendous job for which I
17 do not know if any of us understand the amount of time and
18 effort that it takes. I know I called the Corporation one
19 night at 10:00 and you answered the phone.

20 MR. KUTAK: That was a tape recording.

21 [Laughter.]

22 MR. HENNIGAN: Which I learned from Mr. Kutak's firm.

23 [Laughter.]

24 CHAIRMAN RODHAM: On behalf of the Board, I want
25 to express our appreciation to you for not only your excellent

1 technical ability and skills, but your good nature and good
2 humor in putting up with us and everybody else who takes pot
3 shots at you on an constant basis.

4 Bob, we have to come up with the alternative to
5 the Howard Jarvis award for grace under pressure.

6 Thank you very much, Buck.

7 MR. HENNIGAN: I thank you.

8 MS. ESQUER: I have a question that is related to
9 the budget, but not within the financial way, but more in
10 the programmatic aspect.

11 There is an item on page 95 that has to do with
12 client involvement and training. I would be interested in
13 knowing what the work plan is that is outlined for that
14 particular activity, and I do not know whether it is proper
15 to raise it now, but I would like a report on it, on the
16 plans.

17 MR. EHRLICH: Yes, I think Catherine Day-Jermamy is
18 here. She is in charge of client training for the Corporation.
19 We could ask her the kind of plans she has underway.

20 MS. ESQUER: I would appreciate it.

21 MS. DAY-JERMANY: Do you have some specific questions
22 or do you want me to review the whole thing?

23 MS. ESQUER: If you could give us a brief overview,
24 then I do have some specific questions, but I want to make
25 sure that I understand just what is involved, because the

1 only information I have is what I have right here.

2 CHAIRMAN RODHAM: There was some information in
3 the support document which outlined the client and paralegal
4 training.

5 MS. ESQUER: The October 19th information?

6 CHAIRMAN RODHAM: Yes, in the Houseman Riggs Report.

7 MS. DAY-JERMANY: For fiscal year 1979, the
8 paralegal unit is responsible for providing client training.
9 It is primarily a developmental year and what our plans are
10 is to present possibly nine training events, for client training
11 and some development to help local programs in efforts to
12 carry that out.

13 We have allocated a certain portion of the budget
14 of the paralegal unit in order to carry that function out.

15 Hopefully what our plans are for 1980 is to continue
16 at that same level, but also look to, since we have identified
17 clients as a resource, some of the joint efforts with Field
18 Services to engage in some recruitment from the client
19 community of persons to engage in paralegal practices, involve
20 them in a special recruitment and therefore a training program,
21 once they are hired by a local program.

22 We did a survey of local programs. They indicated
23 they would like very much to hire persons from the client
24 community. One of the problems was related to that training
25 effort.

1 In 1980, we plan to implement a program that would
2 make more involvement of clients at that level as well as some
3 advanced client board training.

4 There is no "program" planned training agenda because
5 there is not one for 1979. The first planning committee
6 meeting is not until January 11th and 12th here in Washington,
7 D.C.

8 MS. WORTHY: What is the make-up of that committee?

9 MS. DAY-JERMANY: The committee has not been
10 constituted. We have not formulated the committee. I am
11 awaiting a response from the National Clients Council. I have
12 asked for nine persons, one from each region. I plan to have
13 some persons representing field programs and other aspects of
14 the legal services community on that committee.

15 It is a committee composed primarily of clients.
16 There has not been anybody named to that committee. I want
17 the names from the Clients Council first.

18 There is going to be nine positions, naturally, to
19 non-regional people. I do not expect the committee to be over
20 12 to 15 people at the most, and that would even include the
21 staff input and clerical support for the committee. I do not
22 like large committees.

23 MS. ESQUER: The regulations were amended requiring
24 that eligible clients constitute at least one-third of the local
25 boards. As I understand it, waivers have been granted to some

1 programs, but this month is the last month, that they will
2 expire this month.

3 Do you have any idea how many new local client
4 members there will be?

5 MS. DAY-JERMAN: I have one person who is currently
6 working with some of the regional offices and with Field
7 Services to identify not only the client members, but the
8 terms and when those terms expire.

9 We are finding different variations throughout the
10 country. There are approximately 1,500 client board members
11 who will have full-terms in this fiscal year, that will expand
12 over into the next fiscal year, and that is part of the target
13 population that we are hoping to provide the initial training
14 for.

15 We do not have the resources to provide the training
16 for all of them, but we hope to first, during 1979, train
17 some client trainers, so that one, we leave a regional
18 capacity in a place where there can be some continuing
19 training going on.

20 We are now involved in a demonstration project
21 jointly with Field Services, to do that in a region now, in
22 the California region. That is underway, and that was underway
23 prior to me receiving the assignment to do client training
24 involvement.

25 MS. ESQUER: This allocation of \$328,000 plus, does

1 that include the travel for the client members to attend
2 the training sessions?

3 MS. DAY-JERMANY: That includes everything except
4 the reproduction of the materials, which is in another part
5 of the budget. That would include the travel.

6 There are no decisions about the standards, because
7 that would be something that the committee, once it was
8 formulated, once it began its meeting and planning and
9 at subsequent meetings, would decide. They have to decide
10 what the curriculum would basically be, what the components
11 of that curriculum would be, what are the requirements and
12 the criteria for participation, the selection of trainers.
13 That would be something that I would receive guidance on from
14 that committee.

15 MS. ESQUER: I would be interested in receiving any
16 updates that you have on any work plan that is developed.

17 MS. DAY-JERMANY: As I said, there is no work plan.
18 There has been some work done. We have developed the initial
19 questionnaire, one that is for the client board member and
20 one that is for other persons, other board members, field
21 staff and other persons. Those have been sent to the field
22 programs and have been circulated to members of the client
23 community, and have been pretested in New Orleans. We have
24 had some response.

25 That is really a training needs assessment so when

1 congratulate Catherine on equally a high degree of
2 professionalism. She has brought to the paralegal training
3 method, a skill and a dedication. I think it would be hard
4 to duplicate that anywhere in this country.

5 I wanted to make that statement before I asked the
6 question of why the client community is again being treated
7 by the Corporation in a fashion that is much different from
8 the legal community, that is, it is the intention of the
9 Corporation, as stated, to move closer and closer to the
10 local level, and further and further away from the Corporation,
11 for the delivery of training for attorneys and paralegals.

12 As opposed to that, the clients, you are moving
13 toward the Corporation and away from a client controlled
14 organization.

15 I would like to take a moment to read you something
16 that the staff has prepared, I do not know who on the staff,
17 but it is in your budget request to the Congress on page 84.

18 It reads, "Training conducted directly by the
19 Corporation has inherent limitations; too few people can be
20 trained at events that require the significant involvement
21 of Corporation staff and the training that can be provided
22 in this form, is of necessity, quite general and not geared
23 to address the particular needs of local offices. The
24 Corporation training plan is predicated on the assumption that
25 the most effective learning for attorneys, paralegals, and

1 support staff occurs within the legal programs."

2 I think the case is made and I would wonder whether
3 or not this Board might at some point, not now, want to
4 consider how client training, particularly over 1,500 board
5 members, will in fact or should in fact best be done.

6 CHAIRMAN RODHAM: Any other comments or observations?

7 MR. CRAMTON: I would assume that is the kind of
8 question that could be dealt with at the January 26th and
9 27th meeting, for a general discussion.

10 CHAIRMAN RODHAM: I hope so.

11 MS. DAY-JERMAN: Hopefully at that point we will
12 have some information back and have some idea from the results
13 of these surveys on what is indicated as the training needs.

14 CHAIRMAN RODHAM: Thank you, Catherine.

15 The next item on the agenda is another Committee
16 report, the Committee on Provision of Legal Services.

17 As many of you know, Revius Ortique's wife had
18 an emergency operation, and thankfully, it was not serious,
19 and she is recovering. He was unable to be with us today
20 and Cecelia Esquer, a member of the Committee on Provision
21 of Legal Services, will present that Committee report.

22 THE DELIVERY SYSTEMS STUDY

23 MS. ESQUER: I did talk with Mr. Ortique and he did
24 ask me to give you his regards and let you know that his wife
25 is beginning a good recovery.

1 The report today consists mainly of three
2 informational items. We think we will be able to meet the
3 12:30 time to adjourn for lunch.

4 The first report has to do with the Delivery
5 Systems Study. As you know, under Section 27(g), the Legal
6 Services Corporation was instructed to evaluate alternative
7 systems for delivery of legal services to the poor.

8 We have hired consultants to help us evaluate some
9 aspects of the provision of legal services, as far as relate
10 to client satisfaction, to the quality of services that are
11 received, and to the cost of providing legal services.

12 I think the information that is being developed will
13 be particularly helpful to us as we address the need to
14 develop standards for the legal services programs throughout
15 the country.

16 I have been particularly impressed with the reports
17 and the updates that we have received from Leona Vogt, and I
18 would like for you to give a summary of the progress being
19 made, and I think they have a couple of reporting dates, one
20 that she mentioned for some draft reports.

21 MS. VOGT: Thank you.

22 As you probably all remember, the Delivery Systems
23 Study has four basic components, one is the design of the
24 study in terms of what information is needed and what
25 procedures will be used to collect the data, and the kinds of

1 programs to be tested.

2 There are operations in particular of the Delivery
3 Systems Study demonstration project, also the staff training
4 projects that were pre-existing, that are included in the
5 study.

6 The third area is one of actual data collection, to
7 get the information needed, and the fourth is the analysis
8 step, to put together pieces of information, to answer the
9 questions which are related to the overall study design.

10 I wanted to mention briefly the status of those
11 activities, and as Ms. Esquer said, to address the future
12 activities and where we intend to be.

13 The demonstration projects were selected, as you
14 recall, in two rounds, in late 1976 and in late 1977. There
15 are 38 projects in all. We are going through the process now
16 of refunding those projects.

17 The Round II projects were refunded November 1st,
18 and the Round I projects will be refunded for a third year in
19 late December. We are in a process on that dimension of
20 reviewing the work statements and proposals for the Round I
21 projects.

22 All of those projects have been monitored by the
23 Delivery Systems Study staff, with assistance from consultants
24 and regional offices staff.

25 We have found, as with all new programs, that there

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1 are some start-up problems. All programs are providing
2 services to poor people. They have experienced some difficulty
3 in starting operations and also in working through some issues
4 related to these new kinds of organizations and delivering
5 legal services to the poor.

6 We feel now that even though there are problems and
7 maybe there will continue to be problems, that we are working
8 with the programs on them, and that they are at least at a
9 steady level of operation, in terms of their plan. We are now
10 going to move into the more intensive data collection and
11 analysis phase, based on a more steady level of operation.

12 The data collection phase was based, obviously, on
13 the design of what was the first component which I mentioned,
14 design of what it was that the Corporation wanted to learn
15 and what different approaches were to be tested.

16 The first type of data collection was related to the
17 cost analysis, one of the four measurement criteria selected
18 with the assistance of the Delivery Systems Study Advisory
19 Panel.

20 We have gone through preliminary data collection, as
21 you will recall from previous Board meetings, we have talked
22 about issues that were related to the statistical data
23 collection systems. Based on the experiences with the
24 programs and actually looking at the results of the data
25 system, we made major changes in the statistical reporting

1 system and programs are phasing in or have phased into that
2 operation.

3 We chose a phasing process primarily so that we
4 could manage the task. There are 98 programs in the Delivery
5 Systems Study in total, which is a large number, 38
6 demonstration programs, 12 staff training programs, and
7 48 additional staff programs, that we are collecting
8 descriptive information on to respond to the statute as well
9 as cost information, to help in long term planning and
10 budgeting.

11 Because of the 98 set, we started with the 38
12 demonstration programs, we moved to the 12. We are in the
13 process now of finalizing the information formats and
14 requirements for the 48 staff programs and they are to begin
15 the data collection early in 1979.

16 We should have adequate data from them to prepare
17 the reports.

18 Your Budget Book presents materials on this aspect
19 of the study. The analysis plan that was developed as a
20 result of the request for proposal and the work intended,
21 it was developed by our contractor for that task, Westat,
22 Incorporated.

23 You also have in your materials an overview of the
24 statistical reporting systems that will provide the data to
25 support that analysis.

1 In your Budget Book, you also have materials on the
2 client satisfaction survey and analysis. We have moved along
3 quite well on that part of the study. We are on schedule.
4 The products of the contractor look very good.

5 The client satisfaction work, as with the other
6 measures, was based on a pretested system. There was work
7 to be done to revise some of the questions and to make sure
8 that we were really looking, as with all the other measures,
9 at the right dimensions that would affect client satisfaction.

10 With the cost analysis, we involved programs and
11 we involved outsiders in helping us design that system.

12 With the client satisfaction survey and analysis,
13 we formed not only the large advisory panel—but a small
14 working group, organized through the National Clients Council
15 and composed of clients, some members of the research
16 community, and some from the legal community, to help us
17 work through some very specific issues on how you collect
18 information so that clients will first understand what we
19 are doing and how we are going about it.

20 We had a meeting recently of that group and the
21 results were very helpful. We have made some modifications to
22 the data collection procedures and analysis from that task.

23 Very quickly, the quality assessment contractor was
24 selected subsequent to the Provision of Legal Services Committ
25 meeting in New Orleans. That contractor is Contract Research

1 Corporation, the contractor that also won the award on the
2 cost variation study which Mr. Hennigan talked about recently.
3 They are just at the point of developing a work statement. The
4 same is true of the impact contract. We selected Human
5 Resources Corporation from San Francisco, a minority firm that
6 also won an award in an open bidding process. They are in
7 that same stage of developing their final product.

8 Prior to the Provision of Legal Services Committee
9 meeting in New Orleans, we had an Advisory Panel meeting
10 which some of you attended and heard the discussion of some
11 of the issues that we thought were important in the development
12 of the study.

13 The purpose of the Advisory Panel was really twofold;
14 one was to provide an update status report for the Advisory
15 Panel on our operations, and also to give them a sense of
16 some of the models they had not heard about, and both of them
17 were presentations from Round II projects. One was the
18 Legal Clinic, one was a rural program project.

19 They also discussed the materials in your book, in
20 particular, the cost analysis materials and issues, and also
21 client satisfaction.

22 Our next step with the Advisory Panel is to bring
23 them up to date on the other two dimensions, quality and impact,
24 and go through the similar processes.

25 In your briefing book, you also have a progress

1 report and schedule for the production of a major report at
2 the end of the year. The schedule indicates we will have
3 data collection completed in August, and we will have draft
4 reports in the Fall.

5 We intend to circulate those draft reports to our
6 Advisory Panel, to the Board, and others who have been involved
7 in the study, because of the importance of the results, and
8 we intend to have a schedule and a procedure to make sure
9 that the legal services community as a whole has a chance to
10 respond to the report before anything is finalized.

11 The report is due in the winter, and we are
12 ambitiously moving along on schedule, and hope to meet that
13 deadline.

14 MS. ESQUER: Are there any questions?

15 MR. STOPHEL: With regard to the cost effectiveness
16 category, I could not really tell from the breakdown of
17 the unit that is being costed, do we come back to 100 percent
18 of the funding being used for that program, in other words, do
19 all of the factors when added together come back to the total
20 contract, which would include the cost of setting up the
21 program, of buying capital items, and all the things that go
22 into a program of this kind?

23 MS. VOGT: Yes, but not only Corporation money but
24 also all other sources of funds. We are looking at the
25 program as a unit, not just tracking Corporation dollars.

1 MR. STOPHEL: I am assuming that when other than
2 staff programs are used, there is no initial cost of setting
3 up the program, and those would not be a part of the cost?

4 MS. VOGT: What we are doing, through the analysis,
5 is isolating costs that are either related to start-up or
6 data collection. Obviously, some of the efforts, because of
7 the amount of work involved, will cost programs in collecting
8 the data. We are going to isolate what is not a part of the
9 regular operations, start-up as well as cost effective by
10 the functional study, and then we will be able to look at
11 actual operations and a steady state of operation.

12 MR. STOPHEL: The start-up should be amortized,
13 should it not? It is going to cost you to start up a program
14 every time. That is part of the cost of doing business. It
15 seems to me that ought to be amortized just like any start-up
16 cost of the operations.

17 MS. VOGT: That is another way to say it. You have
18 to at least recognize its existence, know what part of the
19 activity and budget goes to the start-up, make sure you have
20 some way of getting comparable information, i.e., the staff
21 training programs do not have existing start-up costs.
22 However, they have other costs, like expansion, that could
23 also affect the ways they operate, which would be equivalent
24 to start-up costs.

25 You have to be able to allocate that to the program.

1 You are correct in saying it is a real cost and it has to be
2 considered as part of the total program operation.

3 MR. STOPHEL: Although it is isolated, it is
4 included in the cost?

5 MS. VOGT: Yes, by isolated, I just meant to be
6 able to identify it, separate it, so you can reallocate it.

7 MR. STOPHEL: The cost of data collection probably
8 would not be included in the cost of service?

9 MS. VOGT: No.

10 MS. ESQUER: Any other questions?

11 [No response.]

12 MS. ESQUER: One thing that I would like to point
13 out is as far as the draft reports are concerned, there is a
14 promise here, as to Mr. Kutak's suggestion, that the cost
15 analysis report will be written in non-technical language. I
16 thought I would point that out to the Board. I know I
17 appreciate that.

18 Thank you very much for your report, Ms. Vogt.

19 MR. EHRLICH: I should add that not only do we
20 live in a fishbowl in terms of this study, and it has been
21 reviewed, as many of you have seen, by GAO, but also the
22 American Bar Association has commissioned a study of this
23 study with an allocation of \$50,000 so that a consultant who
24 has been chosen, Richard Schwartz, formally Dean of Buffalo
25 Law School, is doing the study for the American Bar Association

1 the General Practice section particularly, which is the one
2 that urged it. We will therefore have another look at our
3 efforts from another outside prospective.

4 In general, while I would have preferred they had
5 waited until the effort were done, since this is an
6 enormously volatile area, with strong feelings on both sides,
7 and we have tried to adopt consistently a research judgment
8 without bias one way or the other, the more outside reviews
9 and looks we have probably on balance, the better we will do.

10 MR. CRAMTON: \$50,000 for a study of this type?

11 CHAIRMAN RODHAM: Yes.

12 MR. CRAMTON: Mr. Kutak, they keep saying they are
13 short of money and can't even afford a meeting of the Committee

14 MR. KUTAK: As you heard Tom say, it is the first
15 I have heard of it, but it was the General Practice section.
16 As you know, the sections of the Bar are independent entities,
17 almost accountable to no one but themselves.

18 MR. CRAMTON: He did not say it was their money, he
19 said they pushed for it.

20 MR. EHRLICH: They did put up half the funds.

21 MR. KUTAK: The other half came from the Foundation.

22 CHAIRMAN RODHAM: Jerome Chestik told me that
23 the Legal Aid Committee had also gotten into to study the
24 study of the study. It is endless.

25 The second item that we have to report on today is

1 the study required by Section 1007(h).

2 THE STUDY REQUIRED BY SECTION 1007(h)

3 MS. ESQUER: As a Committee, we do not have very
4 much new to report from the last meeting, except in the
5 meeting in New Orleans -- I said as a Committee, I think
6 Allan has a lot of work to report -- one of the decisions
7 that was made at the last Committee meeting was that when
8 the draft 1007(h) report is prepared, that we at the Committee
9 meeting in February would like to hold a public hearing to
10 hear some recommendations and some reactions from the legal
11 services community about the recommendations we intend to
12 make to the Congress.

13 We did not have enough time in New Orleans to really
14 discuss deeply as a Committee, the many conflicts and
15 sensitive issues that were presented to us for consideration
16 at the March Board meeting.

17 I would encourage any of the Board members who have
18 any particular interest in one or all of the areas that are
19 being discussed, to either send in a memo or to contact Allan
20 about any particular priorities that you see, so that Allan
21 and his group can have as much information to help prepare
22 their draft report that is due February 1st.

23 Allan, if you would like to make a brief report on
24 what you have been doing; I know Dick Trudell and I attended
25 a meeting yesterday with some of the field people. They spent

1 the entire day kind of wrestling with the issues that we as
2 a Board we have to finally answer.

3 MR. HOUSEMAN: Excuse me, my voice is basically
4 gone, so this will be brief. The materials in your book
5 set out what we are doing in each of the areas. We have
6 started to work on the elderly and handicapped. The elderly
7 meeting is going on right now. The handicapped meeting will
8 be on Wednesday. There will be additional follow-up meetings
9 during the month of December for the other groups that are
10 included in the original 1007 age category.

11 The data collection for the elderly and handicapped
12 will start on Monday. We hope to have the data back and
13 analyzed by mid-January.

14 We are proceeding and hope to have a draft report
15 ready for the Board by February 1st.

16 I could answer questions. I am not as sick as I
17 sound.

18 MS. ESQUER: I guess they are going to wait for the
19 draft report.

20 MR. HOUSEMAN: As I told several of the Board
21 members, I would be glad to make available the meeting times,
22 when various interest groups are meeting, and any Board
23 members who wish to attend are welcome.

24 I strongly urge that some time, somewhere, be set
25 aside for discussion of the issues that are raised in the

1 issues paper, as well as the second issues paper which we
2 will have ready on the elderly and the handicapped. It should
3 be completed either next week or soon thereafter.

4 MS. ESQUER: In that regard, the Committee on
5 Provision of Legal Services will be meeting sometime at the
6 end of February to really go in depth. There is a lot of
7 information that the Committee cannot really address until we
8 get some more facts and some more details, that Allan is
9 collecting. They do kind of go hand in hand.

10 We are looking forward to a very extensive
11 discussion at the February Committee meeting.

12 MR. TRUDELL: One concern that I do have separate
13 from what is being done on the reports is that the reports
14 will include some suggestions or recommendations to remedy
15 some of the problems, and to implement some of those solutions.
16 It has a direct bearing on the budget in terms of that there
17 is nothing in the 1980 budget for the simple reason that the
18 reports are not done.

19 I for one would hate to see the report completed
20 and put on a shelf. There may be some critical issues that
21 need to be addressed, and we are facing the possibility of
22 having to cut into the budget, depending on what the amount
23 will be.

24 I am concerned that this exercise might turn out
25 just to be an exercise.

1 MR. HOUSEMAN: As you know, the study requires that
2 it not just be a study, but the congressional mandate requires
3 recommendations and steps to implement those recommendations
4 be stated in the document submitted to Congress.

5 I am not saying that answers your question, but at
6 least it forces us to address the policy issues in a somewhat
7 realistic way.

8 MR. TRUDELL: I guess the reason I made the statement
9 was because if the report is done, there is a draft report
10 by February, and we have this meeting or hearing, whatever it
11 is called, and you people are satisfied with what is
12 incorporated in the reports, and hopefully, the Corporation
13 will be able to begin to respond to some of those needs.

14 I would like to see some kind of response as soon
15 as possible, rather than putting it off until fiscal year 1981.

16 MS. ESQUER: In that regard, I understand there is
17 also a task force that is not connected with the 1007(h) study
18 directly, but that is looking at the policy that we have and
19 the \$7.00 per poor person minimum access formula.

20 I think it would be interesting to see those two
21 develop pretty close to the same time, because they will be
22 looking at some of these issues that 1007(h) would have studied
23 in great detail.

24 I would be interested in a report from that task
25 force, at the completion of its discussion, its studies on the

1 policies that we have right now.

2 MR. HOUSEMAN: As you know, the primary consultant
3 to that task force is Gerry Singsen, who is also working
4 closely with us and who was also at the meeting yesterday
5 and who has continued to do a lot of work with me. There is
6 at least a direct interrelationship there between Gerry's and
7 Buck's work and my work.

8 MS. ESQUER: I guess one of the reasons for the
9 public hearing which was suggested at the Committee meeting,
10 is to be sure that before we send in a report, that we will
11 have recommendations to the Congress that there has been
12 the full discussion from the legal services community, and
13 the report will be circulated with enough time to provide
14 people an opportunity to review it and to study it and come
15 up with either other recommendations or revisions.

16 Thank you, Allan.

4a 17 THE REGINALD HEBER SMITH PROGRAM

18 MS. ESQUER: The final report item that we have
19 today is a report on the progress with the Reginald Heber
20 Smith program. In this regard, at the last Committee meeting,
21 we did have some extensive discussion about the program.

22 One of the things that did happen is that Mr. Ortique
23 with the Committee's approval, appointed Dick Trudell as a
24 type of Board liaison to the Reggie program, and Dick will
25 report on where we are with regard to the Reggie program.

1 MR. TRUDELL: At the Committee meeting, as Cecelia
2 has pointed out, we discussed the Reggie program in very
3 general terms. I think there is still no concensus as to
4 the route that should be taken in terms of restructuring the
5 program, leave it as it is, doing away with it, or whatever.

6 I think the bulk of the energy and time has been
7 spent responding to the Robertson Report and just assuming if
8 we tightened up or addressed and met some of those needs, that
9 things would be satisfactory.

10 At the meeting, I think we more or less decided that
11 there was a need for some kind of meeting to really discuss
12 the concept of a fellowship program, putting the past behind
13 us, looking forward, in terms of really in some way arriving
14 at a concensus that there is a need for such a program and how
15 it should be structured, the autonomy that it should have, who
16 should run the program.

17 I think those things do have to be addressed.

18 I know there are mixed feelings, and a lot of these
19 feelings have not surfaced. I am sure some programs in the
20 field may be content with the program in terms of it being a
21 way of getting an additional attorney slot. Some programs may
22 be concerned that the administration of the program needs to
23 be tightened up considerably.

24 In a sense, I think we have skirted the issues to
25 a certain extent. You are talking about a program that is

1 funded at the level of a little better than \$5 million a year.
2 I think there is some concern as to what we do, and hopefully
3 what we do within the next few months will still be place
4 five years down the road.

5 At this point, as I have stated, we are going to
6 put together a meeting, probably on the front end or the
7 tail end of the meeting on the 1007(h) studies, in February
8 or if for some reason that meeting is moved up into January,
9 I do not know.

10 We will be soliciting comments and suggestions from
11 the Board in terms of who it would be nice to have attend
12 that meeting, in terms of having people that can look at it
13 objectively, meaning they have no vested interest in seeing
14 how that program is structured and who receives Reggie's.

15 Rather than for me to say any more, I think it
16 would be appropriate to hear both from Clint Lyons and Hap
17 Washington, in terms of the current status of the program,
18 and what is being done.

19 MR. LYONS: I have presented to the Committee on
20 Provision of Legal Services, at the meeting in New Orleans,
21 a brief outline for developing a discussion document for the
22 Provision Committee. That approach is essentially outlined
23 in your briefing book.

24 There are ongoing efforts to fill in the details of
25 this outline, as well as the work we will be doing with Dick

1 in terms of addressing all of the areas as I outlined in my
2 memorandum to you.

3 Professor Washington, since the last Board meeting,
4 has updated his new directions paper for the Board. Perhaps
5 you will want to talk with him about that.

6 MR. WASHINGTON: I have submitted it to the Board,
7 by mail, and I think it is also in the briefing book. We have
8 at this particular juncture, completed the screening process
9 and we are into the interviewing process right now. Hopefully
10 we will be able to meet the deadline of January 31st, as the
11 ultimate goal for complete selection.

12 I would be glad to answer any questions at this
13 particular juncture.

14 I would advise that the LLM Community Law program
15 goes before the faculty at Howard Law School next week for
16 discussion.

17 MR. CRAMTON: Is this matter going to be further
18 discussed by the Committee on Provision of Legal Services
19 at some meeting? I have a number of questions and concerns,
20 but if the Committee is going to have a meeting in the fairly
21 near future, I think it would be appropriate to do it at the
22 Committee meeting first, and then have the Committee make a
23 report for the Board in which the Full Board can consider
24 the questions.

25 MR. TRUDELL: That is what we have in mind, Roger.

1 I think it is probably important that we schedule that meeting
2 as soon as possible, in light of the fact that the Reggie
3 Program is currently on a contract basis and I think the
4 contractor would be concerned as to just where they are at,
5 in terms of being able to plan for the future, and the fact
6 that the contract does expire July 31.

7 The only reason that I suggested February is for
8 those of us that have to come back and forth across the
9 country, and one of the Committee members will be out of
10 the country, we are just trying to select a date that is
11 halfway convenient for the majority of the Committee members.

12 MR. CRAMTON: I was going to suggest just before
13 the Airlie House meeting, on January 25th.

14 MS. ESQUER: We are working on setting a date for
15 that. I think it would be appropriate, as you recommended,
16 Roger, to wait until the full discussion of the Committee,
17 regarding the Reggie. We had extensive discussion about that
18 at our last Committee meeting and we had hoped the Full Board
19 would bear with us while we worked out some of the problem
20 areas that we have faced as a Committee, to really work for
21 a really positive resolution of all the questions that are
22 presented.

23 We hope that any of the other Board members who
24 are interested in participating in these discussions will come
25 to the Committee meetings. We will be checking with you on

1 meeting dates. It looks like the Committee meeting will
2 probably be together with our 1007(h) meeting, because there
3 are some lengthy discussions that are necessary, and we may
4 want to schedule a two day meeting of the Committees, rather
5 than a single day meeting.

6 MR. CRAMTON: I do have a couple of comments about
7 the material that I hope might be available whenever that
8 meeting is held.

9 First, Professor, how much of your time is being
10 devoted to the Reginald Heber Smith Program, as distinct
11 from your teaching and scholarly activities?

12 MR. WASHINGTON: I am teaching a three hour a week
13 course, which I have taught for eight years. The rest of my
14 time is devoted to the Reginald Heber Smith Program.

15 MR. CRAMTON: Do I get the correct impression from
16 the materials submitted that the program is actually being
17 physically located on a Dumbarton campus, and not adjacent to
18 the law school or in the law school?

19 MR. WASHINGTON: That is the law school campus.
20 Dumbarton was previously an all girl school.

21 MR. CRAMTON: Will you have information at this
22 meeting of the Committee which spells out what the LLM program
23 will be? I am concerned about it because it seems to me that
24 the legal services program relies on two full years of effort
25 by Reginald Heber Smith fellows, and it seems to me that any

1 academic program that involves course work and dissertations
2 and other things, should take, if it is really a program of
3 the kind that the University ought to have, ought to take at
4 least one academic year and possibly more, in terms of actual
5 effort.

6 The question is, will you show how that program
7 would affect the ability of Reggie's in the field to devote
8 themselves to the serving of clients and working their
9 programs?

10 MR. WASHINGTON: That will be fully discussed.

11 MS. ESQUER: Did you have anything else?

12 MR. TRUDELL: I think that is it. We will encourage
13 other Board members, if they have any suggestions, concerns,
14 or ideas.

15 I think Clint has outlined three alternatives in
16 terms of strengthening the program, in leaving it where it is
17 at or to take a look at restructuring it, or the substance
18 of the program, and the third option of possibly terminating
19 it.

20 MS. ESQUER: The only other thing that I would like
21 to add is I think as a Committee, we have really been impressed
22 with the efforts made both by the staff and by the Howard
23 University, to really work and just face up to all of the
24 issues that have been presented by the Robertson Report.

25 In the conversations that the Committee has had with

1 Howard University, we really see a renewed commitment to
2 some excellency in this program. I must say we are pleased
3 with that, but as a Committee we feel that we do have to
4 really face the overall issue and just stop skirting it.

5 That concludes our Committee reports.

6 CHAIRMAN RODHAM: Thank you very much, and thank
7 you for being here, Professor Washington.

8 We will now break for lunch. We will be back at
9 2:00 p.m.

10 MR. KUTAK: Madame Chairman, I cannot resist letting
11 it be noted as a matter of the record that I believe since
12 this Corporation has been in existence, this is the first
13 time that the Board has met without a report from the
14 Regulations Committee.

15 [Applause.]

16 CHAIRMAN RODHAM: We will recess for lunch until
17 2:00 p.m.

18 [Whereupon, a luncheon recess was taken at 12:30 p.m.
19 to 2:00 p.m.]

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AFTERNOON SESSION [2:33 p.m.]

1
2 CHAIRMAN RODHAM: Let's reconvene.

3 The next item on the agenda are Reports by the
4 President.

5 MR. EHRLICH: For the next hour or so, we thought
6 it would be well to gain some insight in a few important
7 areas, first the activities of our Office of Field Services
8 and of the Regional Offices, and second, relations with the
9 private bar, what the Corporation and offices are doing with
10 the private lawyers and private lawyer groups.

11 With your agreement, I will turn to Clint Lyons,
12 Head of the Office of Field Services, and we hope to have a
13 dialogue with the Board members concerning what is going on
14 in his office and the Regional Offices, what his plans are
15 and where he is going.

16 REPORT ON THE ACTIVITIES OF THE OFFICE OF FIELD SERVICES
17 AND THE REGIONAL OFFICES

18 MR. LYONS: I will try to be brief. I would like
19 to do essentially three things; one is to direct your
20 attention to my memo of November 15th, essentially setting
21 out the plans that we have developed for the Office of Field
22 Services and the Regional Offices, and the other component
23 parts of that operation.

24 Secondly, to introduce to you that part of your staff
25 who you rarely get to see at those meetings, and indeed, some

1 of whom some of you have not met, since you came onboard as
2 Board members, and finally to have two of the Regional
3 Directors made a brief presentation to you from the point of
4 view of the day to day operations of the Regional Offices and
5 how plans and activities are developed and indeed, what those
6 activities need from their points of view.

7 Hopefully, I have tried to lay out for you in a
8 general way, that we are trying to attempt to incorporate into
9 our operations, the same kind of management responsibility
10 and quality as we attempt to impose upon our grantees. We
11 are involved in some planning efforts and attempting to
12 prioritize those plans, so that we will have a fine product
13 against which to measure our progress toward meeting some of
14 our goals and objectives.

15 Unless you have questions, I would like to introduce
16 to you the Regional Directors and their Deputies at this point.

17 From Boston, we have Paul Newman, who is here. Meg
18 Connolly is the Deputy Director there, and she is not present
19 today.

20 We have Don Grajales from New York. We have Marttie
21 Thompson, the Regional Director in Philadelphia, and Steve
22 Miller, the Deputy.

23 We have Walker Thompson and Ed McQuire from the
24 Northern Virginia region. Walker is the Regional Director.

25 Warren Hill is the Regional Director from Chicago.

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1 Michael Terry, who is at my left, is Acting Regional
2 Director currently, and he has agreed to accept the position
3 of Regional Director effective on Monday, in Atlanta. He has
4 to clean up after Buck and I.

5 Dave Gilbert is from Denver, and his Deputy,
6 Art Lucero. Joaquin Celaya is Director from San Francisco,
7 and is not present. Laurie Deutsch, the staff attorney, is
8 representing him here.

9 Rita Bender is from Seattle, and is on my right,
10 and her Deputy, Marjorie McDiarmid.

11 Perhaps you would like to go first, Mike.

12 MR. TERRY: The word "brief" kept sneaking into
13 everybody's introductions, both in the President's and in
14 Clint's, so against all odds, I will try to be brief, but
15 those people who have sat through regional staff meetings
16 with me know that is difficult.

17 I wanted to take a couple of minutes to outline
18 a little bit of what is going on in our office, and I think
19 what is going on throughout Field Services and throughout
20 the Corporation, and clearly in the Regional Offices.

21 I guess our office is a good one to focus on
22 because of a number of things that happened specifically in
23 that office that caused us to have to make some analysis of
24 functions and what we were doing.

25 Obviously the loss of Clint Lyons and Bucky Askew

1 at one fell swoop was a tremendous loss that caused us to say,
2 where are we and what we are about.

3 The second factor in that was the whole Next Steps
4 process and the analysis that created a need for. The third
5 and perhaps the most important, in our mind, was a sense of
6 the entire evolutionary process that is going on within the
7 Legal Services Corporation, and basically a sense of developing
8 an identity and developing a relationship to the process that
9 we are a part of.

10 Our office spent a considerable amount of time in
11 terms of overall hours and it probably accounted for about
12 a week's worth of intensive work of just kind of taking those
13 three major factors and doing an analysis of where we were
14 and what we did.

15 It tended to boil down to four major functions for
16 us, and that would be the monitoring function as a primary
17 role, the analysis of technical assistance, management
18 assistance kind of activities, the funding process as an
19 internal process, and then our own office operations, in terms
20 of what was going on.

21 I think the fourth factor, that caused this, that
22 I neglected, is really the fact as all of you know, our
23 region in the southeast has undergone a significant growth,
24 to put it mildly, in the last couple of years, to the point
25 that in 1978, the service delivery budget in our region is

1 20 percent of the overall service delivery budget for the
2 Corporation, and nearly 15 percent of the overall gross budget,
3 a great deal of which is new money, in terms of new programs
4 and major expansion.

5 This morning when the Comptroller was talking about
6 the overall focus of his office and the needs for us as a
7 body to look at ways to avoid getting hit, it is particularly
8 crucial, I think, in our region. I think the involvement of
9 his office with our activities has been very positive and one
10 that we have really benefited from, and I think the training
11 process which just occurred in Atlanta, the fundamental
12 criteria process, this week, Tuesday, Wednesday, and Thursday
13 of this week, was extremely well received, and I would say
14 extremely well attended by the Board people, which I think
15 was a very positive thing, and I have already gotten some
16 significant responses from them about the importance of this
17 and the willingness to use this as an overall planning process
18 internally.

19 In any event, taking those four things, we came
20 up with the four fundamental issues of processes and functions
21 that we were looking at.

22 I want to say a couple of words about what each of
23 those mean internally, and what it has meant to us in trying
24 to develop where we are going within the structure of the
25 entire Corporation.

1 The monitoring and evaluation function, I think what
2 has evolved is a realization and a recognition of the fact that
3 it is not an act, that it is a process. It is not just
4 going out and looking at a program and coming in and having
5 that be over.

6 It is a initiating part of a long term process, as
7 we see it, that triggers the second function, which is
8 technical assistance, management assistance kind of roles,
9 that we have been able to provide.

10 There is basically a feedback to that overall process,
11 and it is an ongoing function.

12 This is something that I think has been well
13 received by the programs in terms of making it a two way
14 street, initiating the kinds of feedback that allows for
15 "us" within the Corporation administrative structure to
16 respond to and the programs themselves to get the feedback
17 to begin to act on those needs.

18 A comment that was made in Clint Lyon's paper and
19 what is pretty clear throughout the Next Steps process is
20 this dual assessment mechanism, which is part of this
21 monitoring and evaluation, both from above, and a process of
22 self assessment internally.

23 This is something that we feel has been well
24 initiated in the Regional Offices and in the programs within
25 our region, in terms of the programs beginning to develop a

1 sense of identifying particular needs for us to focus on when
2 we go into monitoring. If they are recognizing certain
3 problems, we can go in and deal with those and in fact even
4 create a monitoring team that has skills that can meet the
5 needs of the program on-site, and this has been a process
6 that has been something we have been working at on an ongoing
7 basis.

8 That triggers in a third very important process,
9 and that is the whole development of resources for programs
10 as a role for Regional Offices, rather it be in terms of a
11 resource bank or substantive materials or management and
12 administrative related materials, again, because of the
13 uniqueness of our region in having significant numbers of
14 new programs and largely expanded programs, the whole issue
15 of basic administrative structure has been there, such things
16 as what kind of fringe benefit packages have been done and
17 what kinds of things should we look at, those have been
18 extremely important for us to be able to respond.

19 I think in terms of special needs, and I am not
20 using that as a term of art, but in terms of special needs
21 that our office has been able to respond to, there was a
22 recognition again because of the heavy growth, that something
23 special is needed in terms of recruitment.

24 Just about a year ago, we sponsored with the support
25 of then OPS and the recruitment group of Linda Garrett's

1 office, a extremely successful recruitment conference in
2 Atlanta, where all the programs were invited and we actively
3 solicited law students, both second and third year law
4 students, to come.

5 I think the response from that was very good to the
6 point where there is now a process in place to do that on a
7 regular basis throughout the Corporation.

8 Again, because of our particular needs, and because
9 of our ability to respond to the particular needs within the
10 region, I think it created the successful atmosphere for that
11 to operate.

12 We are currently engaged in sponsoring an elderly
13 unit conference among the programs in our region, and it was
14 sort of self initiated by a number of the programs. Our
15 ability to be able to support that kind of effort and bring
16 these people together for discussion of particular problems
17 in specialized areas, I think, is real positive.

18 The ability in that process to serve as a general
19 clearinghouse of information and ideas, I think, also triggers
20 into the whole monitoring and evaluation and technical
21 assistance process. I think that is a role that we have got
22 to be able to fulfill.

23 I think a final thing that we learned in our own
24 self assessment, and which also comes out of the Next Steps
25 discussion and our own discussions internally, has been it is

1 a real learning process for all of us, the ability to identify
2 program needs, program strengths, be on the scene for
3 recognition of an evolution of standards internally, within
4 the programs, and variations of standards of performance
5 within programs has been extremely useful.

6 Triggered with that is also various ways of
7 delivering services. This is obviously on an informal basis
8 without a real delivery systems study individually within the
9 programs, but it is extremely useful to have the opportunity
10 to view how different programs meet the needs of their
11 particular community, both in types of services that they are
12 able to provide and types of delivery mechanisms that they
13 have set up.

14 I think that starts a very important note for a
15 watch word that we have all followed very closely in the last
16 six or eight months, and that is the focus of the Corporation
17 as an entity to begin to develop a process for standards of
18 quality, what is a quality program, what is quality performance.

19 I think all of this kind of information that is
20 being generated can be made available for that process.

21 The final function that I have discussed is the
22 whole funding process issue, which is again, an active part
23 of our role, not just in terms of the basic funding and
24 refunding process that goes through for existing programs, but
25 also particularly in our region with the heavy emphasis on

1 expansion policies and the need for a formalized process
2 there, which has been instituted this year, and has created
3 some special demands, of course, on the staff.

4 Within that is also the analysis of certain special
5 funding processes, whether it be special needs, state support
6 programs, development of Reggie requests, and that whole
7 process gets into that.

8 The issue on expansion policies, I think, is one
9 that is worth commenting on briefly. The situation in the
10 Atlanta region is one where we are projecting some 40 to 45
11 public meetings to be held throughout the unserved areas
12 currently within the ten states.

13 We have had a number of those, and I think it is
14 about six, already, and we are projecting 15 to 20 in the
15 month of December, which I think will be a very exciting
16 thing. It has been in the past. It has raised a whole range
17 of interests, both within the staff, and I think within the
18 area, of how to think more creatively about the ways of
19 providing services in some of the unserved areas.

20 That sort of summarizes what our office is going
21 through in terms of analysis and where we see functionally
22 the development of our operations.

23 I think it is important to underline that probably
24 a year ago or two years ago, a primary focus of Regional
25 Offices was monitoring, that this was what most people viewed

1 our function as. I think that was and is a very shortsighted
2 approach to what our role is. As I said, it is important
3 to keep in mind that monitoring is a process, it is not just
4 a single act.

5 I think the Office of Field Services and the
6 Corporation has recognized that and there is a total
7 evolution of what we are doing and how we can relate to
8 programs' needs. I think that is something we are all
9 learning from and I hope we can all benefit from it.

10 MR. LYONS: Rita?

11 MS. BENDER: You are a hard act to follow. You
12 said a lot of what I was going to say.

13 I would like to tell you a little bit about our
14 view, both of the region that we deal in, and how our staff
15 hopes to work with people in programs in the region.

16 It is probably in some ways in terms of the states
17 that were put together to form the region, the most unique
18 of the regions within the Corporation. We have the biggest
19 state, Alaska. We have the farthest away place, Micronesia.
20 We have the coldest place, we have the hottest place.

21 It is obviously a difficult region to travel around
22 in, and that creates some special problems for us as a staff.
23 It also and maybe more importantly, creates some special
24 problems for the program people with whom we work, for them to
25 maintain contact with us. It is hard for them often within

1 their own programs to maintain contact with each other.

2 As we start thinking about problems which are
3 common to many of the programs in the region, what we are
4 really looking at are questions on the delivery of legal
5 services in very sparsely populated areas, while we have a
6 few large cities in the region, Seattle, Portland, Honolulu,
7 and a few more, it is primarily a rural region, and not only
8 rural, but very sparsely populated.

9 Where Michael talks about expansion and the problems
10 about creating new programs, we find, on the other hand, that
11 many of the states within the region already have state-wide
12 programs. That does not mean that they have sufficient
13 capability to provide services to all parts of the state
14 because their states are so rural, and because the populations
15 are so far from each other, but they do not benefit from the
16 kinds of expansion monies that the southeast has.

17 In those states where expansion money is available,
18 because we are not dealing with state-wide programs, and
19 there are counties in the state that have never had legal
20 services, we find ourselves faced with the question of how do
21 you provide service in an area like Wyoming, where one county
22 may have 600 people and another county has 1,000 people, and
23 how do you begin to think about service delivery which really
24 makes sense for the population that exists in those places,
25 within the dollars that are available or are likely to become

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1 available to provide the services.

2 We see that as one of our major challenges,
3 thinking those things through and working upon them within
4 the Corporation.

5 There has been significant expansion in the last
6 year and will be this year, in migrant and Indian service
7 delivery in the region. That has been one of the very exciting
8 things to be involved in, because there were not very many
9 migrant or Indian programs in the northwest prior to last
10 year, and the development has been a very exciting one.

11 There is some very, very strong units in the programs
12 that now have those capabilities.

13 As we started within our office to go through an
14 organized process of planning out our work for the next year
15 or so, we identified some of these issues that I have just
16 touched upon, but we also found the nature of the region in
17 fact was going to dictate a great deal of the work we would
18 be doing.

19 We also started talking about what we had seen over
20 the course of the last two years at the regional office and
21 its present format which has been in existence, and what that
22 led us to believe what yet had to be done.

23 It is really a variation of what Mike was talking
24 about when he talked about the evolutionary process of the
25 monitoring function. In fact, we have gotten to the point

1 where we are now, I think, quite knowledgeable about the
2 programs in the region. That took some time in happening, it
3 was not a matter of going into a program one time and saying,
4 now I know what there is to know about this program, so let's
5 sit down together and we can solve all your problems. It
6 really has been a learning process for us in the office over
7 the last two years.

8 I think we are now at a point where we have
9 sufficient understanding of the uniqueness of the programs in
10 the region, that we can start thinking about how you plan for
11 what should be happening.

12 It seemed to us that one of the very great needs of
13 programs in the northwest, and I suspect it is true in other
14 parts of the country, is technical assistance and program
15 management, and in training and staff development. What I mean
16 by that is thinking about how you take a program from the
17 point it is now at and move the staff along to a higher level
18 of sophistication in both their legal skills, their ability
19 to deliver services, and the way in which they manage their
20 own resources and their own work.

21 A good deal of the technical assistance work which
22 we have defined for ourselves will be in the area of helping
23 programs to plan for their own development, to plan for their
24 own training, their own growth.

25 I think the monitoring that we do will be done in

1 the context of what yet remains to be done when we come back
2 and we look at what has happened in the period of time since
3 we had last been there, so that we can continue that process
4 of planning for the delivery of technical assistance, both in
5 terms of personnel, funds, and materials, that will move the
6 process along.

7 We are all in agreement and it sounds to me that we
8 are very much in agreement with the Atlanta office, that
9 monitoring is really to be used as a way of identifying
10 needs and then developing solutions with programs to problems.

11 Thank you.

12 MR. LYONS: Thank you.

13 Since we have taken some time, I am sure that any
14 of us would be happy to answer any questions that you may
15 have, otherwise, we will turn it over to Harriet.

16 MR. STOPHEL: Michael mentioned the expansion
17 meetings. I would be interested in knowing what kind of
18 participation you were getting at those meetings.

19 MR. TERRY: Several people have asked me that
20 today, because we have had a number of them. It is difficult
21 to have a benchmark. We have ranged all the way from 0 to 65
22 at some of these meetings.

23 It is hard to say. We have had a number where we
24 have had a dozen people, and the largest so far was 65. We
25 had one where no one came.

1 MR. STOPHEL: These are in the expansion areas?

2 MR. TERRY: That is correct.

3 MR. STOPHEL: Has there been any private bar
4 involvement at all, in attending the meetings?

5 MR. TERRY: Yes. We have had a good participation
6 from the standpoint of a cross section of the community, in
7 terms of having some Bar participation. Probably the best
8 participation in numbers has been from other agencies that
9 are there to talk about the needs that they have seen in
10 providing their services, and they said, we need legal
11 services as well.

12 There has been some client participation in saying
13 what their needs are, and often they get into some exchange
14 between the other social service agencies in which they may
15 have some complaints about.

16 MR. STOPHEL: From a mechanical viewpoint, I am
17 interested in how you monitor a state-wide program.

18 MS. BENDER: Funny that you should ask; I think the
19 honest answer to that is it depends on the state. We have
20 tried a variety of methods and in some instances, we have put
21 together a team of people and have gone to all the offices
22 of a state-wide program.

23 There are some advantages of that. We get a
24 prospective of where the program as a whole is at at any
25 given point in time, and we can be reasonably sure when we

1 talk with the project director and the project director's
2 central staff, that we are not picking up simply on extremes
3 in one office or another, that we have a fairly good view of
4 what is going on throughout the program.

5 Some of the programs in the region are just frankly
6 too big to do that. Evergreen Legal Services has 14 offices
7 spread out over the whole state. It would take several weeks
8 of very large monitoring teams' time to do a visit, and I
9 think it might just be too disruptive to the program to all
10 go in at once and do it that way.

11 What we have done there is we have gone to several
12 offices at one time and tried to have some kind of common
13 theme in terms of what kinds of specialties were going on
14 in those offices, or those urban offices or rural offices of
15 the state-wide program, and now, in the next visit, pick up
16 another group of offices.

17 I do not think there is one answer to it. The other
18 part of that is as we are now moving along in our own
19 evolution and know much more about the programs, it is often
20 not necessary to go to all the offices, because you may be
21 working on a particular problem that we identified on the
22 previous visit, and we can follow up on that problem by
23 going to a couple of offices. It varies.

24 MR. STOPHEL: I would hope that we would not get
25 too stilted in the way we go about it, because I think we

1 need that flexibility. I was thinking of the Georgia state-
2 wide program, and I can just imagine those fellows traveling
3 from Augusta to Dalton in one day and trying to cover the
4 program.

5 MR. TRUDELL: Rita, how many grantees are in the
6 Seattle region?

7 MS. BENDER: Fourteen.

8 MR. TRUDELL: How many states?

9 MS. BENDER: Eight, including Micronesia, so seven
10 states and Micronesia.

11 MR. TRUDELL: How large is the staff?

12 MS. BENDER: In our office, there are four
13 attorneys and two management specialists. We expect to be
14 hiring two more attorneys.

15 MR. TRUDELL: Is there any coordination, or I guess
16 the majority or all of the Indian grantees are handled by the
17 Denver region, with the exception of the Indian components
18 that are within various programs, so in terms of what kind
19 of coordination exists, is there a need for any kind of
20 coordination?

21 MS. BENDER: There is and there is. The Indian
22 programs in our region are components of other programs. We
23 do not have any separate Indian programs in the Northwest at
24 all. There is a great deal of coordination between our office
25 and the Indian desk in the Denver regional office. We invite

1 people from the Denver office to accompany us on visits to
2 the Indian units in the programs. We have constant telephone
3 conversations back and forth about issues and problems which
4 arise.

5 It has not been a problem for us. We have a very
6 close working relationship with that office.

7 MR. TRUDELL: What kind of input does the Indian
8 communities have into the decision-making process of Evergreen
9 Legal Services? I assume they do not have a board member
10 per se representing them.

11 The reason I am asking is that I know the State of
12 Washington has so many small reservations or communities and
13 they do not warrant, I guess, having a separate program for
14 each particular community, but in terms of making sure their
15 comments and suggestions will not fall on deaf ears, is there
16 some kind of advisory committee or is there a board member?

17 MS. BENDER: There is an Indian Advisory Committee
18 for the Indian unit of Evergreen Legal Services. They are in
19 the process, in fact, of restructuring their board right now
20 to comply with Section 1607, and one of the things that they
21 will do is invite the Indian Advisory Council to appoint a
22 member to the state-wide Evergreen Board.

23 I think your question is very well taken, and it is
24 something that we have to keep on top of.

25 MR. ENGELBERG: I take it there is a difference

1 between monitoring and evaluation. I have learned that much.
2 I guess assuming that is the case, where does monitoring
3 leave off, I mean, is there a regular evaluation program in
4 the Regional offices, how does it work, is it triggered by
5 monitoring?

6 I really am obviously not very well informed.

7 MR. LYONS: While the terms have been used
8 interchangeably, the monitoring aspect of it is the ongoing
9 aspect of contact with the programs. There is one visit in
10 our scheme of things and in our plan, that could be designated
11 the evaluation component of the visit, that yields an
12 analysis and a description of what is going on in that
13 program and the relative position that program is in, in terms
14 of its development, its management, the quality of its legal
15 representation, and that yields the sort of kind of in-depth
16 written report that allows us to make some assessments about
17 whether or not programs are complying with our sort of
18 undefined standards of quality at this point, but certainly
19 in terms of compliance with the regulations and the things
20 that we do have definite standards for.

21 The evaluation visit is done as one component. The
22 monitoring is the overall that incorporates the technical
23 assistance and so forth.

24 MR. ENGELBERG: For example, and I should know this,
25 but I don't, are the Regional Offices required to do a formal

1 evaluation, or to have one done for every program every year?
2 Does your office have such a requirement, or is it more of a
3 hit or miss proposition?

4 MR. LYONS: The requirement is, for the purposes of
5 the evaluation, each program in a region will be visited at
6 least one time a year, for the purposes of getting that overall
7 assessment at the operational level of that program.

8 Subsequent visits will be designed to correct the
9 existing problems and to further develop the program.

10 We are attempting to do that one in-depth
11 evaluation visit a year, which will yield the written report.
12 The other visits may be technical assistance visits and so
13 forth.

14 MR. ENGELBERG: Is there a pattern for regional
15 offices, or for example, I take it some regional offices will
16 use their own staff for these in-depth visits and some will
17 hire consultants. Is there any kind of pattern?

18 MR. LYONS: There is a pattern in the sense that
19 at one time or another, all regional offices may find it
20 necessary to use consultants, depending on the size of the
21 program, the length of time it may take.

22 I am attempting to build into the monitoring and
23 evaluation process, a sort of peer review system to the
24 extent that we incorporate into our evaluation process, the
25 kind of litigation currency that private practitioners and

1 other people currently litigating will bring to the discussion
2 and looking at the actual legal work that is going on in a
3 program. That is not to say that our staff is not equipped
4 to do that, but from just the communications point of view,
5 it is, as we have found, very useful to have people on those
6 evaluation visits with that kind of currency.

7 The other aspect of that is very often we find
8 we do not always have the expertise in a given area that is
9 demanded by a particular need in a program. To that extent,
10 when we recognize that, we do attempt to get those people
11 consultants to bring those kind of skills to our efforts.

12 MR. ENGELBERG: Is there a standard evaluation
13 format? Secondly, is there now or are you planning a program
14 to train evaluators, whether they be in the regional offices
15 or not.

16 I apologize for a lot of these questions, they may
17 be obvious, but I do not know the answers..

18 MR. LYONS: We do have a format to the extent that
19 we have a design for the monitoring and evaluation visit, in
20 the form of a checklist, areas to be looked at in the operations
21 of the program. This design was based on the years of
22 experience that we have had in Legal Services, prior to the
23 advent of the Corporation.

24 What is the most beneficial fact is that checklist
25 is just the focal point, it is the experience of the people

1 who are utilizing those checklists as instruments that count.
2 Every regional office utilizes that checklist, they are
3 looking at the same things, and we are trying to get them to
4 look at the same things, so that we will have some common
5 basis for measuring the relative performance levels of our
6 grantees.

7 MR. STOPHEL: Did I understand you to say that you
8 are using private lawyers some times as a part of evaluation
9 or as a part of the litigation component of evaluation?

10 MR. LYONS: Yes.

11 MR. STOPHEL: They are going to give that to us
12 pro bono, aren't they, at times?

13 [Laughter.]

14 MR. LYONS: I know some of our regional directors
15 have been able to get some of the private attorneys to
16 volunteer time to do that.

17 MR. STOPHEL: I would expect that to be the case.
18 I know in the CLE programs, the lawyers that appear do not
19 get paid for it. They are interested in developing the
20 profession. It seems to me that is something we ought to be
21 able to tap onto, and get some service.

22 MR. TERRY: Frequently we can get that within the
23 community; we don't very often, in fact, from my preference, I
24 would prefer for that kind of technical assistance and review,
25 to have somebody from within the same community, involved in

1 that process, rather than outside the community.

2 We have been somewhat successful in getting people
3 to do that on a pro bono basis. As far as participating in
4 the actual process of the monitoring process as part of
5 a big team, I have not really pursued that because we are
6 usually taking people from outside the community to do that,
7 but in following up with the actual review of cases and
8 individual performance, we have used people on a pro bono
9 basis.

10 MR. STOPHEL: Let's be careful with those
11 evaluating teams. I was evaluated once by the Dallas outfit
12 and they tried to make Chattanooga into Dallas, and it would
13 not work. I think the in-community evaluation makes a lot
14 more sense, and knowing what is expected of the program there.

15 MR. TERRY: We do like to feel on that that the
16 regional staff can control that kind of thing.

17 MR. STOPHEL: I would certainly hope that it could.

18 MS. WORTHY: I have a question that really concerns
19 me, and maybe one of the regional directors can answer it.

20 How strong are your visits with clients in the
21 area when you go into monitor or evaluate programs?

22 MS. BENDER: We try to make a point, getting to
23 the Board meeting, each of the grantees, at least once a
24 year. With some of the programs, there has been some
25 difficulties either in problems that the program itself has

1 experienced or any kind of disagreement between the program
2 and our office, and we will make a point of getting to the
3 Board meetings far more frequently than once a year, and we
4 can talk all those things out and make sure we have solved
5 our problems.

6 We also, when we do monitoring visits, ask the
7 program staff to invite Board members and clients to meet
8 with us, and we try to set aside some time for that. We often
9 do it informally over lunch or some other time of the day or
10 evening that is convenient for people.

11 It is somewhat difficult for us to control in that
12 while we know who the Board members are and we can initiate
13 that contact, we do not know who clients of the program are
14 as such, except the Board member clients. If the program is
15 helpful about inviting people to meet with us, then of course,
16 we can do it. If they are unable to arrange such a meeting,
17 it is not very easy for us to initiate on our own.

18 I have to say that it has varied from program to
19 program. We have been very successful in having those kinds
20 of contacts, and then continuing them on a rather long term
21 basis, in some programs, and less successful in others. It
22 is something we do attempt to do and continue to encourage.

23 I think as there are more clients on boards, it will
24 probably become much easier for us to do that because the
25 client Board members will have an obvious interest in that

1 contact.

2 MS. WORTHY: Does the question come up when you
3 talk to clients or board members, are the programs working
4 in compliance with the regulations set up by the governing
5 body? I do not know if that comes up very much to you or not.

6 MS. BENDER: Yes, it does. That is one of the
7 reasons why we would meet with the Board of Directors and
8 the grantees, so we can talk with the Board about compliance
9 questions, or about the fact that we are very pleased that
10 there are no issues with regard to compliance.

11 MR. ENGELBERG: If I could follow up, I guess that
12 goes against something that is fairly obvious but what I
13 have not thought about. I understand the problem a lot of
14 times is when you are depending upon the local program, and
15 my guess would be probably the better programs would go out
16 of their way to bring a lot of clients in, but is there a
17 way, even outside of client board members, that you could
18 systematically -- I guess there is some attorney/client
19 privileges, too.

20 Is there a way as a part of your monitoring or of
21 your evaluation, that you could systematically talk to some
22 kind of random group of clients? Obviously, they are going
23 to be preselected to some extent, I guess, just to get over
24 the program problem.

25 MS. BENDER: That is right, they are not random in

1 that they are selected. Somebody has to do the inviting and
2 it is not going to be us in that instance, because of the
3 privilege question.

4 We have encouraged it a great deal and have asked
5 programs to do it. I suppose it is fair to say that where
6 programs have been reluctant, we have tried to find out why,
7 to indicate why are you nervous about having this talk with
8 the clients. That is helpful at times.

9 MS. ESQUER: Is there a large degree of client
10 council activity in your region?

11 MS. BENDER: There is in some states, and there is
12 virtually none in others.

13 MS. ESQUER: What does your office do to provide
14 information about forming client councils? Is that left
15 completely to the local board? Who does that?

16 MS. BENDER: We have not done a great deal in terms
17 of providing information about how to form client councils.
18 The Clients Council has originally done that. We have
19 maintained contact with the Regional Clients Council and we
20 invite the Clients Council to attend project directors'
21 meetings which are held quarterly in the region, and to
22 participate in placing items on the agenda so there is a
23 forum in which Clients Council people can talk with project
24 directors involving issues of mutual concern, and so that
25 Clients Council people can be aware of those matters of

1 Corporation policies which we are discussing with project
2 directors and they can then follow up on them in their local
3 programs.

4 MS. ESQUER: I am interested, I am on the Committee
5 on Provision of Legal Services, and we are working on the
6 1007(h) study right now. I am interested in hearing about
7 any special type of delivery system that you have or are
8 contemplating for sparsely populated areas in either or both
9 of your regions.

10 MS. BENDER: It is perhaps a long discussion. I
11 would like to continue the discussion with you because we
12 could use all the help we can get.

13 MS. ESQUER: On the other hand, are you actively
14 involved in submitting input to that study?

15 MS. BENDER: We have been involved in analyzing
16 the study in our office, particularly in terms of migrant,
17 Indian and rural issues. We have been involved in various
18 committees and task forces within the Corporation, and with
19 coalitions of project directors and project people,
20 particularly on rural issues.

21 It just has to be a major focus of the work of our
22 office in the next few years. I am very serious about
23 continuing our contact, our discussion about it.

24 MR. CRAMTON: What happens when it is suggested by
25 representatives in a local community that is relatively rural,

1 that perhaps a Judicare arrangement might help provide service
2 better in a particular area? What happens? Has that ever
3 occurred?

4 MR. TERRY: It is occurring right now in one of
5 our states, with which the Chair of this Board is well
6 familiar. There is a great deal of interest, and in fact,
7 less than two weeks ago, a new board was forming to look into
8 the development of a modified Judicare plan for the unserved
9 and more rural areas of Arkansas.

10 This is something that we have met with them on,
11 we have discussed it, and in fact are encouraging it at this
12 point, and have encouraged it. This, of course, is going to
13 be a difficult thing to hold a public meeting on, because it
14 is going to be a very broad and large rural area, but that
15 will be part of that overall process.

16 It has already happened on a somewhat less formal
17 basis in two other states, where programs, as ways of working
18 out their own particular needs of dealing with large
19 geographical areas, with sparsely populated areas, of meeting
20 those needs.

21 MR. ENGELBERG: Again, I would like to return to
22 what Jo had started. I would like to see, if you have not
23 already done so, that you think about some kind of mechanism
24 to plug in some kind of written client feedback as part of
25 your evaluation. Again, I know you do that, but I mean, for

1 example, it occurred to me that maybe one thing you could
2 do, and I assume you do in some parts of the country, is get
3 the local client board members, ask them to in effect explain
4 the waiver problem, because it is not the attorney's privilege,
5 as we all know, it is a client's privilege.

6 MR. LYONS: There are varying ways. The Atlanta
7 region has ongoing contact with the regional Clients Council
8 representative there, and has a list of the regional office
9 schedule, and in fact, contacts clients throughout the regions
10 when the visits are going to be made.

11 Those clients are able to contact the regional
12 office staff of the program when they are there.

13 It may be good to point out at this time that the
14 points that Rita and Michael made, that this is an evolutionary
15 process that applies to the monitoring and evaluation process.

16 As I indicated, we are looking at ways to formulize
17 more the feedback from clients, the measurements that we are
18 using, client satisfaction, we think will play a large role in
19 our development of standards, which will in fact attempt to
20 measure client satisfaction along a number of levels as well
21 as measure the other operational areas of programs.

22 We are developing and have a plan in operation to
23 begin that process of formulizing the feedback from the client
24 community.

25 MS. ESQUER: Clint, what type of resources does a

1 regional client council representative or director have? Do
2 they have a staff or office, what type of budget do they
3 work under?

4 MR. LYONS: Their budgets are allocated by the
5 National Clients Council, which is one of our grantees. I
6 think Veda Cannon, who is a client representative in Atlanta,
7 has a staff of herself and a secretary.

8 Very often the programs are very receptive to them,
9 in assisting them and working on any problems. They simply
10 cannot afford to have a large staff of people. Veda does an
11 incredible amount of traveling throughout the southeast
12 region. I have seen her in a lot of places on monitoring
13 trips. When I got there, she was already there.

14 CHAIRMAN RODHAM: Any other questions or comments?

15 [No response.]

16 CHAIRMAN RODHAM: Thank you very much. I am glad
17 so many of you were able to come to the meeting. Those of us
18 who have been on boards of local programs in one form or
19 another I think are maybe a little better acquainted with the
20 monitoring and evaluation that you supervise and try to get
21 done, so this was very useful.

22 We are, as you may have guessed, very concerned
23 about monitoring and evaluation, as we begin to move from a
24 period of minimum access to a period of quality, and probably
25 there is no more important job right now in the Corporation

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1 than beginning to do that. You can keep us informed about
2 your difficulties and let us know, so that we can have a
3 better idea of how it is going. We would appreciate it.

4 MR. LYONS: Thank you for listening.

5 CHAIRMAN RODHAM: Our last item on the agenda is
6 a report on the relations with the private bar, and it is
7 going to be presented by Harriet Ellis.

8 REPORT ON THE RELATIONS WITH THE PRIVATE BAR

9 MS. ELLIS: As outlined in the report in the
10 briefing book, the Corporation is involved in a number of
11 diverse activities, involving the private bar. I would like
12 to walk through some of those and discuss some other ones
13 that were not in there.

14 They, of course, include the 38 delivery systems
15 study projects, that all use private lawyers. Nine of those
16 are Bar sponsored projects, including two minority bars,
17 the National Conference of Black Lawyers, and the Charles
18 Houston Bar Association in Oakland, California, and also two
19 state bars are involved, Idaho and New Hampshire.

20 We also fund four Quality Improvement projects,
21 involving the private bar. They are designed to promote more
22 pro bono activities by private lawyers.

23 The grants for these QIP demonstration projects
24 were awarded to the Boston Bar Association, the New York
25 Lawyers for the Public Interest and Council of New York Law

1 Associates, the Washington Lawyers Committee for Civil Rights
2 Under Law, Alien Rights Project, and a private Washington,
3 D.C. attorney.

4 Two additional QIP projects under the professional
5 development category, conducted by Legal Services of Western
6 Carolina in Greenville, South Carolina, and Neighborhood Legal
7 Assistance in Charleston, South Carolina, also involved
8 private lawyers by using contracts with private law firms
9 in training.

10 The private bar is involved in our work in other
11 ways, for example, representatives of the ABA, including the
12 past ABA President, the National Bar Association, and the
13 American Bar Foundation, are on the Delivery Systems Study
14 Advisory Panel, and private lawyers are also represented on
15 our QIP Advisory Panel.

16 There is still much more that I think we have to do
17 to strengthen relations with the private bar and utilize
18 its resources to help increase the quantity and improve the
19 quality of legal services for the poor.

20 One of the projects which is also in the Board book,
21 which we are currently conducting, is designed to do that,
22 and that is the one involving the compilation of pro bono
23 models. We are right now in the first stages of preparing
24 a compilation of existing pro bono models that are being
25 undertaken by private lawyers in conjunction with Legal

1 Services programs, either through an arrangement with private
2 law firms or with bar associations, various methods that both
3 augment the delivery of legal services or also provide
4 training, are embodied in five basic models which are outlined
5 in the report.

6 We are now starting to prepare descriptions of these
7 models, and we are hoping to use them as prototypes to help
8 stimulate more pro bono work by private lawyers and bar
9 associations, not involved in this activity.

10 We have been coordinating the initial stages of
11 this project with the American Bar Association Standing
12 Committee on Legal Aid and Indigent Defendants, which is our
13 liaison committee with the ABA and which has pledged support
14 to help promote this concept.

15 We have also discussed this project with the ABA's
16 Special Committee on Public Interest Practice, the ABA
17 Young Lawyers section, and the ABA section on Individual
18 Rights and Responsibilities, all of which have expressed an
19 interest in promoting more pro bono efforts by the private bar.

20 Very shortly, we hope to bring together
21 representatives of these groups, our programs and clients, to
22 work out some of the coordination details, as to the best way
23 to promote this compilation used with state and local bar
24 associations, and also to help develop the most useful model
25 of formats.

1 One thing that I think was interesting to note, and
2 I think you all saw this law poll survey that was in the last
3 set of clippings that the American Bar Association conducted
4 on the perception of private lawyers, about public interest
5 law. Sixty-one percent of the lawyers interviewed selected
6 as the definition of "public interest law," legal representa-
7 tion for the poor or handicapped. Three out of five lawyers
8 said they contribute some legal services in the public
9 interest.

10 We are going to try to get more specific breakdowns
11 of this data from the ABA Journal, just to try to ascertain
12 exactly what these activities are.

13 Another area is what Michael Terry mentioned,
14 that we are involved with the organized bar, concerning
15 expansion. All the regional directors have been in touch
16 with the state bars and principal local bars, in their
17 regions, to inform and notify them about the possible
18 availability of money for expansion and also about the public
19 meetings and have requested proposals from them for
20 consideration.

21 Also, in line with expansion, we have been exploring
22 ways to work more closely with state and local bars, once
23 specific expansion plans are under consideration, to make sure
24 they have all the necessary information about the Corporation's
25 funding decisions.

1 Here again, the ABA Standing Committee on Legal
2 Aid and Indigent Defendants has offered to help in this
3 regard. We are going to be getting back to the Committee to
4 finalize a plan whereby either private lawyers or civic
5 leaders will visit the bars involved or at least write
6 letters, depending on the circumstances.

7 We have additionally undertaken activities with
8 the private bar in the area of recruitment. We have a display
9 and we exhibited it at the National Bar Association's annual
10 meeting last summer, and at the Black American Law Students
11 Association in Houston, Chicago, San Diego, Washington, D.C.,
12 San Francisco, and Columbus, Ohio, and that one was a real
13 road show.

14 We also have exhibited and have had presentations
15 at the First National Convention of LaRaza Alliance last
16 August in Washington, and at its Job Fair in Oakland,
17 California, and in addition, at the LaRaza Law Students
18 national meeting.

19 In April of 1978, we co-sponsored a recruitment
20 representation with the American Indian Law Students
21 Association in Albuquerque, and did a presentation at the
22 National Conference of Black Lawyers in New Orleans. In
23 addition, we regularly exhibit at the American Bar Association
24 and the Federal Bar, and we made a presentation at the
25 Association of Trial Lawyers of America.

1 In an attempt to continuously communicate with
2 the organized bar, all state and local bar associations that
3 are represented in the ABA House of Delegates, along with
4 local bars with 300 members or more, that are not represented
5 in the House, are on our mailing list to receive our
6 newsletter and our job vacancy bulletins and other pertinent
7 announcements, and the minority bars are also on that list.

8 We keep in communication and work with the National
9 Association of Bar Executives and the National Conference of
10 Bar Presidents, and we have developed programs with them for
11 their meetings.

12 The support we continue to receive from the ABA,
13 the National Bar, and the state and local bar associations, is
14 very gratifying, and we appreciate it, but, as I mentioned,
15 there is much more, as we all know, that has to be done so
16 that the legal services community and the private bar can
17 complement each others efforts and help make equal access to
18 justice a reality.

19 If you have any suggestions, they will be
20 appreciated. If you have any questions, I will try to
21 answer them.

22 CHAIRMAN RODHAM: Thank you very much.

23 MR. KUTAK: Harriet, as we all know, a whole new
24 crop of governors have been appointed or elected. I am sure
25 they are going to be looking in due course at the lists of

1 state advisory committees, and they are probably going to
2 wonder what these committees are, and what they as governors
3 ought to do.

4 I wonder whether it would not be an appropriate
5 idea for your department to prepare some kind of a briefing
6 paper or memorandum for these new governors, which, I suppose,
7 except in one case, might be puzzled by the state advisory
8 committees and how they should be reacting to them.

9 I think this might be an excellent opportunity
10 for you to disseminate information about the Corporation and
11 what it looks to the advisory committees to do, and indeed,
12 through that, perhaps we could develop some kind of
13 opportunities that would otherwise be overlooked, and at
14 least avoid some confusion over the function and status of
15 those various bodies.

16 MR. CRAMTON: I was going to raise the state
17 advisory councils in connection with Harriet's presentation,
18 but only because it seemed to me that they might play a role
19 in the expansion process, and of course, we have not used them,
20 and they may be a better vehicle than the Standing Committee on
21 Legal Aid and Indigent Defendants, which does not have
22 representatives from every state, but a small group.

23 I think the problem with your suggestion, Bob, is
24 that these are really defunct organizations, and I do not
25 know whether you want to give publication or publicity to

1 essentially defunct activities.

2 I think the issue that the Corporation has got to
3 face is whether we want to utilize the state advisory
4 council mechanism, give some duties and responsibilities to
5 those bodies, at least in an advisory capacity, not operating
6 responsibilities but advisory responsibilities, and in fact
7 make use of them.

8 That is a way of involving the local bar or
9 former Legal Services people who are appointed to those
10 groups and the like.

11 If we are not prepared to do that, I do not think
12 we should publicize what essentially is an appointment that
13 carries no responsibilities, in fact, most of the groups, I
14 think, do not meet. Some of them have never met. They are
15 paper organizations only.

16 I would think that question is one that the Board
17 might talk about with the staff at the January retreat.

18 MR. KUTAK: I find it a source of awkwardness. I
19 will not quite characterize it as a matter of embarrassment.

20 As I go from city to city, I encounter very
21 distinguished lawyers who are members of the state advisory
22 councils, and the first thing they do is thump my chest with
23 their forefinger and say, by the way, I have been appointed
24 to the advisory board and I see you are on the Corporation,
25 what are we supposed to do?

1 MR. CRAMTON: The answer is nothing.

2 [Laughter.]

3 MR. KUTAK: No, I merely pull out a regulation.

4 [Laughter.]

5 MR. KUTAK: Which, of course, I always carry, and
6 I begin to describe to them, of course, just about what you
7 have said, Roger.

8 [Laughter.]

9 MR. KUTAK: I begin to walk them into the sunset
10 with a great deal about the marvelous advisory opportunities
11 and responsibilities they can assume.

12 CHAIRMAN RODHAM: Sell them burial insurance.

13 MR. KUTAK: In all seriousness, this is something
14 that we might very well focus on, because I know Harriet
15 can see this as a source really of support if indeed she is
16 tapped by the congressional liaison office, as we need help
17 here, there, and elsewhere, and if we have this kind of group,
18 with this group well informed -- do they get our newsletters?

19 MS. ELLIS: Yes, they are on our mailing list.

20 MR. KUTAK: I think that is helpful. I would like
21 to see us come to grips with the issue and decide what we
22 can do with it.

23 MR. STOPHEL: I think the whole thing is the
24 funding thing, and that is, are we going to provide the funds,
25 and the fact that we did not mean they were destined to be

1 non-effective.

2 Yet, I am not sure that should have been a high
3 priority at that time, because we were so far behind getting
4 out legal services, but as we get into the Next Steps process,
5 I think this may be a mechanism that we might be able to
6 use very effectively, because it is one of the few mechanisms
7 that does reach into every state, because the ABA is just
8 not going to do that.

9 MS. ELLIS: Actually we have been talking to them
10 about a plan that would be national, and this did come up at
11 the meeting of the state advisory councils. The next time we
12 meet, we will discuss all of these various things.

13 MR. STOPHEL: There is excellent representation on
14 that committee, but it is just not very active.

15 MR. EHRLICH: Clint and I met yesterday with the
16 President-elect of the ABA and the Deputy Executive Director,
17 who reviewed their major plan for the ABA next year with
18 a priority on court reform on the one hand, and looking at
19 the competence of lawyers on the other. While we said the
20 Corporation had no funds for the court reform project, we
21 were very interested in speeding up the processes of justice
22 and looked forward to working with them.

23 CHAIRMAN RODHAM: Any other comments or questions?

24 [No response.]

25 CHAIRMAN RODHAM: Thank you, Harriet.

1 The next item on our agenda is future mee'

2 DISCUSSION ON FUTURE MEETING DATES

3 MR. EHRLICH: The dates are listed on page 215
4 of your book and the ones that we agreed on last time will
5 stand, I suppose, unless someone wants to suggest an
6 alternative date.

7 CHAIRMAN RODHAM: Does anybody have any problems
8 with the dates?

9 MR. ENGELBERG: As I understand it, we are definite
10 through March. Is June definite now?

11 CHAIRMAN RODHAM: Let's make them all definite, if
12 we can.

13 MR. TRUDELL: Where is the March meeting being held?

14 MR. ENGELBERG: Here.

15 MR. KUTAK: The one in January, is that in Virginia?

16 MR. ENGELBERG: Are we going to have an agenda for
17 that meeting, or is it going to be wide open?

18 MR. EHRLICH: I think we should have an agenda in
19 terms of broad areas and lots of time for general discussion
20 informally, or however we want to proceed.

21 CHAIRMAN RODHAM: Dick, would you like to suggest
22 that one of the meetings be somewhere other than Washington?

23 MR. TRUDELL: I think it is time we had a Board
24 meeting outside of Washington. I am sure as we get close to
25 the end of the fiscal year, you are going to want to be back

1 here. I think it is always helpful to get outside t
2 so other people can attend the meeting in terms of c
3 from that area and from the local programs.

4 CHAIRMAN RODHAM: Why don't we ask the staff to
5 give some thought to holding the March meetings somewhere
6 other than Washington, and see what the possibilities are?

7 MR. CRAMTON: The Board has never met in the
8 midwest or the northeast.

9 MR. KUTAK: Is that weekend in June the same week
10 as Memorial weekend?

11 MR. CRAMTON: Same weekend, yes.

12 MR. KUTAK: It is not?

13 MR. BAMBERGER: I recall asking that question and
14 checking the calendar.

15 MR. CRAMTON: May 28th is Memorial Day.

16 MR. EHRLICH: Yes, Memorial Day is the 28th and
17 our meeting is the following weekend.

18 CHAIRMAN RODHAM: Jo, do you want to host us in
19 Boston for that March meeting?

20 MS. WORTHY: Yes, it does not matter. When I come
21 to Washington, I always get snowed in.

22 CHAIRMAN RODHAM: Why don't we explore some places
23 for the March meeting?

24 MR. ENGELBERG: I move that we go to Boston.

25 MR. CRAMTON: I will second it.

1 CHAIRMAN RODHAM: Why don't we consult the
2 Almanac?

3 MR. CRAMTON: Madame Chairman, Mr. Engelberg has
4 moved and I have seconded that we go to Boston. Will you
5 allow the vote to be held?

6 CHAIRMAN RODHAM: I guess we should vote on it.
7 All those in favor of being snowed in, with the rain, and
8 the terrible day in Boston, when the slush is piled to the
9 door knobs, please raise your right hand?

10 MR. KUTAK: I was thinking more about Albuquerque.

11 CHAIRMAN RODHAM: That is not the midwest.

12 MR. CRAMTON: I think the motion carried.

13 [Laughter.]

14 CHAIRMAN RODHAM: Let's have the hand count again.
15 All those in favor of going to Boston, please raise your hands.

16 [Show of hands.]

17 CHAIRMAN RODHAM: We will consider Boston.

18 Any other business that should come before the
19 meeting?

20 [No response.]

21 CHAIRMAN RODHAM: We are going to get a report on
22 the Executive session. Would you care to give it,
23 Mr. President?

24 MR. EHRLICH: The Board met in Executive session
25 and discussed a range of personnel matters relating to the

