

12/11/92

LEGAL SERVICES CORPORATION
AUDIT AND APPROPRIATIONS COMMITTEE MEETING

RETURN TO CORPORATION
SECRETARY ARCHIVES FILE

December 6, 1992

2:10 p.m.

Howard Johnson Resort Hotel
1805 Hotel Plaza Boulevard
The Orange, Polk, and Seminole Rooms
Lake Buena Vista, Florida

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

Board Members Present:

Howard H. Dana, Jr., Chairman
J. Blakeley Hall
William L. Kirk, Jr.
Jo Betts Love
Basile J. Uddo
George W. Wittgraf
Jeanine E. Wolbeck

Staff Members Present:

John P. O'Hara, President
Emilia DiSanto, Acting Vice President
Patricia Batie, Corporate Secretary
David Richardson, Comptroller & Treasurer

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P R O C E E D I N G S

(2:10 p.m.)

CHAIRMAN DANA: I want to welcome all of you to the Audit and Appropriations Committee meeting here in sunny Orlando, Florida. It's 2:10 in the afternoon.

My name is Howard Dana and I am joined by committee members Basile Uddo and Jeanine Wolbeck, and fellow Board members George Wittgraf, Jo Betts Love, Bud Kirk, and Blakeley Hall, and the president. Seated at the table in front of me soon will be the comptroller, David Richardson, and with us are other members of the staff and public.

The first item on the agenda is an approval of the agenda. And I would ask for such a motion.

M O T I O N

MR. UDDO: So moved.

CHAIRMAN DANA: Is there a second?

MS. WOLBECK: Second.

CHAIRMAN DANA: All those in favor say aye.

(Chorus of ayes.)

CHAIRMAN DANA: Opposed?

(No response.)

CHAIRMAN DANA: It's a vote.

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1 The second item on the agenda is approval of the
2 minutes of our last meeting, which appear at Page 19 of the
3 Board Book. I have a few changes which I think need to be
4 made, but do other Board members have changes as well?

5 For the record, they appear at Pages 19 through 23,
6 25 of the Board Book. On Page 21 of the Board Book, in the
7 second full paragraph, the second sentence is incorrect as
8 stated, I believe. It states "During discussion, Mr.
9 Richardson explained that the budget projections included
10 rent due for the Corporation's unleased former space but
11 excluded rent not due for the new office space."

12 I believe that is not correct. I believe the
13 budget as presented by Mr. Richardson includes the rent for
14 the new office space, even though not a cash item. So the
15 words at the end of Line 4, "but excluded" should be replaced
16 by the word "and."

17 MR. WITTGRAF: And you strike "excluded"?

18 CHAIRMAN DANA: Strike the comma, the "but" and the
19 "excluded."

20 Additionally, at the bottom of Page 21, the number
21 as converted into a cash amount, that should be 11 million
22 rather than 12 million.

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1 CHAIRMAN DANA: That is correct.

2 MR. WITTGRAF: The lay reader would have a
3 difficult time, probably, ferreting that out. If you can
4 include the COB as adopted, as part of the minutes, I think
5 that probably would be helpful.

6 CHAIRMAN DANA: Actually, at Page 57 of the Board
7 Book --

8 MR. UDDO: You just have to know where to look.

9 CHAIRMAN DANA: -- something reasonably approaching
10 that is present.

11 MR. WITTGRAF: That, of course, would not be part
12 of the minutes of that meeting as such.

13 CHAIRMAN DANA: That's correct. And I think your
14 motion is to --

15 MR. WITTGRAF: I'm not a member of your committee.
16 I'm only passing that suggestion along to you, Mr. Chairman.

17 CHAIRMAN DANA: Mr. Chairman, when the ex officio
18 member of my committee speaks, you're always considered a
19 member of this committee. And I would take it as a
20 recommendation that we add Page 57 on this Board Book to the
21 minutes, permanent minutes of our committee, and have it
22 follow the -- I think it would follow Page 44.

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1 CHAIRMAN DANA: Does your motion include all the
2 proposed changes?

3 MR. UDDO: All the proposed changes.

4 CHAIRMAN DANA: And your second does, too?

5 MS. WOLBECK: Yes.

6 CHAIRMAN DANA: Any further discussion on the
7 changes?

8 (No response.)

9 CHAIRMAN DANA: Hearing none, all those in favor of
10 the changes please say aye.

11 (Chorus of ayes.)

12 CHAIRMAN DANA: Opposed?

13 (No response.)

14 CHAIRMAN DANA: The ayes have it.

15 And now, as amended, could I have a motion to
16 approve the minutes?

17 M O T I O N

18 MS. WOLBECK: So moved.

19 MR. UDDO: Second.

20 CHAIRMAN DANA: Any discussion?

21 (No response.)

22 CHAIRMAN DANA: Hearing none, all those in favor

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1 say aye.

2 (Chorus of ayes.)

3 CHAIRMAN DANA: Opposed?

4 (No response.)

5 CHAIRMAN DANA: It's a vote. Thank you.

6 The third item on the agenda is to approve the
7 minutes of the executive session held on November 23, 1992.
8 Is there such a motion?

9 M O T I O N

10 MR. UDDO: So moved.

11 CHAIRMAN DANA: Second?

12 MS. WOLBECK: Second.

13 CHAIRMAN DANA: Any discussion?

14 (No response.)

15 CHAIRMAN DANA: Hearing none, all those in favor
16 say aye.

17 (Chorus of ayes.)

18 CHAIRMAN DANA: Opposed?

19 (No response.)

20 CHAIRMAN DANA: It's a vote.

21 Consideration and review of fiscal year 1992
22 consolidated operating budget and expenses.

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1 I think our recommendation to the Board is as we've
2 indicated on Page 57. One of the reasons this item is on the
3 agenda at this time is because it was our hope that there
4 might be some further developments that might influence our
5 ultimate recommendation to the Board which we have made.

6 But before the Board meeting, if there are
7 developments that -- either through discussions with Congress
8 or otherwise -- that might influence the committee's ultimate
9 recommendation, this would be the time to hear them, from
10 management or --

11 MR. WITTGRAF: Mr. Chairman, is Page 57 the FY '92
12 or the FY '93 COB?

13 CHAIRMAN DANA: FY '92 COB.

14 MR. RICHARDSON: '93.

15 CHAIRMAN DANA: Oh, I'm sorry. FY '93.

16 MR. WITTGRAF: You're on Agenda Item 4, which talks
17 about the FY '92 COB.

18 CHAIRMAN DANA: Thank you, Mr. Wittgraf. I don't
19 frankly know what we would do without you.

20 MR. WITTGRAF: My wife never says that to me, but I
21 appreciate that from you, Mr. Chairman.

22 CHAIRMAN DANA: I gather this is on the agenda for

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1 a reason, Mr. Comptroller? Is this sort of a report on how
2 we did?

3 MR. RICHARDSON: That's correct, sir. At the last
4 meeting, we did not take up a report of the final '92
5 consolidated operating budget.

6 CHAIRMAN DANA: And does that appear at Pages 47
7 through 54?

8 MR. RICHARDSON: 54, yes, sir.

9 CHAIRMAN DANA: Now that I'm focused on the right
10 agenda item, how would you like us to deal with this? With
11 the possible exception of Page 51, it all makes perfect sense
12 to me.

13 PRESENTATION BY DAVID RICHARDSON, COMPTROLLER & TREASURER

14 MR. RICHARDSON: Let me highlight very quickly,
15 then, the totals then, in regards to '92. We have gone
16 through them at the last committee meeting very slightly when
17 we were talking about carryover. What I will do is
18 identify -- I'll be talking from Columns 12 through 17. And
19 if you have any questions, I'll be glad to answer them as we
20 go along.

21 For instance, for the budget, the revised budget
22 through September of 1992, for the delivery of legal

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1 assistance -- and we're looking at Page 48, I -- the budget
2 this year was \$323,000,000.

3 We spent close to \$322,000,000. So there is a
4 remaining fund of \$1,370,917. That is broken up into three
5 categories. When you look at Columns 15, 16, and 17, they
6 will add up to the amount that is in Column 14.

7 We have designated funds, those funds that are
8 designated by Congress, that are designated to a program-
9 specific grantee; and then we have the Board-designated, the
10 funds that the Board has designated for a particular purpose;
11 and then the undesignated funds.

12 I've changed that to more closely report to what is
13 going on in the accounting field. In prior years, we've
14 looked at "committed" and "uncommitted," and just terminology
15 change where "designated" is now "committed carryover" or
16 reverse. Where we were doing "committee carryover" is now
17 "designated" and "uncommitted" is now "undesignated."

18 CHAIRMAN DANA: And the "designated" is really
19 "Congressionally designated"?

20 MR. RICHARDSON: That's correct, sir. That's
21 broken out on the funding formula, for instance, those in the
22 basic field. That's money that is to go specific programs

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1 that are currently on month-to-month funding. So that's the
2 amount of money that's remaining through the end of this year
3 for them.

4 Would you like me to go line by line or go by the
5 Roman numeral? I'll do whatever the committee wishes.

6 CHAIRMAN DANA: I think maybe that would not be
7 necessary. Maybe you could cut to the bottom line and
8 indicate to us what the primary significance of this is for
9 its impact on carryover. Maybe you could focus on that
10 aspect.

11 MR. RICHARDSON: Okay. Certainly the reason for
12 this is this is the jumping-off point for the funds that are
13 available for 1993. What I'll do is go -- for instance,
14 we'll look at Page 51, the revised budget, Column 12, for the
15 year. It's \$356,870,152.

16 We have expended this year \$354,222,143. That
17 gives us a remaining balance of \$2,648,009.

18 Congressionally-designated is \$1,299,773. Board-
19 designated is \$1,609,183. And then the undesignated, we show
20 a total there of a negative \$260,947. The reason that is
21 negative is there's funds outside the budget that we would
22 then have to turn to look at on PaGe 52.

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1 We received, for instance, \$1,020,062 for other
2 funds outside the budget. That's comprised of the grant
3 recoveries, the interest income, miscellaneous income, and
4 the construction allowance.

5 When you add those funds -- and we did use \$50,000
6 of those; we voted \$50,000 of those into last year's budget -
7 - it gives us remaining funds to be allocated of \$970,052.
8 When you add that to the deficit, the \$260,947, we have
9 undesignated funds of \$709,115. This is on an accrual basis.

10 At the last meeting, many of you will remember that
11 we added back the non-cash portion of the expenses, and that
12 is the rent on the 1st Street property, which is \$428,677.

13 That total will be \$1,137,782. That is the
14 jumping-off point with the cash amount that's available,
15 going into this year.

16 CHAIRMAN DANA: The number you are --

17 MR. RICHARDSON: Is \$709,115 plus \$428,667.

18 CHAIRMAN DANA: 600 and?

19 MR. RICHARDSON: 67. That will give you a total of
20 \$1,137,782. That is the cash carryover.

21 CHAIRMAN DANA: Do that again. One million --

22 MR. RICHARDSON: 137,782. Now, what we did do

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1 further -- and let me continue with that -- with the basic
2 field, there was \$38,225 that was carried over that is
3 undesignated by the Board or by Congress that we added back
4 to that figure.

5 And there was also an amount of \$20,340 in the
6 support for deliver of legal assistance that we added back.
7 That would have given us an amount that we were carrying
8 forward of \$1,079,217 being the cash equivalent.

9 This year's appropriation is \$9,774,000. Adding
10 that to the \$1,079,000, we have a cash budget projection of
11 \$10,853,217.

12 Now, I prepared another chart -- I think most of
13 you have it; if not, I have it right here -- which gives us a
14 cash budget.

15 CHAIRMAN DANA: This, I believe, is Page 57 in the
16 Board Book.

17 MR. RICHARDSON: It is Page 57 converted to a cash
18 budget. There's a difference. The difference is the
19 \$860,000 which is the non-cash payment of monies that will be
20 due on the 1st Street property.

21 The budget request that management brought forward
22 at the last committee meeting was \$12,146,905. The committee

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1 asked that the non-cash expenses be identified, which was the
2 \$860,000. And then the A&A Committee further reduced the
3 budget \$430,050, giving us a budget of \$10,856,405. That's
4 the cash budget.

5 However, because we are required to be on accrual-
6 based accounting is the reason that I put the original one
7 back in with the 57 that we had discussed. It's the same
8 bottom line. It's just that we are showing the accrual basis
9 in the budget.

10 CHAIRMAN DANA: Well, I thank you, and I'm sure the
11 other Board members do, too. But it is -- for me it is very
12 difficult to follow the application of accrual accounting to
13 this budget. So it is very helpful to analyze it on a cash
14 basis. And it's helpful, I think, to us to compare cash-to-
15 cash and accrual-to-accrual.

16 Thank you. Are there any questions concerning the
17 report on last year's M and A line which we just heard?

18 MR. SNOW: Last year's? '93?

19 CHAIRMAN DANA: Actually, '92.

20 MR. SNOW: I thought 57 was '92.

21 CHAIRMAN DANA: 57 is.

22 MR. RICHARDSON: We sort of wrapped both of them

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1 into one at this point.

2 CHAIRMAN DANA: This proposed document you just
3 passed out is '93?

4 MR. RICHARDSON: That is correct, sir.

5 CHAIRMAN DANA: And the chairman wants us to focus
6 only on '92 until this agenda item is behind us. So I was
7 trying to focus the committee's consideration of everything
8 up through Page 54.

9 Let me ask a question. On Page 54, it indicates
10 that we spent \$11,121,742 in 1992. Am I correct that that is
11 an accrual number?

12 MR. RICHARDSON: I'm sorry. Which line are you
13 referring to, sir?

14 CHAIRMAN DANA: The lower right-hand corner of Page
15 54, if you turn it sideways.

16 MR. RICHARDSON: Yes, sir, it is.

17 CHAIRMAN DANA: And if you subtract the rent that
18 we did not pay on 750 1st Street of \$428,667, will that give
19 you the -- or do you have to do more to come up with a cash
20 budget?

21 MR. RICHARDSON: There is more that has to be done.
22 For instance, you would have to add the expenses on Page

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1 51 -- the construction and the rent -- to that, because we're
2 outside of that parameter. So you would have to add the
3 \$1,121,742 plus \$658,620. And then you would subtract the
4 non-cash item, the \$428,667.

5 CHAIRMAN DANA: You wouldn't happen to have that
6 cash number, would you, so we'd have a comparison to the
7 number we're coming up with this year?

8 MR. RICHARDSON: I think I can do it just in a
9 moment.

10 MR. UDDO: Mr. Chairman?

11 CHAIRMAN DANA: Mr. Uddo?

12 MR. UDDO: While Mr. Richardson is doing that, I
13 would like to note for the record that our November 23
14 meeting, all the tough-talking Redskins fans that were
15 sending me out to watch the Monday night game with assurances
16 that the Redskins were going to win -- I didn't hear from a
17 single one of them that Monday night or the next day,
18 including Ms. Clarke, who I think was probably the most
19 vociferous Redskin fan.

20 MR. KIRK: Now they have to buy you dinner.

21 MR. UDDO: I should have had the foresight to make
22 that bet, but I didn't. I'm sorry, Mr. Chairman.

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1 CHAIRMAN DANA: No, no.

2 MR. WITTGRAF: May I inquire of Mr. Uddo are the
3 fans at the New Orleans game still wearing those bags over
4 their heads?

5 MR. UDDO: Not any more. Not any more. Did you
6 watch the Thursday night game?

7 MR. WITTGRAF: I did.

8 MR. SNOW: We won't talk about that.

9 MR. UDDO: Oh, that's right. The Thursday night
10 game. Do you want to talk about the Thursday night game with
11 the Falcons?

12 MR. SNOW: I'm glad to say I went to sleep.

13 MR. WITTGRAF: Everybody in Atlanta is saving
14 themselves for the Olympics.

15 CHAIRMAN DANA: I don't suppose anybody wants to
16 talk about last night's game?

17 MR. UDDO: That's right, Mr. Kirk. How about last
18 night's game?

19 MR. WITTGRAF: Who does the team not going to the
20 Sugar Bowl -- or where do they get to go?

21 MR. UDDO: Florida?

22 MR. KIRK: We go to the Gator Bowl.

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1 MR. WITTGRAF: Is that in Florida?

2 MR. RICHARDSON: I'm just listening as we go
3 through here.

4 CHAIRMAN DANA: We have a cash item in the lower
5 right-hand corner of Page 54.

6 MR. RICHARDSON: Okay. The cash budget would be --

7 CHAIRMAN DANA: The cash expenditures.

8 MR. RICHARDSON: The cash expenditures would be
9 \$11,351,695.

10 MR. WITTGRAF: Again?

11 MR. RICHARDSON: \$11,351,695.

12 CHAIRMAN DANA: Does that include the construction
13 allowance?

14 MR. RICHARDSON: The \$228,000? Yes, sir.

15 CHAIRMAN DANA: The heck with it, then.

16 MR. RICHARDSON: If you want to go back to what we
17 actually budgeted and spent last year, more on the cash basis
18 would be the total that's there, the \$11,121,000. That's the
19 reason I broke out the construction and rent separately, so
20 that you would have a comparable figure there.

21 CHAIRMAN DANA: Aren't you glad you brought us back
22 to this agenda item, Mr. Chairman?

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1 Are there any other questions concerning the COB
2 for last year?

3 (No response.)

4 CHAIRMAN DANA: Hearing none, I will move to the
5 COB for this coming year, our proposal which appears on Page
6 57, and the substance of which also appears on the handout
7 that has recently been passed around.

8 Are there any proposed changes to our
9 recommendation which is currently scheduled to go to the
10 Board tomorrow, which appears in the minutes of our meeting
11 At the bottom of Page 21 and ending at the top of Page 23?

12 MR. UDDO: Mr. Chairman?

13 CHAIRMAN DANA: Mr. Uddo.

14 MR. UDDO: Do either of these budgets -- Page 57 or
15 the one that was handed out -- reflect the changes?

16 CHAIRMAN DANA: They do. And the way you find them
17 is the reductions -- well, going from left to right, the
18 Board's line has been adjusted as we proposed. The Executive
19 Office travel line has increased by \$20,000.

20 All of the deductions from the IG, General Counsel,
21 Human Resources, F&A, MAC, and Field Service, are at the
22 bottom --

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1 MR. UDDO: Bottom.

2 CHAIRMAN DANA: -- on the other line.

3 MR. UDDO: Okay.

4 CHAIRMAN DANA: The furlough is on the personnel
5 line, up under "Furlough Days," sort of in the middle.

6 MR. UDDO: Yes, I see it.

7 CHAIRMAN DANA: And it -- basically it lines up to
8 what I call a cash budget of \$10,856,405. And that shows as
9 management's request minus the non-cash items, minus the
10 adjustments we are proposing, gets you the same total.

11 MR. UDDO: Okay.

12 MR. KIRK: This is for '93?

13 CHAIRMAN DANA: The current year.

14 MR. KIRK: Yes, I have some comments.

15 CHAIRMAN DANA: Mr. Kirk.

16 MR. KIRK: As a non-member of the committee, my
17 comments are that I certainly appreciate the need to ask the
18 offices to make the various cuts that they are making.

19 And I believe that it's for the good of this
20 Corporation to take the hits like much of the rest of the
21 country is taking, and as I'm sure the field is taking, and
22 try to tighten its belt and get rid of some of the fat.

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1 I am disappointed, however, that the Board of
2 Directors has managed to keep itself pretty well off and has
3 not taken much of a hit, if any. I believe that we could
4 certainly reduce -- I mean, as I understand it, the
5 recommended budget that appears on 22 of the Board Book
6 contains the full slate of meetings; is that correct?

7 MR. WITTGRAF: Mr. Kirk, let me just inquire, what
8 do you understand the Board to have spent in fiscal year
9 1992, when you talk about not taking hits? Because the
10 management budget started with a substantial hit, and the
11 increase coming back from November 23 was a partial makeup.

12 I'll answer my own question. I think if you look
13 at Page 50, you'll see that the Board of Directors'
14 expenditure line through September 30, '92 was \$376,053 --
15 quite a bit more than \$270,000. Admittedly, of that, some
16 \$65,000 has gone to our special counsel, and hopefully, we
17 won't be spending as much on our special counsel in fiscal
18 year '93.

19 But to suggest that the Board hasn't taken a
20 substantial hit, I think, is incorrect, in my analysis.

21 MR. KIRK: My analysis is that we have a full slate
22 of meetings scheduled for next year.

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1 MR. WITTGRAF: We will, tomorrow, discuss a
2 projection. But I think it's 10, yes, sir.

3 MR. KIRK: And at various destinations.

4 MR. WITTGRAF: Approximately half in the District
5 and approximately half outside the District, yes.

6 MR. KIRK: That means yes, okay.

7 MR. WITTGRAF: Yes.

8 MR. KIRK: And with continuing our same
9 compensation level that we've continued, and that we voted
10 ourselves to increase a year-and-a-half ago.

11 MR. WITTGRAF: Yes. I think the fact is that
12 that's well below what it could be, but that's based on the
13 projection of the same amount, yes.

14 MR. KIRK: But there's been no consideration of us
15 reducing our compensation.

16 MR. WITTGRAF: Not to date, no.

17 MR. KIRK: And I think that we would be in a
18 posture to cut out the -- probably cut out all of the out-of-
19 town meetings. We could have all of them in Washington. We
20 could save a substantial amount of money.

21 I think we could cut out three or four additional
22 meetings, reduce it to six, and probably be able to

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1 accomplish the same things. I certainly hope that we don't
2 find it necessary to have as many special meetings as we've
3 done in the past where we have committee meetings in Chicago
4 or what have you.

5 And I think if we really looked at it, that we
6 could probably save additional money and it would enable our
7 Corporation to perhaps operate better or, if in fact we could
8 save the money, we might be able to put more money into the
9 field.

10 So I would urge a consideration of a further
11 reduction in the Board of Directors budget by reducing their
12 compensation, by reducing the out-of-town travel for the
13 Board meetings, and reducing the number of Board meetings.

14 MR. UDDO: Mr. Chairman?

15 CHAIRMAN DANA: Mr. Uddo.

16 MR. UDDO: Bud, let me respond to your suggestion
17 as a member of the committee.

18 First of all, I think there is a significant
19 reduction in the line item for the Board of Directors, as
20 George points out, in excess of \$100,000, which I think
21 probably works out to a larger percentage reduction than some
22 of the other offices that did experience reductions.

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1 But we discussed this to some extent in the
2 November 23 meeting. And one of the things that we're trying
3 to be mindful of is that someone else is probably going to
4 fulfill that meeting schedule, or at least a good part of it,
5 and that it would not be sensible for us to create a meeting
6 schedule budget for a new Board that might find itself in the
7 position of needing to meet more frequently, as a new Board,
8 to become accustomed to and familiar with what it is they're
9 doing. It wouldn't make much sense for us to create a
10 meeting schedule budget that made that difficult, if not
11 impossible for them to do.

12 So one of the reasons that the full meeting
13 schedule is taken into consideration is with the
14 understanding that it's probably going to be somebody else
15 that's going to have most of those meetings, not us.

16 Secondly, with respect to the Board compensation,
17 again, in terms of the history of the Board, the only thing
18 that we're compensated for is attending meetings and
19 attending Board meetings and committee meetings.
20 Historically, not the Board I was previously on, but the
21 long-range history of the Board is that there was
22 compensation for preparation time and travel time and a wide

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1 variety of things.

2 So we're not only being compensated at something
3 less than the total per diem figure that we could be
4 compensated at, but only for attendance. So I would say
5 again, in terms of what the Board could do with respect to
6 creating compensation for itself, we're on the very
7 conservative side.

8 With respect to meetings outside of Washington,
9 again, I think most of those are going to be fulfilled by
10 people other than us. And, as I argued in San Francisco and
11 I've argued before, I think it's healthy for the Board to
12 meet outside of Washington and to be in touch with the field
13 and other folks and groups and constituencies around the
14 country. And I think that we did it this past year and I
15 think that the budget is projected that whoever is going to
16 be in these seats for at least part of the '93 budget cycle
17 will want to do the same thing.

18 So really, we're trying to project what's going to
19 make sense for a new Board as much as what's going to make
20 sense for the remaining months that we're going to be on the
21 Board.

22 CHAIRMAN DANA: Mr. Hall?

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1 MR HALL: Thank you, Mr. Chairman.

2 My only comment was to say that I agree with what
3 Basile has said. One thing, however. If this Board is
4 coming to furloughing employees, I would certainly want to
5 look at moving all the meetings to Washington if we didn't
6 cut down on the number.

7 I can't recall if anyone's ever given us a figure
8 of the money we save by meeting in Washington. But I'd
9 rather go up there and meet each time and forego the contact
10 with the field, although it is a healthy thing, if it meant
11 not furloughing employees.

12 I would think that the morale of the Corporation
13 would be boosted and benefitted to a greater degree by doing
14 that than it would by going out in the field and meeting in
15 different cities.

16 MR. UDDO: Mr. Chairman?

17 CHAIRMAN DANA: Mr. Uddo.

18 MR. UDDO: As I understand the recommendation on
19 the furlough days, that is something that, if it's going to
20 happen, would only happen at the end of the fiscal year if a
21 number of other things didn't happen, including a renting of
22 the Virginia Avenue space which, if that were to occur, it

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1 would eliminate the need for furloughing and probably some of
2 the other cuts, from the way I recall the figures.

3 So I think that the way that that was discussed was
4 as a last-ditch backup. If, worst-case scenario, everything
5 else doesn't work out, that may need to occur toward the end
6 of the budget cycle.

7 Is that the correct understanding, Mr. Chairman?

8 CHAIRMAN DANA: I would agree with your basic
9 point, which is that the furlough days don't have to be taken
10 immediately and can be deferred in the hopes that, frankly,
11 the Congress comes to the Corporation's rescue through a
12 combination of either pulling out of the law school clinic
13 subsidy business or a supplemental appropriation.

14 MR. UDDO: So it would be correct, then, for us to
15 say that the furloughing is to make the budget work out, and
16 there are a number of reasons why it might never come to
17 that, and there are certainly other points along the way that
18 this Board or a successor Board could make changes to avoid
19 the furloughing?

20 CHAIRMAN DANA: Yes. I'm not sure that our
21 committee made a recommendation to management to defer the
22 furlough days until the end. We left that up to management.

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1 There might, in fact, be a long-weekend possibility in which
2 he, for his own reasons, may feel the need to give a furlough
3 day and hopefully be able to take it back later in the year.

4 So that it may be that we can avoid this problem if
5 Congress helps us. But we are not telling the president to
6 defer the furlough days until the last six days of September.

7 MR. UDDO: Mr. Chairman?

8 CHAIRMAN DANA: Yes.

9 MR. UDDO: But we're also not telling him to
10 implement them now, either, right? We've left the maximum
11 discretion to management to understand all these things that
12 we're talking about and to make decisions about the best way
13 to use that furlough possibility.

14 CHAIRMAN DANA: Correct.

15 MR HALL: Mr. Chairman?

16 CHAIRMAN DANA: Mr. Hall.

17 MR HALL: My only comment was to put foregoing the
18 out-of-town meetings in front of the furloughs. The only
19 change I would make would be, if it looked like the furloughs
20 were coming up, one more thing to prevent having to do that
21 would be to start meeting in Washington. That's my idea.

22 CHAIRMAN DANA: I thank you. Mr. Kirk.

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1 MR. KIRK: I'd like to ask Mr. Richardson if,
2 before tomorrow, you could juggle a few numbers and see, if
3 we give you an alternative, how much we'd save by moving all
4 of the meetings to Washington, or an approximation, and maybe
5 by canceling a couple of meetings.

6 And maybe the way to do it, instead of letting the
7 furlough be the tail end, we'll have the meetings be the tail
8 end, and if it doesn't look like any more money is coming,
9 then we can do that with the meetings.

10 MR. RICHARDSON: If I may respond, the Board
11 meetings cost the Board about \$18,000 to \$20,000, and that
12 doesn't matter where you have them. And that's because most
13 of you are traveling out of town into Washington.

14 The savings would be the -- I think there's eight
15 staff members here today. Sometimes there's more that would
16 be traveling to those meetings. So you're going to save our
17 particular cost, the employee cost, and traveling. That's
18 the main source of savings for you.

19 CHAIRMAN DANA: Mr. Richardson, I was trying to
20 compare the recommended budget for the Board that appears on
21 Page 22 with a line that appears on the handout on Page 57.
22 And it appears that you have added, in the consulting line --

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1 MR. RICHARDSON: If I may, Mr. Dana, we read the
2 transcripts and we went back and listened to the tape. We
3 were not completely sure as to where your movement of money
4 was going to come from. I was going to try to approach you
5 after this meeting to get that.

6 If you look at the minutes, the numbers did not add
7 up, so we did need to resolve that.

8 CHAIRMAN DANA: Are we concerned about this \$900
9 problem, or did you have a bigger one?

10 MR. RICHARDSON: Actually, it's your allocation as
11 to where we get it, because some of it, for instance, it was
12 "\$30,000 other," and I wasn't sure if it was other consulting
13 or other expenses.

14 Since it was not changed in the bottom line, it was
15 not crucial that we solve it at that point. That's the
16 reason I have left it to where we can sit down and go through
17 it.

18 CHAIRMAN DANA: All right.

19 MR. RICHARDSON: If I may, also, we --

20 CHAIRMAN DANA: I would observe, however, for the
21 record, that the consulting line of \$140,320 -- to the extent
22 we are talking Board compensation -- our compensation it is

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1 anticipated, will be about half that.

2 MR. RICHARDSON: That's right. Around \$75,000.

3 CHAIRMAN DANA: \$76,480. I didn't know who was
4 getting the other compensation.

5 MR. RICHARDSON: There's also compensation for, of
6 course, your court reporting and, again, the other \$30,000,
7 we weren't sure as to exactly what that other consulting was.
8 We had reduced the court reporter expense significantly, but
9 we could not identify all of it.

10 MR. WITTGRAF: Isn't special counsel in that?

11 CHAIRMAN DANA: Doesn't it appear on Page 22? Do
12 those numbers not add up to \$270,000?

13 MR. RICHARDSON: No, sir, they do not.

14 CHAIRMAN DANA: All right. What do they add up to?

15 MR. RICHARDSON: They're actually about \$271,000.
16 It's a small difference.

17 CHAIRMAN DANA: I got you. But how do you get to
18 \$140,320 from \$76,480?

19 MR. RICHARDSON: Okay. This is the budget as it
20 was presented prior to that meeting. Since we were not able
21 to go through that transcript and listen to the tape and get
22 everything to balance, I presented it the way it was

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1 presented at that last meeting, until we can get it balanced.

2 CHAIRMAN DANA: Great.

3 MR. UDDO: Mr. Chairman?

4 CHAIRMAN DANA: Yes.

5 MR. UDDO: On Page 22 under "Recommended Budget for
6 Board of Directors" -- maybe I need to ask Mr. Richardson --
7 what's included in per diem as opposed to compensation?

8 MR. RICHARDSON: Well, it's two different terms to
9 me. When I look at it, I look at the attendance fee as one
10 figure.

11 MR. UDDO: As compensation.

12 MR. RICHARDSON: That is what I think is listed her
13 as the per diem.

14 MR. UDDO: Well, you've got two things here.
15 You've got per diem and compensation listed, and I'm trying
16 to figure out which is which.

17 CHAIRMAN DANA: I can tell you. The \$75,245 --

18 MR. RICHARDSON: Is hotel --

19 CHAIRMAN DANA: -- is the expenses.

20 MR. RICHARDSON: Hotel and meals.

21 CHAIRMAN DANA: Food, right.

22 MR. RICHARDSON: Yes.

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1 CHAIRMAN DANA: The \$76,480 is compensation. And
2 the \$64,940 is air fare.

3 Let me just say on the issue that Mr. Kirk has
4 focused us back on, I agree with Mr. Uddo that we should
5 provide for Board meetings that -- or provide the money for
6 an ample number of Board meetings in what will be a year of
7 transition for the Corporation. And frankly, if we were not
8 in such terrible straits, I would recommend a substantial
9 increase in the annual appropriation, or the per diem
10 compensation for Board members, at least as it applies to our
11 successors.

12 I think that it is very, very important that
13 directors of this Corporation put in substantial time to
14 understand the issues and the contending forces that are at
15 work. And we are the policy-making entity, and I do believe
16 that, while some of us work for large law firms that can
17 subsidize our participation in this program, some of us
18 don't.

19 We don't have the money, frankly, to increase
20 appropriation for our successors, but we ought to. So I
21 understand where Bud is coming from on the compensation
22 question, and I respectfully disagree with it.

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1 Is there any further discussion on our proposed
2 recommendation to the full Board, which will come to it
3 tomorrow?

4 MR. RICHARDSON: Mr. Dana, if I might, let me go
5 over one additional thing. At the last meeting it was sort
6 of left open as to us contacting the Hill in regards to the
7 reprogramming issue of the field money and the migrant
8 money -- basic field money, the Native American and the
9 migrant money.

10 We have reviewed that internally. There's no
11 reprogramming requirement on this money. Reprogramming, in
12 their appropriation, states it's 10 percent of \$500,000,
13 whichever is less. So when we look at the \$22,149 in the
14 basic field, there's no reprogramming requirement. We look
15 at the \$15,926 in the migrant, there's no reprogramming.
16 Neither is there in the Board-designated monies, the
17 \$152,000.

18 There is \$211,000 in funds that could be available
19 to support some of these different projects and fund this
20 budget further, and there's also the \$20,340 in the support
21 of delivery of legal assistance. None of those funds require
22 reprogramming.

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1 I just want to bring that to the Board's attention,
2 to this committee's attention, since it was sort of left
3 open-ended last time that we should make those contacts.

4 CHAIRMAN DANA: I think that's important for you to
5 bring that to our attention. I was under no illusions that
6 there was a reprogramming problem, except to the extent that
7 Congress has, at least the Senate committee in its most
8 recent opining on this subject, indicated that it wanted the
9 management and administration component of the Corporation to
10 make do with a total expenditure of \$10,128,000; and it
11 expressed concern over the Corporation's practice of not
12 expending all of the money for the field and for the various
13 lines, and using that money at the end of the year for its
14 own purposes.

15 Admittedly, we are under no legal restriction,
16 because the injunction which was sort of incorporated in the
17 Senate's language really spoke to the future, as that
18 language tends to do. But I thought the message was very
19 clear that they did not want us taking money from the field
20 and from the migrant programs, that have their own problems,
21 to deal with our problems.

22 We are spending about -- this proposal is about \$1

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1 million more than what Congress told us to get by on. And
2 from my point of view, I think it would be unwise to use
3 those monies -- take the money, in effect, from the field
4 lines, the migrant lines, the Native American lines, and use
5 them for our M and A line.

6 I understand we could do it, just like we could
7 take the timekeeping money, just like we could take the
8 interest and grant recoveries that we are going to recover in
9 this fiscal year if history is any guide, and apply it to our
10 current fiscal situation. But then we would be going off of
11 a cliff next year if Congress doesn't come to our successors'
12 aid.

13 So it was, I think, the committee's recommendation
14 that we bite some of the bullet this year in the hopes that
15 Congress will come to our aid, but not strip the cupboard
16 bare of all options, and not go against Congress's injunction
17 to take the money from the field to help the M and A line.

18 Ms. Love.

19 MS. LOVE: Speaking of cuts, I think we could go to
20 cheaper hotels and see our field, too, rather than spending a
21 lot money on the big hotels. See how it feels to stay in a
22 small hotel, and you could help the small people, too, by

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1 living in a cheaper hotel.

2 Howard Johnson is nice, but there are a lot of
3 cheaper places that are nice, just as nice as what I've been
4 living in in three years almost. At least I'm happy either
5 way I go, up there or down there. So you could cut that.

6 CHAIRMAN DANA: Mr. Kirk.

7 MR. KIRK: Howard, I come from a real disadvantage,
8 because you seem to know all the things that Congress meant
9 in what they gave us and all that, and that they knew that
10 they were holding us down when they only gave us the \$9
11 million.

12 Is there another view to that? I mean are there
13 people that think differently? Because I don't know who to
14 ask, other than you, what Congress really meant.

15 CHAIRMAN DANA: Bud, I'm flattered. If I knew of
16 such a person, I would never tell you.

17 But I'm referring to Pages 91 and 92 of Ken Boehm's
18 handout of October 15 where he sent us the 1993 LSC
19 appropriation documents, in which the committee said it is
20 "concerned over the Corporation's failure to fully expend
21 funds appropriated for legal services delivery and support
22 activities in a particular fiscal year.

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1 "It is the committee's understanding that the
2 Corporation has utilized these funds during subsequent fiscal
3 years for new initiatives or other budget categories
4 unrelated to the activities for which they were originally
5 statutorily mandated.

6 "It is the committee's desire to ensure that the
7 funds appropriated for legal services delivery and support
8 are spent by the Corporation in accordance with the purposes
9 for which they are being provided.

10 "The committee therefore directs that all funds
11 appropriated in fiscal year 1993 for legal services delivery
12 and support be spent by the Corporation during that fiscal
13 year in accordance with the specific statutory earmarks
14 provided.

15 "Thus, all of the funds allocated in fiscal year
16 1993 for basic and supplemental field programs should be
17 expended during this fiscal year for basic and supplemental
18 field programs. Similarly, funds appropriated for migrant
19 and Native American funding and for state and national
20 support, including the Clearinghouse, computer assistance,
21 legal research, and regional training centers should be used
22 to fund activities within those categories."

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1 That's what I was referring to. And that is a
2 restriction as indicated on 1993, so it does not restrict us,
3 technically, for this carryover money from 1992. But that is
4 money that is available to the Corporation for supplemental
5 expenditures.

6 Jeanine.

7 MS. WOLBECK: This carryover has always been really
8 confusing to me, and I would like to ask David if maybe he
9 can explain why do they give us -- I'm not picking on the
10 migrants -- but why is there always this extra migrant money?
11 Why is that not spent, or whatever else is in this carryover?
12 Why do they give us all this money and then every year we
13 have it carried over and then there's M and A or someone else
14 that doesn't have enough?

15 I mean, if I do my budget for the year and I
16 budgeted too much for food and my kids don't have shoes, take
17 it and use it for shoes. Don't stuff them with extra food
18 they don't need. I mean, maybe that doesn't make any sense,
19 but can you make some sense out of it?

20 MR. RICHARDSON: We have had four states in the
21 past that Congress had provided money for that we had no
22 migrant representation. We went forward with solicitations

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1 last January, February, to try to get migrant representation
2 in those states.

3 We're still working with those components, and we
4 will continue to work with it, trying to get the '93 money
5 into their hands. The monies that we see here is what's left
6 over from '90, '91, and '92 that we've used portions of it.
7 Like last January, we moved \$154,000 of the migrant line to
8 basic field, and then we moved \$190,000 into the meritorious
9 grants so that we could use that money for that particular
10 purpose.

11 For lack of a better term, it's a bit of
12 gamesmanship. Mr. Uddo is certainly aware, being on the
13 Wallace-Durant Board at that time, that we were funded at
14 \$7.4 million for three years because they anticipated this
15 carryover. And the carryover was then used to augment, to
16 add to the management and administration line.

17 So it's something that has come to be expected in
18 the past. In '89, '90, and '91, when we did a three-quarter
19 budget projection with expenses -- I should say a three-
20 quarter expenses and a one-quarter budget projection -- we
21 supplied that information to both the House and Senate
22 Appropriations Committee.

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1 So they're certainly aware of where all the
2 carryover money has been coming from, and they have
3 anticipated us moving to M and A. This particular year they
4 did not ask for that particular projection.

5 CHAIRMAN DANA: Excuse me. We provided it to them,
6 and we updated it, and it is reflected in both the Senate and
7 the House reports, it is not?

8 MR. RICHARDSON: No, sir, that's not correct. They
9 never asked for projections this year.

10 CHAIRMAN DANA: Never asked you personally?

11 MR. RICHARDSON: That's correct. And I've --

12 CHAIRMAN DANA: The carryover monies -- your
13 projections have been available in our public documents.

14 MR. RICHARDSON: That's correct.

15 MR. KIRK: But they never asked you for them?

16 MR. RICHARDSON: That is correct.

17 MR. KIRK: So Congress never really got it.

18 MR. RICHARDSON: They did not get it from my office
19 nor through the president's office.

20 CHAIRMAN DANA: Mr. Kirk.

21 MR. KIRK: Do we know why this wording appeared all
22 of a sudden this year? Is there any indication of who

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1 testified before them or anything like that -- maybe Ken
2 knows, I don't know -- what the source of this sudden change
3 was, and if they were really aware of what they were doing?

4 MR. RICHARDSON: I don't believe there's -- I mean,
5 we were never, as far as I know, ever consulted through the
6 Senate appropriations process as to the carryover, this
7 language. It certainly was new to us when it did come out.

8 MR. KIRK: But in past years, they knew, by darn,
9 that we were using this money, and they were actually
10 calculating that into what we were getting?

11 MR. RICHARDSON: Absolutely. As a matter of fact,
12 they've even -- two years ago we had, we projected \$1.7
13 million in carryover, and that was the exact language that
14 ended up in the appropriation.

15 MS. WOLBECK: Mr. Chairman, who would we hurt if we
16 used that carryover money? Will they not fund them again
17 next year? I mean I keep using the migrants, because it's
18 such a large amount, and I know that it's been carried over
19 for several years. But if we were to use the carryover money
20 because M and A needs it, would they not fund them enough
21 next year to take care of their needs?

22 MR. RICHARDSON: There is '93 monies available for

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1 those same four states again.

2 MS. WOLBECK: So who are we going to hurt by using
3 that money?

4 MR. RICHARDSON: It's in excess of \$300,000.

5 MS. WOLBECK: Are we hurting anyone by using it?

6 MR. RICHARDSON: No. That money is not designated
7 to any program at this time.

8 CHAIRMAN DANA: It is available to the president to
9 issue contracts in the migrant area.

10 MR. RICHARDSON: That is correct.

11 CHAIRMAN DANA: And has been, I think -- some of it
12 I think may even have been earmarked for such a project; is
13 that correct?

14 MR. RICHARDSON: No, sir, not to this point.

15 CHAIRMAN DANA: Not to this point?

16 MR. RICHARDSON: No, sir. If I may continue, there
17 was one. I think it was the Migrant Legal Action Program
18 that came forward and I think they wanted \$45,000.

19 That money, because it is in National Support
20 Center, could come from the \$110,000 that's in the National
21 Support Center contingency. And that certainly could fund
22 that and continue to free up this money to support the M and

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1 A budget.

2 CHAIRMAN DANA: Mr. President.

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

4 As a matter of fact, we hope to tap some of this
5 money within the next two or three weeks in line with a
6 meeting which will be held in Des Moines, Iowa that the
7 chairman of the Board has put together involving Pioneer and
8 Proteus with regards to alternative dispute resolution, and
9 we have invited the executive directors of the migrant
10 programs to attend this one-day session.

11 And if this money were available to us, we would
12 hope to take these funds and pay for the travel expenses,
13 lodging, and meals for the people for that meeting.

14 CHAIRMAN DANA: I think that is the kind of use
15 that Congress, again, if I'm reading the Congress correctly,
16 would approve of, and is entirely appropriate. I think that
17 there is -- I know the programs themselves that have --
18 really, this is maybe to address Jeanine's point.

19 I believe the programs themselves that have just
20 now been started to be funded have asked for some of this
21 money to jump-start their migrant programs because, for many
22 years, they didn't have migrant programming. That request, I

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1 MR. UDDO: Line 16. And it's the migrant program
2 and the components, \$150,000. You said Column 16?

3 CHAIRMAN DANA: Column 16. Correct.

4 MR. UDDO: All right. Migrant programs and
5 components, \$152,864??

6 CHAIRMAN DANA: Yes.

7 MR. UDDO: All right.

8 CHAIRMAN DANA: Special emergency funds, \$169,319.

9 MR. UDDO: Right.

10 CHAIRMAN DANA: Timekeeping money, \$300,000.

11 MR. UDDO: Right.

12 CHAIRMAN DANA: In addition to that, if you look at
13 Column 17, there is \$22,000 from basic field and almost
14 \$16,000 from the Native American line. There is \$150 from
15 the law school clinic. Now there's a source of additional
16 funding. And there's, on the next page, \$20,000 from --

17 MR. UDDO: Support?

18 CHAIRMAN DANA: -- other support, which is national
19 and state support.

20 MR. UDDO: Okay. Now, I have another question. Do
21 we have these migrant programs now in these four states?

22 CHAIRMAN DANA: Yes.

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1 MR. RICHARDSON: They do not exist. They've come
2 forward and we're working on proposals for them, but there's
3 been no contracts that's been let for them as yet.

4 CHAIRMAN DANA: It's been two years, to my
5 knowledge, and we still don't have contracts for all four
6 states?

7 MR. RICHARDSON: Not as yet. No, sir.

8 MR. UDDO: That's the problem. The problem is it's
9 taking so long to get this done. Who can help us understand
10 that?

11 CHAIRMAN DANA: I would like to say publicly that I
12 have been led to believe those four contracts have been let,
13 months ago.

14 MR. RICHARDSON: There were some studies done
15 in each of the four states. As far as I know, I don't
16 believe -- Ms. DiSanto tells me that there are some contracts
17 that have been let for some of the '92 money, that I'm not
18 sure of. I know that there has been money for the studies
19 that have been undertaken. But whether they've got money for
20 the services in the area, that I'm not sure of.

21 If there have been contracts let on the '92 money,
22 it's already outside that money. It's already outside this

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1 \$152,000. Because I went over all of this with the Office of
2 Field Services prior to the last Board meeting to make sure
3 that all of this money was available, and their reports do
4 reflect that it is available.

5 CHAIRMAN DANA: It may have been three years ago
6 that we started this process of trying to get this thing
7 done. Maybe it's only two. But if they have not been
8 regularized, which is -- last year the issue -- they all got
9 contracts. And the issue was whether or not they were going
10 to be regularized. And I was led to believe that that had
11 been done.

12 MR. RICHARDSON: I don't think they've been
13 regularized. They certainly, there has been -- some of the
14 states, and I'm not sure which ones, we have identified
15 grantees that will be getting the money. Whether the others,
16 whether all four of them, I'm not sure.

17 But at this point it's my understanding, because
18 they would still be new grantees, they would still be a
19 month-to-month grantee, but the money would be set aside for
20 them.

21 CHAIRMAN DANA: That was the answer last year,
22 David. I'm not blaming you, because I know this isn't your

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1 province, but I've heard complaints from the migrant programs
2 over a year ago.

3 I believe people at the Corporation -- Ellen Smead,
4 Jack O'Hara, and Charles Moses -- I thought collectively
5 had -- one or all of those -- had led me to believe that this
6 thing is done, we have finally gotten these programs on-board
7 and they are regular grantees like the other 46 states.

8 And if you're telling me that that has not
9 happened, and apparently it is not about to happen, I would
10 like -- I would very much like -- a report as soon as
11 possible that goes to the whole Board as to why it is that we
12 have taken either two or three years to accomplish something
13 that should have been done 20 years ago.

14 MR. RICHARDSON: If I may, one additional thing is,
15 I think, the contracts that you are referring to did go out
16 last May or June, and normally they would be month-to-month
17 for a full year. So as long as their performance is
18 basically, say, up to par, they are a continuing, viable
19 corporation, then they would be regularized.

20 But because we're halfway in the cycle when the
21 contracts were let, they have not been regularized as yet.

22 CHAIRMAN DANA: Then I apologize. That is starting

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1 I don't see them when they come back. They go to OFS.

2 CHAIRMAN DANA: I would like a report to the full
3 Board as to what the status of this is.

4 MR. O'HARA: Mr. Chairman, I think we can give the
5 full Board a verbal report tomorrow morning.

6 CHAIRMAN DANA: That will be fine. Mr. Uddo.

7 MR. UDDO: David, does that mean then that there
8 might not be \$152,864 in that line?

9 CHAIRMAN DANA: No. It's there.

10 MR. UDDO: Well, but David said a minute ago that
11 there were some contracts that you might not have been aware
12 of?

13 MR. RICHARDSON: Well, I will call in the morning
14 to make sure. It's my understanding -- because I went
15 through all of these figures with their Office of Field
16 Services, cross-checking to make sure the money was available
17 -- and it's my understanding that this money is available.
18 But in the morning at 9 O'clock when the office is open I
19 will call to verify that.

20 MR. UDDO: All right. I would appreciate that,
21 because it doesn't do any good to talk about maybe using this
22 carryover for M and A if it isn't there or if it isn't

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1 substantially all there.

2 Now, I have another question. The special
3 emergency fund, \$169,319, that's a disaster fund?

4 MR. RICHARDSON: That's correct. And we have
5 allocated some money in October and November from this line.
6 As of December 1, there's only about \$72,000 left of that
7 money, and we are anticipating receiving a request from
8 Hawaii for a good portion of that money.

9 MR. UDDO: All right. So that's not really
10 available?

11 MR. RICHARDSON: That is not available.

12 MR. UDDO: We think that's going to get used. So
13 what we need to know is what's the figure on the migrant
14 program carryover and I assume the other figures that we went
15 through here -- the \$22,000 in basic field and \$15,000 in
16 Native American, the \$300,000 in program development and the
17 \$150,000 in law school -- that's all pretty certain.

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

19 MR. UDDO: Okay. Would the law school \$150,000
20 require reprogramming if we used it in M and A?

21 MR. RICHARDSON: It is only \$150.

22 MR. UDDO: It's \$150?

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

2 MR. UDDO: It's \$150? Okay. I thought we were
3 saying \$150,000, and I had something to do with that.

4 Can we take a brief recess?

5 CHAIRMAN DANA: Excuse me. Harrison?

6 MR. McIVER: I want to ask a quick question about
7 the money allocated in Column 17 for basic field, at Page 40
8 and 41, regarding the program categories. What is the
9 explanation of how those monies are being maintained, or why
10 are they being maintained?

11 CHAIRMAN DANA: Why are they being maintained?

12 MR. McIVER: Yes.

13 CHAIRMAN DANA: You mean as opposed to taking them
14 and spending them on --

15 MR. McIVER: No, no, no, no, no. Are they
16 recoveries or are they monies that were never granted out, or
17 what?

18 MR. RICHARDSON: He wants to know the origin of the
19 money.

20 MR. McIVER: The state support.

21 MR. RICHARDSON: Because we have moved most all the
22 money out of the basic field line into meritorious or to help

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1 support M and A for last year.

2 The reason that this money is here is there was a
3 recent settlement of a litigation that we had \$90,000 set
4 aside for a grantee and, through the court action and
5 everything, it came back that it was actually \$22,150 that we
6 did not have to fund, and that was in the TRLA case. We had
7 set aside the full amount. There was just a \$1 funding error
8 on another granted, so it left a balance that was available
9 of \$22,149.

10 And with the migrant component, I think you'll
11 recall, there was \$42,017 that was set aside for the migrant
12 component. There was a contingency there. Mr. O'Hara asked
13 that that money be left where he could travel, make a couple
14 of trips to visit Native American programs. That was done.
15 The \$15,926 is just the money that was remaining from that
16 contingency that was left.

17 CHAIRMAN DANA: Does that answer your question on
18 state support?

19 MR. RICHARDSON: The state support is the same
20 thing. There was \$25,000 put aside there for the president's
21 travel, and it was not used.

22 MR. McIVER: What's the origin of that? I

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1 understand why it's not being used, but I want to understand
2 the origin of the money.

3 MR. RICHARDSON: It was a contingency in the line.

4 MR. McIVER: It was never granted out?

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

6 CHAIRMAN DANA: That has always been the case.

7 Frankly, there has always been a little bit of money in every
8 line that has not gone out. Part of it has to do with an
9 inability of Congress to be so precise that they know exactly
10 how much money to put in a line, so they put enough to make
11 sure that they do it, and there's a little extra money left
12 over. And it has historically been used -- sometimes we have
13 taken it into the M and A line; and that practice is what the
14 Senate is speaking to.

15 Sometimes we have used it, as in this most recent
16 year, to fund meritorious and innovative grants.

17 Mr. President.

18 MR. O'HARA: Thank you, Mr. Chairman. Just a point
19 of clarification.

20 It would appear from David's comments that I've
21 spent an awful lot of money traveling. I think the record
22 should show that the money was used to pay the travel for the

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1 migrant people, for the Native American people, and for the
2 state support people, where we worked out the changes in
3 their reporting requirements. So we used the money for their
4 travel.

5 CHAIRMAN DANA: Your travel came out of your line?

6 MR. RICHARDSON: That's correct.

7 MR. UDDO: Mr. Chairman, let me ask one more
8 question before --

9 CHAIRMAN DANA: Mr. Uddo.

10 MR. UDDO: -- the requested recess. The other
11 thing that I think was probably unclear at the end of the
12 last meeting, and it's probably my fault, is whether or not
13 we are asking Mr. O'Hara to go back to Congress on this law
14 school clinic line for '93, fiscal year.

15 CHAIRMAN DANA: We are, and the minutes should
16 reflect that.

17 MR. UDDO: I don't recall that they did. From the
18 November 23 meeting, they did?

19 CHAIRMAN DANA: Yes.

20 MR. UDDO: Okay. Because I think that that's going
21 to end up being a source of funds to solve some of these
22 problems.

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1 It's been my view all along that a portion of that
2 ought to go to M and A to alleviate the problems -- budget
3 crunch -- in M and A, and that the balance of it should go
4 toward creating this pilot project for attorney recruitment
5 and loan forgiveness for attorneys that make commitments to
6 practice in field programs for some period of time. That
7 needs to all be worked out.

8 CHAIRMAN DANA: Your motion, and actually both of
9 your motions appear to that effect here at the bottom of Page
10 23 and the top of Page 24.

11 MR. UDDO: From the November 23 meeting? Okay.

12 MR. KIRK: I disagree. I think that it says that
13 the motion was to put it to cover budget problems, and it was
14 just in discussion that the rest of that came out.

15 MR. UDDO: Well, I think that the sense of the
16 motion -- it is accurately reflected in the next paragraph
17 about the discussion, that it be for -- well, actually, I
18 don't know.

19 CHAIRMAN DANA: We do not have a copy of the
20 transcript. I believe the motion -- you have Page 64, 65?

21 MR. UDDO: Page 64? Where are you now?

22 CHAIRMAN DANA: I think in the transcript, Page 64,

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1 65, Mr. Uddo incorporated --

2 MR. KIRK: Yes, you did. Howard, how do you know
3 all that?

4 CHAIRMAN DANA: I was there.

5 MR. UDDO: It says that in the minutes. It says
6 that in the minutes.

7 Okay. Then I think that the transcript does
8 reflect that that's certainly what the committee's position
9 is at this point, that the law school funds need to be looked
10 at as a source of solving some of these problems.

11 With that in mind, I'm less likely to support using
12 these migrant and Native American carryover funds for M and A
13 at this point. The time may come, where if they turn us down
14 on the law school stuff, we might do that.

15 But I think that we can respect the language of the
16 committee report and still solve the problem because, in my
17 mind, if the committee really is serious about not
18 transferring funds from things like migrant and Native
19 Americans to M and A, they ought to be cooperative on this
20 law school line, because I see that as having a different
21 justification and a different way to support it.

22 Now, I have to say, Howard -- and I've gone around

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1 over the years about this -- committee language is not in the
2 Appropriation Act itself. It's certainly what some members
3 of the committee think we should do. I think they should
4 have also told us how we were going to make up the M and A
5 difference if they didn't want us to do that.

6 I want to respect the committee language as much as
7 possible, but I don't think that they can ask us to do the
8 impossible, either. So personally, one member of the
9 committee -- I'll try to do everything I can to respect the
10 committee language -- but I don't view it as constrictive as
11 appropriations language in the Appropriations bill.

12 With that in mind, I think that we can delay moving
13 any of this carryover money that would be, at least in
14 spirit, affected by that language, because it was the '93
15 language, right, and we're talking about '92 funds. I think
16 we can respect that and see how we do with the law school
17 clinic funds as a means of solving some of the M and A
18 problems.

19 CHAIRMAN DANA: Okay. Is there any further
20 discussion on Item 5?

21 (No response.)

22 CHAIRMAN DANA: Hearing none, we'll move to Item 6.

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1 I'm sorry. We're taking a recess. We're taking a recess at
2 3:40, for five minutes.

3 (A brief recess was taken.)

4 CHAIRMAN DANA: I'd like to call the meeting back
5 to order. And I'd ask if Mr. Boehm would come to the table.
6 There's been a request for Mr. Boehm to interpret the
7 congressional will according to the gospel of Boehm.

8 PRESENTATION BY KEN BOEHM, ASSISTANT TO THE PRESIDENT
9 AND BOARD COUNSEL

10 MR. BOEHM: For the record, my name is Ken Boehm,
11 Assistant to the President and Counsel to the Board.

12 The language -- and I really can't disagree with
13 just about most of what I've heard. But just to kind of put
14 it in context, when it comes to our appropriation, there is
15 House bill language, there's Senate bill language, and
16 there's conference committee language, and there is the bill
17 itself, as Mr. Uddo was saying.

18 The language in question appears in the Senate
19 bill. The Senate bill came out in July. It's on Page 91.

20 There's two types of carryover that are under
21 discussion here, and two types of carryover under discussion
22 at the Senate report language.

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1 The first is the '92 carryover, fiscal year 1992
2 carryover. And what was said at point was, "It's the
3 committee's understanding the Corporation will have fiscal
4 year 1992 carryover funding of approximately \$550,000." That
5 was their best guess at the time. "The committee expects
6 that the Corporation will apply such carryover funding to the
7 management and administration component, bringing the total
8 funding level for that line item to \$10,128,000."

9 So with respect to the FY '92, it was pretty clear
10 cut. They expected us to use it for M and A, and that's not
11 unlike -- I believe, Dave Richardson was saying before --
12 that's not unlike what's happened over the last years.

13 Then with respect to the '93 money, however, that's
14 where they used the language directing that funds
15 appropriated in fiscal year 1993 for legal services delivery
16 and support be spent by the Corporation during that fiscal
17 year in those lines.

18 What they didn't want to have happen was to use the
19 '93 money in any of those lines during fiscal year '93 for
20 management and administration. And then they followed that
21 up with their statement, which is opinion but, at the same
22 time, we tend to honor their opinion, because they control

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1 the purse strings.

2 But the opinion was, should the Corporation fail to
3 fully use these funds for the purposes intended during fiscal
4 year '93, the committee would not look favorably upon
5 requests to reprogram carryover funding to other categories
6 in fiscal year '94.

7 So there are really two sets of carryover funds.
8 The '92 funds, their word was "expects" -- expect us to use
9 it for M and A. '93 they're saying, at least in terms of
10 their opinion, they prefer a different course.

11 It's opinion in the sense that it didn't appear in
12 the Act, it didn't appear in the House language or in the
13 conference language, and it happened in July before we really
14 knew which body's numbers would apply. As you know, the
15 House came in with a higher figure than the Senate.

16 So just in terms of context, it seems like they are
17 at least preliminarily charting a course with respect to the
18 '93 carryover from those lines. With respect to the '92, I
19 think they were saying that it would continue to be the
20 practice that we followed.

21 And I think they were doing it without reading too
22 much into it. I don't have any personal knowledge of this,

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1 but I think what they were doing is, if they're signaling a
2 change of course with respect to their policy, they didn't
3 want to do it peremptorily; they wanted to give us a warning.

4 CHAIRMAN DANA: Mr. Boehm, may I ask you a few
5 questions --

6 MR. BOEHM: Sure.

7 CHAIRMAN DANA: -- to probe this knowledge that
8 you've imparted to us?

9 MR. BOEHM: Yes.

10 CHAIRMAN DANA: The Board, when we mentioned --
11 whether it be 450 or 550, of carryover funds -- it is my
12 understanding that we were not including certain types of
13 funds. We were not including the timekeeping of \$300,000.
14 Do you understand that to be true?

15 MR. BOEHM: I believe that's not included in the
16 550 that they cite here, correct.

17 CHAIRMAN DANA: Right. And we were not including
18 the migrant funds and the funds that Congress had designated
19 for certain designated functions. I believe that is correct.
20 Is that not true, Mr. Richardson?

21 MR. BOEHM: I'll defer to Dave.

22 MR. RICHARDSON: I would assume so, since these

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1 figures come out before our projections, that they were
2 anticipating that the full 550 would be from other funding
3 and carryover from M and A.

4 CHAIRMAN DANA: Yes. I do not think that you can
5 interpret this congressional language as blessing a practice
6 that they were criticizing. And when we told Congress, or
7 when Congress got the message -- presumably from documents
8 that were published by this Corporation -- as to what we
9 would have for carryover, we were not including Board-
10 designated funds that had been set aside for timekeeping and
11 we were not including congressionally-designated funds that
12 had been specifically appropriated for the field.

13 The 450 or 550, as the case may be -- and it turns
14 out to be close to 750 -- was all of the other non-
15 congressionally and non-Board-designated funds. So if your
16 comments were directed to a different conclusion, I guess I
17 would beg to disagree with you.

18 MR. BOEHM: No, I understand what you're saying.
19 There's another factor, another part of the Appropriations
20 bill, that has an impact on us, and it's Section 606, which
21 sets forth for the overall Commerce/Justice/State
22 Appropriations bill, the conditions under which funds need to

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1 be reprogrammed.

2 Under those terms and conditions -- which have been
3 the same over the last I guess at least five or six years, as
4 long as I looked at them -- under those, the funds that we're
5 talking about here would not require a re-funding request to
6 the Hill because they're below the statutory amount, which is
7 \$500,000 or 10 percent of the line, whichever is less, and
8 they don't involve closing out of offices, moving of staff or
9 any of the other threshold conditions for reprogramming.

10 So there's some other authority that's actually in
11 the Act itself, which is the final law, that would indicate
12 that the '92 funds could be used for M and A without even
13 notice requirement.

14 CHAIRMAN DANA: Well, what you say is correct. But
15 it's how you say it that I'm having a problem with. It is a
16 fact that we have the legal power to take this money, and
17 take it out of the field line, and spend it for M and A.
18 That's what 606 says, because it doesn't exceed 10 percent of
19 the line or \$500,000, whichever is less.

20 MR. BOEHM: Correct.

21 CHAIRMAN DANA: That's clear. We all know that.
22 We also know what Congress talked about when they talked

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1 about how much carryover they thought we had. And what they
2 meant by carryover does not include the money coming from the
3 various lines and it does not include the timekeeping money.
4 Correct?

5 MR. BOEHM: Dave?

6 MR. RICHARDSON: That's correct.

7 CHAIRMAN DANA: Those are the facts.

8 MR. BOEHM: No, I don't think we disagree. Right.

9 CHAIRMAN DANA: You are correct we have the power.
10 The question is whether we have the wisdom to refrain from
11 doing so. Do I take it you are recommending that we go clean
12 out every line and spend it this year?

13 MR. BOEHM: No, no, no. That's not for me to
14 recommend. But what I'm saying is in terms of what
15 Congress's expectation is, I think their expectation is
16 legally that certainly we've made a practice of that, and
17 that hasn't been changed.

18 CHAIRMAN DANA: Okay. Are you happy with the
19 explanation? Does that help?

20 MR. KIRK: Yes. I really appreciate it.

21 CHAIRMAN DANA: Great.

22 MR. KIRK: Thank you, Ken. It's most helpful to

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1 the committee.

2 CHAIRMAN DANA: We will see you later. Thank you.

3 MR. SNOW: Howard, I have two ties, if you want to
4 borrow one.

5 CHAIRMAN DANA: Oh, no. I'm covered. Thank you,
6 Cubbage. And I want you to know that this meeting -- I've
7 assured everyone this meeting will be over before the Kirks'
8 party starts.

9 MR. McIVER: How about the Redskins game?

10 CHAIRMAN DANA: I can't speak to that.

11 I think we are in a position to move to the next
12 item on the agenda, which is recommendations concerning the
13 mark for 1994.

14 We have before us -- well, actually the next item
15 on the agenda is public comment regarding the fiscal year
16 1994 appropriation request for the Corporation. We received
17 public comment at the last meeting from Mr. McIver. Is there
18 other, further public comments?

19 (No response.)

20 CHAIRMAN DANA: Hearing none, you will not be
21 precluded from speaking up if you --

22 MR. WITTGRAF: Mr. Chairman, didn't you ask Mr.

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1 McIver to come back with a response to some inquiry you had
2 at the end of the meeting?

3 CHAIRMAN DANA: I didn't think he'd make it that
4 quickly, but if he has --

5 MR. WITTGRAF: I was awfully curious, as I read the
6 transcript.

7 CHAIRMAN DANA: I really don't think he's in a
8 position to respond to our request.

9 MR. McIVER: Harrison McIver, Project Advisory
10 Group. I can only assure the Chair or the Board that I
11 have -- he did, at the request of the Chair, had gone back
12 and reported to the Chair of P.A.G. as well as to the co-
13 chairs, and this is something that the Board requested of us,
14 and I can assure you that it will be taken in the spirit in
15 which it was requested.

16 MR. WITTGRAF: I wasn't able to be present for that
17 meeting. What was the spirit that you divined it was given
18 in?

19 MR. SNOW: It was pejorative.

20 MR. WITTGRAF: I think the pay recommendation was
21 pejorative. I'm just trying to decide how the spirit was
22 received.

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1 CHAIRMAN DANA: Your question, Mr. Chairman, was of
2 me or Mr. McIver?

3 MR. WITTGRAF: You were the conduit. It was
4 ultimately of Mr. McIver.

5 MR. McIVER: I think it was a rhetorical question.

6 CHAIRMAN DANA: Okay. Thank you.

7 MR. WITTGRAF: It wasn't rhetorical to you, Mr.
8 McIver.

9 MR. McIVER: I know.

10 CHAIRMAN DANA: Moving along from the public
11 comment, for which we thank you, to the consideration of a
12 proposed fiscal year 1994 appropriation request for the
13 Corporation.

14 At the last meeting, I asked Mr. Richardson to ask
15 all of you to put forth proposals, and we have two before us:
16 Proposal A and Proposal B.

17 I know that the author of Proposal A is in the
18 room. Are those generally available to the room?

19 MR. RICHARDSON: Yes, sir, they're in back of the
20 room.

21 CHAIRMAN DANA: Okay. Mr. Uddo, if you are the
22 author of this --

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1 MR. UDDO: Proposal A.

2 CHAIRMAN DANA: -- far-seeing, or far-sighted
3 proposal, or whatever, would you speak to it?

4 MR. WITTGRAF: Is this the outlandish one or is a
5 different one the outlandish one?

6 CHAIRMAN DANA: I'll let you decide.

7 MR. UDDO: It depends on who's referring to it as
8 outlandish.

9 MR. WITTGRAF: You missed that earlier
10 characterization, I think.

11 MR. UDDO: By whom? Tell me who said it.

12 MR. WITTGRAF: The now-departed Mr. Kirk.

13 MR. UDDO: Okay.

14 MR. WITTGRAF: Referring to last year's, but I took
15 that by inference to include this year's as well, seeing the
16 number seems to be the same.

17 PRESENTATION BY BASILE J. UDDO, BOARD MEMBER

18 MR. UDDO: I'll be happy to explain to the
19 committee and to Mr. Kirk how I arrive at making this
20 proposal.

21 First of all, I like to see Mr. Wittgraf take heat
22 when he goes to Congress. And I figure since he took so much

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1 last year, we'll get him a little more this year.

2 MR. WITTGRAF: Mr. Rogers narrowly made it back,
3 but there's a good chance that he'll be back and be on the
4 same subcommittee.

5 MR. UDDO: The truth is, the reason that I started
6 with the same figure that we proposed last year, despite the
7 fact that we didn't get anywhere near that level of
8 appropriation last year, is because I think that the job of
9 this committee and, ultimately, the Board, is to recommend
10 what we think the Corporation needs to get the job done.

11 It's certainly Congress's job to figure out if the
12 money is there to give us what we ask for, but I don't think
13 that it's our job to try to figure out what's a reasonable
14 request or a request that's appropriate for the times or a
15 request that considers what else Congress has to spend money
16 on. We're not asked to consider all that. Our job is to
17 consider what we think is necessary to do the statutory job
18 of the Corporation.

19 For the reasons that were stated last year on
20 numerous occasions, which I'll briefly run through again, I
21 think that this figure is one that I'm convinced is certainly
22 within the range of what it takes to do what the Corporation

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1 is supposed to do.

2 And those reasons are: the new Census figures,
3 which show us increases in the poverty community; the decline
4 of IOLTA money being, again, a very significant factor, I
5 think, because of the interest rates and the decline of the
6 money that we can expect from IOLTA; the realization that,
7 from a variety of sources over the years, we're convinced
8 that we haven't been funded at the level that's been
9 necessary to meet the minimum standards that we've tried to
10 establish.

11 So I think that I started with the same figure from
12 last year because I was convinced that the figure last year
13 was ultimately a good figure and one that I supported and I
14 think, again, we should go back to Congress and say "This is
15 what we think it takes to do the job; you folks can decide
16 whether you want to spend that much or not."

17 Now, within the budget, I did not just take last
18 year's proposal. I made some changes from last year's
19 proposal, for a variety of reasons. The major change is that
20 I tried to load up as much of the increase in funding in the
21 basic field programs as possible because I think that that's
22 where it needs to go.

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1 put there, and you hope you don't need to spend it all. But
2 if there's going to be emergencies, we ought to have the
3 money there. History tells us that we're going to need to do
4 that.

5 With respect to supplemental service provision, I
6 eliminated any funding for law school clinics for the reasons
7 that I've indicated over the past several meetings, increased
8 supplemental field programs again a smaller percentage than
9 basic field programs, and created a third line called
10 "Attorney Recruitment/Loan Forgiveness Pilot Project" which
11 \$1 million of the money from the law school clinic line I
12 proposed would go into that line.

13 And the purpose of that would be to undertake a
14 very serious and carefully thought out program of attorney
15 recruitment and loan forgiveness as it says, because I was
16 convinced, from the conference that we had in Minneapolis,
17 that this is a real need that the basic field programs are
18 trying to communicate to us is important.

19 They're having trouble attracting people who come
20 out of law school with 50 and 60 and 70 thousand dollars in
21 loans, and they need some assistance to make what they do
22 attractive to folks fresh out of law school and to allow them

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1 to stay for some period of time because, again, you might be
2 able to go there right out of law school, but paying those
3 loans down becomes quite a burden, and I think that we need
4 to do something to make it easier for people to go into that
5 kind of practice of law and to make some commitment to stay
6 with for some period of time.

7 Eventually, I think that that line would have more
8 than \$1 million in it, but I don't think that the proposal of
9 \$4 million makes much sense until we know what we're doing,
10 and I don't want to see whoever is sitting here next year
11 have a \$3 million carryover in that line because nobody found
12 a way to spend it in the year.

13 So I think it's more reasonable to say that we take
14 \$1 million, figure out how to do this, maybe set up some
15 pilot projects at some law schools, and make it work. There
16 will be another time to talk about it. I have some ideas how
17 I think it would work, but we can put that off until the
18 appropriate time.

19 On the second page, I guess the most dramatic thing
20 I did was to create a third line called "training," and to
21 put nothing in the two lines that already existed on the
22 budget -- "regional training centers" and "National Resource

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1 Training Center."

2 The reason for that is not to suggest that those
3 lines do not deserve being funded, but I'm concerned that, as
4 important as training is, we don't really have an integrated,
5 carefully thought out idea about how to do this training.

6 We've got the National Resource Training Center.
7 I'm not clear exactly what role they play in the overall
8 training obligations of the Corporation. We have regional
9 training centers that some people say work well, some people
10 say they don't work well.

11 Well, I think that if we're going to have a
12 National Resource Training Center, it ought to take on more
13 of the responsibility for establishing effective, workable,
14 usable training programs for the legal services world. And
15 so I'm suggesting that \$1 million should go to training, but
16 we really need to think about how that should be done.

17 I have some thoughts about that, too. I think if
18 it's going to be the National Resource Training Center, I
19 think they should be responsible for establishing the entire
20 training program for the legal services world. They should
21 have to work very closely with the established folks who are
22 already involved in training and the people on the delivery

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1 road, but I think that we ought to hold the basic field
2 programs to a higher standard of training clients in their
3 service areas.

4 Instead of national training, I think the really
5 effective client training has to take place in the service
6 area where the grantee exists; and I think that that's part
7 of what the additional funding in the basic field programs
8 would be used for.

9 On corporate initiatives, the innovative grants,
10 that was a tough decision to make, because I think there is
11 certainly justification for continuing to try to do that.
12 The reason that I didn't recommend anything in that line is
13 because I think that a lot more examination of what's going
14 to come from this first round of innovative grants needs to
15 be distilled and understood before we continue that as an
16 annualized funded project.

17 I view what we did this past year as an experiment,
18 and I think that we need to see the results of that
19 experiment before we commit funds to it for the future.

20 I think the competitive initiatives, the
21 competition initiatives, is something that's made important
22 progress and can continue to make progress, and I think it

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1 continues to deserve funding.

2 The only other change I made in that line was to
3 eliminate "other initiatives," because I didn't know what
4 they were, and I wasn't sure that it made sense to commit
5 \$100,000 to other initiatives.

6 Oh, "consolidation initiatives." I eliminate those
7 because again, you know, any sizable amount of money for
8 something that we haven't even talked about or thought about
9 seemed to me not to be a very good idea, that we ought to
10 have a proposal for consolidation initiatives, and what makes
11 sense.

12 I mean, we can talk about it in the abstract, but
13 to tie up \$1 million for something that we really don't have
14 much of an understanding of how it might function or work, I
15 mean I think Provisions Committee -- probably the Provisions
16 Committee -- would want to take that up as a matter of study
17 and examination before we committed a lot of money to it.
18 And, if there is a basis for it, and the Provisions Committee
19 recommends it as something that we can come up with a
20 prototype for consolidation, then, in the next budget cycle,
21 it would make sense, I think, to put some funds toward it.

22 And then the M and A line, I propose \$15 million in

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1 line with what Mr. Dana said at the last A&A meeting. You
2 can't have this size budget and not try to fund M and A at a
3 realistic figure, and I think \$15 million is probably a
4 realistic figure, given what I know about the history of the
5 size of the budgets and what it takes for M and A to do its
6 job. So I have no hesitation in recommending \$15 million for
7 M and A.

8 That's basically my proposal, with some off-the-
9 cuff rationale for why I made the recommendations that I
10 made. And to me it's important not just to pick the bottom
11 line and say "We're proposing \$525 million." I think that
12 the different lines are important. I think the rationales
13 are important.

14 And I think that the loading up toward basic field
15 programs is a key to this proposal, and I don't think that I
16 will vote for a \$525 million budget that just increases every
17 line by the same percentage.

18 CHAIRMAN DANA: Thank you, Mr. Uddo.

19 Is there a spokesman for Proposal B? There is.

20 MR. O'HARA: Would you join him, Ms. DiSanto?

21 CHAIRMAN DANA: Mr. President.

22

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1 PRESENTATION BY JOHN P. O'HARA, PRESIDENT, ACCOMPANIED BY

2 EMILIA DiSANTO and DAVID RICHARDSON

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

4 The proposal which is marked "Proposal B" is a
5 proposal that was put together by the staff, and I want to
6 say that our figure is not at the same level as Mr. Uddo's,
7 but we don't disagree with him one bit.

8 Thank you.

9 The proposal which is "B" was put together in-
10 house. And it isn't that we disagree with Mr. Uddo. We
11 would like very much to get the 525. Obviously, the need is
12 much greater than the 525. But we tried to put a figure out
13 there that we thought we could possibly get back from the
14 Congress next year.

15 I think David and Emilia can address each of the
16 items in there, and I'll join in whenever I can, and Ken is
17 also available to comment if necessary.

18 MS. DiSANTO: Good afternoon. Again, my name is
19 Emilia DiSanto. David and I are here to speak today a little
20 bit about how this is put together -- David, perhaps, on the
21 more specifics; I on the more general.

22 The way this proposed budget was developed is that

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1 it's developed in terms of having a longer-range plan than
2 one year, saying that we are current in Year 2 of the three-
3 year plan.

4 The intent here is to try and increase, in some
5 kind of gradual way, both the capacity and the infrastructure
6 which exists among our programs, recognizing the decline in
7 resources of real value dollars that has occurred over the
8 years, and also trying to calculate in the capacity of a
9 program to efficiently utilize additional funds over time.

10 In that regard, generally what's been attempted
11 here is to try and equalize funds among programs over time
12 without decreasing the available funds for any one program,
13 recognizing there has been a 15 percent increase, according
14 to the 1990 poverty population figures; recognizing that we
15 added the equalization to the basic field, tried to do an
16 across-the-board increase of approximately 6 percent in year
17 two, and saying this is year two of a three-year plan with an
18 additional percentage increase in year three; introducing
19 some new initiatives for the Corporation to be involved in
20 with regard to the programs, including attorney recruitment,
21 loan forgiveness, consolidation initiatives; and also
22 recognizing that now, as of the 1992 budget, we have state

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1 support centers which now exist in every single state and
2 trying to take advantage of those state support centers as
3 far as training initiatives go, to support the initiatives
4 within a particular state, as far as training other types of
5 program support and basic support to a program on a state-by
6 state basis.

7 As we stand right now, every single state has a
8 state support center with the exception, I think, of Guam and
9 Micronesia and Puerto Rico. So all the states have state
10 support. And the intent here is to try and take larger
11 advantage of the state support, of the state support centers.

12 Now I'm going to turn it over to David and we're
13 going to kind of tag team this through.

14 MR. RICHARDSON: As Emilia has stated, what we did
15 use was the Board resolution that was passed last year to
16 incorporate a three-step program toward equalization.

17 MR. WITTGRAF: Mr. Chairman, I'm not sure I
18 understand what resolution Mr. Richardson is referring to.

19 CHAIRMAN DANA: Would you tell him what resolution
20 you were referring to?

21 MR. RICHARDSON: Sure. I don't have the date, but
22 I've got the resolution here and, if you like, I can read

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1 through it.

2 CHAIRMAN DANA: Is it the resolution that talked
3 about the speed with which we achieved equalization?

4 MR. RICHARDSON: Yes, it does. It gives a three-
5 year program.

6 CHAIRMAN DANA: Okay. It's the minimum target
7 before which we would --

8 MR. RICHARDSON: That's correct.

9 CHAIRMAN DANA: -- that if we moved at that rate,
10 we would not recommend taking existing monies from existing
11 programs.

12 MR. RICHARDSON: That's correct. What we did, and
13 just to sort of recap, it was, "Whereas, the LSC recognizes
14 that funding for legal services of the poor is such that all
15 programs are not able to meet the needs of the poor, their
16 constituents and, whereas, notwithstanding the foregoing, it
17 is in the best interests of the poor of this country to fund
18 programs proportionally to their poverty population."

19 I'll summarize the rest of it. For instance, 1993,
20 it was the goal to reach 90 percent equalization; '94, to
21 reach 95 percent equalization; and then in '96, reach 98.2
22 percent equalization.

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1 What we have done in this particular budget -- and
2 let me back up and reflect, for instance, '93, the level that
3 is initially spoken of here, that the target was 90 percent
4 equalization, we're at actually 86 percent equalization.

5 The budget that we have brought forward today for
6 '94, the increase is \$24,815,000. It's an 8 percent increase
7 in the basic field category, and it would give us 96 percent
8 equalization.

9 Now, there's another component of this, and we've
10 already figured a projection for '95, funding level for the
11 basic field. And with another \$25,520,000, we could attain
12 99.5 percent equalization. That is, however, at \$10.25 per
13 poor person.

14 What the resolution did not state was the funding
15 level. And, of course, they could not at that time, because
16 we didn't have the client population or any way of backing
17 into it. The funding level for the '94 request would raise
18 the per-poor-person funding level to 9.21 for the
19 equalization that would be at 96 percent.

20 So basically what we're looking at is, over a two-
21 year period, having the basic field component increased
22 \$50,335,000, which is basically a 16.5 percent increase over

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1 where we are in 1993. It's a two-step formula.

2 What we did do with the '93, or excuse me, the '94,
3 was to go in and look at each line. And we did project in
4 the Native American and the migrant component a 6.5 percent
5 increase.

6 Within the special emergency, we increased that to
7 \$750,000 because of the number of grants that we received
8 this year. We received over \$800,000 in emergency grants.
9 And we've been told that there's other programs that will be
10 coming forward and there's other program who didn't submit
11 funding applications, because they knew we didn't have the
12 money.

13 MR. WITTGRAF: Mr. Chairman? Mr. Richardson, you
14 said \$800,000 in grants. You meant grant applications?

15 MR. RICHARDSON: Grant applications. That's
16 correct.

17 We have retained the law school, and increased that
18 6 percent. What we did do, though, was change the caption to
19 "Law School Clinics and Recruiting" so it would give us some
20 leeway as to which way the Board would like to go as far as
21 with the law school, and as far as using the money for
22 recruiting in the field.

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1 Supplemental field program is also a 6 percent
2 increase.

3 And then the attorney recruitment and loan
4 forgiveness pilot project, we put \$2 million there,
5 recognizing again that there is a two-fold problem in the
6 field. There's recruiting and then there's also the
7 retention. So we tried to allow enough money there to help
8 in both categories.

9 To speak also under II and the support, you see
10 that in the training and technical assistance, the regional
11 training center money is zeroed. We moved that money to the
12 state support center. And then the National Resource
13 Training Center, we requested no money there.

14 LSC-sponsored training. The Corporation has been
15 involved in training for a number of years, and we've funded
16 it out of the contingencies of the different line -- the
17 state support, the national support. This would give us
18 enough money, we feel, for five trainings. They usually run
19 about \$50,000 apiece.

20 The last one that we funded at Drake was
21 approximately \$31,000. However, we did not fund the complete
22 amount. We, for instance, give scholarships for the program

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1 directors to come, and they provided 25 percent of the
2 funding and we provided 75 percent. There was also monies
3 that Drake kicked in to help support this line and this
4 expense. So we're looking at that and picking up all the
5 expenses in that particular category.

6 When we look at the other support, those lines are
7 increased 6.5 percent, except the state support which again
8 was the money for the National Resource Training Center was
9 moved there. We've also included money for ADR demonstration
10 project and support projects.

11 I think Ms. DiSanto has something she would like to
12 say.

13 MS. DiSANTO: With regard to the APR demonstration
14 project and support projects, we tried as much as possible in
15 putting this together, trying to look more and more not only
16 at "legal services 2000" -- which is what we're trying to
17 look at, what the configuration is going to be then -- but
18 the general problem of the court systems in trying to get
19 civil cases done.

20 The cases that our programs do are, in fact, civil
21 cases, and the trend is to move more and more toward
22 alternate dispute resolution. Helping our programs, or even

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1 helping fund the state support center to start a program
2 within their particular state to assist in this type of area,
3 or even to have people trained in this type of area, whether
4 it be arbitration or mediation, we saw as something that will
5 be helpful, it will be cost-effective, and hopefully get more
6 services to our clients in a much more expeditious fashion.

7 So that is kind of what we're looking at. So we're
8 in fact targeting a lot of the funds going toward the state
9 support center who is familiar with the issues of the state,
10 familiar with the laws of the state, giving them more money
11 to train and to start programs within their particular state.

12 So that is kind of the genesis for the B-6.

13 David?

14 MR. RICHARDSON: In regards to Corporation
15 initiatives, the innovative grants, we've put in \$4 million
16 for that. Last year with the MIGP -- the meritorious and
17 innovative grant proposals -- we received over \$8.2 million
18 in grant applications. And of course, we only had \$500,000.

19 We are looking at this to help with some multi-year
20 grants, to help programs with the innovations that they see
21 and, hopefully, with some of the money that we see here,
22 increase in the basic field, that we would not have to fund

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1 the grant completely.

2 The competitive initiatives, I think Ms. DiSanto --

3 MS. DiSANTO: Competition initiatives. Basically,
4 what we've done in this is that we have -- right now we have
5 a set amount of money for competition demonstration project.
6 In order to make some of the changes that we've been
7 discussing both internally and with the advisory group, we
8 need some additional funds for the purpose of a test center
9 and a control center.

10 In order to do that, we came up with the general
11 number of \$700,000. That's probably what it's going to cost
12 in order to do that addition of control centers and test
13 centers and to do some additional training with regard to the
14 competition demonstration project.

15 CHAIRMAN DANA: Excuse me. I think that you don't
16 mean that we were going to spend 650 or 700 thousand on
17 additional testing. Most of the additional money that you
18 need, you need to do what we've already --

19 MS. DiSANTO: And to continue that which we're
20 currently -- yes, and to continue that which we're currently
21 involved in.

22 CHAIRMAN DANA: There's maybe 150 to 200 thousand

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1 of new money in this number to do what you've just indicated?
2 The balance of the \$700,000 is to get the \$1.6 million
3 together to do the whole job

4 MS. DiSANTO: Yes.

5 CHAIRMAN DANA: -- that we're launched on?

6 MS. DiSANTO: Yes.

7 CHAIRMAN DANA: We only have a little over \$1
8 million to date.

9 MS. DiSANTO: Yes.

10 CHAIRMAN DANA: So we need most of this money to
11 finish what we're currently doing.

12 MS. DiSANTO: That which we've already started.

13 CHAIRMAN DANA: Okay.

14 MS. DiSANTO: With regard to consolidation
15 initiatives, we've kind of combined, as you can see, 3-C with
16 3-H -- "expansion, consolidation, and merger grants" -- and
17 I'd like to tell you just a little bit about what we're
18 seeing.

19 About three or four years ago, we were specifically
20 involved with a consolidation. And thanks to Bob Saltzman,
21 up in New York, we were able to consolidate a smaller program
22 with his program. Since that time, we have continued to see

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1 the need for consolidation among certain programs, and this
2 is happening primarily among smaller programs.

3 The other thing we're seeing is that small programs
4 are having a very, very hard time of it. And right now, as
5 far as programs wanting to consolidate -- in other words,
6 programs that have come forward to the Corporation and asking
7 us to consolidate -- we're probably up to eight or ten of
8 them this year alone.

9 What some of this money is for is that sometimes
10 when we're coming to consolidation we have a money problem,
11 and the money problem usually can end up that the smaller
12 program is running a serious deficit. Certain things within
13 the program itself are kind of dropping by the wayside, and
14 there is certain debt that is standing there that, of course,
15 a larger program does not want to incur that debt. They want
16 to take a program that is kind of free and clear of debt, and
17 then consolidate it with their own program.

18 We've been seeing that we need some funds to try
19 and accommodate this particular issue because one program
20 does not want to consolidate with another program that has
21 debt, liens on it. There are various types of problems that
22 have to be paid off, and fund deficits. We'd like to use

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1 some of these funds to accommodate that situation to make it
2 more palatable to another program to consolidate with the
3 program.

4 In addition, consolidation, in and of itself, costs
5 the program money. It costs the program money that you have
6 to dissolve one corporation, you're doing all kinds of notice
7 provisions.

8 That is what we're looking at the \$1.5 million to
9 help us do, because the small programs, every year, their
10 problems become increasingly more compounded and we have more
11 programs coming forward to us saying "We would like to
12 consolidate; help us do so." And right now, just this year
13 alone, at this very moment, are probably about 10, maybe a
14 few more programs, and we're expecting even more to come
15 forward in the near future.

16 CHAIRMAN DANA: Thank you. Before I ask, have you
17 completed your presentation?

18 MR. RICHARDSON: There's one additional line, and
19 that's under 3-G, "technical assistance grants."

20 What we're looking at here is a lot of equipment
21 requests. We have people, we have grantees, for instance,
22 who have old and outdated computers. We also know of some

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1 Native Americans who don't have computers. They need to be
2 updated or they need computers.

3 We are also looking at upgrading possibly copiers,
4 telephone systems, anything that the programs would need in
5 the way of providing better services that we can help them
6 with, this pool of money is sitting there to help with.

7 And we have, under four, under the "Corporation
8 management and administration," with this budget we
9 anticipate a management and administration need of \$14
10 million for M and A.

11 We've left the special contingency funds for
12 anything that we might not identify, of \$300,000, and we've
13 left some Board initiative money in case there's something
14 that you as a Board, or, if we have a new Board that comes
15 in, they'll have a pot of money to work with and be able to
16 institute new initiatives that they may have.

17 CHAIRMAN DANA: Thank you. Mr. President.

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

19 David, the 4-A, the \$14 million is more than
20 adequate to cover the inspector general's budget request
21 also, correct?

22 MR. RICHARDSON: That is correct. That includes

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1 his budget request.

2 CHAIRMAN DANA: First, let me ask the committee
3 what its pleasure is. We have two different but interesting
4 approaches to it.

5 It occurs to me that maybe it would be helpful,
6 sort of on a straw-vote basis, to see if we could develop
7 some consensus as to the dollar request that we are going to
8 work towards and, if we can develop a consensus around that
9 request, we'll find the details, if not this evening, maybe
10 in the next few weeks.

11 Without committing the committee irrevocably,
12 Jeanine, as between what is essentially \$400,000 and
13 \$525,000 --

14 MR. UDDO: Million.

15 CHAIRMAN DANA: I'm sorry. Correct. There are
16 there zeroes that are left off. Between the \$400 million and
17 the \$525 million, do you have a current preference as to
18 which level of request?

19 MS. WOLBECK: I'm not prepared to speak on that.

20 CHAIRMAN DANA: Okay. For the record, I join my
21 brother Uddo as to the amount of 525.

22 Do other Board members have a view who are here

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1 have a more saleable figure is going to make any difference
2 politically to the members of the House and Senate
3 Appropriations Subcommittees; so I personally am still of the
4 mind that we say that we believe that the need is such that
5 at least \$525 million is an appropriate appropriation, we try
6 to defend it -- I try to defend it, somebody tries to defend
7 it -- as best I or we can.

8 I guess I think back particularly to what Ms.
9 DiSanto said this morning in the context of the Provisions
10 Committee, which was not only do we have a firmer fix on an
11 increase in the level of poverty by some 15 to 18 percent
12 under the 1990 census figures, but we know that we've got
13 something in the neighborhood of 30 percent or a third
14 cutback across the country in IOLTA funding.

15 It just seems to me that it would be, not
16 politically so much, but contradictory of a position a
17 majority of us took a year ago to fall back from 525, and
18 especially contradictory in light of what I think is
19 increased need.

20 So I'm still on the side of saying "This is the
21 need; you, our friends in Congress, decide where it fits in
22 the puzzle or where this appropriation fits in the puzzle."

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1 So I'm on the side of 525. I appreciate Mr. Uddo's
2 suggestions and new ideas as well as Mr. Richardson's and Ms.
3 DiSanto's as to what ought to make up that 525. I'm not sure
4 I agree fully with the approach taken by either or any of
5 them, but I'm on the side of the 525 proposal, Mr. Chairman.

6 CHAIRMAN DANA: Thank you, Mr. Chairman. I would
7 say that I am as well.

8 With respect to Proposal B, I think many of the
9 ideas are excellent, in no small part because they also
10 appear in Proposal A in a somewhat different form. My
11 concern with Proposal B is that if all we could get is what
12 is essentially a 12 percent increase next year, I would put
13 almost all of it into the field except for enough to run the
14 shop around here.

15 I don't think at 400,000 we can afford the
16 creativity that exists in Proposal A or B. You have tried to
17 provide the creativity, I think, and the innovation -- much
18 of it -- that is present in Proposal A, at a time when
19 Congress hasn't even gotten us the 15 percent.

20 So while I appreciate you are living within the
21 spirit, or the letter of the resolution we passed last year,
22 that was a minimal level that the Board felt was necessary in

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1 order to prevent taking from the so-called rich programs and
2 giving to the poor, and it wasn't a target. The target is
3 equalization, as quickly and as fast as possible.

4 So while, if I could -- if I had time at this
5 meeting, I guess my proposal would have some of the elements
6 of your proposal and the dollars of Mr. Uddo's proposal, and
7 some of the ideas of Mr. Uddo's proposal and, frankly, some
8 of the ideas of the Column 3, which was our proposal last
9 year.

10 Mr. Uddo, with respect to your proposal, I don't
11 feel essentially able to draw the distinctions that you draw
12 between the basic field program and the Native American and
13 migrant programs, as between the relative needs. And that's
14 largely because I just don't know what the relative need is.

15 I certainly agree with your proposal based upon the
16 evidence to date with respect to law school clinic. It seems
17 to me that both Proposal A and B, implicit in them is that
18 they want to take a brand new look at training.

19 Proposal B wants to bite the bullet and transfer
20 the primary training function to the state support centers
21 and terminate the regional training centers. My sense is
22 your proposal might end up there as well, but doesn't commit

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1 us to that.

2 I must say I think that Proposal B gets the nod on
3 client training and self-help programs, as far as I was
4 concerned. And I think there are some --

5 MR. UDDO: Howard?

6 CHAIRMAN DANA: Yes, sir.

7 MR. UDDO: They're the same. Client training and
8 self-help have nothing in them in either budget.

9 CHAIRMAN DANA: Then I misread the -- I'm sorry. I
10 misread it.

11 MR. UDDO: Mr. Chairman?

12 CHAIRMAN DANA: Yes.

13 MR. UDDO: Obviously, what we need to do is put
14 this off to another meeting, and give people a chance to
15 think about the two proposals on the table and perhaps come
16 up with a third. I don't think we're going to be in a
17 position to vote on it today.

18 MR. WITTGRAF: May I make one other comment about
19 the process, Mr. Chairman?

20 CHAIRMAN DANA: Yes.

21 MR. WITTGRAF: My sense, from appearing before the
22 House and Senate Appropriations Subcommittees and from the

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1 sort of inexplicable process that occurs thereafter is that
2 if we're looking at new initiatives of any kind, new line
3 items of any kind, we really ought to concentrate our effort
4 on just one or two things that we really want to sell, as
5 opposed to five or six or seven or eight or nine or ten
6 things, which is more as we did last year. And I think to
7 put that many out there is to lose them all.

8 If there are one or two or perhaps three things we
9 feel particularly strongly about, I think we really ought to
10 go just with those and try to sell those and hope that maybe
11 through that indefinable process that leads to the ultimate
12 appropriations, that one or more of them might make their way
13 through.

14 I think back to the prior year, when the
15 competition or comparative demonstration project funding
16 first occurred, that was really the one new initiative in the
17 fiscal year '92 proposal and was easier to talk about and
18 keep a focus upon because it was one, and one that was a
19 little more celebrated, perhaps, than some of these others.

20 But I do think that, by the nature of the process,
21 we ought to look at just one or two or, at most three things
22 we're really interested in, go with those, and put the others

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1 off for another year. To go with more, I fear, is to lose
2 all.

3 Thank you, Mr. Chairman.

4 CHAIRMAN DANA: Thank you. Maybe what we might be
5 working towards is a variation on what the Board said last
6 year. The Board really presented two proposals to Congress:
7 its wish list, and what was represented to be the "realistic
8 budget" presented by the minority.

9 It turned out that both of them had the attribute
10 of a wish list. But maybe --

11 MR. WITTGRAF: Outlandish, some might say.

12 CHAIRMAN DANA: Some might. But maybe what we
13 should be looking to is two levels of request: what do we
14 really need; and what, if you are only going to give us 12
15 percent, where we would like that money to go.

16 MR. WITTGRAF: I think I disagree --

17 MR. UDDO: That's really only one request.

18 MR. WITTGRAF: -- disagree strongly with that, Mr.
19 Chairman. To urge a minimum is to get a minimum at best, and
20 is to throw the other one away.

21 CHAIRMAN DANA: Whoever made that suggestion, of
22 course --

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1 MR. UDDO: Should be shot.

2 CHAIRMAN DANA: -- should be shot. I do agree that
3 we are not in a position to come up with a proposal tonight.
4 I think both A and B have been helpful, but I think we've got
5 more work to do, and I think we're going to need C, D, and E.

6 It is theoretically possible that a consensus could
7 develop over the evening, but --

8 MR. WITTGRAF: May I ask one more question of Mr.
9 Richardson and Ms. DiSanto?

10 CHAIRMAN DANA: Absolutely.

11 MR. WITTGRAF: This budget has been presented as
12 something that you and your colleagues developed. I, perhaps
13 mistakenly, had the impression that this budget was one that
14 Mr. Kirk had developed or felt particularly strongly about.

15 Was I incorrect in that assumption or that
16 understanding?

17 MR. RICHARDSON: Yes, sir. This is something that
18 we've prepared internally.

19 MR. WITTGRAF: I'm glad, because as I heard Mr.
20 Kirk speak quite eloquently during the Provisions Committee
21 meeting about the need for new monies almost completely to go
22 to the field and to be spent locally according to local needs

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1 and local priorities, I've found that philosophical
2 statement, as made by him a couple of times, to be
3 inconsistent with Proposal B. And that's the confusion in my
4 mind, and you've cleared that up. Thank you.

5 MR. RICHARDSON: Mr. Chairman, may I?

6 CHAIRMAN DANA: Please.

7 MR. RICHARDSON: I think one thing that would be
8 very helpful to this committee, and also to Congress, is if
9 we would develop a two-step approach or a two-year budget to
10 look at.

11 We've tried to do that, at least I've tried to do
12 it a little bit internally, with looking at the two steps
13 with the basic field component going into '94 and '95. It's
14 something that you would not be, for instance, married to,
15 but yet would give you a two-year target as to the direction
16 that the Board is going and help with budget preparations
17 internally and on the Hill.

18 For instance, if we come out this year and see you
19 do vote the 525, which appears to be the consensus here, what
20 would be your next year's target? Would it be 600? Would it
21 be a 7? Many of our other agencies produce multiyear budgets
22 that are provided to the Congress, and it would be, I think,

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1 a good help.

2 MR. WITTGRAF: Mr. Chairman?

3 CHAIRMAN DANA: Yes. That's very constructive.

4 It's hard enough to come up with one year, though. Go ahead,
5 Mr. Chairman.

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

7 I guess I have a little different view, perhaps,
8 than Mr. Richardson. I don't necessarily take exception to
9 his view, but have the view instead that, were I going to be
10 on this Board for another three or four years, which is
11 certainly unlikely, I would be taking the view not of having
12 a 525, 575, 625, 700, 750, whatever, set of budget priorities
13 but, rather, would want to continue to make the case for 525
14 until I or we as a Board had attained that goal.

15 Admittedly, 525 is not a magic number any more than
16 any other number is but, in my mind, it wouldn't be the goal
17 of having a two-or-three year projection but, rather, would
18 be the goal of attaining that figure that we thought was
19 appropriate, especially in light of the 1990 census, and made
20 even more appropriate, as I said earlier, by the substantial
21 decrease in IOLTA funding.

22 I guess I am a little concerned and, to that

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1 extent, critical of what you've proposed, at least in
2 promoting it externally, for fear that, if there are
3 different numbers out on the table, that lends to confusion
4 and is always going to lend to the minimum number, whatever
5 the set of numbers happens to be, as being focused upon by
6 the people who have to make the decisions in the process.

7 So I would take a different tack if I were looking
8 two or three or four years out, as a Board member. And that
9 is, as I say, to work toward 525 and then, when that had been
10 realized, to move on.

11 Thank you, Mr. Chairman.

12 MR. UDDO: Mr. Chairman?

13 CHAIRMAN DANA: Mr. Uddo.

14 MR. UDDO: I just want to say, David, I think that
15 that's the difference between a rational approach and an
16 approach that's admittedly political, because I think that
17 the drawback to that would be if we could get a consensus on
18 what the second year would look like, I think it would give
19 one more target for people to shoot at.

20 "You see, they want 525 this year, boy, and next
21 year they're going to come back looking for 6. This is
22 ridiculous." I mean, I think in a rational budgetary system,

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1 it would make sense to try to show several years down the
2 road. But I think it just gives one more target for attack,
3 frankly.

4 CHAIRMAN DANA: Unless another committee member has
5 an idea as to what, if anything, we can accomplish today in
6 the remaining time we have available, I would entertain a
7 motion.

8 MR. UDDO: To adjourn?

9 CHAIRMAN DANA: Yes.

10 M O T I O N

11 MR. UDDO: So moved.

12 CHAIRMAN DANA: Is there a second?

13 MS. WOLBECK: Second.

14 CHAIRMAN DANA: It's been moved and seconded.

15 All those in favor say aye.

16 (Chorus of ayes.)

17 CHAIRMAN DANA: Opposed?

18 (No response.)

19 CHAIRMAN DANA: It's a vote. Thank you.

20 (Whereupon, at 4:54 p.m., the meeting of the Audit
21 and Appropriations Committee was adjourned.)

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