

LEGAL SERVICES CORPORATION
BOARD OF DIRECTORS
MEETING

February 12, 1990

Washington Marriott Hotel
Salons D & E, Second Floor
1221 22nd Street, N.W.
Washington, D.C. 20037

Board Members Present:

George W. Wittgraf, Chairman
John F. Collins
Howard H. Dana, Jr.
John N. Erlenborn
Luis Guinot, Jr.
J. Blakeley Hall
Jo Betts Love
Guy Vincent Molinari
Penny L. Pullen
Xavier L. Suarez
~~Terrance J. Wear~~
Jeanine E. Wolbeck

Staff Present:

Terrance J. Wear, President
Timothy Shea, General Counsel, *Vice President*
Maureen Bozell, Secretary
David Richardson, Comptroller

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P R O C E E D I N G S

9:59 a.m.

1
2
3 MR. WEAR: Ladies and gentlemen, if I might have your
4 attention, please, our board members -- I believe most of them
5 are here. Those that are in the hall will be seated
6 momentarily.

7 For those of you who may not know me, my name is Terry
8 Wear. I am the president of Legal Services Corporation.

9 We have an unusual situation this morning in that we
10 have nine brand new board members. The new members have
11 replaced, among others, the chairman and vice chairman of the
12 board of directors. So this morning, if there is no objection
13 among the board members present, I would like to recommend that
14 Mr. Blakeley Hall, as the senior board member, serve as
15 temporary chairman until we are through Item 3 of the proposed
16 agenda here this morning. Is there any objection?

17 (No response.)

18 MR. WEAR: Without objection, then, Mr. Hall, if I
19 may, you will serve as temporary chairman and begin our meeting.

20 MR. HALL: Thank you, Terry. With that, we will call
21 to order the meeting of the Legal Services Corporation Board of
22 Directors.

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1 As Terry has told you, my name is Blakeley Hall, and
2 today is February 12, 1990. It is 10:00 o'clock. We are in the
3 Washington Marriott Hotel, Washington, D.C. Members present are
4 Mr. John Collins, Howard Dana, John Erlenborn, Luis Guinot, Joe
5 Betts Love, Guy Molinari, Penny Pullen, Xavier Suarez, George
6 Wittgraf, Jeanine Wolbeck.

7 With that, I am going to follow our usual custom and
8 ask that we have a prayer before we begin. I will ask Father
9 Alexander Webster of the Orthodox Church in America, pastor of
10 St. Maurice Parish in Virginia, to come forward and give the
11 invocation, please. Father Alexander?

12 FATHER ALEXANDER: I ask everyone please to stand and
13 join me in prayer.

14 Almighty God, our help and refuge, the fountain of
15 wisdom and tower of strength, who knows that we can do nothing
16 without thy guidance and help, I pray that you will assist and
17 direct this board and this assembly to divine wisdom and power,
18 that they may accomplish their task and whatever else they may
19 undertake to do faithfully and diligently, according to thy
20 will, so that it may be profitable to themselves and to others,
21 and to the glory of thy holy name. For thine are the kingdom
22 and the power and glory, of the Father, and of the Son, and of

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1 the Holy Spirit, now and ever, and unto the ages of ages. Amen.

2 MR. HALL: Thank you, Father Alexander.

3 The first item on our agenda will be the approval of
4 the agenda as printed in the board book. Before I ask for a
5 motion to approve it as printed, I will entertain any motions to
6 amend.

7 MR. ERLBORN: Mr. Chairman?

8 MR. HALL: I recognize John.

9 M O T I O N S

10 MR. ERLBORN: Mr. Chairman, I move to amend the
11 agenda by adding two items. One would be consideration of the
12 request for disaster aid, and associated with that, whatever
13 changes need to be made in the consolidated budget.

14 Secondly, consideration of the budget for Fiscal Year
15 1991, which would be sent to the Congress.

16 Mr. Chairman, I make this motion not with the
17 expectation that we necessarily will take action on either of
18 these items, but I believe that they should be considered and we
19 ought to be able to take action should we or a majority of the
20 members of the board decide to do so.

21 I understand the difficulty of dealing with either one
22 or both of these items. My first meeting as a member of the

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1 board was December 15th of last year, and I knew nothing at all
2 about the disaster aid requests, and in a meeting such as this
3 you cannot learn a great deal. I think maybe the members of the
4 board who are new today at this meeting have had a little bit
5 more opportunity to read the memorandum from the president of
6 the Corporation so we can know something more about the disaster
7 aid requests.

8 The unfortunate thing is the disaster aid is something
9 that is needed currently. To put it off is to practically deny
10 it. It is not the fault of this corporation or this board that
11 it has been delayed. Neither is it the fault of those who have
12 requested the disaster aid. But it is a fact that because of
13 the circumstances, the change in the board and the contention of
14 the former board, that this matter has been pushed off week
15 after week, month after month, and I think we ought to at least
16 consider it today, and if we decide to take action, have the
17 ability to do so.

18 As far as the budget for Fiscal 1991 is concerned, we
19 are unique in that this Corporation has the ability to send our
20 budget request directly to the Congress. Other agencies of
21 government do not have that opportunity.

22 The budget process under the Budget Control Act that

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1 the Congress operates under begins early this year for Fiscal
2 1991. All of the decisions should be made by -- well, out of
3 committee, at least, early on, about May of this year, and
4 unless we can get our budget request to the Congress, our
5 request could not be considered by them.

6 So, again, it is a matter difficult to take up with
7 the limited knowledge that all of us have about the budget
8 process. Frankly, I do not know a great deal about it, either.
9 But I think that we ought to at least begin to educate ourselves
10 about the budget and, again, have the ability to act today if we
11 decided to do so.

12 Mr. Chairman, thank you for your generosity in
13 allowing me to make these motions and also to describe them.

14 MR. SUAREZ: Mr. Chairman, I will second as to both of
15 those issues.

16 MR. HALL: Is there discussion?

17 MR. WEAR: Mr. Chairman?

18 MR. ERLNBORN: Mr. Chairman, excuse me. I was just
19 informed that the second part of my motion was already in the
20 agenda as Agenda Item No. 5.

21 MR. HALL: Okay. Are you amending your motion as to-

22 -

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1 MR. ERLNBORN: I would amend my motion, then, only to
2 bring up the disaster aid, because I see the budget for '91 is
3 already in the agenda.

4 MR. HALL: Xavier, is that your second, too?

5 MR. SUAREZ: Yes, it sounds like they are a little bit
6 intertwined, in any event, because it sounds like he wants to
7 have some consideration, at least, today of what elements of the
8 budget request ought to be related to the disaster requests from
9 the various entities. In any event, I will second the motion in
10 whatever way, whatever tenor, he would like to make it.

11 MR. HALL: Is there further discussion?

12 MR. DANA: Is the location of that as an agenda item
13 at issue? It would seem to me that it would make sense to take
14 it up perhaps between 4 and 5, if they should pass.

15 MR. WEAR: Mr. Chairman?

16 MR. HALL: Yes, sir.

17 MR. WEAR: If I may, Mr. Chairman, I would suggest we
18 take it up between Items 6 and 7. The reason is that I think we
19 scheduled the auditors here. This audit report should be
20 something that will go very quickly, and we can get through
21 that. I am not sure how long our discussion on the FY '91
22 budget proposal is going to be.

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1 The second thing I would say, Mr. Chairman, is that we
2 did in fact consider putting the request for disaster aid and
3 the consolidated operating budget on the agenda earlier on, and
4 I conferred informally with some of the board members, and the
5 consensus was to take it off. So I don't think we would have
6 any problem in including the request for disaster aid on the
7 agenda here this morning.

8 MR. HALL: Okay. Howard, does that --

9 MR. DANA: I think our discussion on Items 4 and 5 is
10 likely to be extensive, but I am not sure that they are
11 necessarily intertwined, so between 6 and 7 is acceptable.

12 MR. HALL: John?

13 MR. ERLENBORN: Yes.

14 MR. HALL: To simplify matters, I am going to ask that
15 you include in your motion that that is where we insert it on
16 there.

17 MR. ERLENBORN: I accept that, yes.

18 MR. HALL: Okay. Is there any further discussion on
19 that item, then?

20 (No response.)

21 MR. HALL: If there is not, I will say that I was not
22 aware that it was going to be taken off the agenda, but I think

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1 it is a good thing that we have it on there. As John has
2 pointed out, a lot of time has gone by and, if we are going to
3 do anything, we need to do it now or let these folks go and make
4 plans and fill in these emergency funds otherwise.

5 I am going to ask for a call vote. All in favor of
6 the motion, signify by aye.

7 (Chorus of ayes.)

8 MR. HALL: All opposed, nay.

9 (No response.)

10 MR. HALL: The motion to amend the agenda and place it
11 as stated by Mr. Erlenborn carries.

12 The next item on the agenda is the approval of the
13 minutes as printed in the board book from December 15, 1989.

14 Let me go back for a moment.

15 M O T I O N

16 MR. HALL: I am going to go back and make a motion
17 that the agenda be amended once more as the last item. I am
18 going to make a motion that we have on as the last item Mr.
19 Robert Sommer, who is the board president elect of the
20 Neighborhood Legal Services Association of Pennsylvania.

21 I understand he has come from Pennsylvania this
22 morning. I have talked to him here. He wants to make a brief

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1 presentation on a funding matter that he wants taken up with
2 the board. I know very little about it, knew very little about
3 it until about three or four days ago, when I received a letter
4 from him and a request that he come and speak today. I frankly
5 don't know if Terry has talked to him. I don't know if any of
6 you other gentlemen have met him or talked to him or know what
7 it is about, but he has a problem with funding and a problem
8 with meeting a contract that may or may not have been made with
9 Legal Services as far as funding.

10 I think what he wants to do is just say a few
11 comments, and he has come a long way to do that. I don't know
12 that any action will be taken on it today, but he wanted a
13 chance to talk, and I think it needs to be on there.

14 So my motion will be that we add as the last item on
15 the agenda a presentation from Robert Sommer, board president
16 elect of the Neighborhood Legal Services Association from
17 Pennsylvania. Do I hear a second?

18 A PARTICIPANT: Second.

19 MR. HALL: That motion has a second. Is there any
20 discussion on it?

21 (No response.)

22 MR. HALL: If not, all those in favor of the

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1 amendment, signify by aye.

2 (Chorus of ayes.)

3 MR. HALL: Nay?

4 (No response.)

5 MR. HALL: The motion carries and the agenda is so
6 amended.

7 Now, the next item is the approval of the minutes as
8 printed in your board book, the minutes from the last meeting of
9 the Legal Services Corporation of December 15, 1989.

10 Mr. Erlenborn, can I recognize you, please, sir?

11 M O T I O N

12 MR. ERLENBORN: Yes. Mr. Chairman, as one of the two
13 who were there and know what went on, I would be happy to move
14 to approve the minutes of the meeting of December 15th.

15 MR. HALL: The acting chair would second that. Is
16 there any discussion on that?

17 (No response.)

18 MR. HALL: All in favor of approving the minutes as
19 printed in the board book signify by aye.

20 (Chorus of ayes.)

21 MR. HALL: Nays?

22 (No response.)

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1 MR. HALL: The minutes are approved. The next item on
2 the --

3 MR. GUINOT: Mr. Chairman?

4 MR. HALL: Yes.

5 MR. GUINOT: In preparation for these meetings,
6 particularly this first one, in reading the minutes of the
7 meeting of December 15th, it was a rather spirited meeting, I
8 gather.

9 MR. HALL: It was.

10 MR. GUINOT: The minutes as they appear in the book
11 are certainly very sparse, which, of course, is perhaps the way
12 that they are always prepared. My question is, is it possible
13 for board members, if they wish, to be able to get a little bit
14 more information as to what the statements were and the reasons
15 for the different points? I assume there must be a record
16 somewhere, a verbatim record that has been kept.

17 MR. HALL: Mr. Guinot, if I may respond to that, I
18 have read these minutes and they are very well written. I was
19 concerned that some of the things that Mr. Uddo and Mr. Smegal
20 said might not have been put down as well as those gentlemen put
21 their ideas forth on that day, and I felt that it was pretty
22 fair to them.

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1 I have not heard from Basile. I am sure that he has
2 read these minutes and would have responded to them. However,
3 you are certainly welcome to a full transcript. When I first
4 came on the board, I asked for transcripts from meetings way
5 back, and Maureen and Terry got them to me quickly. So we would
6 be happy to -- and if Maureen would provide Mr. Guinot with a
7 copy of that transcript from the December 15, 1989, meeting, it
8 would be helpful.

9 MR. GUINOT: It is not my intent to criticize the way
10 that the minutes are being presented in any way. The thing is
11 that there are some elements in there that will be carried
12 forward into our deliberations in the future, and certainly I
13 wanted to find out a little bit more how thoughts are presented
14 here or were presented in the past. So I really would
15 appreciate it if I could, Ms. Bozell.

16 MR. ERLNBORN: Mr. Chairman?

17 MR. HALL: John.

18 MR. ERLNBORN: I would recommend that all members of
19 the board be furnished with copies of the transcript, not only
20 of the December 15th meeting but maybe several meetings prior to
21 that last year. I found it very useful before my first meeting
22 to have an opportunity to read transcripts of earlier meetings,

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1 and I think that all members of the board would profit by having
2 them available.

3 MR. HALL: Howard?

4 MR. DANA: I couldn't agree more. I was not aware
5 they even existed. This is a new innovation, which I applaud.
6 I think I agree with Lou that these minutes are helpful in only
7 deciding what actual motion was carried, but the combination of
8 these minutes are very appropriate, especially if there is a
9 transcript that we could refer to.

10 MR. HALL: Let me tell you all, I have a standing
11 request to Maureen to send me a transcript from every one of our
12 meetings. I don't know if anyone else does that or not. I
13 guess it just more time on the Xerox machine, but I certainly
14 suggest it. It helps me, and I can go back, because I don't
15 have a very good memory sometimes, and I can go back and read
16 the transcript.

17 And, Lou, I didn't mean to infer that you were being
18 critical of these. I guess I just wanted to make a comment like
19 I did to Maureen before we started that I thought she did a good
20 job on reflecting everybody's viewpoint, but there certainly was
21 a lot more said in a lot more detail than what you read here.

22 MR. SUAREZ: Mr. Chairman?

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1 MR. HALL: Yes.

2 MR. SUAREZ: I understood the request to be simply
3 that the transcript be made available on a standing basis, as
4 you suggested as to yourself, and since Luis is so interested in
5 looking through these, I would have a standing request that mine
6 be made available to him, too, so he has two copies of it and he
7 can check them out for me.

8 MR. HALL: For spelling errors and so forth? I think
9 that is a good idea.

10 MR. SUAREZ: Make sure they get Suarez right.

11 MR. HALL: Is there anything else on this matter?
12 Yes, Penny?

13 MS. PULLEN: In looking at these minutes, I see in
14 many cases motions stated where there was no disposition stated
15 of the motion.

16 MR. HALL: Penny, in particular, which one, because I
17 think you are right, there should be.

18 MS. PULLEN: Well, on Page 4, for example, there are
19 two motions stated there where the paragraph ends with someone
20 seconding it and then nothing further stated about the motion.

21 MR. HALL: Well, it reads on Page 4 that --

22 MS. PULLEN: Are these assumed that they are adopted

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1 by voice vote? They never say there.

2 MR. HALL: I'm sorry. I was just kind of reading
3 through it here, because I wasn't sure. If I recall, I think
4 that motion by Mr. Smegal was -- not like I have such a great
5 memory I can remember. I am reading on through here. Mr.
6 Smegal moved to designate the board of directors as the head of
7 the Corporation. This is for the Inspector General's Office.
8 And Mr. Eaglin seconded the motion, and then in your board book
9 the next thing you see is another big motion. It says Mr.
10 Smegal amended his motion to ask the Office of Management and
11 Budget, OMB, to designate the board as the head of LSC. Mr.
12 Eaglin gave him another second, and then, before that was voted
13 on, I think Mrs. Swafford moved to table it, and I think we all
14 voted to table it.

15 But, now, you may be -- it might have been made more
16 clear.

17 MS. PULLEN: No, I think you are correct, but it would
18 be helpful if the titles of these would reflect that the second
19 one is an amendatory motion or is a substitute motion or
20 something, rather than each one looking like an equal motion.

21 MR. WEAR: Mr. Chairman?

22 MR. HALL: Yes, Terry.

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1 MR. WEAR: I think that Penny Pullen makes an
2 excellent point. I believe that we can revise that so that it
3 is easy to track through the minutes which motions they are, and
4 if there is further action on them, and we will be glad to do
5 that.

6 MS. PULLEN: I don't think it is necessary to go back
7 to these, but --

8 MR. WEAR: No, but we will do that from this meeting
9 forward.

10 MS. PULLEN: Thank you.

11 MR. HALL: Any further discussion?

12 (No response.)

13 MR. HALL: We have approved those minutes. We are
14 going to move on to the next item on the agenda, which is Item
15 No. 3, which is the election of a board chairman and vice
16 chairman. Does anyone wish to be recognized to make a
17 nomination?

18 MR. MOLINARI: Mr. Chairman?

19 MR. HALL: Yes.

20 MR. MOLINARI: Are you open for nominations for
21 chairman?

22 MR. HALL: Yes, sir, I am.

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M O T I O N

1
2 MR. MOLINARI: I am pleased to put in nomination for
3 the position of chairman George Wittgraf. I think we have
4 become somewhat familiar with George. I have met him before and
5 was very interested in some of the pronouncements of the
6 newspaper articles about George, and I think that just two or
7 three quick mentions, it was said the President had offered some
8 major posts to him in the past and he turned them down. I think
9 it is significant the fact that he has been involved in legal
10 services for the poor in his home state of Iowa, and one of the
11 interesting things about him is the fact that he had volunteered
12 to serve on this board, and I think that speaks a lot for the
13 man and what he is seeking.

14 So I am pleased to put in nomination George Wittgraf
15 as chairman of the board.

16 MR. COLLINS: I will second that.

17 MS. LOVE: Second.

18 MR. HALL: We have a second from Mr. Collins. Is
19 there any discussion on it?

20 (No response.)

21 MR. HALL: Are there any other nominations?

22 (No response.)

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1 MR. HALL: Hearing none --

2 MR. ERLENBORN: Mr. Chairman, I move that a unanimous
3 ballot be cast for George Wittgraf as chairman of the board.

4 A PARTICIPANT: I will second the motion.

5 MR. SUAREZ: That is a procedural no-no. What you
6 have to do is you have to take the vote and see if it comes out
7 unanimous. I have a feeling it will, Mr. Chairman, in which
8 case the motion will then be moot.

9 MR. HALL: Is there discussion on it?

10 (No response.)

11 MR. HALL: Then I will ask for all members to signify
12 by aye.

13 (Chorus of ayes.)

14 MR. HALL: All opposed?

15 (No response.)

16 MR. HALL: The motion carries and Mr. Wittgraf is our
17 board chairman, and with that I will turn the meeting over to
18 him.

19 CHAIRMAN WITTGRAF: Thank you, Mr. Hall. Thank you,
20 Congressman. I am not sure whether what you are suggesting that
21 my volunteering for service on this board was a commendation or
22 a question about my abilities, but time will tell.

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M O T I O N

1
2 MR. MOLINARI: Mr. Chairman, I would move that the
3 nominations be closed.

4 CHAIRMAN WITTGRAF: Thank you. There is a motion that
5 the nominations be closed. Is there a second?

6 MR. COLLINS: I will second it.

7 CHAIRMAN WITTGRAF: Those in favor, signify by saying
8 aye.

9 (Chorus of ayes.)

10 CHAIRMAN WITTGRAF: Opposed, nay.

11 (No response.)

12 CHAIRMAN WITTGRAF: The ayes appear to have it. The
13 ayes do have it. Nominations are closed. Discussion?

14 (No response.)

15 CHAIRMAN WITTGRAF: There appears to be no further
16 discussion. We will move to a vote. Those in favor of the
17 election of John Erlenborn as vice chairman of the board of
18 directors signify by saying aye.

19 (Chorus of ayes.)

20 CHAIRMAN WITTGRAF: Opposed, nay.

21 (No response.)

22 CHAIRMAN WITTGRAF: The ayes appear to have it. The

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1 ayes do have it. Mr. Erlenborn is the vice chairman of the
2 board.

3 Before we move on through the agenda --

4 MR. DANA: Mr. Chairman, I would like to say
5 congratulations and condolences to you both.

6 (Laughter.)

7 CHAIRMAN WITTGRAF: Thank you, Mr. Dana.

8 Before we move to the agenda -- and we have begun a
9 few minutes late, so we want to keep moving -- I have just one
10 or two comments I wish to make. The first comment is thank you,
11 I think. The second comment is that, while I haven't had the
12 opportunity of ever being present at a board meeting before, as
13 Mr. Hall and Mr. Erlenborn did once, I guess I have been made
14 aware of the spirited, to use Mr. Hall's or someone's generous
15 term -- contentious is another term, I guess, that has been
16 referred to me -- meetings of the board in the past.

17 While I think it is fair to say that the 11 of us are
18 not going to agree on everything, I would like to think that we
19 can agree to disagree respectfully and hopefully pleasantly, and
20 in our agreements and disagreements that we will be doing what
21 we can to serve the legal needs of the indigent of the United
22 States. I think that is the principal purpose with which we are

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1 all concerned and with which the White House and the Congress
2 are concerned.

3 I look forward to a positive year together and, if we
4 happen to actually be nominated and if we happen to actually be
5 confirmed, to a positive several years together.

6 I would like to say to the audience that, speaking for
7 myself and I think for the members of the board, while we want
8 our meetings to move as expeditiously as possible, we come to
9 our meetings, to this meeting and to subsequent meetings, with
10 open minds, with relatively few preconceived notions, I believe,
11 and that we want to give all of you and others an opportunity to
12 share your thoughts and concerns with us.

13 In that regard, before we conclude the meeting today,
14 hopefully we will be able to agree upon a date or dates in March
15 when it will be possible for those of you who have concerns and
16 ideas that you want to present to the board to have that
17 opportunity, as well as others who are not here today, to be
18 able likewise to present such thoughts and concerns.

19 We want to be able to have the benefit of everybody's
20 thoughts and concerns before we begin seriously to wrestle with
21 the FY '91 budget and its components, and before we begin
22 seriously to deal with some of the policy issues that have

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1 preoccupied the board that we are replacing and its predecessors
2 as well.

3 Thank you. John?

4 MR. ERLNBORN: Thank you, Mr. Chairman. Let me just
5 say that I appreciate the nomination and election as vice
6 chairman. I look forward to working with you, Mr. Chairman, and
7 the rest of the members of the board.

8 My first board meeting and only previous board meeting
9 was December 15th last year. It has been described as the most
10 contentious, and let me say that we are off to a good start by
11 comparison. I hope it stays that way.

12 MR. COLLINS: Mr. Chairman, in an attempt to
13 perpetuate the collegiality of the meeting, since we really
14 don't know one another, I wonder whether it would be in order to
15 hear from each person who is present about 30 seconds, telling
16 us something about their background, so we will understand one
17 another a little better.

18 CHAIRMAN WITTGRAF: Certainly. Mr. Mayor?

19 MR. COLLINS: I am a lawyer. I was born in Roxbury,
20 which is the poor part of the City of Boston. I practiced legal
21 aid in the sense that I handled every case that came in the
22 door, whether or not they could pay. I also represented that

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1 area in the state legislature for eight years. I was Mayor of
2 Boston between 1960 and 1968. I was a practicing lawyer in a
3 Boston firm until December 31 of last year. I am now relaxing a
4 bit, living on Cape Cod.

5 MS. WOLBECK: I am Jeanine Wolbeck. I am from Sauk
6 Centre, Minnesota, which is right in the middle of Minnesota.
7 My husband and I own and operate a dairy farm. We have eight
8 kids, and I guess that is it. I am a homemaker.

9 MR. DANA: I am Howard Dana. I am a lawyer in
10 Portland, Maine. I served once before, fleetingly, on this
11 board in 1982 as a recess appointee, and I am looking forward,
12 hopefully, to a somewhat longer tenure this time.

13 VICE CHAIRMAN ERLNBORN: I am John Erlenborn,
14 originally from Illinois. I am an attorney and I served in the
15 Illinois Legislature for eight years. I was elected to Congress
16 in '64 and served from '65 to '85, and now I practice law here
17 in Washington.

18 CHAIRMAN WITTGRAF: My name is George Wittgraf. I am,
19 as someone suggested earlier, from the country. I am from a
20 town called Cherokee, Iowa, a community that in the 1980 Census
21 was 7,000, I fear in the 1990 Census will be 6,000, and it is
22 the county seat. I have been practicing law there since 1976,

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1 along with one other partner. We have a general practice that
2 runs the gamut of legal problems. I have had an opportunity to
3 be a Legal Services volunteer for the Legal Services Corporation
4 of Iowa in my community through the 1980s. I've got to say that
5 I end up doing a lot of pro bono work as well that does not come
6 through the Legal Services Corporation, some by design, far more
7 not by design, but only as things develop.

8 I am delighted to have any of you in the audience come
9 and visit with me at any time. I guess the test for me, in
10 terms of the depth of your feelings and the strength of your
11 commitment will be your ability to figure out how to get to
12 Cherokee, Iowa, but if any of you are tenacious enough to
13 undertake such a trip, I will be delighted to entertain you in
14 Cherokee. Thank you.

15 MR. HALL: My name is Blakeley Hall. I am a lawyer,
16 and I practice in Rockwall. Rockwall is a small town. In the
17 1980 Census it had about 3,300 people, although we may now have
18 over 10,000 people.

19 Rockwall has an underground prehistoric wall built
20 around the city, and everybody that writes me a letter writes me
21 to Rockwell, I guess because of Rockwell International, but when
22 I tell them the story of the rock wall underground, they always

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1 remember it is Rockwall, so that is the best way I know.

2 I have practiced law there for about 10 years, and I
3 practice with my father and my brother and another gentleman
4 there. It is a very small practice. I have had occasion to
5 meet a lot of poor folk that I do legal work for for free. I
6 have had occasion to meet a lot of rich people that I have had
7 the pleasure to do a lot of legal work for free. What attorney
8 hasn't, I suppose. And that is all I have ever done, practice
9 small town law.

10 I have a father who is in politics. I have a brother
11 who wanted to be sheriff, but he was beaten. I have a mother
12 who served on the school board, and I have another brother who
13 ran for county judge and was defeated. We have another good
14 friend there in Rockwall one time that told me I was the only
15 one in the family that hadn't run for political office, and so I
16 was the only one he trusted.

17 But I am the only non-politician in the family, but
18 yet I am a lawyer, so that is my background. No, quite
19 honestly, we have mayors and congressmen and representatives
20 here on the board, and I respect them all. That is me.

21 MS. PULLEN: My name is Penny Pullen. I am from
22 Illinois. I am from near Chicago but not of it, and I am a

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1 member of the Illinois Legislature, where I serve in the
2 minority leadership in the House.

3 MR. GUINOT: I am Luis Guinot. I am from San Juan,
4 Puerto Rico. I have practiced law in Washington for the last 25
5 years. I am a lawyer, just plain old lawyer. That is all I do.

6 MR. MOLINARI: I am Guy Molinari. I served in the
7 State Legislature of New York for six years, and then a stint in
8 Congress for nine years, and last November was elected president
9 of the Borough of Staten Island, part of New York City, but I am
10 still a country boy, like many of you here, and very much look
11 forward to working with you all.

12 MR. SUAREZ: Xavier Suarez. I am from South Cuba, and
13 if you know that Cuba only goes East-West, you know what that
14 means. I practiced law in Miami for 10 years before I ran for
15 and was elected Mayor of the City of Miami, and I also work very
16 seriously with Legal Services of Greater Miami. I am very
17 interested in the work that we do here, and I can identify with
18 political defeats, because I was defeated three times before I
19 was elected in 1985.

20 MS. LOVE: My name is Jo Betts Love from Aberdeen,
21 Mississippi, a small, poor town. I have four children, and I am
22 looking forward to this -- and six grandchildren that I am very

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1 proud of, that I am a nanny of. Thank you.

2 CHAIRMAN WITTGRAF: Thank you all. Good idea, John.

3 At this point, following the agenda, it is my pleasure
4 to call on Mr. Terrance Wear, the president of the Legal
5 Services Corporation since on or about July 1, 1988, to share
6 his President's Report, which on this occasion I think gives him
7 a good deal of latitude, seeing we are virtually all new to this
8 calling, about the things on his mind and the things that need
9 to be brought to our attention in this meeting. Terry?

10 PRESIDENT'S REPORT

11 MR. WEAR: Thank you, Mr. Chairman. Just a few things
12 here this morning, and we can talk a little bit more about what
13 are the issues in Item 7.

14 As I believe I mentioned to some of you, our
15 appropriations hearing before the House Appropriations
16 Subcommittee, chaired by Congressman Smith, is scheduled for
17 March 22nd. We also have a hearing scheduled on the Senate side
18 on April 26th.

19 The report that I have gotten back from the people on
20 the House side is that they intend to adhere to that schedule
21 and they intend to complete all of their appropriations hearings
22 by April 1st.

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1 Another item that I would like to visit with you about
2 is the confirmation process. As I believe you all know, your
3 names will be submitted to the Senate shortly for confirmation.
4 Myself and the other members of the staff are going to work very
5 closely with you. We intend to take care of any details that
6 come up on this and to be helpful to you. I don't anticipate
7 that this is going to be a trying sort of process for any of the
8 board members, and we do intend to work very closely and to be
9 helpful on that process.

10 The president of the Corporation is responsible for
11 making the grants that go out to the various entities, local
12 Legal Services programs, which in turn provide the service to
13 the eligible clients in the communities.

14 We have a two-part process on that. Part I of the
15 grant application is normally mailed in the fall. That is
16 completed and has been returned and, based on that, we have made
17 some decisions on grants. Those decisions, though, are subject
18 to Part II of the grant application, which will be going out
19 this week, which will be completed and returned to us.

20 The Part II portion of the application is made up
21 principally of a report on what that program did last year, so
22 we look forward to getting those back.

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1 Each year the Corporation puts out what it has styled
2 a fact book. I believe that at least some of the new directors
3 have a copy of that now. We are in production on that and hope
4 to have that available for sale to the public within the next
5 three weeks, so that will be available at that time.

6 Another matter that is coming up is that we will be
7 doing a competition for grants to law schools. For about four
8 or five years now, the Corporation has made grants to law
9 schools to set up legal clinics to train law students in issues
10 that primarily impact on poor people. They represent them, much
11 as our programs do, in simple, routine sorts of cases, and that
12 competition will be starting a little earlier this year than it
13 has in the past, so that it will, I believe, improve the
14 planning process for the law schools that are involved in it.

15 Mr. Chairman, I would be pleased to respond to any
16 questions that any board members may have at this point and will
17 certainly want to address the principal issues that I see us
18 getting involved in over the next year or two when we get to
19 Item 7 in the agenda.

20 CHAIRMAN WITTGRAF: Thank you, Mr. Wear.

21 Any questions, any comments, on any items that are not
22 otherwise listed on the agenda? Mr. Molinari?

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1 MR. MOLINARI: I would just like to see if we can get
2 some kind of evaluation on this law school clinic. I heard you
3 say and I read in some of the documents that we received that
4 this started about four or five years ago. Can you give us some
5 idea as to how it is working or not working and what the
6 relative costs are and the efficiency factor, cost-wise?

7 MR. WEAR: Each year the Corporation reserves
8 approximately \$1.1 million for this competition, and we look at
9 them, and the grants are awarded on a competitive basis. I have
10 forgotten the total number of law schools. I think the grants
11 go to approximately 40 schools around the country.

12 We have not been monitoring these grants as much as
13 perhaps we might have. We are beginning to look at those now.
14 The informal reports that have come back are that they have been
15 successful. One of the barometers I use to try to measure
16 whether we have a problem is what kinds of complaints we are
17 getting and, very frankly, Mr. Molinari, we have not received
18 complaints out of this particular portion of the program. But
19 we will be monitoring a number of those programs and looking at
20 them and, certainly as we move along, we can give you a better
21 idea of how effective it is.

22 We are interested in making sure that all of our

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1 programs are effective and that we are getting a dollar's worth
2 of work for a dollar's worth of our money.

3 MR. COLLINS: Mr. Chairman?

4 CHAIRMAN WITTGRAF: Mr. Collins.

5 MR. COLLINS: When it comes to monitoring, do you ask
6 them to give you a very simple, two or three-page explanation of
7 what they did with the money?

8 MR. WEAR: No, sir, Mr. Collins. It is a very
9 thorough sort of examination.

10 MR. COLLINS: I don't mean to interrupt you, Mr.
11 President. I understand what the present system is, which I
12 guess involves site visits and filling out a whole bunch of
13 forms and all that.

14 MR. WEAR: Yes, it does.

15 MR. COLLINS: But in the interim, or as a preliminary
16 to it, would it not be appropriate to just ask them to tell you,
17 in their own words, in two or three pages, what it is that they
18 have been doing, so that you have something against which you
19 can check when you make your monitoring visits?

20 MR. WEAR: Yes, we can do that. I think we get some
21 of those reports from at least some of the programs already.
22 Usually it is part of our monitoring process when they actually

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1 go out there. But that is certainly something we could look at.

2 MR. COLLINS: I get the impression that monitoring
3 visits have been, to some extent, a very time-consuming
4 operations and sometimes regarded as adversarial by some of the
5 recipients, and I wonder whether it wouldn't be in the interest
6 of all of us to try to simplify the mechanism by doing it in
7 English, rather than producing telephone books of reports.

8 MR. WEAR: Well, part of the reason we have moved away
9 from a report that is more narrative in nature is to try to get
10 comparable data between programs. That is part of the reason.
11 Another point is that by having kind of a checklist or fill-in-
12 the-blank, it is, we thought, anyway, easier for the particular
13 program to respond to those questions.

14 Another issue that would certainly make our monitoring
15 effort easier and I think better would be a system of
16 timekeeping for each of the programs. That is an issue that has
17 been addressed from time to time. I expect that it will be
18 addressed again. I have it on my schedule to discuss here later
19 today. I think that that would improve immeasurably our effort.
20 I think we could do away with a number of the things we are
21 doing now if we had that sort of data and information, because
22 that would give us a very good idea of what a particular program

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1 is doing with its resources, but also allow us to compare that
2 program with other programs similar in nature and try to figure
3 out who has the better approach to the delivery of legal
4 services.

5 MR. SUAREZ: Just one brief question.

6 CHAIRMAN WITTGRAF: Mr. Suarez?

7 MR. SUAREZ: What committee in the Senate or House--
8 I really don't know the confirmation process -- is in charge of
9 that and, just very simply, what are the mechanics and what can
10 we possibly add to that process?

11 MR. WEAR: The committee is the Senate Committee on
12 Labor and Human Resources. The nominations are submitted from
13 the White House to the President of the Senate. The
14 nominations, mechanically, then, are referred to the committee
15 for consideration. Normally, the committee holds a hearing on
16 the nominees. In the past, the hearing has covered all the
17 nominees at one time. They don't take the nominees piecemeal.
18 The committee then votes on those nominees. If the nominations
19 are -- the parlance in the Senate is voted out of the committee,
20 they then go to the floor. They are then put on the Senate
21 calendar and are considered and the Senate then votes on those
22 nominees.

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1 MR. SUAREZ: Who is the committee chairman?

2 MR. WEAR: The committee chairman is Senator Kennedy
3 from Massachusetts. The ranking member of that committee is
4 Senator Hatch from Utah.

5 MR. SUAREZ: Thank you.

6 CHAIRMAN WITTGRAF: Further questions or comments on
7 the confirmation process?

8 (No response.)

9 CHAIRMAN WITTGRAF: Further questions or comments on
10 any matter not already on the agenda?

11 VICE CHAIRMAN ERLENBORN: Mr. Chairman?

12 CHAIRMAN WITTGRAF: Yes, sir.

13 VICE CHAIRMAN ERLENBORN: At the last board meeting, a
14 good deal of the meeting was taken up with the controversy that
15 was brought before the meeting rather unexpectedly having to do
16 with former Board Member Basile Uddo, and at that time it was
17 revealed by him that there was an inspector general
18 investigation concerning allegations made against him. I would
19 like to ask President Wear if the inspector general has
20 completed that investigation and furnished you with a copy of
21 his report?

22 MR. WEAR: Yes, he has, Mr. Erlenborn.

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1 VICE CHAIRMAN ERLÉNORN: Well, can you tell us how
2 that will be handled? Will it be made available to members of
3 this board, or what action will be taken on it, if any?

4 MR. WEAR: That report has been mailed to each of the
5 members of this board. A copy of it has also been mailed to the
6 former board member involved. Copies of the report have also
7 been mailed to the chairman and ranking member of the Senate
8 Committee on Labor and Human Resources, the Senate
9 Appropriations Committee, the chairman and ranking member of the
10 Appropriations Subcommittee involved with the Corporation, the
11 chairman and ranking member of the House Judiciary Committee,
12 which has oversight over Legal Services, and the chairman and
13 ranking member of the subcommittee, that Judiciary Committee
14 that has oversight jurisdiction over the Legal Services Program.

15 VICE CHAIRMAN ERLÉNORN: Could I ask when was the
16 report mailed to the members of the board, current members?

17 MR. WEAR: It was mailed on Friday of this last week.

18 VICE CHAIRMAN ERLÉNORN: Would you have copies of
19 that available here today?

20 MR. WEAR: No, sir, I don't.

21 VICE CHAIRMAN ERLÉNORN: One last question: Mr. Uddo
22 asked for certain documents to be supplied to him. Could you

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1 tell us the disposition of that request?

2 MR. WEAR: Yes, sir. After our last board meeting,
3 Mr. Erlenborn, I was concerned about a number of things,
4 concerned about the independence of the Corporation's inspector
5 general in this investigation. I was also concerned about
6 whether or not the requests made by Mr. Uddo were in conformity
7 with the Inspector General Act of 1978, which is the statute
8 under which the Corporation's inspector general operates.

9 I sought the advice and counsel of the Vice Chairman
10 of the President's Council on Integrity and Efficiency. The
11 President's Council on Integrity and Efficiency is composed of
12 what I will term the statutory inspectors general. The larger
13 government agencies are required by statute to have an inspector
14 general.

15 Mr. Sherman Funk, who is the vice chairman of that
16 committee, is the inspector general for the Department of State.
17 Mr. Funk considered my request. We talked about the issues. He
18 subsequently referred me to Mr. Oliver Revell, who is a member
19 of the President's Council on Integrity and Efficiency and is
20 chairman of that commission's committee dealing with law
21 enforcement. As some of you may know, Mr. Revell is one of the
22 senior members of the Federal Bureau of Investigation.

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1 I then sent to Mr. Revell a number of materials that
2 are detailed in a letter to him. I also sent him a number of
3 questions. His committee reviewed this and sent us a response
4 back, and all of these letters are included with the copy of the
5 inspector general's report, which was mailed to each of the
6 board members on Friday.

7 VICE CHAIRMAN ERLNBORN: Does the report require any
8 action, other than to be available to those to whom you have
9 sent copies?

10 MR. WEAR: No, I don't think so. I think in the memo
11 that I sent to the board members I indicated that this was
12 provided for your information and that no action was required.
13 I do not contemplate that there is action required by any of the
14 Members of Congress that received them. I did, however, ask
15 that both the board members and the Members of Congress read the
16 report.

17 VICE CHAIRMAN ERLNBORN: I might say just for the
18 information of the new board members that this inspector general
19 investigation concerned activities by a board member relative to
20 staff and relative to grants. I think that it should be
21 something that would be required reading of all of us to see
22 what -- I have not seen the report. I have no idea what

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1 conclusions they came to, but the charges involved action by
2 board members, and I think we all would be interested.

3 CHAIRMAN WITTGRAF: Mr. Dana?

4 MR. DANA: Terry, following up on that, before the
5 meeting, I spoke with the inspector general, and I think you may
6 have been there at the time, and I do think it would be helpful
7 for us as board members to receive a briefing as to what we can
8 and cannot do, so we do not find ourselves the subject of the
9 inspector general's investigation somewhere down the line. I
10 think that would be very helpful. It would be helpful for me to
11 know what I, as a board member, am permitted to do when I am
12 being paid and when I am not.

13 MR. WEAR: Mr. Chairman?

14 CHAIRMAN WITTGRAF: Yes, sir.

15 MR. WEAR: Mr. Dana, I think that is a very good idea,
16 and it is one that we will work on and try to get a briefing
17 together which can be given to the board members in one of the
18 meetings' executive sessions.

19 I didn't mention earlier, but our meetings a number of
20 times are divided into an open session, such as this, and an
21 executive session, which is not open to the public, wherein we
22 discuss such things as litigation and other matters, and this is

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1 something that we could go over in that session.

2 But we will do that. We will get that together in any
3 case, so that it is available and we can give that to the board
4 members.

5 MR. HALL: Mr. Chairman?

6 CHAIRMAN WITTGRAF: Yes, sir.

7 MR. HALL: I, quite frankly, must confess, I didn't
8 know -- did we get a yes or a no to the question of whether or
9 not Basile would be given those items that he asked for?

10 VICE CHAIRMAN ERLNBORN: I guess we didn't.

11 MR. WEAR: Mr. Chairman?

12 CHAIRMAN WITTGRAF: Yes.

13 MR. WEAR: Mr. Chairman, in discussing this matter
14 with Mr. Revell, he advised me not to turn over to Mr. Uddo
15 those materials that he had requested, and that is made clear in
16 the exchange of letters between he and I.

17 MR. HALL: Mr. Chairman?

18 CHAIRMAN WITTGRAF: Yes, sir.

19 MR. HALL: I have forgotten what he had requested, if
20 I can inquire, Mr. President.

21 MR. WEAR: Well, I don't have his letters here in
22 front of me, either.

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1 MR. HALL: I have forgotten what he wanted, Terry.

2 MR. WEAR: Well, he had asked, for example, for the
3 identities of the staff members that the inspector general had
4 talked to. He had asked for other materials that the inspector
5 general had gathered. I went over these things with Mr. Revell.
6 I gave Mr. Revell copies of his letters, and Mr. Revell's advice
7 was, "Don't produce these materials. This is a matter for the
8 inspector general. If you do, you compromise his activity."

9 As a practical matter, in talking with Mr. Funk and
10 Mr. Revell, I am advised that these materials are not disclosed
11 unless there is some sort of a disciplinary proceeding against
12 the individual involved.

13 Sometimes, in an inspector general's report in one of
14 the federal agencies, the report is used as a basis for punitive
15 action against the person who is the target of the
16 investigation. In those situations, the information is made
17 public. Assuming that the target of the investigation wants to
18 use it in his defense, it is like any other proceeding, I guess,
19 adversarial in nature, where the other side looks at those
20 things. But, beyond that, I am advised that it is not and so,
21 in reliance on the advice by Mr. Revell, those materials have
22 not been made available to Mr. Uddo.

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1 CHAIRMAN WITTGRAF: Mr. Hall?

2 MR. HALL: Did he make it clear that they should not
3 be provided because the report was not yet completed and that
4 would compromise the inspector general's progress in it, or did
5 he also say that once the report had been provided and the
6 findings made, that those items would still not be revealed?

7 MR. WEAR: What he said --

8 MR. HALL: Let me finish by saying, in all fairness to
9 Basile, I think that he wanted some of those items to defend
10 himself and to refute and answer some of the allegations. That
11 was the part that concerned me, and it kind of makes me tend to
12 want to help him so that he can go to the source and do his own
13 investigation, and I hate to use the words clear his name,
14 because Basile's name, in my opinion, has never been muddied.
15 That is really my question.

16 MR. WEAR: Mr. Chairman?

17 CHAIRMAN WITTGRAF: Yes, sir.

18 MR. WEAR: Mr. Chairman, I think the report speaks for
19 itself. It says what it says. Right now, my position is that
20 these materials will not be made available to Mr. Uddo. If he
21 makes a request for it, I will take his request under advisement
22 and will seek the advice and counsel of the same people that we

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1 have been counseling with thus far on this, with the President's
2 Council on Integrity and Efficiency, and resolve it in whatever
3 manner they normally resolve these things.

4 VICE CHAIRMAN ERLENBORN: Mr. Chairman?

5 CHAIRMAN WITTGRAF: Yes, sir.

6 VICE CHAIRMAN ERLENBORN: I don't want to belabor this
7 point, but I don't recall all of the things that Basile
8 requested. One I do recall was a copy of a memo to the file
9 that was read in whole or in part by James Wooten at our last
10 board meeting. My recollection is at that board meeting that we
11 were advised that the memo would be made available to all
12 members of the board. That being the case, since the vast
13 majority, if not all of it, was read into the record, and we
14 were advised we would be given copies, I don't quite understand
15 why copies are not made available to Mr. Uddo at his request.

16 But, in any event, I ask that all of the present board
17 members be given copies of that original memo to the file that
18 was read at the last board meeting.

19 MR. WEAR: Mr. Chairman?

20 CHAIRMAN WITTGRAF: Yes, sir.

21 MR. WEAR: Mr. Chairman, if I may, I would like to
22 seek the advice and counsel of the President's Council on

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1 Integrity and Efficiency on that. I discussed these points, as
2 I said earlier, with Mr. Revell, and his response was, "This
3 material is not disseminated in the investigations that our
4 other inspectors general run," and, relying on his statements
5 and his advice that I not distribute it, it was not distributed.
6 If I may, I will go back and counsel with him, and anybody else
7 that he suggests, again, and resolve this.

8 MR. COLLINS: Mr. Chairman, since none of the rest of
9 us know what this is all about, I suggest that we let it wait
10 until our next meeting. There is nothing we can do about it
11 now.

12 CHAIRMAN WITTGRAF: Further discussion regarding this
13 matter?

14 MR. SUAREZ: Along the same lines as John's
15 commentary, perhaps if some of our number are particularly
16 interested, a subcommittee or other appropriate subset of our
17 group could be formed by those who want to pursue it further and
18 perhaps give you advice, Mr. Chairman, or the president.

19 CHAIRMAN WITTGRAF: It is the chairman's opinion at
20 this time, as suggested by Mr. Collins, that we await receipt of
21 the inspector general's report, and it occurs to me, in light of
22 Mr. Erlenborn's and Mr. Hall's concern, specifically regarding

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1 the so-called memo to the file, that if we all have copies of
2 the transcript, as you say Mr. Wooten had read seemingly the
3 bulk of that memo to the file into the transcript, that it
4 should be repeated there and available I guess to any one of us,
5 or directly to Mr. Uddo as a member of the board at that time.
6 Hopefully, that will resolve that problem but, as suggested by
7 Mr. Collins, I think there is nothing further for us to do until
8 we have had an opportunity to review the inspector general's
9 report.

10 Any further discussion on the matter of Mr. Uddo's
11 alleged conflict of interest?

12 (No response.)

13 CHAIRMAN WITTGRAF: Any further questions for the
14 president or comments for the president regarding matters which
15 he has discussed or which are not on the agenda?

16 MR. COLLINS: I am sure we will have ample time to
17 question him later on, after we have read all parts of the
18 report.

19 CHAIRMAN WITTGRAF: Yes, sir. Hearing none, we will
20 move to what is delineated as Item No. 5.

21 Before we move to a discussion of Item No. 5, the
22 chair, unless hearing objection, is going to take it upon

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1 himself to take Mr. Erlenborn's amendment to the agenda
2 regarding the matter of our consolidated budget and the matter
3 of disaster relief, and put that ahead of discussion of the 1991
4 budget. It seems to the chair that we need to discuss the '89
5 and '90 budgets before the '91 budget.

6 (No response.)

7 CHAIRMAN WITTGRAF: Hearing no objection, the chair
8 will ask the president to speak to the two matters of the
9 emergency funding requests and also to the matter of the
10 consolidated budget and any action that may be required of the
11 board. Having heard from the president, and before we move to
12 discussion on that, I believe there is at least one
13 representative of the Bar Association of California present to
14 be heard. There may be others whom we are willing to hear
15 briefly this morning.

16 Mr. Wear?

17 MR. WEAR: Thank you, Mr. Chairman.

18 As I had suggested earlier this morning when the
19 agenda was amended, I thought it was important to consider the
20 requests for emergency funding together with the disposition of
21 what I am going to call the Corporation's carryover funds for
22 this year, or rather for Fiscal Year 1989, because I think the

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1 issues are intertwined.

2 At the board meeting on December 15th, I was directed
3 to review all of the requests for emergency funding that had
4 been submitted to the Corporation in connection with Hurricane
5 Hugo and the California earthquake. The Corporation had
6 received a number of requests for extra funding for various
7 local Legal Services programs, because these programs had
8 indicated they had had a surge in demand for services as a
9 result of damage caused by the hurricane or the earthquake.

10 I might say in passing that the Corporation has not
11 traditionally had a contingency fund to fund these sorts of
12 requests. The monies, what there is of it, have come out of the
13 account labeled Management and Administration for the
14 Corporation.

15 When these requests came in, I looked at them,
16 reviewed them with the staff, and we made an early determination
17 that we would try to assist those programs that were out of
18 business as a result of hurricane damage or earthquake damage,
19 and that was done. We had, for example, one program in Puerto
20 Rico, or, rather, in the Virgin Islands, that had suffered
21 damage to the extent that they were not able to operate, and so
22 we were able to purchase a generator for them. They were able

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1 to use that generator to generate electricity. They had
2 anticipated that they would not have electricity for
3 approximately six or seven months and that they just could not
4 operate without it. So we took some of our management money and
5 purchased a generator and shipped it to them.

6 In addition, a couple of programs in California had
7 suffered damage to the point that they were not able to
8 function. The building occupied by one program had been damaged
9 to the extent that it was not habitable, and so we provided
10 funds to that program to make adjustments and changes. My
11 recollection is that that amounted to approximately \$30,000.

12 At the last board meeting, the board directed me to
13 look at the remainder of the requests, with a view toward
14 determining which of those requests were meritorious. The exact
15 charge, as I recall it, is that if the Corporation had all the
16 money in the world, which of these would we fund, and, pursuant
17 to those directions, the staff looked at these and put together
18 recommendations, which I believe most, if not all, of the board
19 members have. That recommendation is -- the first page of it is
20 covered by a memo from me to the board dated January 29th, and
21 the following page is dated January 11th and contains the
22 analysis that was prepared in connection with that.

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1 The directions were to figure out what this amount
2 ought to be and the Corporation would then seek a supplemental
3 appropriation to fund these requests.

4 I hope that each of the board members have had an
5 opportunity to review the analysis on these requests. The staff
6 recommended, again, that if we had all the money in the world we
7 would fund certain of them. We would not fund others.

8 There is a summary of those programs that would be
9 funded. It appears on Page 15 of that memorandum, and it shows
10 the total amount of monies that would be devoted to that.

11 Any money that is used to fund these requests has to
12 come out of the Legal Services Corporation budget. As I
13 mentioned, there is no separate money set aside for these sorts
14 of contingencies.

15 In looking at this issue, I tried to determine which
16 of our carryover funds might be used for this purpose. There is
17 an additional memorandum from me to the board of directors dated
18 February 9, 1990, the title of which is, "Legal Services
19 Corporation, Fiscal Year 1989 Consolidated Operating Budget and
20 Carryover Funds from Fiscal Year 1989." That memorandum also
21 goes on for several pages. It traces where the carryover funds
22 come from, and it makes a distinction between those carryover

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1 funds that are committed for purposes and those that are not.

2 Part of the reason we have carryover funds is that the
3 Corporation operates on the government's fiscal year. The
4 grants that are made are made on a calendar year basis. So that
5 accounts for some of the carryover monies. Some of them are
6 commitments that have been made that the money has not actually
7 been disbursed on.

8 But when you finish it all up and you look at it all,
9 our uncommitted carryover amounts to approximately \$2 million.
10 A large portion of that is already in the M&A account. It was
11 put in that account last year by the board to take care of the
12 Corporation's operating expenses. Our history has been that the
13 Corporation has experienced a carryover from time to time, and
14 this carryover is considered by the Appropriations Committees in
15 trying to set the amount of monies available to the Corporation.

16 On Page 6 of that memorandum, I have a list of summary
17 and recommendations associated with the carryover, and what I
18 have recommended is that a portion of the carryover go into an
19 account called Meritorious Grant Awards, the total of which
20 would equal \$97,000, and that that money be used to fund those
21 grants that were found -- those requests, rather, that were
22 found to be meritorious, and that the remainder of the

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1 uncommitted not already in M&A, that is, in the Management and
2 Administration account, which amounts to approximately \$956,000,
3 would be transferred into the Management & Administration
4 account.

5 The Corporation in the past -- the average up to this
6 year has been approximately \$10.6 million it has taken to run
7 the Corporation. We are going to have less funds than that this
8 year to run the Corporation, even if we didn't make any of these
9 meritorious grants.

10 The appropriation that was made by Congress does not
11 appear to take into account the establishment of the Inspector
12 General's Office this year. That statute was passed. We hired
13 the inspector general actually in September of last year, but we
14 have budgeted approximately \$450,000 for that purpose, and it
15 does not appear that that office was taken into account.

16 So I think the bottom line is that it is going to take
17 the carryover funds that we have available just to continue to
18 run our operation, without any sort of expansion or change in
19 it, and that the funds that we have available for these
20 meritorious grants amount to the \$97,000.

21 Over and above that, and looking at the requests for
22 emergency funding, it appeared that that amount was the only

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1 amount that could be justified, assuming that our resources were
2 not unlimited.

3 So, Mr. Chairman, my recommendation to the board is to
4 fund those meritorious -- those grants, rather, that were found
5 to be meritorious that are cited for funding in the memorandum
6 titled, "Requests for Emergency Funding," dated January 29,
7 1990, and that the carryover funds that I have been describing
8 be allocated in the manner shown on Page 6 of my memorandum to
9 the board dated February 9, 1990, that deals with the subject of
10 carryover funds from that fiscal year.

11 CHAIRMAN WITTGRAF: Thank you, Mr. Wear.

12 Before we move to questions and answers or general
13 discussion, at this time I would like to ask Nancy Clinch, a
14 governor of the State Bar of California, and anyone who happens
15 to be present representing one or more of the agencies from the
16 State of South Carolina, to come forward to make any comments on
17 this matter.

18 MR. MOLINARI: George?

19 CHAIRMAN WITTGRAF: Mr. Molinari.

20 MR. MOLINARI: Could you suffer an interruption before
21 you have their testimony?

22 CHAIRMAN WITTGRAF: Sure.

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1 MR. MOLINARI: I think certainly this member of the
2 board would like a little better clarification on historically
3 has this board funded property damage occasioned by some kind of
4 natural disaster, or is this a deviation from historical
5 funding?

6 MR. WEAR: Mr. Chairman, if I may respond to that
7 question.

8 CHAIRMAN WITTGRAF: Mr. Wear.

9 MR. WEAR: We have handled these situations, Mr.
10 Molinari, on a case by case basis. In some situations, when a
11 program suffers damage due to a fire, for example, they have
12 fire insurance that covers it and, indeed, some of the requests
13 that are in here were insurable. If you have a situation where
14 the loss was not insurable, or perhaps the program could have
15 insured it but didn't, we have tried to deal with those in some
16 fashion.

17 Our intent in the past has been to keep a program in
18 operation if they have been, if you will, knocked out as a
19 result of some sort of a disaster. We have not in the past
20 funded surges in demand, which are the principal source of these
21 applications.

22 Now, perhaps we should have, and one of the

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1 suggestions, very frankly, that I would make to the board this
2 year is that we ask the Congress to put in a specific line for
3 that purpose, and we will have those funds in reserve. I am
4 sure the Congress can come up with a dollar figure for that,
5 that we could use for that, but all of our money that comes to
6 us is distributed to the various programs, for the most part,
7 under a funding formula, and it takes all of the money that we
8 have available by the time that formula is worked through. So
9 we have not had a reserve, if you will, for this sort of
10 activity in the past. Perhaps we should have one. Perhaps the
11 Congress will put one in this year.

12 I don't know that we have had, at least not in my
13 tenure, this situation come up.

14 MR. MOLINARI: Terry, let me interrupt and not to take
15 everybody's time. My concern, as a new member of the board, is
16 the question, are we establishing new policy here? Has this
17 been the policy in the past? If indeed we are going to be
18 making decisions based on meritorious requests for damage
19 funding, items of that nature, I would assume that we are going
20 to soon be met with a whole barrage of requests for capital
21 expenditures based on meritorious requests, so it is a question
22 of trying to determine what the prior policy was or whether we

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1 are establishing new policy. For new members of the board, I
2 think that is something that I certainly would want to know.

3 MR. WEAR: Mr. Molinari, I think this is new policy.
4 In the past, as I said, we did the sorts of things that we did
5 with regard to the program in California whose building fell
6 down and the program in the Virgin Islands that didn't have
7 electricity. We have tried to deal with that sort of thing in
8 the past. We did that in this situation.

9 We have not done this sort of thing, to the best of my
10 knowledge, in the past that are portrayed here in my memorandum
11 with regard to these requests for emergency funding to take care
12 of surges in demand for service.

13 MR. MOLINARI: Well, let me just conclude my remark by
14 saying surges in requests for legal services I could see being
15 something that would certainly come under our review. If in
16 fact we are establishing new policy of making grants to people
17 that need improvements, regardless of what they were, I am
18 wondering whether that is the proper purview of this board, or
19 whether there should be another source of funding that they
20 should look for. I don't know. I am just raising the question,
21 Terry.

22 MR. WEAR: Generally, we do not, as best I can recall

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1 -- and I will ask the staff to correct me if I am wrong -- in
2 the past, we have not funded capital improvements, per se, for a
3 particular program. Sometimes they are able to raise money
4 elsewhere. Back in the early days, I believe that the
5 Corporation did provide money to buy buildings and that sort of
6 thing, but my recollection, at least in the last four or five
7 years, is we have not done that sort of thing, and I don't think
8 that we would be able to do that sort of thing now. The money
9 is not there. The formula under which it is distributed is very
10 precise. It eats up all the money, and the bottom line is there
11 is none left over for that sort of thing.

12 VICE CHAIRMAN ERLENBORN: Mr. Chairman?

13 CHAIRMAN WITTGRAF: Mr. Erlenborn.

14 VICE CHAIRMAN ERLENBORN: Guy, I had the same concerns
15 that you are expressing when this matter was discussed at the
16 last meeting. It seemed to me that the response of the
17 Corporation at that time had been to make emergency additional
18 grants to cover physical damages to buildings as a result of
19 either the hurricane or the earthquake, and my feeling was--
20 and they had not approved additional funding for surges in
21 demand.

22 It seemed to me that that was rather backward, that we

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1 ought to have insurance covering the physical damage. I was
2 advised that the physical damage that had been covered by
3 additional grants was the kind that was either not available or
4 the cost was so excessive that it was practically not available
5 to the local agencies.

6 It seemed to me, however, that we ought to be in a
7 position to provide emergency funding for surges in demand that
8 could not be anticipated. I am advised that at one time in the
9 past there was such a line item in the budget of the
10 Corporation, but there hasn't been one recently.

11 There was also concern that the requests that are
12 pending before the Corporation now might properly have been
13 addressed by the emergency disaster relief provided by a special
14 appropriation by the Congress last year, and I think that is one
15 of the questions that we have to ask. I am advised that that
16 went so rapidly that some of these local agencies delivering the
17 service were not aware of it, didn't know how to get involved in
18 it. I think we will have to suggest to them that they keep in
19 closer contact with their own congressmen and senators who can
20 provide that kind of help to them.

21 But I finally should say that I think it is also
22 important to note that some of the leading Members of the House

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1 and the Senate on the Appropriations Committees have recommended
2 that the Corporation respond, with the promise that we would be
3 taken care of in the next funding process for the Corporation.

4 MR. COLLINS: Do we have that in writing?

5 VICE CHAIRMAN ERLBORN: We do have that in writing,
6 at least on the Senate side. I don't know about the House side.
7 I have just read their letter this morning. It didn't seem to
8 address that implied or express promise. But I think that is a
9 good question you asked.

10 CHAIRMAN WITGRAF: Before we move to further
11 discussion, really, I think we would be better off on this
12 matter to allow Ms. Clinch and her colleague first to identify
13 themselves, and then if they will be good enough to hold their
14 remarks, not counting response to questions or comments, to 10
15 minutes. If I can presume for them, first let me be sure that
16 each of you here has what I believe is a summary prepared by Ms.
17 Clinch in response to Mr. Wear's memo of January 29, so that, as
18 simply as possible, we will be able to compare Mr. Wear's
19 recommendations with the suggestions or requests being made by
20 Ms. Clinch on behalf of the Bar of California and perhaps the
21 Bar of South Carolina.

22 Ms. Clinch, will you identify -- will each of you

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1 please identify yourselves for the record and then proceed?

2 PRESENTATION OF NANCI G. CLINCH, GOVERNOR,
3 STATE BAR OF CALIFORNIA, AND STEPHEN PRUITT

4 MS. CLINCH: Yes. I am Nanci Clinch. I am a member
5 of the Board of Governors of the State Bar of California. I am
6 also head of the Regional Disaster Relief for Legal Service
7 Response in the Bay area.

8 With me today is Stephen Pruitt of the law office of
9 Laxalt in Washington, and he is the State Bar's representative
10 in Washington.

11 CHAIRMAN WITTGRAF: Thank you.

12 MS. CLINCH: First of all, I would like to thank all
13 of you for allowing me the opportunity to address your board
14 today regarding the continuing legal needs of the low income
15 population as a result of the earthquake in California. I spoke
16 before the board December 15th. Most of your faces are new. I
17 will try to be as brief as I can without repeating what I said
18 on the 15th.

19 On the 15th I also spoke on behalf of the funding
20 request for South Carolina, because they didn't have a
21 representative here and because we have been in contact on an
22 ongoing basis with the South Carolina programs exchanging

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1 information, helping each other out, so to a certain extent I
2 know something about their funding requests, and I would like to
3 see the funding of the programs in both states.

4 Briefly, California Department of Office of Emergency
5 Services finds that so far as a result of the earthquake there
6 have been 63 deaths and 3,757 injuries. Over 23,000 homes have
7 been damaged, and over 1,000 homes have been destroyed in the
8 earthquake area. Over 3,500 businesses have been damaged, and
9 367 businesses are destroyed. Total estimated damage is over
10 \$5.6 billion.

11 I give these statistics to you at this time because
12 the cameras have since left California. The last anyone saw of
13 California was the Bay Bridge partially fallen in, the fires in
14 the Marina area, and the structures in Nimitz Freeway crushed.

15 While the cameras have left, the legal problems still
16 exist. They are very, very great. In looking at the Office of
17 Emergency Service statistics, we estimate that currently in
18 California there are approximately 31,000 low income victims of
19 the earthquake that are in need or could be in need of legal
20 services. The current programs could not meet all these needs.

21 The Legal Services funded programs are overwhelmed.
22 The greatest impact in terms of needs are in the San Francisco

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1 area, the Oakland-Berkeley area, and the Santa Cruz-Watsonville
2 areas.

3 In Oakland, over 4,000 single-occupancy units have
4 been destroyed. In San Francisco, several thousand SRO units
5 have been destroyed. There are no replacement units for these
6 poor people who have been misplaced.

7 The Berkeley Community Law Center receives 15 calls an
8 hour currently from earthquake victims -- and that is per hour.
9 San Francisco Neighborhood Legal Foundation receives over 50
10 calls a day currently from earthquake victims.

11 In Watsonville, most of the low income housing has
12 been destroyed. In none of these places has housing been
13 replaced.

14 We are only four months after the earthquake at this
15 time. There are many who are still homeless in these areas.
16 Some are in temporary shelters. Some are in the migrant labor
17 camps in the Watsonville area. They are soon going to have to
18 leave because the migrant workers will be returning to the
19 fields. Others are living in tents in the middle of winter.
20 Some are still sleeping in their cars. Many of these people are
21 families with children without a place to live. Many are on the
22 streets of the cities, living on the streets or living in

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1 doorways.

2 It is difficult for these Legal Services Corporation
3 funded programs to find their already existing clients. Some
4 have had to move several times. They don't know the current
5 addresses. They cannot continue to service them without
6 additional contact. Many of these victims speak Spanish,
7 Cantonese or Tagalog. English is a second language, if at all.

8 Many of these people have problems with FEMA. For
9 instances, the notices of denial, they gave them a 20-day right
10 to appeal, instead of the 60-day which is required. Many of the
11 notices were in English only, and that was only changed at the
12 end of November. FEMA only grants one request per household. A
13 lot of these people -- yes?

14 CHAIRMAN WITTGRAF: FEMA, the Federal Emergency
15 Management Administration?

16 MS. CLINCH: Emergency Management Agency, yes.

17 CHAIRMAN WITTGRAF: Thank you.

18 MS. CLINCH: Sorry. Only one grant per household. A
19 lot of these people who join together, families who join
20 together to room because they can't afford to live on their own,
21 are denied funding.

22 A lot of people require a rental receipt that shows

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1 that they have been in one place for in excess of 30 days. In
2 California, you have a situation, particularly with the single
3 room occupancy hotels, where the management will not allow them
4 to stay in one place for 30 days, the reason being that they
5 will have to then comply with the California law regarding
6 warranty of habitability and other landlord/tenant laws. So all
7 of these people are on the streets moving from hotel to hotel,
8 or perhaps they live on the streets for the rest of the month.
9 They are being denied benefits simply because they didn't have
10 the funding to stay in one place in excess of 30 days.

11 All of these programs, including the entire legal
12 community of the Bay area, were taken by surprise. In
13 California earthquake relief was not a priority item for any of
14 these programs. These programs could not drop their existing
15 caseload or their ongoing concerns to meet the needs of the
16 earthquake victims. We have looked for outside funding from any
17 source we can find, including Legal Services Corporation, to
18 help meet the legal needs of these disaster victims.

19 The major legal needs that these victims are facing
20 are housing. Bar Association of San Francisco estimates that 95
21 percent of all inquiries from earthquake victims regard housing.
22 Housing is included with FEMA, as far as denial of funding.

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1 The increased legal needs are described as a bubble of
2 representation. Again, we are speaking in terms of over 31,000
3 low income persons in the Bay area in need of legal assistance.
4 We estimate that this bubble of representation will last nine
5 months to one year. It has been four months after the
6 earthquake and the bubble is still growing. It is still getting
7 higher, and it is going to stay high.

8 This is because FEMA is still taking applications,
9 even though the deadline was over January 19th. In addition,
10 there is a temporary injunctive relief ordering FEMA not to deny
11 any further requests until the court has an opportunity to
12 review certain problems with FEMA and their denial process.
13 FEMA does not have any guidelines established for the appellate
14 process. Some of the organizations are trying to establish that
15 as part of the process.

16 I have forwarded a packet of materials to all of the
17 board members, and I think everyone but one might have received
18 the packet of information. I also have had Maureen Bozell hand
19 out two items for you. One is a copy of the cover letter for
20 the packet, as well as a second item which is a breakdown of
21 funding requests, again for California and South Carolina.

22 At this point in time, I am more interested in

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1 pursuing the request for funding for additional attorneys and
2 paralegals and staff, as opposed to funding requests for copy
3 equipment, et cetera. What we need now are more bodies to
4 assist and to help the poor people who are in need as a result
5 of Hurricane Hugo, as well as the earthquake.

6 In looking at this list, there are three columns. The
7 number one column -- and it is entitled No. 1 -- are the items
8 that the LSC staff recommends as meritorious. Unless any of the
9 board member have a question regarding these items, I will move
10 on to Columns 2 and 3.

11 CHAIRMAN WITTGRAF: Please do.

12 MS. CLINCH: Real briefly, Column 3 are those programs
13 who requested funding at the very beginning. Because of our
14 knowledge now of the extent of the damage as a result of the
15 earthquake, some of the programs, such as San Mateo County and
16 Santa Clara County, don't have the great need that they did at
17 the very beginning, and I am not pursuing the funding requests
18 for those programs in Column 3 at this time.

19 On Friday I spoke to every program and got an updated
20 assessment of what their current needs are, what additional
21 funding they may have to assist with hiring additional attorneys
22 to help them.

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1 Column 2 is the column I want to address briefly,
2 because I think that these programs are in great need for
3 support at this time. The first one is California Indian Legal
4 Services. Technically, their request was for moving expenses,
5 not for an attorney. However, the monies that they used for
6 moving expenses they withdrew from a fund that is reserved for
7 salary increases. The entire non-LSC fund balance of \$275,000
8 has been saved by California Indiana Legal Services over the
9 last four years for salary increases for 1990, and they did so
10 in case there were no significant increases in the LSC funding.

11 Their last salary increases were in 1978 and again in
12 1985. The program has received no donations, no grants, no
13 assistance whatsoever financially as a result of the earthquake,
14 except they will be receiving a \$10,000 grant from FEMA. As a
15 result, their request for \$33,370 has been reduced, by my
16 calculations, to \$23,370.

17 We are requesting those moving expenses in order that
18 the bank account or the fund for salary increases can be
19 replenished.

20 The importance of this program receiving this money is
21 the fact that if they do not receive it and they do not receive
22 funding from other sources -- and after four months if they have

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1 not received any, it looks like they probably will not, because
2 a lot of the funding comes at the very beginning from donations
3 -- they will have to lay off one of their already existing staff
4 attorneys. That is the impact on this program.

5 The second program, Berkeley Community Law Center,
6 they currently have three attorneys in their program. They
7 recently received funding from the U.S. Department of Education,
8 but this funding was specifically to fund the salaries of two
9 attorneys and one support staff that are already employed, and
10 this is for ongoing programs and not for earthquake relief. The
11 earthquake response was precluded by its program priorities.

12 The Berkeley program did receive a \$10,000 grant from
13 the Kaiser Family Fund for two staff members. This funding will
14 end in less than one month. They have no funding or staff to
15 continue with the representation of the earthquake victims.

16 This is the program that receives at least 15
17 telephone calls an hour for earthquake-related legal problems.
18 They can't help everybody. Their first priority are the
19 homeless. But they have to turn a lot away.

20 This program I think is meritorious also because they
21 train a lot of law students in their clinical program, and with
22 an additional staff person, the staff person can train the law

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1 students and have them go out and assist those victims in need.

2 The third program is San Francisco Neighborhood Legal
3 Assistance Foundation. They have a \$197,637 carryover.
4 However, this carryover was saved from the past two years.
5 Within the next two weeks, they will be signing a contract with
6 their bargaining units, and it is anticipated that included in
7 this contract will be raises of approximately 15 percent.
8 Currently they are one of the lowest paying programs in
9 California. There is a high turnover of attorneys, hence, a
10 lower quality of staff because of the high turnover and the low
11 pay. Two years ago they had 15 attorneys in the program.
12 Currently, they only have 11. If they use this money, they will
13 have to cut back on an attorney.

14 The clients they served in 1988 were a little over
15 8,000, in 1989, over 10,000, and most of those were as a result
16 of the earthquake. That is the increase in staff with decrease
17 in attorneys. They receive approximately 50 phone calls a day
18 that are earthquake related.

19 And then, finally, California Rural Legal Assistance.
20 To answer probably your first inquiry, this program has met all
21 of the requirements in the McCullom Amendment. They have enough
22 attorneys on their board of directors at this time. There are

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1 two offices that are out in the most impacted areas, that being
2 the Gilroy Office in Santa Cruz, and the Salinas Office in
3 Monterey. They have a tremendous case overload and they turn
4 away many clients. Most of these clients are Hispanic, and many
5 of them don't speak English or speak very little.

6 The appeals are just starting to come in. They have a
7 great need for outreach. They have received funding from one
8 outside source, from the Kaiser Family Fund, for a community
9 worker, who sees up to 50 victims a day. This grant money ends
10 in March, and they have no replacement for it.

11 Thirty-five to forty percent of their clients are non-
12 English speaking.

13 I think that these four programs are meritorious, and
14 there is a need for them to receive the grants as requested in
15 their proposal.

16 CHAIRMAN WITTGRAF: Is there anything you would like
17 to say, Ms. Clinch, regarding the South Carolina \$30,000
18 request?

19 MS. CLINCH: I do not have enough information to speak
20 on their behalf at this time, so no.

21 CHAIRMAN WITTGRAF: This is your analysis, though, and
22 you left it in. Any particular reason for leaving it in?

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1 MS. CLINCH: I didn't want to exclude it because I
2 didn't have the information. I didn't think that was
3 appropriate.

4 CHAIRMAN WITTGRAF: Thank you. Before we open to
5 either questions for Ms. Clinch or Mr. Wear, I would like to
6 give Mr. Wear an opportunity to respond or reply to the four or
7 five proposals in Category 2. Mr. Wear?

8 MR. WEAR: Thank you, Mr. Chairman. Let me just ask,
9 if I may, you mentioned that the principal problem is housing.
10 How will Legal Services replace this housing? In other words,
11 you know, I am assuming that you've got X amount of housing.
12 How will granting this give them more housing?

13 MS. CLINCH: The individual programs would have to
14 address that. What they are currently doing, and what they want
15 an attorney for in each program, is to assist those victims that
16 are in need of housing right now.

17 There are two issues: immediate housing versus long-
18 term housing. When you are talking about immediate housing, you
19 are looking at the hotels that were destroyed. You are also
20 looking at units that were damaged, to a certain extent.
21 Particularly in the San Francisco area that has a rent control
22 ordinance, where landlords want to move certain tenants out,

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1 who, even though the buildings are not destroyed or damaged and
2 they are liveable, they are habitable, they want to raise the
3 rents. There are other instances where the landlords believe
4 that there are no problems structurally with the buildings, and
5 the people are afraid to continue living in the house, in the
6 apartments, and they have to still pay full rent.

7 So a lot of issues that affect people on a one-to-one
8 basis, these are the problems you are dealing with now, as
9 opposed to any policy decision with regard to what the cities
10 plan on doing for low income housing in the future. We are
11 looking at immediate needs now, as well as people who have been
12 receiving a grant for one month or one month at a time, you have
13 to keep going back and showing that you can't find additional
14 housing so you can get an additional FEMA housing grant on a
15 month-to-month basis. So some cases are ongoing monthly.

16 Does that answer your question?

17 MR. WEAR: As I understood your testimony, there has
18 been a decline in the amount of available housing. That is what
19 has caused all of this.

20 MS. CLINCH: A great decline.

21 MR. WEAR: How will this increase the stock of
22 housing?

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1 MS. CLINCH: This will not increase the stock of
2 housing. These programs are trying to assist people right now
3 to find affordable housing, as well as to help them receive
4 public benefits while they are looking for housing. Some
5 people, particularly in the Watsonville area, have had to move
6 out of the area. There is no affordable housing for them, other
7 than living in the migrant worker camps or in tents.

8 Specifically, I would have to -- I can't answer your
9 question any more than that, because I don't have any additional
10 information from the programs.

11 MR. WEAR: Are most of the complaints associated with
12 problems with the Federal Emergency Management Agency? Are you
13 all concerned that they haven't done whatever you think they
14 should have done with regard to requests for assistance from
15 them?

16 MS. CLINCH: That is part of the concern, but the
17 concern is much greater than what FEMA is or is not doing. The
18 response to FEMA has been less than adequate at times, and there
19 are some concerns, and the programs, as well as the local bar
20 associations, are pursuing those concerns. Law firms are giving
21 pro bono time to pursue those issues. But what we are dealing
22 with are just the ordinary, everyday needs of people who have

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1 been displaced.

2 MR. WEAR: Right, but I still don't see how we are
3 going to increase the supply of housing by funding these
4 requests. Maybe we ought to change the name of the organization
5 and become a redevelopment housing authority or something and
6 build some housing, but I don't see how this is going to
7 increase the stock of the housing.

8 MS. CLINCH: The intent is to help the victims right
9 now. When you are talking about increasing the housing stock,
10 you are looking at more long-term issues, as opposed to short-
11 term or right-now needs.

12 MR. WEAR: Yes, but I guess I am having trouble
13 figuring out how you are going to help them right now. You have
14 X amount of housing. It has been decreased as a result of this
15 problem. How is this going to get these people into housing
16 that is not there?

17 MS. CLINCH: It might not. Some of these people might
18 have to move. But in the meantime, there are public benefits
19 available to them to assist them, including living in other
20 hotels or continuing with different types of housing.

21 MR. WEAR: What sort of public benefits are we talking
22 about?

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1 MS. CLINCH: We are talking about ADC benefits. We
2 are talking about temporary rent that FEMA can grant for up to
3 18 months. A lot of these people, they don't tell them that
4 they have a right to up to 18 months' worth of benefits. They
5 tell them they only have one month's worth. Then they have to
6 keep coming back, and they can get grants that are longer than
7 one month, for instance.

8 MR. WEAR: Have any of the people in Congress from
9 that area been in contact with FEMA about those issues?

10 MS. CLINCH: Yes, most definitely.

11 MR. WEAR: What has happened after that contact, if
12 anything?

13 MS. CLINCH: I know that Senator Wilson's office is
14 very concerned about some of the problems the victims are
15 experiencing with FEMA. They have informed me that they want to
16 be called, and that they want to become actively involved with
17 trying to change, procedurally, some of the problems the victims
18 are experiencing with FEMA. These are problems not only in
19 California but also problems experienced in South Carolina.

20 MR. WEAR: I see.

21 MS. CLINCH: I have specifically spoken with Senator
22 Wilson's staff. They have expressed their concern, and I have

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1 put them in contact with the local people, who have more
2 specific information than I do regarding the specific problems
3 with FEMA. So that is taking place.

4 MR. WEAR: I see. On the question dealing with the
5 California Indian Legal Services Program, the analysis that the
6 Corporation staff had done indicates that they have a fund
7 balance of approximately \$275,000 right now.

8 MS. CLINCH: That is correct.

9 MR. WEAR: Why can't a portion of that be used to fund
10 the salary increases that you spoke of in this program?

11 MS. CLINCH: It can. That is specifically what it is
12 earmarked for, is for salary increases, and these are non-LSC
13 funds that have been saved over the last four years for the
14 salary increase.

15 MR. WEAR: Do you intend to spend the whole \$275,000
16 on salary increases?

17 MS. CLINCH: That is my understanding. That is what I
18 was informed by Mike Phieffer (phonetic) of the program, yes.

19 MR. WEAR: How many people are employed there?

20 MS. CLINCH: Five.

21 MR. WEAR: Five?

22 MS. CLINCH: Correct.

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1 MR. WEAR: I see. That is a nice increase.

2 MS. CLINCH: No, I think the five attorneys was for
3 another program. Don't hold me to that.

4 MR. HALL: Mr. Chairman?

5 CHAIRMAN WITTGRAF: Yes, sir.

6 MR. HALL: You probably may be mistaken there. If
7 they are going to increase each one, that would be an increase
8 of -- well, my math is the worst math in the world, but it looks
9 like it would be an increase of \$55,000 per employee, which I
10 know is probably not --

11 MS. CLINCH: Well, this will be for an increase in
12 salary for the next couple of years. It has been saved, and
13 once it goes into effect -- LSC has not increased its funding at
14 all, and so this is earmarked for the next two-and-a-half to
15 three years for funding for those staff persons.

16 MR. HALL: Nanci, they just infer to you that there is
17 no possible way they can use any of that \$275,000 to repair, and
18 then perhaps make their salary increases for this year, and then
19 the next year they may have some carryover, and build that back
20 up so that they can make the salary increases next year, if they
21 want?

22 MS. CLINCH: That is always possible, but they have

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1 received no monies whatsoever from any source, and so it is not
2 as likely with them as it is with some of the other programs who
3 have received some donations. I was informed that they would
4 have to lay an attorney off at the end of this year if that
5 \$23,000 was not replaced from some source.

6 MR. HALL: That is down from \$33,000.

7 MS. CLINCH: And that is my concern, that they might
8 lose already existing staff who are on line and who understand
9 the problems.

10 CHAIRMAN WITTGRAF: Excuse me, Mr. Hall. Ms. Clinch,
11 in order to expedite our consideration of this matter and
12 perhaps to focus our discussion, the chair would like to
13 entertain a motion on the matter of funding, and then we can
14 address the questions and the discussion to that motion.

15 VICE CHAIRMAN ERLENBORN: Mr. Chairman?

16 CHAIRMAN WITTGRAF: Mr. Erlenborn?

17 M O T I O N

18 VICE CHAIRMAN ERLENBORN: Mr. Chairman, I move that
19 the board approve both the \$87,000 in Column 1, which has been
20 recommended by the LSC staff, and the first four items under
21 Column 2, amounting to a total of \$88,526. In looking at the
22 memorandum relative to the South Carolina Neighborhood Legal

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1 Assistance, I see no justification for the \$30,000, nor has it
2 been presented here. If it should be presented before we are
3 through today, I think we could look at or consider an amendment
4 to add that.

5 But I would move at this time those two items, \$87,000
6 in Column 1, and \$88,526 in Column 2. And, Mr. Chairman, if it
7 is proper at this time to address the motion, I will do so.
8 Otherwise, I will --

9 CHAIRMAN WITTGRAF: Thank you, Mr. Erlenborn.

10 Do we have a second for the motion?

11 MR. SUAREZ: Second.

12 CHAIRMAN WITTGRAF: We have a second. Mr. Erlenborn,
13 if you would like to address your motion, please do.

14 VICE CHAIRMAN ERLENBORN: Just very briefly, Mr.
15 Chairman. I must admit to being somewhat confused, or certainly
16 was at our first meeting. I am learning a little bit more as we
17 go along. I do think that it is proper for the Corporation to
18 be able to respond to emergency situations, surges in demand for
19 legal services brought on by unexpected disasters such as the
20 hurricane and the earthquake.

21 I think the amounts here requested are modest,
22 generally I think that they have been justified, and I would

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1 hope that in the future we would have a line item in our budget
2 so that it would be easier for us to consider items such as
3 this. But with the carryover that the Corporation has from
4 Fiscal '89 to Fiscal '90, I think that the approval of these
5 amounts will not jeopardize the operating budget of the
6 Corporation, and I think they are justified.

7 CHAIRMAN WITTGRAF: Thank you, Mr. Erlenborn.

8 MR. WEAR: Mr. Chairman?

9 CHAIRMAN WITTGRAF: Mr. Wear?

10 MR. WEAR: Mr. Chairman, I believe we have addressed
11 each of the items in the staff memorandum dated January 11,
12 1990. I just finished talking with Ms. Clinch about the
13 California Indian Legal Services Program. They have \$275,000 in
14 carryover funds. She has indicated that they expect to use that
15 for salary increases over the next two or three years. This is
16 not something that they need to -- or that we need to deal with
17 here today, I don't believe, on this.

18 Again, we looked at the resources that were available
19 to these programs and the amount and kinds of funding that they
20 received when we made these suggestions. I believe that the
21 money for that particular program, the \$23,370, can be funded
22 through that carryover.

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1 With regard to San Francisco Neighborhood Legal
2 Assistance, I believe that appears on Page 11 of the memorandum.
3 There is an extensive discussion there. Again, they have a fund
4 balance. This is money that is available to them of
5 approximately \$97,000.

6 In addition, a point that we did not cover before, the
7 board should know that all Legal Services programs are not
8 funded on the same basis. Generally, those programs that
9 happened to get in line first, when this program was set up, are
10 funded at a higher level.

11 The San Francisco Neighborhood Legal Assistance
12 Foundation is funded, you will note, at a level of \$15.35 per
13 poor person. It is the third largest program in the nation.
14 The floor right now is approximately \$10 per poor person. So
15 this program, in relation to many of the others, is doing very
16 well. It is the third largest program in terms of their funding
17 per poor person in the nation. They follow Alaska Legal
18 Services and California Rural Legal Assistance.

19 So I think that, again, there are ample funds
20 available for that.

21 The next item, California Rural Legal Association, is
22 on I believe Page 13. It is Item J of the memorandum. Again,

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1 this program is the second highest program in terms of per poor
2 person funding in the United States. There are a lot of other
3 programs that simply do not have those kinds of resources, and
4 that was the basis for not funding that particular program.

5 With regard to the Berkeley Community Law Center, the
6 program now has a one-time grant for a law -- it is part of our
7 Law School Clinic Program that I mentioned earlier. The law
8 school has received additional monies from the U.S. Department
9 of Education, and it was our thought that those funds could and
10 would be used to meet that increase in demand.

11 Again, as I stated earlier, I believe a well-reasoned
12 response is to fund the programs that were recommended. Again,
13 those recommendations appear on Page 15 of the January 11, 1990,
14 memo in the amount of \$97,000, with the remainder being
15 transferred to the Management & Administration account.

16 CHAIRMAN WITTGRAF: Discussion? Mr. Dana?

17 MR. DANA: Mr. Chairman, I think I agree with, or I
18 was concerned originally by the observation that the president
19 has just made, that at least two of these programs are in the
20 top five on a cost per poor person.

21 I support this motion and will vote for it, based upon
22 the discussion today, because I think what has happened in

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1 California, through no fault of anyone else, but what has
2 happened is that instantly, in the matter of relatively few
3 seconds, the number of poor people being served by these
4 particular programs, has skyrocketed, so that rather than \$15
5 and change per poor person, the absolute dollars per poor person
6 has gone done markedly, and I was impressed this week to hear of
7 the really heroic efforts of California lawyers who, as soon as
8 they determined that they were all right, volunteered in
9 substantial numbers.

10 So everybody in that state has been pulling together,
11 so I do not feel that the numbers that were based upon the 1980
12 Census really apply to the number of poor people in need of
13 legal services following that earthquake, and I think that for
14 that reason I will support this, although, but for that fact, I
15 think the president's observation is correct and I would be
16 sympathetic to it, coming from a state where, based upon the
17 1980 Census, the dollars are considerably less than \$15.

18 CHAIRMAN WITTGRAF: Ms. Pullen?

19 MS. PULLEN: Mr. Chairman, I ask to divide the
20 question as between Columns 1 and 2.

21 CHAIRMAN WITTGRAF: Objection?

22 (No response.)

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1 CHAIRMAN WITTGRAF: Hearing none, the question will be
2 divided in two parts when it is put. Discussion? Ms. Pullen?

3 MS. PULLEN: Mr. Chairman, are we now discussing both
4 of these motions, or are we discussing Column 1?

5 CHAIRMAN WITTGRAF: In the chair's opinion, we can
6 continue to discuss the motion as a whole, both parts at the
7 same time. Would you care to speak to either part?

8 MS. PULLEN: Yes. First I would like to say that I
9 think the staff, which I gather is primarily the Office of Field
10 Services, at the direction of the president, in analyzing this
11 has done an excellent job of informing us as to what the facts
12 are in each case, to the extent that that can be determined in a
13 time of emergency.

14 I would like to comment also that, as someone who has
15 experienced something of a natural disaster, although of lesser
16 magnitude, is still very important to my neighborhood, I can
17 understand the frustration of anyone in dealing with FEMA and
18 the inadequacies therein. I do not, however, believe that this
19 board or this agency is constituted to take care of all needs,
20 nor do I believe that it would be responsible to the taxpayers
21 who provide our budget to provide service expansion funding for
22 agencies which have significant cash reserves.

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1 Certainly there is much sacrifice being made by all
2 kinds of people in the communities involved, and I believe that
3 there is already significant sacrifice being made by these
4 agencies, but I do not think that it is inappropriate for us, as
5 custodians of public funds, to expect that they would make
6 adjustments based on their own cash reserves, rather than our
7 providing those needs.

8 I respectfully disagree with those who have made
9 comments about surges in demand being more appropriate for us to
10 address than capital needs, because of the emergency nature of
11 the capital needs, which it appears after staff analysis are
12 meritorious in that these programs probably would not be
13 servicing anyone if, for example, the Virgin Islands generator
14 had not been provided, and I think that is appropriate and more
15 quantifiable for us to address, if for no other reason than it
16 is a one-time expenditure which would be expected to be a one-
17 time expenditure.

18 A surge in demand type response is a greater
19 precedent, to my way of looking at it, because it gets away
20 completely from the formula concept for funding of day-to-day
21 services, and I believe that if we look upon this from the
22 standpoint of the surge in demand, that we are creating a major

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1 precedent that can cause great difficulty in future budgets,
2 much more so than minor capital expenditures.

3 I believe that the staff has done a good job in
4 drawing a line. I am not certain that I agree with respect to
5 the Berkeley question, because I think that the Department of
6 Education grant there probably was for a purpose other than
7 earthquake response, and I think that that might be considered,
8 but, on the other hand, the reference to the Berkeley Community
9 Law Center seems to indicate that it is not an ongoing Legal
10 Services program but is simply a one-time grant recipient of a
11 Law School Civil Clinical Project grant, and therefore I am not
12 at all certain that I would support additional aid to them on
13 the basis that they are not normally a grantee of the Legal
14 Services Corporation, and I suppose just anybody could ask us
15 for funding of help in this situation if we were to grant that
16 help to the Berkeley Community Law Center because of a one-time
17 relationship on a limited purpose grant.

18 So, Mr. Chairman, I intend to support the
19 recommendation for Column 1, and I intend not to support the
20 recommendation for Column 2, at least at this stage in the
21 debate.

22 CHAIRMAN WITTGRAF: Mr. Molinari?

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1 MR. MOLINARI: Mr. Chairman, the issue troubles me a
2 great deal, and I think a part of my difficulty is the fact that
3 I am a new member of the board. I think that it is fair to say
4 that almost every time you have a natural disaster, you are
5 going to find a surge in demand for legal services, and the fact
6 is we are going to have natural disasters all the time, and that
7 is why you have FEMA, and that is why you have funding to deal
8 with that.

9 I guess what I am trying to determine is, as we are
10 new members of the board, what our mission is and the mission of
11 taking a limited pot of money and trying to establish the proper
12 priorities for it.

13 I have listened to the representatives from
14 California, and, frankly, I was not convinced that there is that
15 kind of compelling need to deviate from what has apparently been
16 the policy of this board in the past, and I am concerned, and I
17 think Ms. Pullen has made some very good points in the question
18 of establishing new precedent. You are sure to have many others
19 come in subsequent years saying, "Well, you did it there. Why
20 don't you do it for us?"

21 I think perhaps if there are problems attendant to a
22 natural disaster that create a greater need for legal services

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1 to the poor, then perhaps Congress might want to look at
2 changing and restructuring the funding of FEMA and how they
3 respond to emergencies, not just in providing dollars for
4 rehabilitation, but for dealing with problems such as we have
5 heard today.

6 And the question that I can't answer, and I don't know
7 that it can be answered here today, is are the monies that we
8 are voting on here, or that we will be voting on here -- are
9 they needed more here, or is there a greater need some place
10 else in this country for the poor? Absent anybody being able to
11 insure me that the funds are needed more here, I would be
12 compelled to vote against the motion.

13 MR. COLLINS: Mr. Chairman?

14 CHAIRMAN WITTGRAF: Mr. Collins?

15 MR. COLLINS: I listened carefully to the folks from
16 California as well, and we all have sympathy for that kind of a
17 terrible disaster. In particular, I can appreciate the
18 difficulty they are having shuffling people between hotels and
19 trying to deal with the short-range problems you have. But it
20 does seem to me that Congress should deal with this problem, and
21 I think the staff has done rather well.

22 I am not persuaded at this point that it is our role

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1 of funding to do more than Column 1. We must have a certain
2 presumption of regularity, and the staff work ought to serve as
3 a recommendation which, unless the weight of evidence is of an
4 overwhelming nature, we should support.

5 I do think, however, that when we have an opportunity
6 to testify before Congress, they should provide perhaps an
7 emergency amount between FEMA and, if your role is an
8 appropriate one and a necessary one, to help FEMA do its job on
9 a short and long-term basis, we can deal with that up there. I
10 think we would be making a mistake if we went too far.

11 MR. SUAREZ: Mr. Chairman?

12 CHAIRMAN WITTGRAF: Mr. Suarez?

13 MR. SUAREZ: Just very briefly, I want to caution my
14 colleagues on the board that the item we are dealing with, in
15 case you haven't looked at the mathematics of it, because we are
16 going to be dealing with a lot of matters, I presume, during the
17 course of a year, if we meet once a month, Column 1 represents a
18 little bit over one-tenth of one percent of the budget of the
19 Corporation, and Column 2 slightly more than two-tenths of one
20 percent.

21 Whether we defer to staff recommendation or our own
22 tuition as reflected in the motion made, it is my hope that we

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1 don't try to get too precise in our analysis, because we are
2 going to miss out sometimes the bigger picture, which might
3 include, as the mayor was stating, possibly intervening or
4 offering to intervene between FEMA or the Congress and the
5 indigent community that we are trying to serve.

6 MR. HALL: Mr. Chairman?

7 CHAIRMAN WITTFGRAF: Mr. Hall.

8 MR. HALL: I think our purpose here is to provide the
9 day-to-day services and legal needs of the poor, and I think as
10 many dollars as we have that we can put toward that, we should
11 do it. So the bottom question should be, are there going to be
12 poor folks that are going to go without help that need the help
13 if we don't give this money?

14 I am really not convinced that there are any poor
15 people that are going to go without help to the California
16 Indian Legal Services, Inc. I am more convinced that there may
17 be some attorneys that go without a raise.

18 Now, Nanci has told me -- or without a full raise.
19 Nanci has told me that they may have to fire an attorney, and I
20 really haven't quite understood why.

21 I just believe if we deny them, I think they are going
22 to meet that need with that money they have, and I think the San

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1 Francisco Neighborhood Legal Assistance Foundation, if we deny
2 them their \$22,000 or \$22,500, I think they are going to meet
3 that need, too.

4 Now, Nanci, they have \$197,637 in a general fund. You
5 have told us that 15 percent of that -- that they are going to
6 get a 15 percent raise. I don't know how much that raise is
7 going to be, so I haven't been able to subtract it from the
8 \$197,000 to see if we end up with the \$22,500 that they need.

9 Now, we have the money. We could grant all these, and
10 I don't know that it would really hurt us. I haven't been on
11 the board long enough to know whether it would or not. I think
12 the money is going to come from monitoring. We spend three or
13 four million dollars a year on monitoring, and I think that is
14 where the money will come out of. One hundred thousand dollars
15 against three or four million -- I think we would do a lot more
16 good for a lot more poor people by granting the money to those
17 in Column 1 and maybe letting go of \$100,000 worth of three to
18 four million dollars in monitoring.

19 I favor granting those in Column 1, and if I thought
20 that there were going to be some poor folks that were not going
21 to be helped, I would favor those in Column 2. But we will keep
22 that money, instead of giving it to them, and we will give it to

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1 some other poor people that will be helped.

2 CHAIRMAN WITTGRAF: Ms. Clinch, would you care to
3 speak one more time?

4 MS. CLINCH: Yes. Some of you have raised issues that
5 I have been dealing with for the last several months,
6 specifically, funding from Congress, problems with FEMA. In
7 December I spoke with the ABA Consortium on Legal Services. I
8 made a presentation at one of their meetings, and I expressed
9 some concerns that we have had, the problems that we have had,
10 and I have asked for national direction and leadership from the
11 ABA with regard to responding to natural disasters.

12 They have it on their agenda to pursue some of these
13 issues, such as congressional funding, having line items for
14 disaster relief, and that is all fine and good for the next
15 disaster, but in California and South Carolina, we need the
16 monies now. We can't wait for the next disaster and try to jump
17 on their tail or to try to get some extra funding out of
18 Congress right now. It is not going to happen. The money is
19 just not going to be there for us, when the need is tremendous
20 and right now.

21 At the last board meeting, I offered my assistance in
22 any way possible to assist LSC in dealing with Congress to try

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1 to get some of these changes made. I would offer my assistance
2 again today, anything I can do to assist with your budget
3 requests or line item specification for disaster relief.

4 It is my understanding that in the early 1980s, there
5 was such a line item for disaster relief.

6 I think that all of the requests in Column 2 are very
7 much needed also; otherwise, I would not have taken the time to
8 contact them and to pursue it at this time. There are a lot of
9 people out there that just are not going to get the help that
10 they need.

11 In Berkeley, for instance, which is part of Alameda
12 County, there was a response from the pro bono legal community
13 of over 200 attorneys willing to assist and help. Because of
14 lack of a staff person to coordinate volunteers, most of those
15 attorneys have disappeared and they are no longer willing or
16 able to help. Some have been trained, not a lot, and so you
17 have lost a tremendous resource simply because of the lack of
18 time, the lack of resources to coordinate and assist.

19 That is happening in other parts of the earthquake
20 area. These funds are needed. And, again, it is a one-time
21 emergency. We can talk all day about what if, what if, but,
22 again, the need is now, and I request that you not only fund

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1 Column 1 but also Column 2.

2 CHAIRMAN WITTGRAF: Thank you both very much for your
3 attendance. Mr. Wear?

4 MR. WEAR: Thank you, Mr. Chairman. I don't know that
5 I have a lot to add that has not already been said. I think
6 that the purposes listed in Column 2, that they are going to be
7 met, whether they are met by this Corporation or elsewhere. As
8 I said earlier, the California Indian Legal Services has a fund
9 balance of \$275,000. San Francisco Neighborhood Legal
10 Assistance has a fund balance of \$197,000. These issues can, I
11 believe, be dealt with, to the extent that new money is needed,
12 through that area.

13 I might say in passing that there are a number of
14 people on this board who have had more experience with the Hill
15 than I, but I know that if this Corporation goes to the Hill and
16 says, "Oh, by the way, give us some additional money to cover
17 our management expenses that we spent to help these poor
18 individuals," I know what that response will be.

19 The people on the Senate side have said that they
20 would support a reprogramming. What that means is that they
21 won't object if I send a letter to them saying we are going to
22 use a portion of our carryover funds for this purpose. They

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1 have not said that they were going to support new money, at
2 least not to my knowledge.

3 Again, the Berkeley Law Center is a one-time grantee.
4 Each year we look at our law schools. We award them
5 competitively. This program may not be with us next year. In
6 addition, they got another grant to take care of that need.

7 Lastly, California Rural Legal Assistance does have
8 money. It is the No. 2 funded program in the nation. This is
9 the program -- and I will get into this more this afternoon--
10 that spent over \$1 million to try to block agricultural
11 mechanization in California, over \$1 million on one lawsuit. I
12 think that that program can and will meet the needs of these
13 people that they need to serve. I think everyone is interested
14 in insuring that they can be served, and I believe that they
15 will be served as a result of this.

16 I don't think there is any dispute over the amounts in
17 Column 1 and, again, I would not recommend that the board
18 support any of the entries thus noted in Mr. Erlenborn's motion
19 in Column No. 2.

20 CHAIRMAN WITTGRAF: The chair is prepared to have the
21 board vote. Is there further discussion?

22 MR. HALL: Mr. Chairman?

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1 CHAIRMAN WITTGRAF: Mr. Hall.

2 MR. HALL: It may be a bit unusual, but I wonder what
3 Mr. Erlenborn's response is to my suggestion that \$275,000 might
4 be used, because I know that flies in the face of your motion.

5 VICE CHAIRMAN ERLENBORN: The \$275,000 carryover?

6 MR. HALL: I'm sorry. I am talking about the
7 California Indian Legal Services, and then an analogous
8 situation with San Francisco Neighborhood.

9 VICE CHAIRMAN ERLENBORN: Yes. Well, I would like to
10 address that, and I thank you for asking the question.

11 MR. HALL: Please.

12 VICE CHAIRMAN ERLENBORN: I didn't want to prolong the
13 debate. Let me say that when I read the memo from the
14 president, I was impressed with that argument about the
15 carryover balances in the several funds. Then I compared that
16 in my own mind to the \$4 million carryover of the Corporation
17 from Fiscal Year '89.

18 It seems to me if the argument is made that you should
19 use your carryover funds, or these local programs should use
20 their carryover funds to meet disaster assistance, a similar
21 argument could be made that we have carryover funds of the
22 Corporation, to the extent of some \$4 million from Fiscal '89,

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1 which could be used -- a small portion of that could be used for
2 the same purpose.

3 It seems to me if the money gets to these local
4 programs, they could meet the surge in need and still then meet
5 the normal demand for services, which they could not do if they
6 have to use their uncommitted funds.

7 MR. COLLINS: Mr. Chairman, can we get a specific
8 response to that point from the president?

9 CHAIRMAN WITTGRAF: Mr. Wear?

10 MR. WEAR: Yes, sir. The total carryover is \$4
11 million, but \$2 million of that is committed for other purposes.
12 We are locked into that. The carryover is \$2 million. The
13 appropriation last year was \$308,555,000. Again, it is a small
14 amount when you look at the total dollars that we are talking
15 about.

16 We have used a portion of the carryover to fund these
17 programs. The Congress has in the past assumed that we were
18 going to use this carryover to operate the Corporation. As best
19 I can tell from looking at what we have done, we are going to
20 have to make reductions in what we do now, anyway, and it is
21 clear to me that there is not going to be any more money
22 available in terms of running the actual operations of the

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1 Corporation.

2 We are going to have to cut back. I have some
3 thoughts in mind as to how we are going to do that, but I don't
4 see any real change in where we are on this.

5 MR. COLLINS: Mr. Chairman?

6 CHAIRMAN WITTGRAF: Mr. Collins.

7 MR. COLLINS: If I understand correctly, then, you are
8 saying that it will not be possible for you to carry out your
9 obligations to the poor across the nation if you put another
10 \$118,000 in to satisfy this motion. In other words, you think
11 that the people in California can better afford to do it than we
12 can. Are you prepared to carry that burden?

13 MR. WEAR: As I stated earlier, I believe that the
14 programs with carryover funds have an ability to do that. I
15 believe that the analysis that we have laid out is a reasonable
16 one. It treads between supporting our Office of Inspector
17 General, which has been mandated by Congress, and the obvious
18 interest that certain Members of Congress have in this. I had
19 hoped that that would be a reasonable solution to the issue.

20 MS. CLINCH: Mr. Chairman, may I respond briefly?

21 CHAIRMAN WITTGRAF: Ms. Clinch, yes.

22 MS. CLINCH: I would like to refer the board to the

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1 January 10, 1990, letter from Senators Hollings and Rudman that
2 addresses this point with regard to funding. In this letter it
3 states that there is a carryover of approximately \$2 million.
4 Congress directed LSC to use any excess over \$1.7 million for
5 local programs.

6 It is my understanding, and it is Senators Hollings
7 and Rudman's understanding that there is approximately \$300,000
8 available right now that can be used for local service programs.
9 We are asking for less than that amount of money. None of that
10 \$300,000 should go to the Inspector General's Office or any
11 other program except local Legal Service programs.

12 The money is there, and we are just requesting that
13 some of it be used right now to assist with this great surge in
14 need in South Carolina and California.

15 CHAIRMAN WITTGRAF: Mr. Wear?

16 MR. WEAR: Mr. Chairman, just one last thing. It is
17 not apparent from that Senate report that they considered the
18 Inspector General's Office. I would note that in the conference
19 report on this same piece of legislation, that language was
20 changed to the language that ordinarily appears in the
21 conference reports. It is more hortatory in that, to the extent
22 possible, the Corporation will make excess carryover funds

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1 available to the programs.

2 MR. SUAREZ: Mr. Chairman?

3 MR. GUINOT: Mr. Chairman?

4 CHAIRMAN WITTGRAF: Mr. Suarez? Mr. Guinot?

5 MR. GUINOT: Yes. Thank you. Since I believe that
6 most everyone here is trying to read into what we are saying,
7 how we are going to be reacting to these things in the future, I
8 think it behooves us to a little bit, you know, on the record on
9 it, and that is the reason for my remarks.

10 My first inclination is to go ahead and support the
11 granting of all of the monies asked. I think that Ms. Clinch
12 has made a very impassioned plea. After all, I am from Puerto
13 Rico, where I have seen what damages Hugo has wrought upon the
14 island. There, of course, the state has helped quite a lot, and
15 they haven't asked for any more assistance, as far as I know.

16 The amount is small, and that also operates on my
17 mind. But it cuts both ways. It is small in the sense that it
18 is not going to hurt us that much, assuming the money is there,
19 but also if it is small I also have the assumption that perhaps
20 it can be handled with existing resources.

21 So that perhaps we can get an idea of at least how
22 this mind works, I don't believe that Ms. Clinch, as impassioned

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1 as her remarks were, has answered my questions concerning need.
2 I don't feel that it has been detailed enough.

3 Housing is certainly extremely important, but how does
4 a lawyer help? I think housing is something that, on the basis
5 of what we have talked about here, is not completely clear in my
6 mind.

7 The same thing concerning the money that is available
8 in California. When you read what the staff says and then what
9 one hears and then you talk about raises, which, of course, are
10 very important if you want to retain good people, the amounts
11 don't seem to tally. There seems to be money there, but we are
12 not saving those.

13 I have another question. What will happen to the
14 people that are going to be hired temporarily after the need is
15 no longer there? Are they dismissed, or are we going to next
16 year come up and say, "We would like you to fund us on the basis
17 of the people that we had last year"?

18 So basically I am coming down here a precedent. I
19 just don't know whether the thing is going to go, insofar as the
20 present is concerned, and I, for one, need a heck of a lot more
21 information on the precedential value of anything that we do
22 here, rather than just let my instincts take over. My

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1 instincts, like I said, are to go with the whole thing, but I am
2 concerned about this element that I mentioned to you.

3 Because of that, I have no problem at all with the
4 first part of the recommendation. Assuming that the argument
5 that Ms. Clinch is developing for us are the totality of it, I
6 still have concerns about Column 2.

7 CHAIRMAN WITTGRAF: Mr. Suarez?

8 MR. SUAREZ: Mr. Chairman, I am a little troubled by
9 what I see as a sort of adversarial role being played by the
10 executive director or president of the Corporation in the sense
11 that we are not being told very clearly what the alternative use
12 of these funds is, nor are we facing a situation here where we
13 have competing interests seeking these funds. Now, is that just
14 sort of a procedural circumstance that this particular grantee
15 agency is here before us as a result of natural disasters and
16 others are not? What would be the alternative use of these
17 funds if they are not allocated as requested?

18 CHAIRMAN WITTGRAF: Mr. Wear?

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

20 Mr. Suarez, in the -- and there is another memo
21 dealing with this dated February 7th, dealing with the proposed
22 consolidated operating budget. That actually goes with the

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1 other memorandum that I mentioned earlier dated February 9th,
2 the disposition of the carryover funds.

3 The recommendation that I have made is that we dispose
4 of the carryover funds by reprogramming a portion of it into a
5 special grant fund, a meritorious grant fund, and we would use
6 this money, that is, that money, to pay for the grants listed in
7 Column 1 of Mr. Erlenborn's motion. The remainder of the monies
8 would be transferred, that is, \$956,481, would be reprogrammed
9 into Management and Administration, and that would pay for the
10 Corporation's operation for this year.

11 Traditionally, the Corporation has spent or the
12 operating expenses have averaged about 10.6. This year they are
13 going to be lower than that. The amount of money that is going
14 to be available to us under this is going to work out to about
15 10.2 or 10.3.

16 MR. SUAREZ: I guess that does it for me, then. On
17 the principle that local agencies have probably a better use for
18 funds than we could conceivably put it to use in the central
19 bases, I would have to vote with the motion to grant as much of
20 the funds as requested as possible.

21 CHAIRMAN WITTGRAF: As the chair has indicated
22 previously, he is prepared to move to a vote. Further

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1 discussion?

2 MR. HALL: Mr. Chairman, I have just a quick question.

3 CHAIRMAN WITTGRAF: Mr. Hall.

4 MR. HALL: Did we have a motion to divide?

5 CHAIRMAN WITTGRAF: Yes, the question has been
6 divided, without objection.

7 MS. CLINCH: Would Mr. Guinot like answers to his
8 questions briefly? Would that assist you?

9 MR. GUINOT: Well, perhaps that would be --

10 MS. CLINCH: I'm sorry, Mr. Chairman.

11 CHAIRMAN WITTGRAF: Please, go ahead.

12 MS. CLINCH: We seemed to have passed it by, and I
13 wanted to jump in. I apologize.

14 CHAIRMAN WITTGRAF: Well, this is the first
15 substantive question, perhaps, before the board, and perhaps it
16 is worthy of taking more time than we might otherwise. Please,
17 proceed.

18 MS. CLINCH: With regard to the issue of contracting
19 with the attorneys, they will be hired on a one-time contractual
20 basis for the period of the funding only, and they will know
21 that their services will not extend beyond that unless they find
22 additional funding elsewhere. It is for that nine-month period

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1 that the funding will cover.

2 The housing one will take a little bit longer. It is
3 a difficult issue, and I don't think that I am best able to
4 answer that, other than we are looking for short-term response,
5 as opposed to getting involved as a housing agency.

6 MR. GUINOT: Since you are the spokesman, I must look
7 to you. I don't have California lawyers talking to me from the
8 Legal Services, so I was hoping that you would have more
9 information on that particular -- how does an attorney help put
10 a roof over somebody's head? I can think of arguments, but I
11 would like to hear yours.

12 MS. CLINCH: They will be there to assist with the
13 procedural assistance for housing, obtaining funding for
14 housing, obtaining grants to assist with housing. I had a week
15 to put everything together when I first found out that you were
16 meeting today, and I apologize -- I did have other activities
17 that I had to attend -- that I perhaps didn't do all the
18 homework to answer every single question. I did my best.

19 CHAIRMAN WITTGRAF: Mr. Molinari?

20 MR. MOLINARI: Just 30 seconds, Mr. Chairman. Ms.
21 Clinch made a statement that one of the prime reasons for the
22 emergency disaster funding request is the fact that there are

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1 200-some-odd lawyers who were willing to serve pro bono and
2 there is nobody to monitor and to see in fact that they have an
3 assignment and are doing it.

4 I find that very difficult to understand. We have the
5 State Bar of California. Do you mean to suggest that there is
6 nobody in the State Bar of California that is competent and able
7 and has the time and could undertake the assignment of getting
8 these 200-some-odd lawyers and insuring that they are doing what
9 should be done? If you have that many people who are willing to
10 serve, I cannot believe that the State Bar is not able to
11 provide those services. I mean, I find that very difficult to
12 understand.

13 MS. CLINCH: Our resources at the State Bar level, as
14 well as the local programs, have been severely strapped as a
15 result of the earthquake. With regard to the State Bar
16 programs, over 81 percent of our budget is tied up with
17 discipline. We do not have additional funding to hire people to
18 assist.

19 We do have a Legal Service program that is assisting
20 local programs with the pro bono efforts. We will not organize
21 their efforts. The local programs must do their own organizing.
22 Again, we give assistance.

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1 What is important in dealing with volunteers is you
2 have to capture them while they are ready to help. Waiting four
3 months down the line, people lose interest. It is no longer
4 sexy, it is no longer timely. They have found other outlets.

5 With regard to funding, everyone wants to give to Red
6 Cross, and once they have given, there is no more money to give,
7 or you have to dig even deeper. It is more difficult.

8 So funding is difficult for disasters, and down the
9 road pro bono assistance is difficult, because they are back
10 involved with their own caseload, their own other projects,
11 their own daily living. The impact is not as strong on them any
12 more. You lose volunteers, unfortunately.

13 CHAIRMAN WITTGRAF: Mr. Erlenborn?

14 VICE CHAIRMAN ERLENBORN: Mr. Chairman, just 30
15 seconds also. Mayor Suarez asked a question about the
16 application of the carryover funds. I would call your attention
17 to the memo from President Wear dated February 7th, and attached
18 to that is the proposed consolidated operating budget.

19 Just to look at the first line, the appropriation
20 level for Fiscal 1990 is \$294,541,000. The sequestered amount
21 was \$4,106,000. \$1.772 million of the carryover will be used to
22 replace the sequestered amount, the Gramm-Rudman sequester.

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1 So I would suggest that the Corporation's natural
2 disaster was Gramm-Rudman's sequester. We are using the
3 carryover funds to protect ourselves, to a certain extent,
4 against that disaster, as opposed to the natural disaster that
5 is being requested here.

6 CHAIRMAN WITTGRAF: Ms. Pullen?

7 MS. PULLEN: Ms. Clinch, which was the agency that had
8 the 200 volunteers that virtually have disappeared?

9 MS. CLINCH: That was Alameda County. That includes
10 Alameda County Legal Aid in Column 3, as well as the Berkeley
11 Community Legal Center that is in Column 2. It also includes
12 the California Indian Legal Center that is in Column 2. All
13 three of those are in Alameda County.

14 MS. PULLEN: I am trying to find that specific request
15 in the staff memo. I looked at it before when you first -- oh,
16 Legal Aid Society of Alameda County?

17 MS. CLINCH: Yes.

18 MS. PULLEN: That particular agency had a non-federal
19 fund balance, which I would refer to as a cash reserve -- I hope
20 I am not too far off on that -- of \$365,148 as of June 16, 1989,
21 and recently advised our staff that its present fund balance is
22 approximately the same. So it seems to me, Mr. Chairman, that

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1 that agency should have hired a coordinator four months ago so
2 that the volunteers would not have disappeared.

3 MR. DANA: Mr. Chairman?

4 CHAIRMAN WITTGRAF: Mr. Dana?

5 MR. DANA: As I understand -- and I agree with Ms.
6 Pullen, but as I understand it, so does the witness. I think
7 that that is the -- what you are referring to is I think on Page
8 12 of the staff memo. Item 8 is the third item up, and she has
9 put that into the third column and does not wish it funded.

10 MS. PULLEN: Well, then, we shouldn't be talking about
11 that aspect of it.

12 MR. DANA: Well, I gather her view is that the Alameda
13 County -- Alameda County is represented by several of the
14 requests here. Berkeley, being in Alameda County, their request
15 she would like to fund, and it would be funded, but the Legal
16 Aid Society of Alameda County would not be funded pursuant--
17 that would be in Column 3.

18 MR. SUAREZ: Mr. Chairman?

19 CHAIRMAN WITTGRAF: Mr. Suarez?

20 M O T I O N

21 MR. SUAREZ: I move the question, and I would ask my
22 colleagues on the board to hopefully move to a vote on this.

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1 Otherwise, I am not going to be present for the vote. Some
2 might wish that I wasn't present for the vote, but I think that
3 a lot of us have probably made some plans around this time of
4 other things that we may have to do here in Washington, D.C.,
5 and therefore I would ask --

6 CHAIRMAN WITTGRAF: Is there a second?

7 A PARTICIPANT: Second.

8 CHAIRMAN WITTGRAF: It has been moved and seconded
9 that we move to a vote on the question. Discussion?

10 (No response.)

11 CHAIRMAN WITTGRAF: All those in favor, signify by
12 saying aye.

13 (Chorus of ayes.)

14 CHAIRMAN WITTGRAF: Opposed, nay.

15 (No response.)

16 CHAIRMAN WITTGRAF: The ayes appear to have it. The
17 ayes do have it. We are on the question. The question is in
18 two parts. The first part of the question is as to the
19 expenditure by the Legal Services Corporation of \$87,000 for
20 emergency funding.

21 The second part of the question is as to the
22 expenditure of \$88,526 for comparable emergency funding.

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1 On the first part of the question, all those in favor,
2 signify by saying aye.

3 (Chorus of ayes.)

4 CHAIRMAN WITTGRAF: Opposed, nay.

5 (No response.)

6 CHAIRMAN WITTGRAF: The ayes appear to have it. The
7 ayes do have it.

8 On the second part of the question, all those in
9 favor, signify by saying aye.

10 (Chorus of ayes.)

11 CHAIRMAN WITTGRAF: Those opposed, nay.

12 (Chorus of nay.)

13 VICE CHAIRMAN ERLNBORN: Roll call, Mr. Chairman.

14 CHAIRMAN WITTGRAF: A request has been made for the
15 call of the roll. The chairman is pleased to be able to call
16 the roll. On the question, specifically, of the \$88,526
17 funding, the roll will be called alphabetically by the chairman.
18 Collins?

19 MR. COLLINS: No.

20 CHAIRMAN WITTGRAF: Dana?

21 MR. DANA: Yes.

22 CHAIRMAN WITTGRAF: Erlenborn?

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1 VICE CHAIRMAN ERLNBORN: Yes.
2 CHAIRMAN WITTGRAF: Guinot?
3 MR. GUINOT: No.
4 CHAIRMAN WITTGRAF: Hall?
5 MR. HALL: No.
6 CHAIRMAN WITTGRAF: Love?
7 MS. LOVE: Yes.
8 CHAIRMAN WITTGRAF: Molinari?
9 MR. MOLINARI: No.
10 CHAIRMAN WITTGRAF: Pullen?
11 MS. PULLEN: No.
12 CHAIRMAN WITTGRAF: Suarez?
13 MR. SUAREZ: Yes.
14 CHAIRMAN WITTGRAF: Wittgraf votes no. Wolbeck?
15 MS. WOLBECK: No.
16 CHAIRMAN WITTGRAF: The nays appear to have it, and
17 the nays do have it. The motion is defeated.
18 MS. PULLEN: Mr. Chairman?
19 CHAIRMAN WITTGRAF: Ms. Pullen.
20 MS. PULLEN: I note on the staff proposal that there
21 is an additional \$10,000 on Page 15 of the memo regarding
22 requests for emergency funding, the summary of staff proposal.

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1 In the request for emergency assistance to cover property
2 damage, there is \$10,000 that is not included in the \$87,000
3 just adopted, which was proposed by staff as a reserve fund for
4 Neighborhood Legal Assistance Program -- it is my understanding
5 that is what this \$10,000 is for -- for any costs which may be
6 incurred in excess of insurance ceiling.

7 I raise that to inquire of the president if he
8 believes that is still needed. This memo is dated yesterday, so
9 perhaps -- excuse me. It is dated a month ago, so perhaps he
10 would update us on that, and if I am incorrect about the purpose
11 of the \$10,000 that says, "Total to be awarded, if approved" --

12 CHAIRMAN WITTGRAF: Ms. Pullen, members of the board,
13 I think related to the matter we have just considered and voted
14 upon is, as indicated in the motion earlier today to amend the
15 agenda, the matter of any changes which need to be made to the
16 consolidated operating budget for FY 1990. I think that the
17 matter of the \$10,000 will come up in that context.

18 Mr. Wear, do you want to address this matter?

19 MR. WEAR: Thank you, Mr. Chairman. I believe that
20 Ms. Pullen has accurately characterized the \$10,000 figure that
21 appears on Page 15 of my memorandum dated January 11th. The
22 funds were to be part of the emergency assistance package. The

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1 \$10,000 was to be held in reserve pending the resolution of some
2 insurance claims in connection with the Neighborhood Legal
3 Assistance Program, and I would support adding to the figure now
4 at \$87,000 for meritorious grants the additional figure of
5 \$10,000, such additional sums to be held in reserve pending the
6 outcome of this insurance claim, and if indeed those funds are
7 needed for that purpose, it would be my intent to award them to
8 that program.

9 M O T I O N

10 MR. COLLINS: If a motion is required, I so move.

11 CHAIRMAN WITTGRAF: At this point, the chair does not
12 want to entertain Mr. Collins' motion.

13 Am I correct, Mr. Wear, in my understanding that the
14 appropriate motion at this time would be to accept the
15 president's recommendation, if that is the will of the board, as
16 to an amendment to the consolidated operating budget for Fiscal
17 Year 1990, as described in your memo of February 7, 1990?

18 MR. WEAR: Yes, sir.

19 CHAIRMAN WITTGRAF: Mr. Collins?

20 M O T I O N

21 MR. COLLINS: I so move.

22 CHAIRMAN WITTGRAF: Thank you. If the board members

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1 will look to the second page of the memorandum of February 7,
2 1990, it seems to the chair, at least, that Mr. Collins has
3 moved the recommendations of the president in the form of
4 amendments to the Corporation's Fiscal Year 1990 consolidated
5 operating budget, as described in the last paragraph,
6 particularly the second sentence thereof, on the second page of
7 that memorandum. Is there a second to the motion?

8 VICE CHAIRMAN ERLENBORN: Second.

9 CHAIRMAN WITTGRAF: It has been moved and seconded
10 that the Corporation's Fiscal Year 1990 consolidated operating
11 budget be amended accordingly. Is there discussion?

12 (No response.)

13 CHAIRMAN WITTGRAF: Hearing none -- excuse me. Mr.
14 Dana?

15 MR. DANA: I just want to be sure I understand what is
16 happening. It seems to me the chairman is -- well, the motion
17 on the floor is doing a lot more than \$10,000.

18 CHAIRMAN WITTGRAF: I believe that is correct, Mr.
19 Dana.

20 MR. DANA: It is in effect moving the \$2 million that
21 is currently uncommitted in the various accounts, as this memo
22 has indicated.

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1 MR. COLLINS: Well, that was not the intent of my
2 motion. I was only dealing with the \$10,000 item.

3 CHAIRMAN WITTGRAF: Okay. If Mr. Collins doesn't
4 object, I think the broader question needs to be on the table.
5 If he can stand with it, then we may want to divide the question
6 and we may want to amend the motion, but I think we do have the
7 matter of the operating budget, FY '90, changes recommended by
8 the president to consider, which includes the additional
9 \$10,000, among other things.

10 Mr. Dana certainly is correct that the recommendations
11 and now the motion before the board include things other than
12 just the \$10,000 or the \$97,000, if the \$10,000 is put with the
13 \$87,000.

14 Discussion?

15 MR. DANA: I have no -- based on what has been
16 presented to me, I have no reason not to do what the motion
17 would indicate, but I think it is fair to say that it is taking
18 accounts which are excess monies spread throughout the various
19 accounts and moving them around, and I don't know whether you
20 want to -- whether there is anything in there that is
21 controversial. I don't know that there is, but I think it is an
22 issue that is certainly somewhat broader than the \$10,000 issue

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1 that --

2 CHAIRMAN WITTGRAF: Mr. Wear, will you speak briefly
3 to the totality of the motion, the totality of the recommended
4 changes?

5 Again, for anybody who is unclear, it seems to the
6 chair that we are now looking at Mr. Wear's memo dated February
7 7, 1990. The narrative recommendation is the last paragraph on
8 Page 2. The numerical substance is detailed on Pages 1, 2 and 3
9 that follow the narrative memo. Mr. Wear?

10 MR. WEAR: Mr. Chairman, that is accurate, but also,
11 if I may, I would like to ask the board to focus on Page 6 of
12 the February 9 memo dealing with the subject of the carryover
13 funds. I think that in a nutshell explains what is happening
14 here.

15 What we are doing is we would be transferring monies
16 from the various accounts, as detailed in this memo dated
17 February 9, into M&A; that is, approximately \$956,481 would be
18 reprogrammed into Management & Administration. In addition,
19 there are sufficient funds reprogrammed into the meritorious
20 grant awards category to total \$97,000, which would then be
21 available for meeting those requests for emergency assistance
22 that were detailed in Column 1 of Ms. Clinch's proposal, the

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1 motion made by Mr. Erlenborn.

2 By doing this, we would also transfer an additional
3 \$10,000 into the meritorious grant awards line. That would be
4 held in reserve to fund the problem associated with the
5 insurance coverage. That is the effect of the operation. In
6 the past, there has not been, to my knowledge, a great deal of
7 controversy about doing this.

8 CHAIRMAN WITTGRAF: At this time, the chair is
9 prepared to recognize a representative of the Project Advisory
10 Group. The chair had been led to believe this group was
11 concerned particularly with the 1991 budget. We are, of course,
12 on the -- thank you both.

13 MS. CLINCH: Thank you very much.

14 CHAIRMAN WITTGRAF: We are at this point, as you
15 understand, specifically on an amendment to the consolidated
16 operating budget for FY 1990. The chair is certainly happy to
17 entertain brief remarks. Please introduce yourself and address
18 the motion before the board.

19 REGINA ROGOFF, CO-CHAIR,

20 FUNDING REPRESENTATION COMMITTEE, PROJECT ADVISORY GROUP

21 MS. ROGOFF: Thank you very much. My name is Regina
22 Rogoff. I am the Executive Director of the Legal Aid Society of

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1 Central Texas, which is located in Austin, Texas. I am also the
2 Co-Chair of the Project Advisory Group's Funding Criteria
3 Committee.

4 Later, when I testify regarding the 1990 mark, I will
5 explain more fully the nature of the Project Advisory Group. At
6 this point, I just wanted to point out to this board that
7 discussion of the carryover and the consolidated operating
8 budget does not appear on the agenda for today, and the Project
9 Advisory Group does have concerns on this issue and feels that
10 that is a significant issue that requires notification to the
11 public prior to adoption of the budget. We certainly would not
12 object to discussion of these issues.

13 The history of the Corporation's actions in regard to
14 carryover funds and to its own budget has been one of parsimony
15 towards the field and generosity towards management and
16 administration. In response to that, the Congress has, over the
17 last number of years, reflected in its report that carryover
18 should be used -- that a percentage of the carryover, in this
19 instance, \$1.7 million, would be allocated to the Corporation
20 because of the history of accruing significant carryovers.

21 As was previously explained, Congress has indicated
22 its intention that the balance of the carryover be used for the

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1 purpose of this Corporation, which is to provide legal services,
2 direct services, to indigent people in our nation.

3 We feel that there is much history to this budget that
4 really should be brought before you prior to making -- we think
5 that carryover from a prior year that you want to expand, in
6 terms of the emergency assistance, is one issue, as opposed to
7 adopting an entire operating budget without having that issue
8 either on the agenda or noted prior to this meeting.

9 I might, just as an aside, indicate that -- and,
10 again, speaking to an entirely new board, I am both drawn
11 between wanting to be brief and wanting to provide sufficient
12 information to give some context for the statements that I make,
13 but the Corporation management and administration last year gave
14 itself a five percent cost of living adjustment, without ever
15 bringing that amount to your predecessor board of directors for
16 its consideration or for a vote of that board or an amendment to
17 the operating budget.

18 But that is just one example of the manner in which
19 business has been conducted previously. I would hope that this
20 board will make a point of assuring that all discussions are
21 open, are noted on the agenda, and that there is an opportunity
22 for full and complete public comment. And, of course, your

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1 discussions today, this morning, certainly meet that
2 requirement.

3 CHAIRMAN WITTGRAF: Ms. Rogoff, thank you. A couple
4 of comments. First of all, while you are correct that the
5 published agenda did not contain either the matter of the
6 consideration of emergency funding for the two disaster areas or
7 changes precipitated by that and by other matters, changes in
8 the FY '90 consolidated operating budget, the first order of
9 business before the board this morning was the approval of the
10 agenda. Mr. Erlenborn moved an amendment to that. It was an
11 amendment actually in two parts, two subparts. The first part
12 of the amendment -- he eventually withdrew the second part. The
13 two subparts did pertain to disaster emergency funding and
14 changes in the consolidated operating budget for FY '90.

15 So that I hope it was clear to whoever was present,
16 and I hope you happened to be present at that time. We did
17 amend the budget in that regard.

18 MS. ROGOFF: I understood that, but I understood that
19 to be limited to the emergency assistance. I did not understand
20 that to be a motion to amend the agenda for discussion of the
21 entire operating budget.

22 CHAIRMAN WITTGRAF: Okay. I am not sure that was

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1 clear, and it may be a matter that the board members will want
2 to weigh. Let me make simply one other comment. As I indicated
3 at the beginning of my presuming the chair, or assuming the
4 chair -- I didn't mean to presume it; I meant to assume it, I
5 guess -- my assuming the chair, it is my intent, certainly, as
6 the chair, and I think the intent, to the extent I can speak for
7 the whole board, of the board to be very open.

8 You may have some legitimate concerns. We want to
9 hear from you briefly today. I don't know how much we are going
10 to consider the FY '91 budget today. We certainly want to hear
11 the breadth of your concerns at a date in March that is yet to
12 be fixed, your concerns and those of many other individuals and
13 organizations.

14 We are, as a board, pretty well locked into the FY '90
15 budget, which I think you probably understand even better than
16 we do. There may continue to be some fine-tuning of the
17 consolidated operating budget for FY '90.

18 Is there anything specifically you would like to say
19 briefly regarding the question that is on the table, which is a
20 combination of amendments to the FY '90 consolidated operating
21 budget?

22 MS. ROGOFF: Well, in addition to my concern about

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1 addressing that issue at all without the notice, we are
2 concerned that what is happening is basically sweeping under the
3 rug the issue of the carryover, and the congressional concerns
4 regarding the Corporation's approval of that carryover and the
5 balance over \$1.7 million should not be expended for management
6 and administration but for direct delivery of legal services.

7 We would also simply point out that no board has ever
8 adopted a consolidated operating budget. I mean, you may be
9 doing that, it seems to me, through the back door, but it has
10 not yet been adopted or discussed for 1990. Your predecessor
11 board did not adopt a consolidated operating budget for 1990.

12 CHAIRMAN WITTGRAF: Thank you, Ms. Rogoff. Did I
13 understand you, Ms. Rogoff, to indicate that, to the best of
14 your knowledge and belief, there has never been a board adoption
15 of a consolidated operating budget, at least for the last couple
16 of fiscal years?

17 MS. ROGOFF: That is my understanding. No, for 1990.
18 In prior years, it has always been on the agenda, including --

19 CHAIRMAN WITTGRAF: For 1990. Okay, fine. Fine.
20 Because of some uncertainty over the status of the board and
21 changes in meeting dates because of the recess appointments of
22 new board members. Okay. I believe that is correct, yes,

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1 ma'am.

2 MS. ROGOFF: Historically, both adoption of the budget
3 and allocation of the carryover have been on the agenda.

4 MR. COLLINS: Mr. Chairman, may I?

5 CHAIRMAN WITTGRAF: Thank you. Mr. Collins?

6 MR. COLLINS: There was a reference by Ms. Rogoff to a
7 raise without prior authorization by the board. Since it seems
8 a little unusual to me, what is our policy with respect to
9 dealing with that kind of thing?

10 MR. WEAR: Mr. Chairman?

11 CHAIRMAN WITTGRAF: Mr. President.

12 MR. WEAR: Thank you, Mr. Chairman. I guess there are
13 a couple of issues here. The Corporation normally deals with
14 this question of the consolidated operating budget in January.
15 As you know, we did not have our January meeting. Because of
16 the changes in personnel, we were unable to do that. This is
17 the first meeting that we were able to get everyone together at,
18 and it was scheduled to be discussed.

19 There was some question in the minds of a couple of
20 board members about whether to put it on the agenda, as well as
21 the emergency funding on the agenda. In subsequent discussions,
22 Mr. Erlenborn moved that both of those items be put on the

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1 agenda.

2 I don't think there is any surprise associated with
3 this on the part of any of the members of the public, because we
4 deal with this topic every year at approximately this time. So
5 I don't think that there is any question about that.

6 The Project Advisory Group, as you will know or will
7 learn, is a trade association for the various Legal Services
8 programs. It has been their interest to know how we spend our
9 money, because that will impact on the amount of regulation that
10 their programs get, very frankly. So they have had an interest
11 in it in the past, and I believe that is why Ms. Rogoff is
12 expressing her interest here at the moment.

13 But, as best I know, there has not been general
14 controversy about the type of move that I am proposing, on Page
15 6 of my memorandum dated February 9 dealing with the carryover,
16 and that verbiage there is reflected in what is in the
17 memorandum dated February 7th dealing with the proposed
18 consolidated operating budget.

19 MR. COLLINS: Mr. Chairman, my question was a narrow
20 one. What is our policy with respect to approval of salary
21 increases for the staff by the board?

22 CHAIRMAN WITTGRAF: Mr. President, do you understand

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1 the question?

2 MR. WEAR: Well, I think so. Mr. Collins, under the
3 statute, I hire all of the staff at the Corporation. The
4 individual Legal Services programs themselves control their
5 staffs. I hire them and fire them and decide who gets a raise
6 or who doesn't get a raise.

7 CHAIRMAN WITTGRAF: You are concerned with the
8 Executive Office staff of the Corporation?

9 MR. COLLINS: I am concerned with what she said. She
10 said that the staff gave a five percent raise to its employees
11 without prior consultation with the board. That may be
12 perfectly legal. If it is perfectly legal, that is all I want
13 to know. If it is our obligation to approve raises, I want to
14 be told about it. So it is a simple answer. Do we have a
15 responsibility --

16 MR. WEAR: I'm sorry. I missed that part of the
17 question, Mr. Collins. The staff did not get a five percent
18 raise. In the past, we have generally tracked the Federal
19 Government. That is our principal competitor for people. The
20 Federal Government increased its pay scale 3.6 percent, and I
21 did the same thing for the staff here.

22 That is not an issue that comes before the board for

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1 consideration.

2 MR. COLLINS: Fine. That answers my question.

3 CHAIRMAN WITTGRAF: Thank you, Mr. Collins. Before we
4 get to discussion of the motion on the floor, Ms. Rogoff, your
5 Project Advisory Group was characterized by the president as a
6 trade association. I am asking you only if you would like to
7 elaborate further on what the Project Advisory Group is at this
8 time, before we move on to discussion of the question before the
9 body.

10 MS. ROGOFF: Certainly.

11 MR. COLLINS: I thought she said she was going to do
12 that at a subsequent appearance this afternoon.

13 CHAIRMAN WITTGRAF: Just what her group is, Mr.
14 Collins.

15 MS. ROGOFF: The Project Advisory Group is a
16 membership organization of basic field programs. Those are the
17 programs that deliver direct legal services on a national basis
18 in the local communities. It also includes member programs from
19 the state and national support entities, supplemental field
20 entities, all of the entities that make up the delivery system
21 for the Legal Services Corporation.

22 The Legal Services Corporation itself does not deliver

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1 legal services. All of those services are subcontracted to
2 other entities that are independent, nonprofit corporations, and
3 have their own boards of directors and administration. Over 300
4 of those entities nationwide belong to the Project Advisory
5 Group and subscribe to its newsletter, the Project Advisory
6 Group Update.

7 Project Advisory Group is administered through an
8 elected steering committee that represents all of the component
9 entities, both in terms of the function and in terms of
10 geography.

11 MR. COLLINS: By whom are you paid?

12 MS. ROGOFF: Who am I paid --

13 MR. COLLINS: No, your group. How is it funded?

14 MS. ROGOFF: Membership dues.

15 MR. COLLINS: From the various local organizations?

16 MS. ROGOFF: Yes, and subscriptions, dues and
17 subscriptions.

18 CHAIRMAN WITTGRAF: Thank you. The motion before the
19 board has to do with the adoption of the 1990, Fiscal Year 1990,
20 consolidated operating budget, as described in the memos of
21 February 7 and February 9. It does, as indicated by Ms. Rogoff,
22 among others, Mr. Dana, go beyond simply facilitating the

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1 emergency disaster relief funding to making other changes, as
2 well, which Mr. Wear has described and which are described in
3 the two memoranda.

4 Is there further discussion?

5 VICE CHAIRMAN ERLNBORN: Mr. Chairman?

6 CHAIRMAN WITTGRAF: Mr. Erlenborn.

7 VICE CHAIRMAN ERLNBORN: In view of the fact that I
8 think both Mr. Collins and I were under a misimpression as to
9 the length and breadth of the motion that he made and I
10 seconded, I would like to withdraw my second.

11 MR. COLLINS: And I want to withdraw the motion. I
12 would like to hear from the members who have a little more
13 experience than those of us who are coming to our first meeting
14 whether this is a routine thing that you do every year, whether
15 it is unusual. I want you to explain in some detail the context
16 within which this matter is being discussed.

17 CHAIRMAN WITTGRAF: The motion before the board has
18 been withdrawn by the maker of the motion and by the seconder of
19 the motion. Ms. Pullen?

20 M O T I O N

21 MS. PULLEN: Mr. Chairman, I move to adopt the
22 consolidated operating budget for Fiscal Year 1990, as detailed

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1 in the February 7th memo from the president, but I would like to
2 comment as regards the disposition --

3 CHAIRMAN WITTGRAF: Ms. Pullen, excuse me. Am I fair
4 in saying that you are reintroducing the motion?

5 MS. PULLEN: Yes, I am.

6 CHAIRMAN WITTGRAF: Is there a second to the motion?

7 MR. COLLINS: I will second the motion, Mr. Chairman.
8 Go ahead.

9 CHAIRMAN WITTGRAF: It has been moved and seconded
10 that the board adopt the consolidated operating budget for FY
11 '90 described in Mr. Wear's memoranda of February 7 and February
12 9. Would you like to speak to your motion, Ms. Pullen?

13 MS. PULLEN: Thank you. I would like to comment that
14 as regards the disposition of carryover funds, and specifically
15 the amount that is being appropriated toward management of the
16 Corporation, even at that level, the percentage of the
17 Corporation's budget which goes to management is under 3.2
18 percent, and I hardly think that 96.8 percent of our budget
19 going to field programs and delivery of legal assistance to the
20 poor can be described as parsimonious treatment of our principal
21 mission.

22 CHAIRMAN WITTGRAF: Discussion? Mr. Molinari.

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1 MR. MOLINARI: I would like the president, if he
2 would, to try to address this question once again, particularly
3 in light of the motion and the remarks made by Ms. Pullen, so
4 that we have a better idea as to what is going to be done with
5 this money and why the need, or is there a better use for the
6 money.

7 CHAIRMAN WITTGRAF: Mr. President.

8 MR. WEAR: Thank you, Mr. Chairman. The monies that
9 we are discussing here show up in the budget -- show up on Page
10 3, I should say the attachment to the memorandum dated February
11 7, 1990. The monies would be transferred. We would be
12 transferring approximately \$900,000 into the Management &
13 Administration account.

14 Those monies are divided up among the Corporation's
15 various operations. A portion of the money is spent to make the
16 grant awards that we make each year. A portion of it is spent
17 on the Law School Clinic Program. It is spent in the monitoring
18 efforts to look at the programs to see if they are complying
19 with the law and the regulations. A portion of the money is
20 spent on the Inspector General's Office, again, to do the things
21 that inspector generals do. A portion of it is spent for board
22 meetings. Each board meeting that we have costs, in round

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1 numbers, \$17,000. It would go to do the things that the
2 Corporation does in its ordinary course of business in
3 administering the program itself.

4 CHAIRMAN WITTGRAF: Further discussion? Mr. Dana.

5 MR. DANA: Mr. Chairman, I would like to state my
6 understanding of what we are doing and its significance and see
7 if the president could set us straight. I think it is more than
8 likely that I do not understand what you are proposing, but my
9 understanding is that historically we have proposed a budget in
10 various areas with the Congress, and the Congress has ultimately
11 approved the budget, and has imposed upon us notification
12 requirements if we decide to move money out of one line and put
13 it into another line, or if we reprogram, we have a requirement
14 to consult, at least, with the appropriate bodies of Congress
15 that pass on our appropriation.

16 My understanding of what you are proposing to do here,
17 or the administration has proposed, is to basically sweep
18 uncommitted monies out of the various pigeonholes where Congress
19 placed them into the management account and have it available,
20 not necessarily committed at that point, but have it available
21 for commitment by the board or by management to fulfill our
22 responsibilities at the management level during 1990, and that

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1 presumably if we pass this, the Corporation would have an
2 obligation before it went into effect to consult with Congress
3 and the various committees. Do I have the gist of what it is
4 that you are proposing?

5 MR. WEAR: Well, let me comment on it, if I may.
6 Under the Appropriations Act, the Legal Services Corporation, as
7 well as every other entity that is covered by that
8 Appropriations Act, has a responsibility to give the House and
9 Senate Appropriations Committees 15 days' notice of a
10 reprogramming before actually moving the money.

11 Under this proposal, we would be moving sufficient
12 funds into the meritorious grant awards account to make a total
13 of \$97,000. We would be moving \$47,805 into that category, so
14 that there would be sufficient funds to fund the emergency
15 assistance.

16 We would need to give the Congress notice of that
17 movement prior to actually disbursing the funds, and my
18 recollection is that they have 15 days in which to -- well, you
19 have to give them 15 days' notice before you do it. Presumably,
20 if the Congress disagreed with that, they could do something
21 within the 15 days to change your mind.

22 Under this proposal, we would be reprogramming

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1 \$956,481 into the Management & Administration account. The next
2 step in the process is to bring to the board a Management &
3 Administration budget to show how that money is going to be
4 allocated between the Office of Field Services, the Monitoring,
5 Audit and Compliance Division, the Inspector General, the Office
6 of General Counsel, and all of the other entities that we have
7 at the Corporation.

8 But before we can move to that step, we need to know
9 whether and how much is going to be allocated to Management &
10 Administration, and that is the purpose of trying to deal with
11 this here today.

12 VICE CHAIRMAN ERLENBORN: Mr. Chairman?

13 CHAIRMAN WITTGRAF: Mr. Erlenborn.

14 VICE CHAIRMAN ERLENBORN: Just a further question for
15 clarification. We are really allocating -- with the adoption of
16 the proposed consolidated operating budget, we are allocating
17 the total \$4,068,391, is that correct, allocating \$1,072,000
18 plus to delivery of legal assistance, allocating \$216,858 to
19 support of delivery, and \$2,079,000 to Corporation management
20 and grant administration? Is that correct? We are allocating
21 the full carryover of the \$4 million?

22 MR. WEAR: I don't think so. The situation is that \$2

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1 million of that is already allocated. It is already in those
2 accounts. We are not moving it. We are not moving any money
3 associated with that.

4 VICE CHAIRMAN ERLBORN: How was that done? Was that
5 done by previous board action?

6 MR. WEAR: Yes, sir. That is from last year's budget,
7 and those monies stay right where they were. It is not affected
8 by this action at all. What we are talking about is the amount
9 that is available in uncommitted carryover. Now, we are moving
10 some of that uncommitted carryover into M&A, that is, Management
11 & Administration.

12 VICE CHAIRMAN ERLBORN: What is the total of
13 uncommitted carryover?

14 MR. WEAR: The total is \$2,029,070. That appears on
15 Page 6 of the memorandum dated February 9, 1990.

16 CHAIRMAN WITTGRAF: Mr. Dana.

17 MR. DANA: Mr. Chairman, my understanding is that it
18 is the sum of the columns in the right-hand side headed by
19 "Uncommitted" in that memo, of which \$267,679 comes from migrant
20 programs, \$46,409 comes from Law School Clinics. These are
21 funds that Congress, I gather, or the board, with Congress'
22 consent, placed in those columns, in those areas, last year and

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1 the money wasn't spent and is available for reprogramming at
2 this time.

3 MR. WEAR: Yes, sir, that is accurate. That is
4 correct.

5 MR. DANA: Unlike the information in the first column,
6 which is not available because either we have already spent it
7 or we have committed to spend it under some contract.

8 MR. WEAR: Right. Right.

9 MR. DANA: I am somewhat -- because I have, in my past
10 incarnation on this board, made decisions which seemed right at
11 the time but turned out to be not, I am concerned about making
12 decisions that seem perfectly appropriate without getting
13 adequate -- without having the people affected having received
14 adequate warnings that we were about to do that.

15 I am reminded of a conversation we had in which this
16 issue was on the agenda, and I think you called me up and we
17 decided -- or I acceded to your suggestion that maybe it ought
18 to come off.

19 MR. WEAR: No, I think it was the other way around,
20 Mr. Dana. I suggested it be on; you suggested it be off.

21 MR. DANA: Right. And it is off.

22 MR. WEAR: It was until we amended the agenda.

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1 MR. DANA: Apparently it has gotten back on in a
2 motion that I didn't understand was putting it back on, and I am
3 concerned that we are not -- that I hope that we hear all of the
4 concerns that people have about taking money away from migrant
5 programs, law school clinics, training and development, national
6 support, state support, merits and other funds available and
7 putting it all into management and administration.

8 The fear I have, frankly, is that that may limit our
9 flexibility in the future if Congress says, "Oh, you are going
10 to put all that money in there. Instead of \$1.7 million of
11 credit, we are going to give you \$2.7 million of credit, because
12 you put all that money in on a carryover basis, and that will
13 limit this board's flexibility, whereas now the money is in
14 various places, it is uncommitted, it is not going anywhere, and
15 we may have greater flexibility in dealing with the future if
16 the money stays there.

17 I may be missing something. Maybe you could address
18 that. Am I missing something?

19 CHAIRMAN WITTGRAF: Let me intercede for just a
20 moment. It seems to me I want to see if I am with Mr. Dana on
21 this, and I want to try to make sure everybody is with Mr. Dana
22 on this. We are in Column 12, Uncommitted Carryover, of

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1 Attachment A, Pages 1 through 4, that accompanies the memorandum
2 dated February 9, 1990. Is that where you are, Mr. Dana?

3 MR. DANA: I think that describes where the money is
4 now. In other words, in Column 12 it indicates that it
5 describes where the \$2,029,070 presently is. I think what
6 management is proposing is that we move it around such that
7 virtually all of it, save for the \$97,000 which is going to go
8 into the Meritorious Grant column -- virtually all of it goes
9 into M&A and comes out of the various places where you would
10 find it.

11 Starting on Page 1, we have \$425,000 -- no, we have
12 \$379,355 under Field Programs, including \$267,000 for migrant
13 programs. If I understand his proposal, it is that we yank all
14 that money out of those various places where it is uncommitted
15 and stick it into Management & Administration, where it
16 continues to be relatively uncommitted.

17 I have just heard that there is some internal control
18 in the administration to spend money without board approval,
19 once it is in the column under Management & Administration, and
20 so maybe it isn't altogether unencumbered once it is in
21 Management & Administration.

22 I am really just asking the question to see if I

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1 understand what is being proposed.

2 CHAIRMAN WITTGRAF: Does everybody have Column 12,
3 Attachment A? Is it correct, Mr. Wear, that those four pages,
4 that \$2,029,070, is today uncommitted FY 1989 carryover money?

5 MR. WEAR: Yes, I think that is accurate.

6 CHAIRMAN WITTGRAF: Then where best should we look,
7 Mr. Wear, to see what you have recommended be done with that
8 \$2,029,070 as it pertains to the consolidated operating budget
9 for Fiscal Year 1990?

10 MS. ROGOFF: Mr. Wittgraf, if I might intercede, I
11 think one of the problems with the way that this board is
12 proceeding on this at this point, which reflects our concern
13 about not noting the discussion of the operating budget in
14 advance is that historically the staff has brought to the board
15 a description of how those uncommitted balances occurred.

16 So that you can understand and have a picture of what
17 took place that resulted in those funds being there and give you
18 enough information to make an informed decision about whether
19 those funds should be reallocated, I may owe an apology to Ms.
20 Pullen in reference to the use of the term parsimonious, but, by
21 and large, the distribution of funds is controlled by Congress.
22 The amounts of funds that go, in terms of the overall

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1 percentages, are identified and appropriated very specifically
2 by Congress, as opposed to this board and its management. For
3 example --

4 CHAIRMAN WITTGRAF: Ms. Rogoff, may I interrupt you at
5 this point, please? What I would like to be sure first is that
6 with the nine board members we have present that we nine are in
7 the same place talking about the same thing before we then move
8 on perhaps to the merits or demerits, or the pluses and minuses
9 of the two sides, if it is only two sides of the argument.

10 MS. ROGOFF: Because we do have some other specific
11 things we would like to point out.

12 CHAIRMAN WITTGRAF: Fine.

13 MR. COLLINS: We have a lot of specific things we want
14 to talk about, too. I didn't realize that this first meeting
15 was going to become a city council budget hearing. It seems to
16 me that we ought to be able to approach some of the policy
17 issues with which this board is confronted on a more substantive
18 basis, without going behind the figures which, with the amount
19 of time we are able to spend on the figures, sometimes elude our
20 understanding.

21 However, I can understand how these meetings become
22 contentious, because the temperature is rising in this room, and

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1 I didn't realize this is where we were going to spend our time,
2 but so far I will be patient.

3 CHAIRMAN WITTGRAF: Thank you, Mr. Collins.

4 Mr. Wear, would you like to speak to this? The
5 chair's concern at this point, as indicated, is that the nine
6 board members are all considering the same thing.

7 MR. WEAR: Thank you, Mr. Chairman. I believe we are
8 all on the same wavelength on this. I should point out to you
9 that each year the Appropriations Committees ask the Corporation
10 for its projections of where the carryover is going to occur and
11 what the amounts are going to be, and we did that last--
12 actually, Mr. Richardson, if you could come forward and answer a
13 few of these questions, you can help me out and fill in the gaps
14 in my memory.

15 But we did submit the projected carryover figures
16 together, showing what accounts those carryovers were going to
17 occur in, and that was known to the Congress when they discussed
18 the carryover and what to do with it.

19 As a result of any of this what is labeled Uncommitted
20 Carryover in Column 12 of the attachment spoken of here, no
21 funding was denied any program as a result of it. This was
22 money that was unused for one reason or another in each of these

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1 categories, and these projections were made available to the
2 Congress last fall, as I recall. Do you recall the exact date?

3 MR. RICHARDSON: August 19th.

4 MR. WEAR: I'm sorry, August 19th. So they had those
5 when they considered their proposals. Of the amounts of money
6 we are talking about, we would transfer approximately \$945,000,
7 whatever my figure was on the last page of my memorandum. We
8 would be transferring that into M&A. The remainder of the
9 carryover, part of it is disbursed to fund the meritorious
10 grants. The rest of it was in the Management & Administration
11 account to begin with.

12 It doesn't mean that it is going to be allocated for
13 one particular purpose once it is in there, because we will be
14 coming back to the Corporation, or rather to the board, with an
15 operating budget showing where that money is going.

16 But the bottom line is, we are now five months into
17 this fiscal year, and we need to know how much money there is
18 going to be and have a pretty good idea of what we are going to
19 do with it. I have done some work on that with the staff. We
20 are prepared to come back to you at the next meeting showing how
21 that money is going to be spent by the Corporation, but we need
22 to come to some resolution of it.

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1 MR. DANA: Mr. Chairman?

2 CHAIRMAN WITTFGRAF: Mr. Dana.

3 MR. DANA: Given the fact that you will be coming back
4 at the next meeting to indicate how it is that management would
5 like to spend this, what kind of a problem would it present for
6 you, for the Corporation, if we tabled Ms. Pullen's motion at
7 this meeting and dealt with it at the next meeting, when you
8 would have a spending proposal for us and when the public will
9 have had more of an opportunity to react to your suggestions,
10 which, frankly, seem reasonable to me, but based upon my total
11 ignorance of what may be behind it, I would feel more
12 comfortable if we could have that time to get educated. But
13 before moving to table, I would like to hear your reaction to a
14 tabling motion. Would it present a problem for you?

15 MR. WEAR: Well, there are a couple of things that
16 play into this. The first is, in order to deal with the
17 carryover issue, we have to give the two Appropriations
18 Committees notice and wait 15 days before we know what we are
19 going to be working with to put that budget together.

20 We could come back next month and try to deal with
21 that, but that is going to delay the resolution of the question,
22 because even if we said, "Well, we are going to take this money

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1 and we are going to do this and this and this with it," we won't
2 know that that is a final verdict until after we have given the
3 notice of reprogramming and waited that 15-day period.

4 M O T I O N

5 MR. DANA: Well, based upon that, since we are not in
6 a position to tell the Congress what we intend to do with the
7 money, I would move, Mr. Chairman, to table this motion at this
8 time and ask that it be considered really as part of our final-
9 - our consideration of the budget mark, which, frankly, I also
10 hope we do not resolve today, for similar reasons.

11 CHAIRMAN WITTGRAF: There is a motion to table the
12 motion on the floor. The motion on the floor has to do with the
13 approval of the recommended, consolidated operating budget for
14 FY 1990. Is there a second to the motion to table?

15 VICE CHAIRMAN ERLENBORN: Second.

16 CHAIRMAN WITTGRAF: It has been moved and seconded.
17 Do you wish to speak further to the motion at this time, Mr.
18 Dana?

19 MR. DANA: No.

20 CHAIRMAN WITTGRAF: Ms. Pullen?

21 MS. PULLEN: Well, first I have a question of what the
22 disposition is or status is of the emergency grants that we

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1 approved a few minutes ago, because their final approval is
2 involved in this motion.

3 CHAIRMAN WITTGRAF: Is the \$87,000 authorized for
4 emergency expenditures jeopardized by the motion to table? Is
5 that a fair summary of your question?

6 MS. PULLEN: Not jeopardized ultimately, but what is
7 the timing on it? Can it be released now if we do not do this.

8 CHAIRMAN WITTGRAF: Mr. Wear?

9 MR. WEAR: Mr. Chairman, it was our intent to go to
10 the Congress with one reprogramming notice dealing with all of
11 these questions. That was why I was trying to get it all
12 resolved today. You may run some jeopardy if we spend the
13 \$97,000 and then decide that we can't spend the other money to
14 operate the Corporation. That is the only comment that I would
15 have on it.

16 CHAIRMAN WITTGRAF: Okay, I am not sure that gets to
17 the bottom line. Let me pose the question. Can the money be
18 spent -- if this board does not meet and if the reprogramming
19 notice, the 15-day notice, isn't given, can the money be spent
20 between now and our next board meeting in March?

21 MR. WEAR: I would say not. We need to give that
22 notice.

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1 MR. DANA: But that is with respect to the --

2 CHAIRMAN WITTGRAF: \$87,000.

3 MR. DANA: \$87,000.

4 MR. WEAR: Yes.

5 CHAIRMAN WITTGRAF: Is it possible, Mr. President, to
6 give notice solely as to the \$87,000?

7 MR. WEAR: Yes, it is.

8 CHAIRMAN WITTGRAF: We now have --

9 MS. PULLEN: Not without a motion.

10 CHAIRMAN WITTGRAF: I was asking as to the substance,
11 Ms. Pullen. Right. The motion on the table, made by Ms.
12 Pullen, is to approve the entire consolidated budget, as
13 amended, pursuant to Mr. Wear's recommendations and then to give
14 the appropriate notice to the Congress.

15 There is a motion to table that motion. That is the
16 motion before us. Is there further discussion on the motion to
17 table? Ms. Pullen?

18 MS. PULLEN: Mr. Chairman, this probably would be a
19 little bit more appropriate preceding the motion to table, but I
20 wasn't able to get recognized, and I would like to make a
21 comment in response to something that was said earlier.

22 CHAIRMAN WITTGRAF: Please.

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1 MS. PULLEN: In trying to determine what figures we
2 are looking at and what is coming from where, I have before me
3 both memos, the one dated February 7th on the consolidated
4 operating budget, I have the attachment to that that is the
5 printout of columns, as well as the one concerning the Legal
6 Services Corporation Fiscal Year 1989 consolidated operating
7 budget and carryover funds dated February 9th.

8 In looking at these together, in response to the
9 comment or the analysis that certain funds are being taken from
10 certain programs, I would like to note that the programs
11 referred to all have increases in this year's budget, regardless
12 of the carryover issue, and therefore I do not believe that it
13 is appropriate to characterize taking 1989 lapsed funds from
14 programs that did not expend those funds as taking it from those
15 programs, because those programs are experiencing an increase
16 and therefore not being cut by an action to allocate carryover
17 funds.

18 MS. ROGOFF: Mr. Wittgraf, if I might just respond to
19 that comment with a very simple observation, in terms of, in
20 particular, the basic field line, overall the statement is
21 correct, but due to sequestration there are a handful of
22 programs that actually will experience a cut in funds, and one

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1 of the topics that PAG would like to see discussed in a context
2 of carryover is a possible hold harmless approach to those
3 programs that, due to sequestration, will actually -- not the
4 line item, not the total line of basic field, but individual
5 programs within -- no, program recipients of those funds will
6 experience an actual loss of dollars totaling \$164,400.

7 So while Ms. Pullen's statement is overall correct, it
8 is not accurate in regards to every individual program.

9 There are some other items, if we are going to go
10 further with this, that I still would like to address.

11 CHAIRMAN WITTGRAF: Thank you. The motion before us
12 is a motion to table the preceding motion. Is there further
13 discussion?

14 MR. COLLINS: Yes. I would like to hear you justify
15 why it should be tabled.

16 CHAIRMAN WITTGRAF: Mr. Dana?

17 MR. DANA: My sense is that this is part of the piece,
18 and the piece really is how we are going to spend money in 1990,
19 during this year and next. The president has proposed that we
20 take the money that we didn't spend in various categories last
21 year and plug it into and take it away, in effect, from the
22 programs or from the line items -- it hasn't gone to the

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1 programs, as such, but it is in our budget in the various areas
2 -- and just insert it into the Management & Administration line.
3 He hasn't told us yet, because he doesn't -- he hasn't come up
4 with a proposal as to how to spend that money, although I think
5 he is working on it, and I think he will tell us at the next
6 meeting how he wants to spend it.

7 I have been -- pardon me for this reference, but I
8 guess it was eight years ago, I was in exactly the same
9 situation and we were acting on matters for which we had little
10 or no prior understanding and precedent, and we did some things
11 that, in retrospect, we wished we had not done, and we spent the
12 whole next year explaining to Congress, senators and anyone else
13 who would listen, "Why did you act so quickly? What was the
14 hurry? Why are you -- why, based upon little or no advance
15 warning, no advance warning to the field, all of whom could have
16 come in and said, 'You are acting -- this is silly' -- why did
17 you act that quickly, and what makes you think -- convince us,
18 11 members of the board, that you won't do that if we confirm
19 you."

20 The last time I was unsuccessful in responding to that
21 argument, and I would like to be more successful this time and,
22 as a consequence, I would like and hope that this board proceeds

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1 with perhaps an excess of caution in these matters, which are
2 taken very seriously by all concerned. And that is the reason.

3 CHAIRMAN WITTGRAF: Further discussion on the motion
4 to table?

5 MR. COLLINS: Mr. Chairman?

6 CHAIRMAN WITTGRAF: Mr. Collins.

7 MR. COLLINS: One quick question. A comment was made,
8 taking away from them. I didn't realize it was taking it away
9 from them. It was unexpended money, so it isn't taking it away
10 from them. It is money that was not spent, and something else
11 should be done with it.

12 But to respond to the reason that time is of the
13 essence, or time is material on this action, why need we act
14 now, rather than the next time? And why are they covering it--
15 how about the colloquy that has run between you and Mr. Dana as
16 to why this was not on the agenda in the first place and has to
17 be put on today by an amendment?

18 CHAIRMAN WITTGRAF: Mr. Wear?

19 MR. WEAR: Thank you, Mr. Chairman. Addressing your
20 last point first, Mr. Collins, I think that it was not on the
21 agenda because of Mr. Dana's expressed concerns that we not act
22 -- that the board, rather, not act quickly on things. He is

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1 reminded of what happened to him some eight years ago.

2 On the other hand, the Corporation is now five months
3 into the fiscal year, and we need to know what we are going to
4 be doing, in terms of the money.

5 The budget that I intend to bring to this board is not
6 different from the budget last year. Indeed, in terms of the
7 total money, it is going to be less, because there is less money
8 available than the budget that the board that was then in place
9 last year approved.

10 Other than perhaps holding a few more board meetings
11 than we did last year, I don't see anything dramatically
12 different from it, and also, as I said, funding the Office of
13 Inspector General. It is not going to differ that much. In
14 terms of the total amount of money that is available, though, it
15 is going to be less. It is going to be I think about \$400,000
16 less. So that means that I am going to have to go through it
17 line by line and figure out what we are not going to do this
18 year that we did last year, and I need to decide that pretty
19 soon, because we have now about six months of the year left.

20 CHAIRMAN WITTGRAF: Further discussion?

21 MR. MOLINARI: Mr. Chairman?

22 CHAIRMAN WITTGRAF: Mr. Molinari?

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1 MR. MOLINARI: One or two quick questions. If we vote
2 to take this money, this carryover money, and consolidate it,
3 did I understand you correctly in saying that none of this money
4 would be spent before any action of the board is taken?

5 MR. WEAR: It is not going to be allocated in any
6 formal sense. The board could next month decide to take it back
7 out of M&A and spend it for various programs, if you wanted to.

8 MR. MOLINARI: One of the concerns, Mr. Wear, is that
9 we may be taking action here today because we are new members of
10 the board and find that we have made a mistake. Obviously, we
11 all want to be concerned with that issue.

12 If we are told, on the other hand, that none of these
13 funds will be committed between now and the next meeting, and we
14 have to come back again to decide how they are to be disbursed,
15 this person, this member of the board, would feel a lot better,
16 if there is no disbursing of the funds, and we don't have to be
17 concerned about our action creating a problem for us later on.

18 MR. WEAR: We can do that. We won't disburse any of
19 the monies that are issue in those accounts.

20 VICE CHAIRMAN ERLENBORN: Mr. Chairman?

21 CHAIRMAN WITTGRAF: Mr. Erlenborn.

22 VICE CHAIRMAN ERLENBORN: Just a question: If the

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1 purpose of acting today would be to send the notice to Congress
2 for the reprogramming of funds, if we change our mind later,
3 would we then have to send another notice to Congress to again
4 reprogram the funds?

5 CHAIRMAN WITTGRAF: Mr. Wear?

6 MR. WEAR: Technically, I don't think so.

7 VICE CHAIRMAN ERLBORN: We could move them around
8 without --

9 MR. WEAR: Well, once the money is moved into the M&A
10 account -- the provision in the statute deals with moving--
11 well, I would have to look at it. It may be that we would. My
12 initial thought was we would not, but I don't have the language
13 here in front of me.

14 MR. COLLINS: Well, even if we do, is that a big
15 problem?

16 MR. WEAR: Probably not. I don't know. They may
17 wonder a little bit, but I don't know.

18 CHAIRMAN WITTGRAF: Would either Mr. Richardson or Mr.
19 Shea wish to speak to that?

20 MR. RICHARDSON: If I may address the reprogramming,
21 it is normally one percent of the budget category or \$250,000
22 that would require reprogramming.

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1 CHAIRMAN WITTGRAF: Mr. Shea, anything?

2 MR. SHEA: I have nothing further.

3 CHAIRMAN WITTGRAF: Thank you. Discussion?

4 (No response.)

5 CHAIRMAN WITTGRAF: The chair is ready to move to a
6 vote. All those in favor of the motion to table the motion to
7 approve the consolidated budget, please signify by saying aye.

8 (Chorus of ayes.)

9 CHAIRMAN WITTGRAF: Opposed, nay.

10 (Chorus of nays.)

11 CHAIRMAN WITTGRAF: The chair is in doubt. The chair
12 will call the roll. I believe there are nine of us voting.
13 Those in favor of the motion to table, please signify by saying
14 aye. Mr. Collins?

15 MR. COLLINS: No.

16 CHAIRMAN WITTGRAF: Mr. Dana?

17 MR. DANA: Aye.

18 CHAIRMAN WITTGRAF: Mr. Erlenborn?

19 VICE CHAIRMAN ERLNBORN: Aye.

20 CHAIRMAN WITTGRAF: Mr. Guinot? Not present. Mr.
21 Hall?

22 MR. HALL: Aye.

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1 CHAIRMAN WITTGRAF: Ms. Love?

2 MS. LOVE: Aye.

3 CHAIRMAN WITTGRAF: Mr. Molinari?

4 MR. MOLINARI: No.

5 CHAIRMAN WITTGRAF: Ms. Pullen?

6 MS. PULLEN: No.

7 CHAIRMAN WITTGRAF: Mr. Suarez? Not present. Mr.
8 Wittgraf votes aye. Ms. Wolbeck?

9 MS. WOLBECK: Yes.

10 CHAIRMAN WITTGRAF: Ms. Wolbeck votes aye. The motion
11 is carried. The motion to approve the consolidated budget is
12 tabled. The chair is prepared to entertain a motion -- well,
13 Mr. Dana?

14 MR. DANA: I think it is important that we do move
15 enough money to do what we voted to do recently, which is to
16 move enough money to come up with \$97,000 in the meritorious
17 grant awards, and I have no -- I don't know where that money
18 should come from. I presume that the president has a
19 suggestion.

20 MR. WEAR: Mr. Chairman, in response to Mr. Dana's
21 question, I will need to find my right set of papers. I believe
22 this is it.

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1 MR. DANA: Could it not come out of the Field Program
2 account of \$379,355?

3 MR. WEAR: Actually, there is not that amount of money
4 in the field account. The amount that is uncommitted is
5 \$46,758. Mr. Chairman, I recommend that the amount necessary to
6 fund the amounts approved earlier be reprogrammed from the
7 Migrant Programs and Components category. There remains
8 \$267,679 that are unexpended in that account.

9 CHAIRMAN WITTGRAF: Ms. Pullen?

10 MS. PULLEN: Mr. Chairman, I would like clarification
11 as to whether what we are doing now includes the \$10,000 that we
12 have not yet approved that was proposed to be reserved in case
13 insurance coverage does not cover the whole cost for
14 Neighborhood Legal Assistance.

15 CHAIRMAN WITTGRAF: There is no motion before the
16 board. \$87,000 would not; \$97,000 would.

17 MS. PULLEN: So that if the motion states \$97,000,
18 that would automatically earmark \$10,000 of that for the purpose
19 earlier stated?

20 CHAIRMAN WITTGRAF: I think you would want to include
21 that in the motion, as a part of the motion. Do we have a
22 motion?

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M O T I O N

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MR. HALL: I will move that we do that.

CHAIRMAN WITTGRAF: If I understand Mr. Hall's motion, he has moved that \$87,000 for already specified emergency funding and \$10,000 for potential or contingency emergency funding be allocated from the uncommitted carryover in the Migrant Programs and Components portion of the Field Programs portion of the Delivery of Legal Assistance portion of the Legal Services Corporation budget. Is there a second?

A PARTICIPANT: Second.

CHAIRMAN WITTGRAF: You have heard the motion. You have heard the second. Is there a comment by Mr. Hall on the motion?

MR. HALL: A question for Mr. Wear on it. I did want the motion before us so I could ask the question. What are those funds -- what is to be done with those otherwise, Terry?

MR. WEAR: Mr. Chairman?

CHAIRMAN WITTGRAF: Yes, Mr. Wear, please.

MR. WEAR: Thank you, Mr. Chairman. On Page 3 of my memorandum dated February 9, 1990, I discussed that. The \$267,679 represents migrant funds reserved for the States of Alabama, Arkansas, Mississippi and Tennessee. There are no

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1 migrant providers in those states, and the proposal that I had
2 made earlier was that an amount of money sufficient to fund the
3 \$97,000 in meritorious grant awards be taken from that account
4 and reprogrammed to the meritorious grant award account.

5 MR. HALL: Mr. Chairman?

6 CHAIRMAN WITTGRAF: Mr. Hall.

7 MR. HALL: Then in support of my motion, I would
8 simply say that the funds are available there, that they should
9 be taken from there, that if we don't do that we have spent a
10 lot of time here this morning giving these folks who need
11 emergency relief no relief at all.

12 MR. COLLINS: Call the question.

13 CHAIRMAN WITTGRAF: The question has been called.
14 Those in favor of the motion, signify by saying aye.

15 (Chorus of ayes.)

16 CHAIRMAN WITTGRAF: Opposed, nay.

17 (No response.)

18 CHAIRMAN WITTGRAF: The ayes appear to have it. The
19 ayes do have it.

20 The board will be in recess until 2:00 o'clock.

21 MR. WEAR: Mr. Chairman, if I might add one thing, for
22 those board members that are here, we have arranged to have

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1 lunch brought in for you all, so that we will be able to
2 reconvene again at 2:00 o'clock. If I may, I would like to
3 extend the same offer to the public, to go out and get their
4 lunch, and we will resume again at 2:00.

5 Thank you very much, Mr. Chairman.

6 (Whereupon, at 1:35 p.m., the Meeting of the Board of
7 Directors of Legal Services Corporation was recessed, to
8 reconvene at 2:00 p.m. at the same place.)

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AFTERNOON SESSION

2:33 p.m.

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3 CHAIRMAN WITTGRAF: At this time, before beginning any
4 discussion of the FY 1991 budget, the chair, unless there is
5 objection, will move to what is Item No. 6 on the approved
6 agenda, that being discussion of the Corporation's annual audit.
7 At this time, the chair recognizes David Richardson of the
8 Corporation for purposes of presenting the audit. Mr.
9 Richardson?

10 PRESENTATION OF DAVID RICHARDSON, COMPTROLLER,
11 LEGAL SERVICES CORPORATION; AND, PAUL R. LELECK, PARTNER, PEAT,
12 MARWICK, MAIN & CO., AND SCOT G. JANSSEN, SENIOR MANAGER, PEAT,
13 MARWICK, MAIN & CO.

14 MR. RICHARDSON: Thank you. For the record, my name
15 is David Richardson, Comptroller and Treasurer of the
16 Corporation. Today I have with me the managing partner of our
17 particular audit, Mr. Paul Leleck, and the manager of the job,
18 Scot Janssen, and they will present the audit to you, and we
19 will answer any questions that you may have.

20 Both gentlemen have agreed that if you would like to
21 have additional time to look at the audit and you have questions
22 at a later date, they will be able to answer them also. So I

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1 will turn the floor over to Mr. Leleck at this time.

2 MR. LELECK: Thank you, Dave. I believe everybody
3 received a copy of the audit report in the documents that were
4 mailed out. I think the most important item to first cover,
5 very quickly -- and we are going to try to take about five to
6 seven minutes of your time this afternoon, not to dwell on
7 anything in particular, just kind of give you an overview -- is
8 the opinion.

9 The opinion is on an APMG Peat Marwick letterhead.
10 That is probably the most important document for the board to
11 fulfill its fiduciary responsibility to go over this afternoon.

12 MR. COLLINS: Do you have extra copies of that letter?

13 MR. RICHARDSON: Yes, sir.

14 MR. COLLINS: I got it, but I can't lay my hands on
15 it.

16 MR. RICHARDSON: It is in the front of the document
17 you have right there.

18 MR. COLLINS: Right here?

19 MR. LELECK: There it is.

20 MR. COLLINS: Oh, this one? Okay. All right.

21 MR. LELECK: It is called Independent Auditor's
22 Report. It is an unqualified opinion, which is the best opinion

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1 that accountants can render. Basically, we did a full scope
2 audit. We covered all the money that was received and all the
3 money that was disbursed during '89 and this also, '88.

4 The second paragraph cites how we conducted our audit
5 in accordance with generally accepted auditing standards, and
6 that the financial statements are reported on a generally
7 accepted accounting principles basis.

8 In our opinion, they are presented fairly in all
9 material respects.

10 So it is an unqualified opinion, again, and now I
11 think we will just kind of go over the balance sheet for a few
12 minutes, and if there are any questions about the numbers, I am
13 sure David or myself or Scot can answer them.

14 We did the audit, and the balance sheet has a point in
15 time. As you can see, these are the assets and liabilities at
16 September 30, 1989. This statement is pretty straightforward.
17 It shows you cash, cash in treasury, on the asset side, the two
18 single largest items you have. On the liability side, at
19 September 30th, you had \$15 million of grants and contracts
20 payable, and then you can see the fund balance. Some of the
21 numbers that you talked about today we are certifying to in the
22 sense that there is the undesignated fund balance that you spoke

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1 about this morning, the \$2.029 million, and then there is the
2 designated portion of the fund balance that has already been
3 earmarked, and then there is the net investment and property
4 plan equipment that represents the assets that you have yet to
5 fully depreciate, and that makes up your entire \$4.5 million of
6 fund balance, those three components.

7 If you will turn to the next page, it is entitled
8 Statement of Support, Revenue and Expenses. This basically
9 shows you from two columns, '89 and '88, the appropriation last
10 year was at approximately \$308 million. It earned a little
11 interest income, and it expended the monies, \$297 million, for
12 program activities and approximately \$9.8 million of supporting
13 activities.

14 For the year, you took in more money than you spent,
15 approximately \$1.5 million. It is entitled "Excess of Support
16 and Revenue Over/Under Expenses," the third column under 1989,
17 \$1.5 million, and that brought us up to that fund balance number
18 that I just spoke about. The total is \$4.5 million.

19 The single biggest reason for taking in more money
20 than you spent was a result of an accounting policy that you had
21 with respect to carryover funds of the different grantees. When
22 the funds become a certain level, they have to be returned to

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1 the Corporation, and in 1989 that number was approximately \$1.3
2 million. That is the single biggest reason for that excess.

3 The next page is just a statement of functional
4 expenses. Primarily that shows, on the M&A side, where the \$9
5 million was spent, and particularly salaries and benefits are
6 the largest item.

7 The next pages that follow are the footnotes. I
8 didn't propose to go over these in detail. They are pretty
9 straightforward. Footnote 1 details your accounting policies,
10 and I think in particular Note 1-D, which is on Page 2 of the
11 footnotes, Grant Refunds, is the item I just spoke about with
12 respect to balances retained by the grantees, and in that
13 footnote we cite how much money was returned to the Corporation
14 during Fiscal Year '89.

15 The other footnotes are pretty much straightforward
16 and detail out the property and equipment, how much is in office
17 furniture, the fact that the Corporation does have a retirement
18 plan, and the last footnotes cite your commitments and
19 contingencies, your biggest single commitment being your leased
20 space that houses the Corporation. You have a commitment of in
21 excess of \$6 million through 1995 to house the Corporation.

22 If there aren't any questions, that really concludes

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1 our brief presentation this afternoon.

2 CHAIRMAN WITTGRAF: Does anybody have any questions?

3 MR. DANA: One, Mr. Chairman.

4 CHAIRMAN WITTGRAF: Mr. Dana?

5 MR. DANA: I notice that as of the end of last year we
6 had \$25 million in cash, as compared with half a million at the
7 comparable time the prior year, and I wondered -- I suppose that
8 is going in the right direction, but I wondered why that
9 disparity.

10 MR. RICHARDSON: Mr. Dana, we had really an accounting
11 change. In the past, the grantees' checks were mailed and if
12 they were dated, for instance, October 1st, they were mailed the
13 28th or 29th of September, so therefore we reduced the cash and
14 reduced the underlying liability by that amount. We changed
15 this year, in that checks that are dated October 1st are mailed
16 October 1st, so therefore they are subject to FY '90 when it
17 comes down to the accounting aspects of it.

18 CHAIRMAN WITTGRAF: Further questions?

19 (No response.)

20 CHAIRMAN WITTGRAF: Discussion?

21 (No response.)

22 CHAIRMAN WITTGRAF: The chair will entertain a motion

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1 to receive and accept the audit report.

2 M O T I O N

3 VICE CHAIRMAN ERLNBORN: I will so move.

4 MR. COLLINS: I will so move.

5 CHAIRMAN WITTGRAF: It has been moved by Mr.
6 Erlenborn, seconded by Mr. Collins, that the audit report as
7 presented, both in writing and orally, be received and accepted.
8 Discussion?

9 (No response.)

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

12 (Chorus of ayes.)

13 CHAIRMAN WITTGRAF: Opposed, nay?

14 (No response.)

15 CHAIRMAN WITTGRAF: The ayes appear to have it. The
16 ayes do have it. Thank you. Congratulations, Mr. Richardson.

17 The next item on the agenda, then, is back to Item
18 enumerated No. 5, Discussion of LSC FY 1991 Budget Proposals and
19 Action, if any, Thereon. Before we move to discussion, I will
20 ask the president, Mr. Wear, to make any comments that he would
21 like to introduce this subject.

22 MR. WEAR: Thank you, Mr. Chairman. The Corporation

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1 began to consider the issue of the FY '91 budget proposal to be
2 submitted to Congress my recollection is on or about December 1.
3 There was some consideration of it. There was some further
4 consideration on December 15. The bottom line is that no
5 decision was made.

6 There were a number of proposals that were put forward
7 by the then board members, and those proposals are contained in
8 the board book immediately behind the flyleaf labeled FY 1991
9 Budget Proposals.

10 Since that time, the President has submitted his
11 budget to Congress, and his budget proposal recommended a figure
12 of \$316,525,000. That is the same amount of funding that the
13 Corporation received this year after the sequestration
14 provisions of the Gramm-Rudman-Hollings statute were taken into
15 account.

16 Beyond that, Mr. Chairman, I would be glad to respond
17 to any questions that any members of the board may have.

18 MR. COLLINS: Do you have a feel, Mr. President, from
19 Congress as to the amount of latitude? Can it go 10 percent
20 above, 5 percent above? What is your guess? How high should
21 our aspiration be?

22 MR. WEAR: Mr. Collins -- Mr. Chairman, if I may, I

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1 will respond to that question.

2 CHAIRMAN WITTGRAF: Yes.

3 MR. WEAR: Mr. Collins, I think the Congress has
4 literally appropriated every nickel that they could possibly
5 appropriate to this program over the last years. As some of you
6 know even better than I, the Congress is mightily constrained by
7 the federal deficit and by the Gramm-Rudman-Hollings statute.

8 Each Appropriations Committee starts off with a
9 certain amount of money that they can spend. That money is then
10 parceled out to the various subcommittees of those committees,
11 and each subcommittee is charged with deciding how that money is
12 going to be spent.

13 In our particular area, the subcommittee that deals
14 with the Legal Services program also deals with the State
15 Department, the Commerce Department, the Justice Department, and
16 a number of other independent agencies in the Federal
17 Government, and it is literally very difficult for those
18 committees to make substantial increases in any programs. If we
19 are going to increase the State Department budget, that usually
20 comes at the expense of the Commerce Department and the Justice
21 Department, for example, and, as a practical matter, this just
22 has not happened.

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1 I think that each and every program, including Legal
2 Services, can make a strong case for more money, but, as a
3 practical matter, there simply isn't any more money. I have
4 been all over Capitol Hill and have never been able to find the
5 federal money tree. I don't think it exists up there.

6 I think that the Congress is literally doing
7 everything that it can do, that it has done, and for Fiscal Year
8 1989 the budget was increased, my recollection is, approximately
9 one percent, that is, the appropriation from Fiscal Year 1988 to
10 Fiscal Year 1989. The increase prior to sequestration this year
11 was about what, Mr. Richardson, if you recall? About three-and-
12 a-half percent, I believe.

13 MR. RICHARDSON: Three point six.

14 MR. WEAR: Three point six percent. After
15 sequestration, it was lower than that. So I think,
16 realistically, Mr. Collins, we are talking in that range.
17 Again, I think that the President's figure is certainly a
18 reasonable figure. It is what he was able to put forward in his
19 budget for the program, and I think that that figure should
20 certainly be considered, along with any others on the part of
21 the board.

22 MR. DANA: Mr. Chairman?

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1 CHAIRMAN WITTGRAF: Mr. Dana.

2 M O T I O N

3 MR. DANA: Mr. Chairman, I apologize to my fellow
4 board members for making the same motion I made the last time,
5 but it seems to me that -- well, I would move that this matter
6 be tabled at this time, and if that motion is seconded, I would
7 like to speak to the motion.

8 VICE CHAIRMAN ERLBORN: Mr. Chairman, parliamentary
9 inquiry. I think technically a motion to table is not subject
10 to debate. I wonder if the gentleman might just indicate his
11 intention to move to table, and we can have debate before the
12 motion is actually made.

13 MR. DANA: Fine. That permits me to say why I think
14 we should table the matter. We have had an enlightening
15 morning, but it is just the beginning of our education, and
16 maybe the most important thing we do every year is decide, or at
17 least recommend to tell the Congress what it is that is needed
18 and how we would spend it.

19 As I understand these various proposals, including
20 Attachment 1, which bears -- which is identical to the
21 Corporation's or to management's proposal that appears in a
22 December 1 handout that we received, this not only indicates how

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1 much money we as a board, with four or five hours of experience,
2 are asking Congress to give to these programs, but it indicates
3 how we would propose to spend the money.

4 For instance, it proposes to eliminate National
5 Support Centers. It proposes to -- it proposes a lot of things
6 like reducing training and technical assistance from \$689,000 to
7 \$50,000. It proposes increasing the dollars for management by
8 \$3 million. It proposes adding a variety of new programs,
9 including money for child support and anti-drug matters, and
10 reducing other programs.

11 All of that may or may not be something that this
12 recess appointment would vote for, but I do not have at this
13 time, Mr. Chairman, a basis for changing the existing programs,
14 which this proposal does, and I would like an opportunity to be
15 educated, both by myself in reading materials and by the public,
16 who would come speak to us on this subject, and I think the
17 chairman has indicated that at the meeting on March 12th and
18 13th it would be your proposal to offer an opportunity to the
19 public to speak to us on these and other issues, and I would
20 like the benefit of that information before I voted on something
21 that I will have to defend, assuming we are all nominated -- I
22 will have to defend the rationale and the input that I gave to

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1 the decision of not only how much we ask Congress for but what
2 we ask Congress for, and I need more help in rationalizing that
3 number and allocation than I presently have.

4 So that is the reason why I would like to put off the
5 matter until hopefully the March meeting. In that connection, I
6 have spoken with the staff in the Senate and the House, both of
7 whom have indicated that they do not want a relatively ignorant
8 reaction from this board, that they do want and that they could
9 live with -- especially the House could live with about 10 days'
10 notice before their hearing in which we would appear, or
11 management would appear, and defend our budget. That hearing is
12 set for the 22nd of March, although there is some -- there is a
13 possibility of putting it off a week, so that it looks as though
14 if we do in fact have a meeting on the 12th and 13th that we
15 will come very close to giving everybody just barely enough time
16 to produce our request.

17 That is a long -- I apologize for going on at length,
18 but I think it is a fairly important matter for this board not
19 to act in haste on these matters.

20 CHAIRMAN WITTGRAF: Before we move to a motion to
21 table this agenda item, first let me recognize Mr. Suarez and
22 then after we do that, we will take up the mundane matter of

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1 comparing one another's calendars. Go ahead, Mr. Suarez.

2 MR. SUAREZ: Mr. Chairman, I understood the question
3 by Mayor Collins to really be directed at what signals, if any,
4 we have gotten from the Congress as to likely flexibility on
5 budgeting. If that is the question, and not having heard an
6 answer to it yet, and having heard a lot of philosophy, let me
7 add my own philosophy.

8 I think that what we ought to be analyzing -- and, by
9 the way, I am inclined to agree, certainly as to myself -- I
10 probably have the least amount of knowledge of any of the ones
11 of us around the table of the budgetary process, or rather of
12 our own budget here. I just haven't had the time to study it in
13 any kind of detail.

14 But it strikes me that as we delve into that, possibly
15 at the next meeting or whenever you all deem proper, we ought to
16 be looking, first of all, at the categories of services that we
17 are able to and have been rendering to the poor and how well we
18 are doing that, secondly, what new categories, if any, we should
19 be recommending to the Congress that we ought to try to tackle
20 with our resources or additional resources, which I have a
21 feeling I am going to end up for myself voting for, and then,
22 finally, looking at the whole thing in the context of an

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1 organization that I understand to be created to put the poor on
2 an equal footing with the rest of the country as far as legal
3 services, which is to say anything in which they are not being
4 properly represented and are not obtaining a fair chance of
5 getting justice from the legal system and the civil side, that
6 we should be considering proposing funding for that.

7 If our legal commission is not that, if we are somehow
8 constrained from going into that philosophical consideration and
9 making those kinds of recommendations, I would appreciate being
10 told that. I wouldn't want to go outside of our legal
11 commission, but I gather that we are able to do that, in which
12 case, you know, I, for myself, will be pressing to ask for
13 additional funding.

14 I am not concerned that it detracts in any way from
15 Department of Commerce or the other departments with which we
16 are supposedly competing. We are competing, as far as I am
17 concerned, for a share of a \$1.27 trillion budget, I believe it
18 is, where \$5,000 is coming into the federal budget from every
19 man, woman and child in the United States, and perhaps it could
20 be more, and if the Congress hasn't figured out a way to make
21 its budget balance, that is another problem that they have and
22 we all have as citizens. But our charge really is not to try to

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1 figure out how to balance the federal budget; it is to figure
2 out how to render legal services to the poor, and that is how I
3 hope we will analyze the budgetary process and make our
4 recommendations, unless we are constrained from doing that in
5 some way.

6 MR. COLLINS: Mr. Chairman?

7 CHAIRMAN WITTGRAF: Mr. Collins?

8 MR. COLLINS: On the whole question of our mandate, I
9 think it is going to be helpful to me to be informed in more
10 detail, perhaps, than I have already been. It was originally my
11 thought that this program was designed to provide to the
12 individual poor in this nation the kinds of financial assistance
13 they need to gain access to the legal system. That is a purpose
14 which must be applauded and indeed enlarged.

15 I find myself, however, considerably upset when I find
16 some of this money being used, for example, to assist Planned
17 Parenthood in forcing abortions on hospitals which perhaps are
18 unwilling to do so, and I find other such endeavors by some
19 members of the legal community to encourage programs which may
20 be counterproductive insofar as the poor are concerned.

21 The signal I got back from the President -- maybe I
22 didn't read him correctly -- was, "Don't be too ambitious. Stay

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1 somewhere around the three to four percent increase, or five."

2 But it is not so much the total dollars which we
3 expend that concerns me but the directions in which we go, and I
4 would like, before we get into a detailed discussion of this
5 document, to hear from whoever is in a position to give us the
6 information the attempts that we have made to see to it that
7 federal dollars are not used for purposes which were prohibited
8 by the original legislation and subsequent amendments to that
9 legislation, and whether or not I am correct that the refuge of
10 those upon whom control is seeking to be exercised is, although
11 we are not using United States dollars, we are using some other
12 dollars, but we are all doing that out of this office.

13 So I would like to know what programmatic areas we are
14 covering before we start to vote on this budget, as well.

15 CHAIRMAN WITTFRAF: As the chair indicated this
16 morning, it is his hope that in March, at our next meeting, we
17 will probably need to take two days, the first of which will be
18 devoted to providing not only the individuals and groups
19 represented here today, but those who don't happen to be here
20 today but who have concerns and ideas to share with us,
21 essentially a day-long opportunity in which to do that.

22 Based upon the discussions this board has had, I

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1 suspect that the second of those two days will be devoted
2 primarily to budgetary questions, whatever rectification there
3 is of the FY 1990 budget, and whatever recommendations we want
4 to make on the FY 1991 budget.

5 With that in mind, let me ask the very mundane
6 question as to when this board is able to meet for two days in
7 March? I have visited a little bit tentatively with some of
8 you. We have been talking, as Mr. Dana suggested, about the
9 12th and 13th of March. Ms. Pullen has a difficult conflict on
10 the 13th, and Ms. Pullen is also looking at a primary election a
11 week after that.

12 I would propose tentatively Wednesday and Thursday,
13 March 14th and 15th. Do I have any adverse reaction to that
14 proposal?

15 MR. GUINOT: Not right away. I don't have my book
16 here.

17 CHAIRMAN WITTFGRAF: Does anything come into your mind?

18 MR. GUINOT: No, I think I should be all right.

19 MR. MOLINARI: Mr. Chairman?

20 CHAIRMAN WITTFGRAF: Mr. Molinari.

21 MR. MOLINARI: If you wouldn't mind, I would
22 appreciate picking up where we left off, if we could defer that.

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1 I don't have my calendar with me, either, and we have this thing
2 called the Board of Estimate back home that meets in Executive
3 Session Wednesday and then full session on Thursday, so both
4 days may be out, but I am not sure. If we could defer that and
5 let the staff work with the individual board members, I think it
6 might be --

7 CHAIRMAN WITTGRAF: I think it is fair to say, because
8 of a variety of conflicts, March seems to be an unusually bad
9 month, and I hope that, with the help of the staff, as Mr.
10 Molinari suggests, we may be able to develop a particular
11 meeting day each month, be it the second Monday or whatever, so
12 that we can plan our schedules for the rest of the year.

13 March, we are looking at two days, in particular, and
14 we need to do it fairly quickly. We are looking at the week of
15 March 12th -- 12, 13, 14, 15. Mr. Collins has a standing--
16 excuse me. I don't mean -- yes, 15th, not the 16th. Mr.
17 Collins has a standing commitment on Fridays, so we are looking
18 at some combination of two days, two consecutive days, Monday,
19 Tuesday, Wednesday, Thursday, 12, 13, 14, 15, and between Mr.
20 Wear and Ms. Bozell, hopefully we can get all of us agreed to
21 two of those days.

22 MR. GUINOT: Mr. Chairman, my problem could be

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1 resolved by a quick phone call, if Ms. Bozell will make it. It
2 will only take two seconds.

3 CHAIRMAN WITTGRAF: I think let's say we won't resolve
4 it now. I want everybody to keep those four days in mind. Mr.
5 Suarez?

6 MR. SUAREZ: Are we foreclosing the possibility -- I
7 guess we sort of are, I suppose, unless we somehow involve a
8 Sunday in this, but of having -- when you are talking about
9 successive days, having one be from a weekend? I mean, the idea
10 of taking two days from the week in succession is almost -- it
11 is totally out of the question for me, and I have a feeling some
12 of the other ones, too.

13 CHAIRMAN WITTGRAF: And I, personally, because of my
14 own situation, am very sympathetic to your concern. I don't
15 know that that is what we are looking at as a long-term
16 commitment, Mr. Suarez. I think perhaps because of the
17 circumstances in which we find ourselves, as neophytes with an
18 opportunity, or needing the opportunity to hear from everybody
19 and anybody who feels compelled to address us and to spend a
20 good amount of time addressing budgetary questions, we are
21 probably going to be left with having to do two days out of a
22 week. Hopefully, normally, we might even come up with a

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1 Saturday, a given Saturday per month, that will be acceptable to
2 the 11 members of the board, and hopefully that will work.

3 MR. COLLINS: Or even to start on late Sunday. Xavier
4 made a point. It breaks up the week pretty badly. We could
5 meet at 4:00 or 5:00 o'clock on a Sunday afternoon, go as long
6 as we can that evening, and then pick it up on Monday, something
7 like that.

8 MR. SUAREZ: That would be ideal, from my perspective.

9 MR. COLLINS: And that would be perfect for me on that
10 particular week, if it is good for the rest of you. But, in any
11 event, you get back to us on the phone.

12 CHAIRMAN WITTGRAF: Yes, sir. Yes, sir, through the
13 Executive Office. Mr. Hall?

14 MR. HALL: Mr. Chairman, do you not want to take any
15 testimony today? I know there probably will be a motion to
16 table, but we have some speakers here. Regina Rogoff is here
17 today. I know she was here on December 15th, and I know she was
18 here on December 1st. I don't know if you all want to let her
19 speak, and we wouldn't have to listen to her again, as much as
20 we would like to.

21 (Laughter.)

22 MS. ROGOFF: I will be here, anyway.

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1 MR. HALL: Regina is from Texas and calls me every
2 once in a while, so I have to talk to her, anyway.

3 CHAIRMAN WITTGRAF: Ms. Rogoff has been good enough to
4 visit with us briefly. She has also been good enough to provide
5 us with substantial printed material this morning, which each
6 and every one of us has a copy of, I believe.

7 Do you feel the need this afternoon, Ms. Rogoff, to
8 address us?

9 MS. ROGOFF: I actually would prefer to wait until the
10 next meeting --

11 CHAIRMAN WITTGRAF: Thank you.

12 MS. ROGOFF: -- hear the discussion and respond to
13 your questions at the meeting.

14 CHAIRMAN WITTGRAF: Thank you.

15 MS. ROGOFF: But thank you.

16 CHAIRMAN WITTGRAF: Mr. Dana, the chair would be
17 delighted to entertain your motion to table at this time.

18 M O T I O N

19 MR. DANA: I so move, Mr. Chairman.

20 CHAIRMAN WITTGRAF: Is there a second?

21 VICE CHAIRMAN ERLNBORN: Second.

22 CHAIRMAN WITTGRAF: Mr. Erlenborn seconds the motion.

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1 It has been moved and seconded that further consideration of the
2 Corporation's Fiscal Year 1991 budget be tabled until the next
3 meeting of this board. All those in favor, signify by saying
4 aye.

5 (Chorus of ayes.)

6 CHAIRMAN WITTGRAF: Opposed, nay?

7 (No response.)

8 CHAIRMAN WITTGRAF: The ayes appear to have it. The
9 ayes do have it.

10 The second amendment to the agenda this morning was
11 for the purpose of hearing from representatives of the
12 Neighborhood Legal Services Association of Pittsburgh,
13 Pennsylvania, and concerns they have regarding their 1990
14 funding from Legal Services Corporation. It is my understanding
15 that some materials have been made available to board members,
16 but also Mr. Wear and members of his staff have visited with
17 representatives of that association. Even so, I believe that
18 two representatives, at least, of that association would like to
19 take a few minutes to summarize their concerns before the board.
20 One of them has come from Pittsburgh, the other has come from--

21 MR. LOINS: From New York. I am not with --

22 CHAIRMAN WITTGRAF: From New York City. We would like

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1 to hear briefly from them before we move to our final agenda
2 item. If you gentlemen would come forward and identify
3 yourselves, please, for the record.

4 MR. COLLINS: Mr. Chairman, point of order, please. I
5 wrote down that the Pittsburgh group was last, after Item No. 7.
6 Have we moved it up or have we covered No. 7 and I don't
7 remember it?

8 CHAIRMAN WITTGRAF: That may be correct, I guess, that
9 Mr. Hall did specifically put it last.

10 MR. COLLINS: Yes, he did.

11 CHAIRMAN WITTGRAF: Without objection, the chair is
12 moving it up to allow -- assuming this is going to take a little
13 bit less time and to allow a greater amount and somewhat
14 unlimited amount of time for Item No. 7 on the original agenda.

15 MR. COLLINS: Fine.

16 CHAIRMAN WITTGRAF: Is there objection?

17 (No response.)

18 CHAIRMAN WITTGRAF: Hearing none, gentlemen?

19 PRESENTATION OF ROBERT B. SOMMER, PRESIDENT-ELECT,
20 NEIGHBORHOOD LEGAL SERVICES ASSOCIATION FOR ALLEGHENY
21 COUNTY, PENNSYLVANIA, AND ROBERT V. RACUNAS, EXECUTIVE
22 DIRECTOR; AND, DWIGHT LOINS, PRESIDENT, NATIONAL

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1 ORGANIZATION OF LEGAL SERVICES WORKERS, NEW YORK CITY

2 MR. SOMMER: Thank you, Mr. Chairman. My name is
3 Robert B. Sommer. I am president-elect of the Neighborhood
4 Legal Services Association for Allegheny County.

5 To my right is Bob Racunas, our executive director.

6 We are here and very much appreciate --

7 CHAIRMAN WITTGRAF: Mr. Sommer --

8 MR. SOMMER: Oh, I'm sorry.

9 MR. LOINS: Okay. My name is Dwight Loins. I am
10 president of the National Organization of Legal Services
11 Workers. We are affiliated with District 65 of the UAW, and we
12 have a collective bargaining agreement with the employees at
13 Neighborhood Legal Services.

14 CHAIRMAN WITTGRAF: Thank you.

15 MR. SOMMER: I would like to make clear for the board,
16 Mr. Chairman, and board members, I am not here on behalf of
17 organized labor or people who have bargaining agreements. I am
18 here on behalf of my program. They have adequate
19 representation.

20 We have in Pittsburgh an emergency, and I regret to
21 inform you, Mr. Wittgraf, that that emergency has not been
22 resolved.

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1 A little background: Neighborhood Legal Services in
2 Pittsburgh was chartered in 1966. Currently its staff of 38
3 lawyers and 46 paralegals and support staff represent those
4 without other voices in a four-county area in southwest
5 Pennsylvania.

6 Due to funding restrictions -- Mr. Suarez, we could
7 use some of those extra funds, and I hope you find them. Due to
8 funding restrictions, our activities are limited to our
9 priorities, which currently include protection from abuse, which
10 accounts for over half of our current caseload, landlord and
11 tenant disputes dealing with housing and housing availability,
12 Social Security and other Welfare payment disputes, mortgage
13 foreclosures, we have been through something in the way of an
14 economic dislocation in Pittsburgh. I am happy to tell you we
15 are back, but some of the individuals in Pittsburgh are not
16 completely back yet and, unfortunately, qualify for our
17 services. Finally, bankruptcy is the only other area we are
18 currently able to cover.

19 From the start, Neighborhood Legal Services in
20 Pittsburgh has enjoyed widespread support of the bar, the
21 community at large, and it continues to enjoy that support.
22 That support of the broader community and the bar association

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1 has been demonstrated rather significantly recently in the form
2 of contributions of financial assistance from law firms,
3 corporate law departments, corporations and individual lawyers.

4 Those of you who are lawyers, if you have done any
5 fund raising for congressional races or other races, know
6 lawyers are not the easiest group from which to raise funds.

7 We are proud of the community involvement. We are
8 proud of that support. Even more important, lawyers in
9 Pittsburgh contribute their time to representing the poor
10 through working with Neighborhood Legal Services lawyers.

11 Not to overstate the matter, we may not have 1,000
12 points of light in Pittsburgh, but we have our share, and I
13 think the program we have in Pittsburgh represents the national
14 commitment for a coming together not only of government funding
15 but private contributions as well.

16 I am here today because those lights have been turned
17 out. Our funding has been terminated, eliminated, cut, as of
18 February 2. In addition, we have been requested to return the
19 funding we received in January.

20 The dispute that has brought about this termination
21 one would think would have to be a matter of the utmost and
22 extreme urgency to bring about a termination without a hearing,

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1 without recourse to the course, indeed, without discussion with
2 Pittsburgh Neighborhood Legal Services. If one would think
3 that, one would be mistaken.

4 The dispute that brings about this termination is a
5 dispute regarding the monitoring process. I believe it was
6 Mayor Collins this morning in commenting in general about
7 monitoring indicated he had heard that the monitoring process
8 was a bit adversarial. He thought it should be more
9 constructive. Amen to that, Mayor Collins.

10 I pledge to you, we have pledged in Pittsburgh our
11 commitment to a productive monitoring process. The problem in
12 the monitoring process is, by administrative fiat, the
13 Corporation has dictated that we are not eligible for funding
14 unless we commit to not have a policy which would limit access
15 of LSC to our personnel files. That request was made of us at a
16 time when we had a bargaining agreement already in place. We
17 could not change the agreement or the law ex post facto.

18 We informed LSC of this situation with our application
19 for 1990. Our checks were received in January, and then when we
20 submitted -- late, because they sent the forms late to us -- in
21 late January, we once again pointed out -- maybe candor is
22 Pittsburgh's problem -- the problem that we have, and the

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1 problem is that in the event during the monitoring process some
2 problems comes up, they need to know we've got a bargaining
3 agreement that is in place.

4 We have also committed, if it is the Corporation's
5 desire -- whether or not it should be the Corporation's desire
6 is a matter for another day -- we have committed, if you really
7 want us to, in our next bargaining agreement, when that contract
8 expires, if you want to make it a condition of our grant that we
9 eliminate that, we will go to the bargaining table with the
10 representatives and so inform them. But we can't change what
11 has already been done.

12 The reason I am here -- and this is a heck of a way to
13 get to meet you all. I have listened all day. You I can only
14 have tremendous regard for. You have come from all walks of
15 life, from all parts of the country, with walls and without, and
16 you are giving of your time, and you are facing a lot of issues,
17 and nine of you are new to the board, and here comes somebody
18 from Pittsburgh saying, "You've got to direct the executive
19 director to get real or I am going to be in court in Pittsburgh
20 in the Western District of Pennsylvania in an adversary
21 proceeding." Now, I submit to you, you can't make the
22 monitoring process more adversarial than that.

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1 I have, at Mr. Wittgraf's request, met today with Mr.
2 Shea. We discussed the issue. The issue can be broken down
3 into two questions: Are we talking about effective monitoring,
4 certainly a legitimate interest of the Corporation and, as the
5 Mayor observed, a legitimate interest of our local group? There
6 should be a sharing, a constructive process, of building from
7 our experiences. If we are interested in monitoring, in
8 achieving effective monitoring, Mr. Shea and I have no problem.
9 If we are interested in effecting a policy that has never, to my
10 knowledge, been debated by this board or its predecessor, that
11 is part of an administrative dictate, I cannot effect that, and
12 I cannot effect that resolution, because I cannot, with the
13 stroke of my pen, do what has been done to us. I cannot undo a
14 collective bargaining agreement.

15 I would submit to the board, the board finally should
16 be aware, these are legal issues that have been confronted by
17 LSC. They have gone to court in Oregon, sought to enforce
18 another Neighborhood group to follow the same dictate, and the
19 Corporation lost. I understand that that matter is on appeal.

20 I would pledge to you this: Anything we can do,
21 within the purview of the law, without violating agreements, we
22 are happy to do. I will meet with anyone, a committee or

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1 subcommittee of this board, with anybody on staff.

2 We have a monitoring meeting coming up. It is coming
3 up in the next two weeks here in February. There has been no
4 finding, there has been no conclusion, there has been concern
5 raised that that monitoring won't go well.

6 What has been raised is, "You won't agree to violate
7 your collective bargaining agreement, and until you agree to do
8 that, you don't get your money."

9 What I would urge is a directive from the board to the
10 staff -- and I fully appreciate -- I was a new board member not
11 so long ago at the local level, and I know what that is like,
12 and I fully appreciate what I am asking you, but we've got an
13 emergency. I would rather resolve it between us, rather than
14 going outside.

15 Thank you very much for your time.

16 MR. COLLINS: Mr. Chairman, I think he put the thing
17 very well. Can we focus it by having the other side tell us, so
18 we will know what the issues are?

19 CHAIRMAN WITTGRAF: Certainly. I am not sure who
20 best, Mr. Wear or Mr. Shea. Mr. Shea, would you like to
21 respond?

22 MR. SHEA: Sure.

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1 MR. COLLINS: We are not foreclosing your right to
2 speak further, but I would like to hear the two sides of it.

3 MR. SOMMER: Thank you.

4 CHAIRMAN WITTGRAF: Mr. Wear is going to go first and
5 then Mr. Shea.

6 MR. SUAREZ: Mr. Chairman, in connection with that --

7 CHAIRMAN WITTGRAF: Mr. Suarez?

8 MR. SUAREZ: Excuse me. So that I can get some simple
9 answers to basic questions, I understand that the issue is
10 related to obtaining the personnel files for our inspection of
11 all the employees. Is that the idea?

12 MR. SOMMER: Yes, sir.

13 MR. SUAREZ: And, secondly, we ought to, of course,
14 know about the timing of the collective bargaining agreement and
15 when are we talking about a renegotiation of that?

16 MR. SOMMER: Yes, sir.

17 MR. SUAREZ: Those two.

18 CHAIRMAN WITTGRAF: When would the renegotiations be,
19 Mr. Sommer?

20 MR. SOMMER: We were informed either in October or
21 November not to have this provision, okay, the offensive
22 provision, in our agreement. Unfortunately, as we informed LSC

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1 at that time, our collective bargaining agreement had been
2 renegotiated. We had reached a tentative agreement. That
3 tentative agreement included the offensive language. It was out
4 for a vote.

5 CHAIRMAN WITTGRAF: What is the term of the agreement,
6 one, two, three years?

7 MR. SOMMER: Three years, sir.

8 CHAIRMAN WITTGRAF: Three years.

9 MR. MOLINARI: When does it expire?

10 MR. HALL: 1992?

11 MR. SOMMER: '92, yes, sir.

12 MR. MOLINARI: You said a tentative agreement?

13 MR. SOMMER: Yes.

14 MR. MOLINARI: You had reached a tentative agreement?

15 MR. SOMMER: Yes, sir.

16 MR. MOLINARI: When you used the term tentative, I
17 take it that --

18 MR. SOMMER: It was out for vote by the union members,
19 sir.

20 MR. MOLINARI: I see.

21 CHAIRMAN WITTGRAF: It is not tentative now. It has
22 been --

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1 MR. SOMMER: Oh, yes. No, it has been -- I was
2 informed -- I am no labor law expert, but at that point in time
3 --

4 MR. MOLINARI: You couldn't stop it?

5 MR. SOMMER: We could not then go back and say we
6 wanted to take back any particular clause. It was up to them to
7 vote thumbs up or thumbs down. They voted thumbs up. I assure
8 you, this clause had nothing to do with that. It was other
9 issues that controlled.

10 MR. RACUNAS: If I may add before Mr. Wear speaks,
11 this agreement is the same agreement that has been in the
12 contract since we signed our first collective bargaining
13 agreement in 1983. Since that time there have been two
14 monitoring visits that took place, and there was never a dispute
15 raised over the ability of the Corporation to get access to
16 everything they needed for monitoring visits. That is why it is
17 such a concern to us at this point. We have pledged that we
18 will do everything we can cooperatively, but we will not be put
19 in a position to violate the law based on this directive at this
20 point.

21 We understand there are balancing issues that have to
22 be weighed here. It is just a matter of we were not given that

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1 chance to balance issues. We received no check in the mail, no
2 indication -- and my board president -- I still haven't received
3 the letter. My board president received the letter, called me
4 up and said, "We are not going to receive a check and we are to
5 send back the first two checks."

6 It certainly has created a dampening effect on the
7 morale of my staff, and it has caused great concern in the
8 client community in Pittsburgh.

9 CHAIRMAN WITTGRAF: Let's go ahead and let the union
10 representative speak.

11 MR. LOINS: Yes. First of all, let me say, I am not
12 here to speak for management -- first of all. Let me just say,
13 I mentioned before, I am president of the National Organization
14 of Legal Services Workers. I have worked prior to that for six
15 years in the Legal Services program in New York, so I am fully
16 familiar with the programs and how monitoring works and the
17 whole process.

18 I need to give you a little background. The union
19 movement in Legal Services started about 15, 16 years ago, so
20 there have been contracts in many Legal Services programs for
21 that period of time.

22 In the earliest contracts, there were provisions that

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1 limited access to confidential information, and, you know, these
2 provisions were not bargained whimsically. This came out of a
3 process and was negotiated by people who had sensitivity around
4 this kind of concern.

5 The Legal Services Corporation historically has not
6 had a problem with that. All of these programs have been
7 monitored, obviously, and LSC has always been aware of the
8 existence of collective bargaining agreements and with
9 provisions that limited their access.

10 Now, when this issue has come up in the past,
11 historically, in most programs, some sort of accommodation was
12 reached. In many situations, the monitors were able to get the
13 information they wanted anonymously. They did not have to know
14 the particular name of the person whose file was being
15 discussed. In other situations, redacted documents were turned
16 over, so that people could not be and would not be identified,
17 and that served the purpose of the Legal Services Corporation.

18 Now, it was mentioned that this issue went to
19 litigation recently in Portland, Oregon. We were in a situation
20 where, frankly, we had no choice but to go into court in Federal
21 District Court in Portland. I don't know if you have seen a
22 copy of the court order, but I have a number of copies here and

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1 I would suggest that you read them, because I think you will
2 find them most instructive.

3 The court there said very clearly -- after listening
4 to and examining voluminous documents submitted by LSC
5 justifying their demand for personnel files, the court said very
6 clearly that access on that level, that level of intrusiveness,
7 was not reasonable and necessary under the circumstances, and
8 permanently enjoined LSC with respect to getting files from that
9 particular program.

10 Now, unfortunately, obviously, the decision was
11 limited to that program. We also are watching the situation
12 very closely in Pittsburgh. If that program is defunded, our
13 members are going to lose their livelihood and will be
14 distressed.

15 We intend to, if necessary -- and we are not looking
16 to do this -- obviously, we are going to have to file our own
17 lawsuit, and will, in fact, try to seek class action relief in
18 this situation.

19 But the basic point I want to make here, however, is
20 we are not looking to litigate against anybody. The basic point
21 I want to make is that LSC has, throughout its history, been
22 able to monitor unionized programs with limited difficulty. It

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1 has been fairly recently, and I will have to say that it has
2 coincided with Terrance Wear's administration. Fairly recently,
3 LSC has taken a fairly rigid position on this issue and has
4 refused to enter into discussions, at least as far as the union
5 is concerned, to try to resolve this.

6 There are any number of ways, it seems to me, that
7 this can be resolved that gives LSC the information it needs--
8 we are not here to block anybody -- but at the same time
9 recognizes that the workers in the program do have legitimate
10 concerns about confidentiality. There are any number of things
11 that go in a personnel file, that relates to a person's family
12 history, that relates to perhaps their medical history, that
13 relates to their political and social affiliations, which,
14 frankly, are none of the business of the Corporation.

15 We would urge that, one, of course, that you order
16 that the February checks be issued to the Pittsburgh program,
17 but also that you initiate an examination, a careful
18 examination, of the grant condition that LSC has imposed, that
19 you have the Corporation, have the managers of the Corporation,
20 come before you and demonstrate in a report why they need the
21 information on this level of detail. I think you will find,
22 just as, frankly, the judge in Portland found, that, frankly,

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1 this level of intrusiveness is unnecessary and unwarranted.

2 MR. COLLINS: Thank you. Mr. Chairman, can we hear
3 the other side now, so we can focus on the issue?

4 MR. SUAREZ: Mr. Chairman, before we hear the other
5 side, because I think we are the other side --

6 MR. COLLINS: No, we are not. We are the judges. I
7 want to hear what the issue is.

8 MR. SUAREZ: Mayor Collins, let me just propose
9 something. Before we hear the other side, it sounds like we
10 have other issues to consider today, and I don't know how
11 constrained the rest of us are as to time, but, Mayor, doesn't
12 it seem to you that, from hearing them, that there are all kinds
13 of temporary things that could be done here without resolving
14 the ultimate question and without getting into, again, an
15 adversarial discussion here?

16 It sounds like they want to negotiate. Couldn't we
17 give our --

18 MR. COLLINS: I suggested to the president this
19 morning that he ask them to negotiate. That has been going on
20 all day with zero progress, so therefore, since I don't know
21 what the issue is, will somebody on behalf of the granting
22 organization tell us what the issue is?

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1 CHAIRMAN WITTGRAF: Mr. Wear?

2 MR. WEAR: Thank you, Mr. Chairman. Mr. Chairman,
3 this issue came up last year with regard to the access of
4 certain kinds of materials during the course of our monitoring
5 visits. Very simply, the Corporation is required, under the
6 Equal Employment Opportunity statutes and regulations and some
7 of our own statutes and regulations to look at and examine
8 various kinds of information.

9 We began to experience problems last summer, if I
10 recall, perhaps earlier than that, with access to this
11 information. Again, we had not had those problems prior to that
12 time.

13 As part of an attempt to resolve those problems, we
14 adopted a grant condition this year that required the individual
15 recipient of Legal Services funds to make these personnel files
16 available. When that grant condition went out, there were a
17 number of programs, all of them with union contracts, I think in
18 the neighborhood of between 60 and 70 programs, that said,
19 "We've got a problem with this. We aren't going to be able to
20 deal with this. Is there some way we can resolve it?"

21 So, as a compromise, we set up a compliance file where
22 certain pieces of information went into the file, other things

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1 did not. For example, the medical history of the individual is
2 not in this compliance file but there are some other things that
3 are.

4 That proposal was acceptable to every program that had
5 a concern, and indeed I thought it was acceptable to the
6 Pittsburgh program, because when the Pittsburgh program sent its
7 response to us, they indicated that they were going to abide by
8 all the grant conditions, the initial letter that went to the
9 program, dated December 28th, indicated that if there was any
10 modification of the terms and conditions, that we were going to
11 treat that as a rejection and as a counter offer, and that we
12 would not have any sort of an agreement between the Corporation
13 and the program.

14 The program later advised us that in fact they were
15 not going to comply with that provision, that is, to set up this
16 compliance file. We then sent them a letter, which I signed,
17 indicating that in light of their statements, we did not have a
18 contract, that we did not have an agreement, and we were asking
19 for the money back. There was no termination, as such, of the
20 grant, because no grant existed. It was all conditioned on the
21 acceptance of that.

22 I think also that the fact that we were able to

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1 resolve this, the compliance file, with the other programs I
2 think speaks well of the Corporation's intent on this.

3 The Pittsburgh program first contacted the Corporation
4 Friday afternoon to discuss this. We have talked with them.
5 One of the proposals at that time was that the program was going
6 to obtain written consent from their employees to put this
7 information into the file. I think that would obviate any
8 concerns that we have, and I would urge you all to go back and
9 see if you can do that. If that doesn't work out, we will talk
10 to you about whatever else we may be able to come up with to
11 resolve that.

12 I don't think that this is a big deal and I think that
13 it can be resolved.

14 MR. SOMMER: Do you think the absence of our check for
15 February is a big deal, Mr. Wear?

16 MR. WEAR: Well, again --

17 MR. SOMMER: I do.

18 MR. WEAR: Well, again, look, I would urge you --

19 MR. SOMMER: I would agree with you, it is not a big
20 deal, and the procedural issue can be resolved. I would
21 appreciate having our check and having funding be assured so
22 that we can reach that consensus that we both agree isn't a big

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1 deal.

2 MR. WEAR: Well, I would urge you to go home, get
3 these releases, and we can get your check out to you very, very
4 promptly.

5 MR. SOMMER: I am here to tell you that when I go
6 home, if we don't have assurance that we have resolved at least
7 the funding issue, what you will be receiving from us will not
8 be releases.

9 MR. LOINS: Well, I can resolve the question of
10 releases right now. I am in touch with our members in
11 Pittsburgh, and not because anybody is looking for a war or
12 anything, but people believe in their collective bargaining
13 agreement. They struggled across the bargaining table to
14 achieve what is in the agreement. They are not about to waive
15 it, just because, frankly, you decide today that they should.

16 MR. SUAREZ: Mr. Chairman?

17 MR. WEAR: Mr. Chairman?

18 MR. SOMMER: I just want to make one legal point. I
19 can't avoid my training. The language that is of such great
20 concern, there is a particular phrase that is being ignored by
21 the Corporation, that is, we can't turn over files to third
22 parties. That is a legal process. I submit, as the judge in

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1 Oregon suggested, that if there is a legally cognizable and
2 recognizable interest being served by turning over this
3 information, the Corporation can either get an order to have it
4 turned over en masse, which then we would be in compliance with
5 the bargaining agreement, or, if there were specific files that
6 they needed that could not be waived, that would not be waived,
7 they could get a specific legal order.

8 The issue is not whether or not we are going to have
9 effective monitoring. We have had effective monitoring, and we
10 can have it. The issue is whether Washington dictate prevails
11 over local existing agreements.

12 CHAIRMAN WITTGRAF: Mr. Suarez?

13 MR. SUAREZ: I am inclined initially to say that our
14 president has kind of contradicted himself to say that we did
15 not have these requirements in place, however, they were legally
16 required, so we decided to put them in place, which means we
17 must have been violating the law prior to putting them in place,
18 but I gather that is not really what he is saying, although that
19 is what it sounds like he is saying.

20 I gather that some Equal Opportunity legislation that
21 we have not heard the wording of requires a certain amount of
22 information to be obtained from personnel files of our grantee

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1 agencies. If that is the case, and if what I hear from them is
2 correct, there are many, many ways to solve that. It sounds
3 like one way to do it is to anonymously give over certain files
4 to gather the information you need from those files with the
5 supervisory input of someone from the Corporation. I don't
6 know, just a myriad of different ideas and possibilities come
7 up.

8 Why, at the level of this board in this adversarial
9 manner we should have to delve into this, I don't understand. I
10 don't agree with it. I wish that -- I feel like a judge with 10
11 co-judges here, listening to these legal arguments, and really
12 it sounds like we are just going to go into litigation.

13 I would propose right off the bat that we instruct our
14 president to allow the funding, at least on a temporary basis,
15 to proceed for the months of February, March, whatever it takes
16 for us to review this and give him very specific instructions to
17 negotiate with a mindset of trying to solve this problem. It
18 doesn't sound to me like it is unsolvable. If it is, then, of
19 course, we are going to end up litigating.

20 But for Legal Services Corporation to be litigating
21 with its own grantee agencies to me sounds like just the worst
22 possible scenario.

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1 CHAIRMAN WITTGRAF: Gentlemen, when is the monitoring
2 schedule?

3 MR. RACUNAS: February 28th through March 2nd.

4 MR. COLLINS: Mr. Chairman, may I ask one question of
5 the gentlemen who represents the union?

6 CHAIRMAN WITTGRAF: Yes.

7 MR. COLLINS: The president says that there were 40 to
8 60 other people with union agreements who resolved this problem,
9 and Pittsburgh is the only one that did not. Was there
10 something unique about Pittsburgh?

11 MR. LOINS: The Pittsburgh representatives would be
12 able to answer that, but that is actually not my understanding
13 as to what happened. My understanding is that, for the most
14 part, the unionized programs did in fact, in their responses to
15 LSC indicate that they had collective bargaining agreements and
16 indicated whether or not those agreements limited access and put
17 LSC squarely on notice to that effect.

18 The only thing that I see here that might be different
19 -- and I am not privy to the discussions back and forth -- is
20 perhaps Mr. Wear did not like the particular language that was
21 used in Pittsburgh, but in substance there is no difference, I
22 don't believe, between what Pittsburgh did and what most of the

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1 other programs did.

2 CHAIRMAN WITTGRAF: The chair would like to resolve
3 this, at least on a temporary basis. The chair would like to
4 believe that this can be resolved, short of the litigation that
5 everybody is pledging not to want to see come about. The chair
6 will defer to Mr. Wear for just a moment and ask -- first of
7 all, if my understanding is correct, you have funding which has
8 been requested back. That is funding that covers January and
9 February of 1990?

10 MR. SOMMER: January.

11 CHAIRMAN WITTGRAF: January of 1990.

12 MR. RACUNAS: January and December. It is Month 1 and
13 Month 12.

14 CHAIRMAN WITTGRAF: Okay. December of '89 and January
15 of '90.

16 MR. RACUNAS: No, it is both of '90. It is Month 1,
17 which would be January, and Month 12 of 1990.

18 CHAIRMAN WITTGRAF: '90, okay. So if I understand
19 you, then, funding for the months of February and March of 1990
20 should give us 45 days, as well as another board meeting, in
21 which to resolve, short of litigation by somebody this matter.

22 MR. SOMMER: Yes, sir.

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1 CHAIRMAN WITTGRAF: Is that feasible, Mr. Wear?

2 MR. WEAR: Well, Mr. Chairman, I would suggest that we
3 go forward with the monitoring visit and see how things go. In
4 the meantime, we can send a payment equal to the February amount
5 of money for the program. That will give them three months
6 worth of money, and we should have the problem resolved with
7 that.

8 CHAIRMAN WITTGRAF: It is the chair's belief that it
9 should be February and March, because we have a meeting in mid
10 March and, rather than having a crisis between now and mid March
11 --

12 MR. SOMMER: I have always wanted to see Cherokee, Mr.
13 Chairman>

14 CHAIRMAN WITTGRAF: You are welcome, as I indicated,
15 any time.

16 MR. SOMMER: I like Des Moines.

17 CHAIRMAN WITTGRAF: Any problem with February and
18 March?

19 MR. WEAR: Not if that is your decision.

20 CHAIRMAN WITTGRAF: Without objection, the chair will
21 ask the president to provide payment for the months of February
22 and March, a one-sixth payment, as I understand it, to

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1 Neighborhood Legal Services Association of Pittsburgh this week.
2 Is there objection?

3 MR. COLLINS: No, but let me just say that that should
4 not be perceived by Pittsburgh as surrender. There is some
5 burden on you to work this deal out. Don't put all the burden
6 on LSC.

7 MR. SOMMER: Mr. Mayor, I would like not to think in
8 terms of surrender. Mr. Suarez said it, we are all in this
9 together.

10 MR. COLLINS: That is right. That is right. So let's
11 resolve it together. That is the point.

12 CHAIRMAN WITTGRAF: Mr. Guinot?

13 MR. GUINOT: Yes. Again, you know, you hear these
14 things and you wonder where the middle ground is, and sometimes
15 you don't find any middle ground, but I make notes to myself,
16 and I seem to be going back and forth between the two extremes.
17 I would like to know prior to the next meeting, Mr. Chairman,
18 what specific information is being protected, and I don't know
19 that. At least, it was not in my package.

20 And then how is it needed for the monitoring?
21 Because, you see, I just finished filling out a million forms to
22 be able to sit here, and I am by nature very upset at having to

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1 tell the government and everybody in this country what the heck
2 I do or if I own stock in whatever, and I realize that there is
3 a necessity for it, but I don't like it.

4 So I think the burden should be on us, meaning the
5 Corporation, to say why in the devil we want these people to
6 tell us that, and it should be convincing. It would seem to me
7 that, all things being equal, I would look towards the burden of
8 proof being on this side.

9 However, then I am tempered by the fact that the LSC
10 staff seems to be willing to negotiate and get to an agreement
11 and all I get is threats of litigation from the other side,
12 which don't scare me. I have made a living doing that.

13 So I would like to ask you to sit down and work this
14 out. I am very happy that the chairman is being very wise in
15 giving us the time that we need.

16 But having said all those things, I really would like
17 to know what it is that we want and why, and, really, the burden
18 should be pretty much on us to provide that.

19 CHAIRMAN WITTGRAF: I think, Mr. Guinot, that the
20 whole question of monitoring is one that will be addressed in
21 some detail probably by a variety of people on the first of the
22 two days when we meet in mid March, and I suspect that we will

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1 get into the merits and the demerits at that time.

2 Gentlemen, is that adequate?

3 MR. SOMMER: That is more than adequate.

4 CHAIRMAN WITTGRAF: Thank you.

5 MR. SOMMER: Thank you. Thank you very much.

6 CHAIRMAN WITTGRAF: The final item on the agenda this
7 afternoon, No. 7, is a review of issues or controversial
8 activities involving Legal Services Corporation funding, an item
9 that was requested to be included on the agenda by one of our
10 board members and, at least in the mind of the chair, represents
11 a bit of an introduction to what will be our first day's
12 activity when we get together in March.

13 At this time I will ask Mr. Wear to introduce the
14 subject of burning issues to the board. Mr. Wear?

15 MR. WEAR: Thank you, Mr. Chairman. From its
16 establishment in the 1960s as part of the Federal Office of
17 Economic Opportunity Programs, the Federal Legal Services
18 Program has been controversial. In fact, it has been so
19 controversial that when Congress created the Legal Services
20 Corporation in 1974, it included in that organic statute several
21 provisions that were intended to keep the Legal Services
22 Programs out of areas of controversy. Some of these provisions

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1 prohibited lobbying and political activity, also prohibited the
2 handling of certain kinds of cases, such as desegregation cases
3 and draft resistance cases, also abortion cases.

4 While there was and I believe still is a strong
5 consensus among Members of Congress that a Federal Legal
6 Services Program is an essential part of our legal system, many
7 in Congress believe that the involvement by Legal Services
8 Programs in political or controversial issues not only does not
9 promote the programs' mandate to provide basic legal services
10 but actually threatens the existence of the program.

11 Indeed, Mr. Chairman, the continued involvement of
12 Legal Services attorneys in political matters and controversial
13 cases is largely responsible for the program's current fragile
14 existence. This program, Mr. Chairman, has not been
15 reauthorized since 1977. It exists from year to year only
16 because Congress violates its own laws, its own rules, rather,
17 and appropriates money for it in an annual appropriations act.

18 As part of the process, Congress fills each
19 appropriations measure with a new series of prohibitions and
20 instructions. Each year the debate over appropriations for the
21 Legal Services Program is contentious because of activities
22 carried out by local Legal Services programs that go beyond the

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1 role of activity commonly accepted as being appropriate for
2 them.

3 For example, Mr. Chairman, in response to a request by
4 Senator Orrin Hatch in 1984, the Corporation surveyed the Legal
5 Services programs and discovered that 34 of those programs had
6 spent more than 28,000 hours and over \$600,000 on congressional,
7 state and local redistricting or reapportionment matters after
8 the 1980 Census. Redistricting is inherently political.
9 Redistricting lobbying and litigation are matters that are more
10 appropriately handled by political parties and other interest
11 groups, not by Legal Services attorneys with a mandate to
12 provide routine, day-to-day legal services to poor individuals.
13 And I might say, Mr. Chairman, that over the last year the
14 Corporation adopted a regulation specifically outlawing this
15 sort of conduct.

16 Another controversial issue, Mr. Chairman, is that of
17 abortion. The Legal Services Corporation Act and the subsequent
18 Appropriations Act prohibit the Legal Services programs from
19 engaging in abortion litigation. However, some of the Legal
20 Services programs, by attempting to exploit various loopholes in
21 the LSC Act and regulations, have been active in many of the
22 major abortion cases of the last decade, and are in fact

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1 currently active in several abortion-related cases in
2 California.

3 There are other political activities and causes, Mr.
4 Chairman, that have concerned Members of Congress and the
5 public. One Legal Services program was active in the lobbying
6 effort to oppose Judge Robert Bork's appointment to the Supreme
7 Court. The General Accounting Office is currently investigating
8 that particular incident.

9 A Texas program, Texas Rural Legal Aid, which is well
10 known to Mr. Hall, using funds awarded by the Corporation to pay
11 for the representation of migrant farm workers, sued the U.S.
12 Government to permit the delivery of a convoy of trucks to the
13 Sandinista Government in Nicaragua. Even Congressman Frank, who
14 is chairman of the Corporation's oversight subcommittee, that
15 is, the Subcommittee on Administrative Law and Governmental
16 Relations of the House Judiciary Committee, and an admittedly
17 close friend of the program and I think recognized as such by
18 all, stated that Texas Rural Legal Aid's involvement in this
19 matter was a grave error and that this is not what the Legal
20 Services Program was set up to do.

21 The involvement by Legal Services attorneys in these
22 and other controversial matters is unfortunate.

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1 MR. SUAREZ: Mr. Wear?

2 MR. WEAR: Yes, sir.

3 MR. SUAREZ: Run that one by me again. What did they
4 do?

5 MR. WEAR: They were representing a group of political
6 protesters in Texas who were interested in taking a convoy of
7 vehicles to Nicaragua.

8 MR. SUAREZ: To help which side, now?

9 MR. WEAR: The Sandinista Government, sir.

10 MR. SUAREZ: Not recommended action by this board.

11 MR. WEAR: Well, not recommended by anyone, as best I
12 can tell.

13 The involvement by Legal Services attorneys in these
14 and other controversial matters is unfortunate, not only because
15 it threatens the existence of the federal program but also, and
16 I think more importantly, because the resources that go into
17 these kinds of matters are resources that are not being spent to
18 deliver basic legal services to poor individuals.

19 The Legal Services Program is the only federal program
20 that provides legal assistance to persons who cannot otherwise
21 afford a lawyer. If a woman seeking child support is turned
22 away from a Legal Services office, she frequently has nowhere

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1 else, realistically, to turn, yet the priorities of the Legal
2 Services programs do not match the basic human needs of the
3 clients that these programs are supposed to serve.

4 When the Federal Legal Services Program was
5 established 25 years ago, Mr. Chairman, the problems faced --

6 MR. SUAREZ: Mr. Chairman is not there. Mr. Wear?

7 MR. WEAR: Yes.

8 MR. SUAREZ: If I may, I don't know who is acting
9 chairman here but -- thank you, Vice Chairman. Could I
10 interrupt? He is going on and on and on. I agree, and I think
11 maybe all of us agree that these are prohibited or at least not
12 recommended uses of what this Corporation's resources are
13 supposed to be.

14 Now, you emphasized in a prior item very much your
15 monitoring function. Why isn't this resolved by monitoring, and
16 why wouldn't it be just the kind of thing that would lead you to
17 recommend no further funding for the agency in question?

18 MR. WEAR: Well, indeed, Mr. Suarez, those points do
19 come up. In fact, I have to tell you that this particular
20 instance was not uncovered in a monitoring visit because the
21 program --

22 MR. SUAREZ: What was your recommendation as to that

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1 agency? That they get refunded?

2 MR. WEAR: Well, indeed, I have sent them a letter
3 very recently -- their time for response, as I recall, expires
4 today -- wherein I told them in essence unless they can show
5 cause why it should not be done, that I will reduce their
6 funding for this fiscal year by 9.95 percent. That is a sort of
7 measured response, I guess, to it.

8 Part of the problem with doing a bigger response or
9 not funding them at all is that the provisions dealing with
10 termination of a grantee are very involved, they are very
11 expensive. We have done it in the past, but it costs in the
12 neighborhood of four to five hundred thousand dollars to
13 undertake that sort of an operation with regard to a determined
14 grantee.

15 MR. SUAREZ: Wait. I am missing something here, Mr.
16 Vice Chairman. You terminated Allegheny effectively, or at
17 least suspended their financing or funding for a period of time,
18 and that didn't seem to require any convoluted proceeding.

19 MR. WEAR: Well, that was not a termination. We
20 didn't have a contract.

21 MR. SUAREZ: They certainly understood it as such.

22 MR. WEAR: Well --

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1 MR. SUAREZ: In any event, what do you propose for us
2 to do? Mr. Vice Chairman, how can we tackle the issue of
3 agencies, grantee agencies, and begin to do the kinds of things
4 the mayor is concerned about?

5 I have to put on the record that I have a particular
6 bias on the issue of abortion, being the ninth of fourteen kids.
7 I tend to prefer life to the termination of life at any time,
8 from its beginning, and I know that is in the statute, anyhow.
9 Isn't it in the statute, the enabling statute, anyhow? So we
10 have plenty of powers to act on agencies that begin to sort of
11 run afoul of what we understand to be the more basic legal needs
12 of the poor, including child support cases, as you point out.

13 Oh, I have no idea what that chart means back there.
14 By the way, I have been trying to figure out what it means.
15 Somebody maybe explain it at some point.

16 MR. WEAR: Yes, I am going to do that for you.

17 VICE CHAIRMAN ERLNBORN: Before you respond to the
18 question, do you want to complete reading this, or do you want
19 to put it in the record and we will let each of the members of
20 the board read it for themselves, and you can summarize? I
21 sense that we would like to get on to what other discussion
22 there might be on this issue and terminate the meeting

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1 expeditiously.

2 MR. WEAR: Yes, Mr. Chairman. If I may, Mr. Chairman,
3 I would ask that these remarks be printed in the transcript of
4 the meeting. I will also ask the secretary to distribute them
5 to the board members.

6 If I may, Mr. Suarez, let me comment for just a few
7 moments on this chart. In some of these remarks, I was trying
8 to point out to you and to the other members of the board some
9 of the controversy associated with this program, and this
10 controversy is not a liberal versus conservative controversy.
11 It is a controversy over what the purpose of Legal Services is.

12 The purpose of Legal Services, Mr. Chairman, is to
13 assist poor people with their day-to-day legal problems. That
14 was what the program was set up to do. From time to time some
15 other people got hold of it who thought it ought to be doing
16 other things, but the bottom line is, that is its purpose.

17 Now, one of the principal needs that we have in this
18 country today is to combat the effects of poverty. In fact, the
19 demographers who have examined this tell us that the face of
20 poverty has changed.

21 MR. SUAREZ: Mr. Chairman?

22 VICE CHAIRMAN ERLBORN: Yes.

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1 MR. SUAREZ: Can I get him to explain the chart,
2 please?

3 MR. WEAR: Okay. The face has changed. Poverty right
4 now is made up of women who are divorced and supporting children
5 or women who have children and no husbands.

6 The principal way to combat that is through moving
7 into the child support area and getting child support orders and
8 enforcing those orders and establishing paternity in those cases
9 where it needs to be done.

10 In the last year for which we have data, our programs
11 did approximately 1.4 million cases that report those to us.
12 Out of that, approximately 37,000 were family type cases, not
13 all of them child support.

14 We have put together some numbers with some
15 extrapolations to show what would happen if we earmarked monies
16 for child support. If we earmarked \$100 million, Mr. Chairman,
17 we could handle approximately 490,000 cases in this area, and we
18 could improve the lives of probably twice that many children by
19 simply doing that.

20 VICE CHAIRMAN ERLNBORN: Mr. Wear, it appears to me
21 that, although this is I think quite interesting, it doesn't
22 really meet the agenda item, which has to do with the

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1 controversial cases of use of grants by local recipient
2 organizations.

3 MR. WEAR: Well, what I intended to say, Mr. Chairman,
4 was that this is the way out of the controversy. This is the
5 way out of the controversy, is to focus our funds on this sort
6 of activity.

7 There was another proposal that made the rounds on the
8 Hill last year dealing with using our Legal Services programs to
9 get drug dealers out of poor neighborhoods. That is another
10 area on which we can focus our resources.

11 I intend, Mr. Chairman, to provide a notebook,
12 together with an index of the various issues that the board is
13 going to have to deal with over the next two years. I don't
14 have that notebook put together yet here this afternoon, but you
15 should be getting that in the mail in the very near future.

16 But this is the way out of these issues. I don't
17 think it is going to be helpful to this board or to the Congress
18 or anybody else to try to figure out who struck John on these
19 political cases in Texas or redistricting, the abortion cases in
20 California, or the other hot-button issues.

21 The important thing is to get on beyond that and to
22 get Legal Services off the front page of the papers and into

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1 this very productive and very non-controversial area. We can do
2 just tremendous amounts of good in this sort of thing if we can
3 focus our resources on child support, if we can focus our
4 resources on improving conditions in neighborhoods by getting
5 these drug dealers out.

6 And I am sure, Mr. Chairman, that I can give you a
7 number of other instances very similar to this as to what the
8 Legal Services programs could do to get out of the controversy
9 and into this. Yes, sir?

10 MR. SUAREZ: One simple question, Mr. Chairman, on the
11 chart.

12 VICE CHAIRMAN ERLBORN: Mr. Suarez.

13 MR. SUAREZ: Am I to understand or are we to
14 understand that if we spent, let's say, \$100 million, which I
15 gather is about a third of our total budget, on child support
16 cases, and if there were that many, which I presume he is
17 indicating or assuming that there are, that we might be able to
18 solve as many as 489,000 of them, which would then constitute I
19 guess about 40 percent of the total number of cases closed? Is
20 that what the chart is supposed to illustrate?

21 MR. WEAR: Yes, sir, I think that is accurate.

22 MR. SUAREZ: I have to say it is the most interesting

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1 chart I ever seen in my entire life, in government or otherwise.
2 You have a bunch of different things of information up there,
3 because there is an assumption that you have this many potential
4 cases, and maybe you do.

5 MR. WEAR: Yes, sir. I checked that out before this
6 chart was put together, and in fact those cases exist. This is
7 not something that would be difficult to implement among the
8 various programs. Some programs I suspect would have more
9 opportunity than others to get involved in this.

10 I can tell you, Mr. Suarez, that in Los Angeles County
11 alone before four and five thousand child support cases go by
12 the boards each month because there is nobody there to do them.
13 The backlog in Houston I am told is between two and four years
14 on these cases.

15 MR. SUAREZ: I just want to point out that if that
16 were to happen, he would have increased the child support cases
17 by 1,500 percent in one fell swoop. Now, I don't know that we
18 could do that in any event, because presumably we are not
19 mispending \$100 million of our budget with the cases that you
20 believe and that I think maybe the rest of us believe we should
21 not be delving into.

22 But the chart is just quite a chart.

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1 MR. WEAR: Well, indeed, I think it reflects the
2 priorities that the program can move toward. If we want to get
3 out of the controversy and get the Legal Services Program off
4 the front pages of the newspapers, as some people have told me,
5 I think this is a very viable and a very effective and a very
6 good way to go to do that.

7 MR. SUAREZ: Mr. Chairman, he is philosophizing again,
8 and I have to tell all of the board, and I beg your indulgence,
9 but I have to get back to my city. I hope that I will be back
10 at the next meeting, if it is two days, and that we somehow
11 manage to stay onto the point of the issues a little bit more so
12 we can vote more effectively.

13 MR. HOUSEMAN: Mr. Erlenborn, could I just be heard on
14 this chart for just a second?

15 MR. COLLINS: Just a minute. Mr. Chairman?

16 VICE CHAIRMAN ERLENBORN: Yes, Mayor Collins.

17 MR. COLLINS: Before the mayor goes, I agree with you,
18 Mr. Mayor, that the whole question of monitoring means control,
19 but even though things are prohibited by the statute, it would
20 appear from whatever reading I have been able to do, the defense
21 in most cases is, "We didn't use your dollars. We used the same
22 lawyer, but he was using private dollars in the afternoon."

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1 Now, I don't want to be on the front pages in
2 connection with this thing, either, but I do want to carry out
3 what the law says we should carry out, and it is incumbent upon
4 us to find some way to control the appropriate expenditure of
5 this money, and remember that our obligation is to the
6 individual citizens, the poor who have been denied access. It
7 is not to support elitist lawyers trying to revise the structure
8 of our government through the judiciary, rather than through --

9 MR. SUAREZ: And, Mayor, if I may add -- Mr. Chairman,
10 if I may add, that the political questions that you are talking
11 about I think properly fall before the elected officials, and if
12 we shirk our responsibility that way -- we have a lawsuit right
13 now in our county to split it into single-member districts, and
14 we take a very aggressive posture. I am not even sure that that
15 should be resolved by the courts, but, of course, if the
16 politicians in questions are not doing a good enough job, I
17 guess that is the only recourse we have available. But at least
18 we did not ask a federally funded corporation to try to change
19 our local political systems for us. That is our responsibility
20 as elected officials.

21 And I fully agree with you and with the tenor of the
22 statute in that sense. I don't want to give the wrong

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1 impression.

2 MR. COLLINS: I knew you did.

3 MR. MOLINARI: Mr. Chairman?

4 VICE CHAIRMAN ERLBORN: Yes.

5 MR. MOLINARI: While we are on the general question of
6 policy of the board and practices of some of the recipients, I
7 think it has been interesting to hear the dialogue that took
8 place so far, particularly since we have heard from the
9 Democratic Mayor of Miami, and, Mayor Collins, coming from where
10 you come from, I have to assume you are a Democrat as well.

11 MR. COLLINS: Still am, although I am still trying to
12 reform the body, and not succeeding.

13 MR. MOLINARI: Well, I think it does reflect a
14 wholesome attitude on the part of this board. I think we are
15 all trying to feel our way as to where we are going, and so far
16 what I hear is pretty much of a consensus emerging that -- I
17 haven't heard anybody speak to the contrary yet -- that in fact
18 the mission of the board has not been followed in the past.

19 I would hope that this board -- and I think they will
20 -- I hope that they can stick to the mission of Legal Services
21 Corporation, and for what I have heard I am very encouraged. I
22 think we have to stop some of the practices of the past,

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1 because, without question, in my mind, and from what I have
2 read, there has been a tremendous amount of diversion of public
3 funds from sources to which it is supposed to get and doesn't
4 get there.

5 So I guess as we go on to the future of this board, I
6 feel somewhat comfortable as a result of what has transpired so
7 far today. I feel that we are going to be working together and
8 hope to avoid a lot of the controversy that has plagued this
9 board over the years, and work together on a one to one basis,
10 and maybe even have some subcommittees.

11 I was delighted with what our chairman did before with
12 Pittsburgh. I think that was a very common sense solution, and,
13 frankly, one that I was going to suggest before he did.

14 So I think that what we have seen so far is very
15 healthy indeed, and I only hope that we can remain this way and
16 have a good exchange, and I think we will. So whatever the
17 controversy has been over the past, I thought that we would
18 never be able to get this board focused in the right direction.
19 I think I was wrong. I think we are going to be able to, and I
20 am optimistic.

21 MR. GUINOT: Mr. Chairman?

22 VICE CHAIRMAN ERLNBORN: Mr. Guinot, I am going to

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1 recognize you in just a moment. Let me make the observation, as
2 President Wear mentioned in his statement, we have not had a
3 permanent authorization enacted for the Corporation since 1977,
4 and since about the beginning of the 1980s, the authorization
5 has been annually through the appropriation process. In this
6 process the restrictions against the use of funds for abortion
7 cases, and reapportionment I guess is in the regulations, but
8 all of these things have been handled on an annual, rather ad
9 hoc, basis.

10 It is my hope that under the leadership of this new
11 board, once we have been nominated and confirmed, that we might
12 be able to get permanent authorization for the Corporation, and
13 in that process get the limitations that can be agreed upon by
14 the Members of Congress that they want to write into law
15 established along with that authorization.

16 Now, it appears to me that President Wear is
17 suggesting that rather than rely on these limitations in the law
18 and in the regulations, we use sort of a back door approach.
19 Rather than saying, "Don't use this for abortion. Don't use
20 this money for redistricting cases," that we earmark funds so
21 that there would not be any available to them.

22 I think, for my own part, I would rather have the

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1 limitations enforced, so that we would have the policy
2 established properly by the Congress and by this board and then
3 see to the enforcement. But I think that is something that we
4 have to consider, whether we should give up trying to enforce
5 the limitations and instead earmark funds to accomplish the same
6 result.

7 Mr. Guinot?

8 MR. GUINOT: Yes. I also am, shall we say, impressed
9 and I feel rather comfortable with the way that the
10 deliberations have gone today. I feel that this board will be a
11 board that will listen pretty much to the arguments that are
12 being presented, and that brings me to the point.

13 My only concern as to what has transpired today is the
14 fact that some of us don't feel that we have the time to listen
15 to some of the things that go on and should be brought out. I
16 certainly was not bored by Mr. Wear's presentation, and I wish
17 he had finished it. Neither was I bored by the chart. Whether
18 it is fantastic or otherwise, the point is that my understanding
19 of the chart was that he was trying to show us what we could do
20 in this area, which is, after all, accepted had we had more
21 money. That is the way I understood it and I interpreted it.
22 Whether it is whimsical or whatever, that is something else.

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1 I would like very much at least to let everyone know
2 that I do not get bored listening. I really would rather have
3 an excess of information, rather than a lack thereof, and that
4 includes not only the board, the staff, but also somebody
5 sitting here. If we stifle commentary, I mean, stifle opinion,
6 we are not going to get anywhere. We will just keep on looking
7 at each other in a mean way, and that seems to have happened in
8 the past.

9 So I would wish that the rest of my colleagues at the
10 table here would bear that in mind, that I, for one, would like
11 to listen to whatever anybody has to say, including anybody
12 sitting out there.

13 VICE CHAIRMAN ERLNBORN: Mr. Hall?

14 MR. HALL: Mr. Vice Chairman, the issue that you have
15 seen presented by this chart and by Mr. Wear's presentation here
16 is the issue of priority. The local programs set priority.
17 They set the types of cases that they think are most important,
18 and I think they do a very good job and I think as humans they
19 do a very poor job at times, and one of the times is when the
20 Texas truckers took the trucks across the border into Mexico.

21 I think that Terry's point is, instead of spending the
22 money on that, we should have spent it on this, but he enlarged

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1 it to say, instead of the local folks setting the priorities, we
2 should set the priorities, and one of the priorities we should
3 set would be for divorce matters and child support, which -- and
4 Alan can correct me if I am wrong, but from being on the board a
5 year, it seems like the local providers do very little child
6 enforcement, child support enforcement. I might be wrong, and I
7 think there is some debate as to whether or not there is a need
8 for it, because I know our attorney general does quite a bit of
9 that.

10 But that is the issue, and when you want some
11 animosity and some argument on that issue, although it was
12 presented in a gentle fashion today, I think you will get it,
13 because that is --

14 MS. PULLEN: I would just like to comment that I agree
15 with my colleague here that it is regrettable that the
16 president's statement and presentation was cut short. It has
17 been distributed to all of us, and I would urge everyone to read
18 it carefully, because there are the issues that are going to
19 come back and hit us in the face if we do not face them before
20 they do.

21 They are the essence of our responsibilities to
22 correct the abuses, it seems to me, because we are the guardians

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1 of the public tax dollars, and it is those tax dollars and those
2 taxpayers that are being abused by this kind of flight into
3 public policy litigation, away from the day-to-day needs of the
4 indigent.

5 I would call particular attention to paragraphs
6 beginning near the bottom of Page 5 and running onto Page 6,
7 because to me this is one of the most egregious issues that has
8 been raised to me since my appointment to the board, where it
9 says, "Legal services attorneys should address these problems by
10 assisting poor tenants with civil legal remedies against drug
11 dealers and users. These clients need legal assistance to shut
12 down crack houses and to bar known drug dealers from
13 neighborhoods and school.

14 "Instead, legal services attorneys often take the
15 other side and represent drug dealers trying to avoid eviction.
16 Several programs have filed a class action suit to challenge
17 Secretary Jack Kemp's decision to permit the use of expedited
18 measures to evict drug dealers from public housing. Drug
19 dealers, in most cases, could probably afford to pay an attorney
20 in cash. No one represents the victims of these dealers."

21 I think it is very important that we put our
22 compassion in the right place and recognize that we are in a day

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1 and age when people who live in public housing are being
2 encouraged to take control of their own destinies and being
3 empowered to manage their own neighborhoods, if you will, and
4 yet the attorneys that are funded with tax dollars apparently
5 are working against the interests of the poor people in those
6 neighborhoods that are seeking to clean up their own
7 environment. I find this to be a terrible blot on the Legal
8 Services Program, and I hope that it can be arrested
9 immediately, and if Congress does not pay attention to it from
10 some other means that this board ought to bring it to the
11 attention of Congress.

12 So there are other things in here, too, I think,
13 looking at it very quickly, that it would be a good idea for us
14 all to know about before we get too much farther down the road
15 on just looking at figures, and certainly money is important and
16 line items are important, but the issues contained in here hit
17 people where they really live, and I hope that we all read it
18 before we complete our trips home tonight.

19 VICE CHAIRMAN ERLNBORN: President Wear, do you have
20 any further comments?

21 MR. WEAR: Yes, sir, just a couple of things. Mr.
22 Chairman, I think that this kind of approach will bring peace to

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1 the Legal Services Program. It will get us back into the
2 business of serving individual poor people in this particular
3 way. The Corporation's board has the power to set goals such as
4 these. This would not be untoward or out of the ordinary if the
5 Corporation's board were to do that.

6 I think it is very important, Mr. Chairman, to take a
7 new look at this. We can, through this procedure, for example,
8 give a hand up women and children who are in poverty, rather
9 than a hand out. It will not result in welfare being a
10 permanent state for the people who have to resort to it. It
11 will give tremendous help to our neighborhoods in getting drug
12 dealers out, and I believe, Mr. Chairman, that there are other
13 things similar to these that we can do that are not
14 controversial and that will do just tremendous amounts of good
15 for all of the poor that are concerned.

16 Thank you very much, Mr. Chairman.

17 MR. HOUSEMAN: Yes. I talked to Mr. Wittgraf earlier.

18 MR. COLLINS: What is your name, please?

19 PRESENTATION OF ALAN HOUSEMAN, COUNSEL, NATIONAL LEGAL AID
20 AND DEFENDER ASSOCIATION, AND PROJECT ADVISORY GROUP

21 MR. HOUSEMAN: My name is Alan Houseman. I am Counsel
22 to the National Legal Aid and Defender Association and the

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1 Project Advisory Group, and they have asked me to make a very
2 short, brief response, and we will amplify this with as much
3 detail as you would like.

4 Let me start with child support. First of all --

5 VICE CHAIRMAN ERLNBORN: The gentleman will be
6 recognized for a short statement.

7 MR. HOUSEMAN: Right. First of all, in looking at
8 this chart, there is one thing that is missing, and it is pretty
9 important, and that is, the Federal Government spends over \$800
10 million and states spend an additional \$365 million -- that is
11 over \$1 billion -- for child support enforcement on behalf of
12 AFDC mothers who are seeking child support. The Federal
13 Government already -- federal and state already spend \$1 billion
14 for that.

15 There is a 4-D system in place in this country that
16 enforces child support on behalf of AFDC mothers.

17 The reason that the figures are as low as they are,
18 although those figures are inaccurate, as I will demonstrate in
19 subsequent communications to you -- completely inaccurate -- the
20 reason is because most of the clients of Legal Services are 4-D
21 eligible and because the attorney general or 4-D agency in the
22 state represents them.

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1 So, before you look into this, be very careful to
2 start earmarking money in an area where there is already over \$1
3 billion worth of legal services provided by the state to the
4 welfare mothers to get assistance.

5 That is an example, an illustration, of what I would
6 call somewhat misleading facts. I think we have to be very
7 leery --

8 MR. COLLINS: Could I interrupt you for a moment, Mr.
9 Houseman?

10 MR. HOUSEMAN: Yes.

11 MR. COLLINS: It may well be that that amount of money
12 is being expended, but the results are minuscule and almost
13 invisible. I know of know state in which, as a result of the
14 expenditure of those public funds, a significant portion of the
15 monies due are being collected. Do you?

16 MR. HOUSEMAN: Yes, there are at least 10 where at
17 least 80 percent of the money due is being collected. My point
18 is that these --

19 MR. COLLINS: I hope you will send us those 10.

20 MR. HOUSEMAN: Yes. And, more importantly, my point
21 is that these people are being represented already. That is, we
22 are not talking about demand for services. We are talking about

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1 people who have attorneys already. Let's be clear.

2 MR. COLLINS: There are, in addition to that, Mr.
3 Houseman, other people who need attention here other than AFDC.

4 MR. HOUSEMAN: That is correct. Absolutely. And --

5 MR. COLLINS: These people are under Probate Court
6 orders and others, and that is not being collected.

7 MR. HOUSEMAN: That is true, and Legal Services
8 represents a significant portion of people who are eligible for
9 their services on those very issues.

10 The ultimate question that this raises is whether this
11 board and this staff should decide priorities, or whether they
12 should be decided by local boards accountable to the client
13 community. That is the ultimate issue.

14 MR. COLLINS: That is the question, without doubt, and
15 I have no position --

16 MR. HOUSEMAN: If we are going to talk about that
17 question, we should start with the facts of what representation
18 is already going on, who is it that is actually getting
19 represented and who isn't, and not some extrapolation that has
20 nothing to do with the reality of the representation.

21 MR. COLLINS: I understand that, but --

22 VICE CHAIRMAN ERLENBORN: Mr. Collins, I have asked

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1 the gentleman to make a short presentation.

2 MR. COLLINS: All right. Go on.

3 VICE CHAIRMAN ERLNBORN: I think so that we could
4 hold him to that, we ought to let him complete his presentation.

5 MR. COLLINS: Very good. Fine.

6 MR. HOUSEMAN: Let me make a couple of other comments,
7 and then I will be quiet. I think you should be very leery of
8 factual charges that Legal Services has engaged in abuses,
9 violated the law, or otherwise failed to provide effective legal
10 services.

11 Over the years, virtually all charges against Legal
12 Services programs have proven to be inaccurate, misleading, or
13 factually wrong, and we will be willing to stand by the facts of
14 these cases.

15 It is easy to mischaracterize litigation brought on
16 behalf of poor people, because Legal Services represents clients
17 who are poor and who are often unpopular or espouse unpopular
18 views. I think the statement by Mr. Wear has done that, and I
19 could talk at great length about that, but I will limit it to a
20 couple of remarks.

21 I urge you to keep an open mind. We welcome a factual
22 inquiry, and we are prepared to enter into that factual inquiry.

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1 Let me just take two examples that came up in the
2 presentation, or one. Let's just take one, the so-called TLRA
3 case.

4 First of all, in this case, TLRA represented three
5 eligible clients. They did not begin work until the eligible
6 clients contacted them. They were within program priorities.
7 They won the case, and this case was not a foreign policy case,
8 was not involving the Sandinistas. It sought to enforce rights
9 under the statute, under a statute guaranteed by Congress, to
10 make humanitarian donations to relief of human suffering in
11 Nicaragua. It was not pro-Sandinista, it was not anti-
12 Sandinista, and the program represented individuals who sought
13 their assistance, and the response that the program has made
14 today I think will clearly and unequivocally show that it was
15 acting completely consistent with the law and consistent with
16 its own priorities, and not in the way that has been
17 characterized by Mr. Wear and others in the press.

18 That is an example. There are a number of other
19 examples that I could get. The point is that if you are going
20 to listen to allegations about what is and is not going on, you
21 must -- you must -- assure that there is an opportunity for
22 those against whom the allegations are to bring their case

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1 before you, and you must not listen to the facts as others
2 present them. You must listen to the facts as they evolve, from
3 the reality of those facts.

4 And that is what bothers me about this statement. Of
5 course, none of us saw this before it was handed out as we
6 walked in, as the presentation made.

7 There are a number of other comments one could make
8 about this, but I urge you to stick with the facts as they
9 evolve and not to listen to characterizations of those facts by
10 whomever, us or the others.

11 VICE CHAIRMAN ERLNBORN: I thank you for your
12 statement, and I will remind the gentleman and the members of
13 the board that this is the beginning of a dialogue helping us to
14 learn, and we appreciate your contribution and anything you may
15 want to send to the members between now and the next meeting.

16 Yes, ma'am?

17 MS. ROGOFF: Mr. Erlenborn, this may not be the
18 appropriate time, and I recognize that it is late in the day,
19 but I do happen to be a local project director, one of the few
20 who is present today, who actually deals with these issues on a
21 day-to-day basis. My program serves 16 counties in central
22 Texas. We have 135 eligible clients based on the 1980 Census,

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1 which is probably a gross underestimate.

2 VICE CHAIRMAN ERLENBORN: One hundred thirty-five?

3 MS. ROGOFF: One hundred thirty-five thousand.

4 VICE CHAIRMAN ERLENBORN: Thousand.

5 MS. ROGOFF: I'm sorry. We serve every one of those
6 135 ten times over.

7 In 1989 alone, we had over 11,000 applicants for our
8 services in those 16 counties, and we served over 7,000
9 individuals. Our board takes very seriously the priority-
10 setting process, and particularly on the issues of child support
11 and this drug eradication recommendation, I think it is really
12 imperative that you listen to what local programs are doing.

13 Our board considers what resources are available in
14 our community to meet needs that our clients may have, resources
15 in addition to what the Legal Services Program has to offer.

16 In our community, the county, the Travis County
17 Commissioner's Court, funds, in addition to the funding
18 available through the Attorney General's Office, a Child Support
19 Enforcement Office. Now, that may not be true in other places,
20 but my board considers that locally, and it is unique to our
21 community, as there are unique qualities in each and every one
22 of the communities that is served on a nationwide basis.

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1 Similarly, on the drug related issues, I am personally
2 offended by the characterizations that Mr. Wear uses to describe
3 the type of work that we do on a day-to-day basis in Legal
4 Services. My 16 attorneys handle a tremendous volume of
5 casework that is both routine and complex, and I really hope--
6 and I understand that what is intended at the March meeting is
7 the opportunity to hear from the community, both the community
8 of providers and anyone else in the community.

9 I take tremendous pride in the work that we do, and in
10 the years that Mr. Wear and actually some of his predecessors
11 have been involved with this board and with this organization
12 and I have been attending these meetings, I have yet to hear the
13 positives about the Legal Services work that is being done.

14 On this agenda is not a report about the tremendous
15 volume of service that is being provided, and Mr. Wear is not
16 proposing by this chart, as I believe Mr. Guinot is suggesting,
17 that an additional \$100,000 dollars be allocated -- \$100,000--
18 \$100 million dollars be allocated for --

19 VICE CHAIRMAN ERLNBORN: You have trouble with zeros
20 today.

21 MS. ROGOFF: Yes, I am having a hard time with my
22 zeros. One hundred million dollars. He is proposing that money

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1 that is already being used for other purposes be reallocated so
2 that the clients that are currently being serviced with the
3 appropriations that we have would go unserved, so that the
4 clients Mr. Wear wants to see served would receive these
5 services. It is not a supplemental appropriation that he is
6 referring to; it is a supplanting appropriation. He is talking
7 about replacing one type or category of service that he has
8 decided is preferable to the categories of services that the
9 local boards -- and it is not the local programs. It is the
10 local boards.

11 Just as you sit here and are making decisions, every
12 one of these local programs has a board of directors that is
13 made up of two-thirds lawyers appointed by the local bar
14 associations. They take their responsibilities seriously, just
15 as I know each and every one of you will.

16 In regards to the drug issue, it is a problem. We
17 represent low income people who come to us with eviction
18 notices. If someone tells us that they are not using drugs and
19 that they are not selling drugs but they are being evicted, or
20 that the Housing Authority is seeking an expedited eviction
21 against them, and they represent that they are innocent, they
22 have a right to counsel, and they should have a right to

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1 counsel.

2 If they come to us and say, "We are using drugs," we
3 do not take those cases. Our resources are not so endless that
4 we would want to waste our time and inflict that type of injury
5 on our community that we would accept the case of someone who
6 openly admits to being a drug seller or a drug user and that we
7 would try to retain their right to public housing.

8 I'm sorry.

9 VICE CHAIRMAN ERLNBORN: I am just going to suggest,
10 in the interest of time, that you might want to correspond with
11 the members of the board and be here at the next meeting to make
12 an additional presentation.

13 MR. COLLINS: Mr. Chairman, if I understand the
14 purpose of this, this is not a recommendation that anything at
15 all be done. This is a think piece. It is an attempt to
16 recapitulate by one person his view of the world. And we would
17 accept and list any data that you would like to submit. There
18 is not going to be any precipitous action taken, I don't
19 believe.

20 MS. ROGOFF: I appreciate that, and I extend to the
21 board an invitation -- I know that all of the local programs in
22 the areas that you reside would be more than happy to meet with

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1 you. I invited Mr. Hall to my program and showed him the type
2 of work we do, the activities that we are engaged in, and I am
3 sure that programs in each of your areas would be similarly
4 inclined to do so and would welcome that opportunity. We are
5 proud of the work we do on behalf of our clients.

6 VICE CHAIRMAN ERLENBORN: Mr. Hall?

7 MR. HALL: Regina -- I did come down to Regina's
8 program and I was impressed by it. I think you have 14 or 15
9 lawyers, but I know that they have quite a few more people than
10 that, students from the college there, that are doing waiver
11 divorces and putting them on file, and it must be a terribly
12 boring job, what they are doing. I mean, they are really using
13 their resources.

14 So not to say facetiously, but, brag, brag, brag. You
15 do do a good job.

16 Now, I have always tried to brag on the recipients,
17 Regina, because, I mean, we only have to listen to you speak to
18 know what quality of lawyers we have. I mean, I wish I was --

19 MS. ROGOFF: As long as I don't have to know zeros,
20 right?

21 MR. HALL: Well, yes, you can't count, but you can
22 speak, and I wish that I were as good a speaker as you are.

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1 But the answer to this next question is what kind of
2 baffles me. You are familiar that Senator Gramm has proposed to
3 give an extra \$20 million for child custody cases, are you not?

4 MS. ROGOFF: It is not my understanding that it is an
5 extra \$20 million.

6 MR. HALL: Extra \$20 million?

7 MS. ROGOFF: We are talking about using -- it is
8 reallocation of existing funds. It is not an additional \$20
9 million, or it wasn't in the appropriation in the proposed
10 budget that the Corporation had published previously.

11 MR. HALL: Your understanding is that it is not a new
12 \$20 million?

13 MS. ROGOFF: That is correct.

14 MR. HALL: Were it a new \$20 million, then, would you
15 be willing to take that with the earmarking that it had to go to
16 child support?

17 MS. ROGOFF: To say whether I would be willing -- I
18 would still advise you that it would be preferable to work in
19 conjunction with the 4-D agencies, to have some strategy for why
20 Legal -- what Legal Services programs would do with that money
21 and why it is preferable to give it to Legal Services programs,
22 when there are 4-D agencies. And it may be that there is a

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1 good, cooperative strategy that could be developed. There are
2 congressional committees that oversee the 4-D program.

3 Just putting \$20 million out there -- sure, I will
4 take every dollar. I have spent my time as a project director
5 raising money. I mean, if you want to hand me over \$20 million,
6 just write the check today and I will go home. But I don't know
7 that that is the most effective and efficient way to deliver
8 legal services to the poor, and that is my primary interest.

9 MR. HALL: It is that answer that says to me that any
10 encroachment upon priority setting is going to be fought by
11 recipients, Regina, and I really don't know if that is so or
12 not.

13 MS. ROGOFF: Well, I think local programs -- priority
14 setting is integral to how we believe programs can be most
15 effective in meeting the needs of their local communities. I
16 mean, as I explained to you previously, in Texas we had a
17 terrible downturn in our economy in the mid Eighties, between
18 the two Censuses, and we were going through priority setting,
19 and employment related issues had not been a significant problem
20 in the beginning of the decade, but by 1987, it was a tremendous
21 problem. So our board was able to reallocate its priorities to
22 put more resources into an issue that had surfaced, that had

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1 clearly become a problem, including debt problems that were a
2 spinoff of the failing economy.

3 That is why Congress saw fit to put priority setting
4 at the local level, because local boards can be sensitive to
5 what the local needs are.

6 MR. HALL: Thank you.

7 VICE CHAIRMAN ERLENBORN: Thank you. Does anyone else
8 on the board or in the audience feel compelled to make an
9 additional statement before I entertain a motion to adjourn?

10 M O T I O N

11 MR. COLLINS: I so move.

12 MS. LOVE: Mr. Chairman?

13 VICE CHAIRMAN ERLENBORN: Yes, Ms. Love.

14 MS. LOVE: Me, myself, like the gentlemen say, I am a
15 good listener. I am for a lot of things that are right. But I
16 think we should be given a chance, because we are little babies,
17 and we have to crawl. So I think if we are given a chance, we
18 can. And I am not speaking of the past, because I didn't know
19 the people. I can only speak for myself and for my other mates
20 here, that I think if we are given a chance, we will do all
21 right.

22 MS. ROGOFF: Thank you.

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1 VICE CHAIRMAN ERLNBORN: Yes, sir. Would you
2 identify yourself?

3 PRESENTATION OF CHARLES DORSEY, MEMBER, ABA STANDING
4 COMMITTEE ON LEGAL AID AND INDIGENT DEFENDANTS

5 MR. DORSEY: Yes, Mr. Erlenborn. My name is Charles
6 Dorsey. I am a member of the ABA Standing Committee on Legal
7 Aid and Indigent Defendants, and I have been dispatched by my
8 committee, which is now meeting out in Los Angeles, to come and
9 bring you welcome from the ABA, and specifically from the
10 Standing Committee on Legal Aid and Indigent Defendants.

11 This committee does take an interest in legal
12 services, both civil and the criminal aspect of things. It
13 recognizes the difficult job that you have and the important job
14 that you have.

15 I want to invite you to attend our meetings. We
16 certainly will be attending your meetings.

17 I also am here in a second -- well, I also do
18 something else. I am the Director of the Legal Aid Bureau in
19 the State of Maryland. I have been the Director of the Legal
20 Aid Bureau in Maryland for the past 20 years, and two-thirds of
21 my legal career has been spent in legal services.

22 I would reiterate what Alan Houseman said, Regina

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1 Rogoff said, give us a chance. These have been difficult years
2 for us in the field. We look forward to a new board coming in.
3 We look forward to working with you. We want you to know what
4 is going on out in the field.

5 You asked that we give you a chance. We are more than
6 willing to give you a chance. But we also ask that you give us
7 a chance.

8 I come from Baltimore, 35 miles from D.C., and one of
9 the difficulties that I have is that people in D.C. seem to
10 think that all goodness, all light, all knowledge, comes from
11 D.C., and that priorities can be set from D.C., because D.C.
12 knows what is best. In the years that I have spent in legal
13 services, it has been a battle for me personally to say to the
14 Corporation, "Listen to us in the field. Before you adopt
15 policies, before you change procedures, listen to us as to what
16 difference that is going to make in the field."

17 So I would encourage you to visit programs, and we
18 look forward to having a dialogue with you about the difficult
19 problems which face our clients.

20 Thank you.

21 VICE CHAIRMAN ERLNBORN: Thank you. Mayor Collins
22 had made a motion, which was not recognized at that moment, to

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1 adjourn. Are there any other statements before I entertain such
2 a motion?

3 MR. DANA: I will second it, then.

4 VICE CHAIRMAN ERLENBORN: Well, he is not here, so
5 anybody here want to make a motion to adjourn?

6 M O T I O N

7 MR. MOLINARI: Me, John. I have been wanting to do
8 that all day.

9 VICE CHAIRMAN ERLENBORN: It has been moved and duly
10 seconded. All those in favor, say aye.

11 (Chorus of ayes.)

12 VICE CHAIRMAN ERLENBORN: The motion is carried. We
13 are not even going to ask for the nays. We will let the record
14 reflect that.

15 (Whereupon, at 4:28 p.m., the Meeting of the Board of
16 Directors of Legal Services Corporation was adjourned.)

17 * * * * *

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February 9, 1990

LEGAL SERVICES ISSUES

From its establishment in the 1960's as part of the Federal Office of Economic Opportunity, the Federal legal services program has been controversial. So much so, that when Congress created the Legal Services Corporation in 1974, it included in the organic Act several provisions intended to keep the program out of areas of controversy. Some of these provisions prohibited lobbying and political activities, and also prohibited the handling of certain kinds of cases, such as desegregation, draft resistance, and abortion cases.

While there was, and is, a strong consensus among Members of Congress that a Federal legal services program is an essential part of our legal system, many in Congress believe that the involvement by legal services programs in political or controversial issues not only does not promote the program's mandate to provide basic legal services, but actually threatens the existence of the program.

Indeed, the continued involvement of legal services attorneys in political matters and controversial cases is largely responsible for the program's current fragile status. The program has not been reauthorized since 1977. It exists from year to year only because Congress appropriates money for it in annual appropriations acts. As part of this process, Congress fills each appropriation measure with a new series of

prohibitions and instructions.

Each year, the debate over appropriations for the legal services program is contentious because of activities carried out by local legal services programs that are beyond the role of activity commonly accepted as being appropriate for them. For example, in response to a request by Senator Orrin Hatch in 1984, the Corporation surveyed the legal services programs and discovered that 34 of the programs had spent more than 28,000 hours and over \$600,000 on Congressional, state, and local redistricting/reapportionment matters after the 1980 census. Redistricting is inherently political; redistricting lobbying and litigation are matters more appropriately handled by political parties and other interest groups, not by taxpayer funded attorneys with a mandate to provide routine, day-to-day legal services to poor individuals.

Another controversial issue is abortion. The LSC Act and subsequent appropriations acts prohibit legal services programs from engaging in abortion litigation. However, legal services programs, by attempting to exploit various loopholes in the LSC Act and regulations, have been active in many of the major abortion cases of the last decade, and are, in fact, currently active in several abortion-related cases in California.

There are other political activities and cases that have concerned Members of Congress and the public. One legal services program, for example, was active in the lobbying effort to oppose Judge Robert Bork's appointment to the Supreme Court. The

racial discrimination and economic barriers. Since then, however, the face of poverty has changed. Increasingly, poverty is the result of family breakdown or the failure of families to form.

Since 1965, the fastest growing segment of the poverty population has been single mothers with children. The single greatest need for legal services among the poor is in the area of child support. A recent study on child support enforcement efforts by the States demonstrated that 90% of all the persons who receive Aid to Families with Dependent Children are eligible because the father pays little or no child support.

The latest Census Bureau report on child support shows that there are 8.8 million women with children under 21 whose fathers are not present in the home. Approximately 40% of these women, or 3.4 million single mothers, have not been able to obtain a child support award, principally because of a lack of legal representation. Moreover, of the 60% that have obtained a child support award, less than half are collecting the full amount of the support awarded.

Many of the women we are talking about have been reduced to poverty. Sixty percent of the women with incomes below the poverty level in 1985 had not been able to obtain an award for child support. Yet many of the fathers who owe (or who should be paying) child support are not themselves poor. The Inspector General of HHS recently released a report showing that 64,310 Federal government employees owe \$284.3 million in child

support. Two-thirds of the families of these employees are on welfare because they receive little or no child support, even though these employees hold Federal jobs.

Despite the enormity of this need for legal assistance, legal services attorneys are spending less time on family law matters, including child support, than they did in the 1970's.

According to case data provided by the programs, the percentage of program caseload devoted to family matters declined 17% from 1975 to 1984. In 1988, of all cases closed by legal services programs (1,389,900), only 3% (36,706) dealt with the issue of child support, even though the same programs report that two-thirds of the individual seeking legal assistance are women, and a majority of these women are seeking assistance in family matters.

Lack of child support throws many families into poverty, but the scourge of drugs and drug-related crime makes the lives of these family members even more grim. The drug trade in neighborhoods and public housing projects takes a terrible toll, and the poor are its principal victims.

Legal services attorneys should address these problems by assisting poor tenants with civil legal remedies against drug-dealers and users. These clients need legal assistance to shut down crack houses and to bar known drug dealers from neighborhoods and schools.

Instead, legal services attorneys often take the other side and represent drug dealers trying to avoid eviction. Several

programs have filed a class action suit to challenge Secretary Jack Kemp's decision to permit the use of expedited measures to evict drug dealers from public housing. Drug dealers, in most cases, could probably afford to pay an attorney in cash. No one represents the victims of these dealers.

This sort of activity is a grave miscarriage of the legal services program, since it puts at risk all the poor individuals in the neighborhood, the very people this program was set up to help. It is a question of priorities. There will never be unlimited funding for legal services, or for any other Federal program. The Congress is doing all it can, but it cannot realistically be expected to devote substantially more resources to this program. We must, however, use the funds we have wisely and devote substantial portions of our resources to obtaining child support for children and to making their neighborhoods safe from drugs and drug dealers.

The legal services program must grapple with the real and pressing problems of poverty in the 1990's, not continue to rail against those that existed in the 1960's. We cannot afford to squander our scarce resources on social causes and continue to ignore the people, i.e., the children, who need our help most.