

LEGAL SERVICES CORPORATION
BOARD OF DIRECTORS

MEETING OF THE
FINANCE COMMITTEE

OPEN SESSION

Thursday, January 23, 2014

2:05 p.m.

Hilton Garden Inn Downtown Austin
500 North Interstate 35
Austin, Texas 78701

COMMITTEE MEMBERS PRESENT:

Robert J. Grey, Chairperson
Sharon L. Browne
Laurie Mikva
Martha L. Minow
Father Pius Pietrzyk, O.P. (by telephone)
Robert E. Henley Jr. (Non-Director member)
John G. Levi, ex officio

OTHER BOARD MEMBERS PRESENT:

Victor B. Maddox
Julie A. Reiskin
Gloria Valencia-Weber

STAFF AND PUBLIC PRESENT:

James J. Sandman, President

Lynn Jennings, Vice President for Grants Management

Wendy Rhein, Chief Development Officer

Rebecca Fertig, Special Assistant to the President

Ronald S. Flagg, Vice President for Legal Affairs,
General Counsel, and Corporate Secretary

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

Carol A. Bergman, Director, Office of Government
Relations and Public Affairs

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

Jeffrey E. Schanz, Inspector General

Ronald "Dutch" Merryman, Assistant Inspector General
for Audit, Office of the Inspector General

Thomas Coogan, Assistant Inspector General for
Investigations, Office of the Inspector General

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

Lora M. Rath, Deputy Director, Office of Compliance
and Enforcement

Janet LaBella, Director, Office of Program
Performance

Frank B. Strickland, Non-Director Member,
Institutional Advancement Committee

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

C O N T E N T S

| OPEN SESSION | PAGE |
|--|------|
| 1. Approval of agenda | 4 |
| 2. Approval of minutes of the meeting of October 22, 2013 | 5 |
| 3. Presentation of LSC's Financial Report for FY 2013 | 5 |
| 4. Presentation of LSC's Financial Report for the first two months of FY 2014 | 5 |
| 5. Consider and act on LSC's Revised Temporary Operating Budget for FY 2014, Resolution 2014-0XX | 32 |
| Presentation by David Richardson, Treasurer/Comptroller | |
| 6. Discussion on submission of LSC's FY 2015 appropriations request | 34 |
| Presentation by Carol Bergman, Director of Government Relations and Public Affairs | |
| 7. Discussion of Committee's evaluation for 2013 and the Committee's goals for 2014 | 37 |
| 8. Public comment | 39 |
| 9. Consider and act on other business | 39 |
| 10. Consider and act on adjournment of meeting | 40 |

Motions: 4, 5, 33, 39

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

2 (2:05 p.m.)

3 CHAIRMAN GREY: With that clarification, I
4 think we will start the Finance Committee.

5 For the Committee's approval, I would ask that
6 there be a motion on the agenda.

7 M O T I O N

8 DEAN MINOW: So moved.

9 MS. BROWNE: Second.

10 CHAIRMAN GREY: All in favor say aye.

11 (Chorus of ayes.)

12 CHAIRMAN GREY: And on the phone is?

13 FATHER PIUS: Father Pius.

14 CHAIRMAN GREY: Father, welcome.

15 FATHER PIUS: Thank you much. Sorry I
16 couldn't be there in person.

17 MR. LEVI: Is it warmer in Rome?

18 FATHER PIUS: Than D.C., yes. Than Austin,
19 I'm not sure.

20 CHAIRMAN GREY: Well, that's good. We've
21 probably got the same weather.

22 Approval of the minutes of the meeting of

1 October 22nd. Is there a motion?

2 DEAN MINOW: So moved.

3 MOTION

4 FATHER PIUS: Second.

5 CHAIRMAN GREY: All in favor say aye.

6 (Chorus of ayes.)

7 CHAIRMAN GREY: Presentation of LSC's
8 financial report for the first two months of the fiscal
9 year 2014 -- I'm sorry, 2013. David?

10 MR. RICHARDSON: For the record, I am David
11 Richardson, treasurer/comptroller of the Corporation.

12 The report begins on page 13 of the Board
13 book. It follows the same format that we have used
14 during the year to explain the expenditure of money,
15 and this is on a yearly basis.

16 The basic field funding, you will note, has a
17 \$316,900,000 budget. We've spent, this year,
18 \$316,300,000, almost -350, and there is \$632,991 left.

19 That money is left to fund closeout funding in
20 Louisiana for a grantee. There's also money left for
21 American Samoa. And there's a closeout audit in
22 Louisiana also that that money will pay for.

1 The U.S. Court of Veterans' Appeals, you'll
2 see that we've had the \$2.5 million. We spent almost
3 all of that money. There's a small amount, \$6,000,
4 that was left that we will use for administrative costs
5 next year -- in 2014, I should say, since we're in the
6 middle of it.

7 The grants from other funds, there was a
8 \$546,000 budget there. We give grants of \$329,000.
9 The remaining 217 will be available for other emergency
10 or one-time grants as the Corporation sees fit. Some
11 of that money did go to the Hurricane Sandy relief fund
12 recipients also.

13 The technology initiative, we had a budget of
14 \$4.3 million. There's expenses of \$900,000. You'll
15 see that it's broken down by grants, scholarships. It
16 is net of recoveries. And the money that is left there
17 will go to support the 2013 competitive grant process
18 and begin the 2014 also.

19 And then, of course, the Hurricane Sandy, the
20 new funding, we've got \$950,000. And we did give
21 grants of \$874,000, so there is \$75,000, almost
22 \$76,000, that will be used for the furtherance of that

1 particular program.

2 In the Herbert S. Garten Loan Repayment Fund,
3 you'll see that we have our budget there of \$2.5
4 million. We had expenses for the year of \$1,095,000.
5 The remaining money will go to fund the second half of
6 the loans for 2013, and that has been done. We'll show
7 you that in the November report when we get to that.

8 And the remaining funds will pay for the
9 second and third year for the 2013 recipients. We have
10 two more years left with the 2012 recipients and one
11 more for the 2011. So as it scales down, we'll be
12 spending all of that money for this program.

13 Under the MGO, and I've tried to use a little
14 bit of different analysis --

15 CHAIRMAN GREY: Hold on one second.

16 Any questions?

17 MS. BROWNE: I have two questions -- well,
18 actually a comment -- well, maybe two questions. On
19 page 13 on one, I just want to make a comment that I
20 really appreciated you adding the information on the
21 Native American and migrant awards, grant awards. I
22 thought that was really good.

1 I mentioned to you earlier I wasn't sure how
2 the dollar amount is determined for Native American and
3 migrant, whether or not it's based upon data or how
4 that dollar amount is figured. Am I catching you
5 off-guard on that? I'm not sure. Or maybe somebody
6 else could answer that. But that's one question, and
7 I'll just throw them all out here now.

8 On number 3 on the TIG budget, we had a budget
9 total of \$4.3 million, and then we have remaining funds
10 of \$3.4 million. That seems to be an incredible amount
11 of carryover for the TIG grant. Is there a reason for
12 that?

13 And again, I'm not too sure, David, if you are
14 the person to ask these questions to or somebody else
15 is in a better position to address why we have this
16 huge, huge discrepancy, especially when you look at,
17 for 2014, the TIG amount is 3.4. Our carryover is
18 about the same amount.

19 MR. RICHARDSON: Let me speak to that. The
20 TIG awards for 2013 were made in October, November, and
21 some in December. So all the money that had been
22 allocated or appropriated for the 2013 grants were not

1 completed until 2014. So we'll recognize those in
2 2014.

3 The additional money, this year's
4 appropriation, they'll begin the process in March and
5 April for the competitive awards. But most of these
6 grants are beginning January 1st; some are December 1st
7 of the next year.

8 So it's a matter of timing issues. It is
9 actually better that it is weighted and expensed in
10 this year because that's when the actual expenditures
11 are occurring.

12 As far as the migrant and Native American,
13 there's carveouts that is put in place to continue the
14 funding of the migrant and Native American components.

15 The migrant is based on a study that was done a number
16 of years ago that we're in the process of currently
17 updating.

18 And then the Native Americans, there's a
19 percentage -- I think it's like 2-1/2 percent -- that
20 is allocated for Native Americans, and that money is
21 subtracted state by state where there is a tribe, a
22 location there. And that money is then set aside for

1 the Native American component of that particular state.

2 MS. BROWNE: Thank you.

3 MR. RICHARDSON: When you look at the total
4 funding by state, it is still based on the total
5 poverty population, the census data.

6 MS. BROWNE: Oh, okay. And then, say, the
7 Native American is carved out of the total.

8 MR. RICHARDSON: That's correct.

9 MS. BROWNE: And then put over into a special
10 pot for Native American use. Okay. That explains it.

11 MR. RICHARDSON: The only other thing that I
12 was going to mention is I have taken a little different
13 approach. I've given you the FTEs that we've filled
14 during the year instead of listing the open positions.

15 I think this gives us a little better view of
16 the amount of money that is being carried forward in
17 regards to personnel compensation and benefit. And of
18 course, it has a rippling effect. If you don't have
19 staff, you don't have people traveling, and you have
20 less trips. So it's a multiplier effect when we do get
21 involved with that.

22 So as we look at all the different charts,

1 you'll see that the carryover is attributed mainly to
2 those staff. We did have money that was set aside for
3 a contingency that was not earmarked for anything,
4 basically would help support this year's budget, and
5 that's what we'll see when we do the 2014.

6 CHAIRMAN GREY: All right. Keep going.

7 MR. RICHARDSON: Okay. Let me turn back, make
8 sure that I got it right.

9 Item 4 is the two-month budget review, and
10 that is on page 27. We, of course, make our grants
11 based on a calendar year, so when you look at the basic
12 field, there is no spending for this particular
13 two-month period.

14 You were asking about the technology grants.
15 As of November, we had awarded \$2 million in grants.
16 There is an additional \$660,000 grant that will be
17 reported in December.

18 The spending for MGO is \$2.8 million, based on
19 a budget of \$19,678,000. We're spending a little under
20 budget, and that's because we do have open positions.
21 The way we prepare our budget, even though we have a
22 position that is beginning April 1st, we take

1 one-twelfth of that six-month salary and just allocate
2 it linear. Each month we allocate an amount.

3 So some of this money, we hope, will continue
4 to be spent later on in the year. That will also pick
5 up with the travel also. So it's a multiplier effect
6 as we look there.

7 CHAIRMAN GREY: David? Julie.

8 MS. REISKIN: Yes. I think I missed it. Just
9 going back a little, how did the Board of Directors
10 spend \$20,000 in equipment rental? What equipment did
11 we rent?

12 MR. RICHARDSON: It's the audiovisual
13 equipment for these meetings, the sound equipment.

14 MS. REISKIN: Oh, okay. Thanks.

15 CHAIRMAN GREY: Okay.

16 MR. RICHARDSON: I was just going to mention,
17 the last thing is the IG's budget. And their budget
18 allocation for this period, they're a little bit over,
19 but of course we just see that they've just gotten an
20 increase. So everything should be fine there for the
21 year.

22 And when we go into the next section, we'll

1 talk about what we'll be doing in April, coming back to
2 the Committee. And that's the summary of the report I
3 have.

4 CHAIRMAN GREY: I think we're going to hear
5 from Carol Bergman as well. So Carol?

6 FATHER PIUS: Can I just interrupt real quick?

7 CHAIRMAN GREY: Father?

8 FATHER PIUS: Yes. Just one question real
9 quick. It's probably more of a question for Jim, I
10 guess.

11 We rarely see over variances in these budgets,
12 and there is one for temporary employee pay. That's
13 significantly over, I assume, in the two-month summary,
14 page 33 in my book. I assume that that's just because
15 it's the beginning of the fiscal year, and that's not
16 something to be concerned about?

17 PRESIDENT SANDMAN: That's just seasonality,
18 Father Pius. Those expenses are not incurred equally
19 over the course of the twelve months of the year, and
20 we had more than usual in those first couple of months.
21 But we don't have any reason to believe that we'll be
22 over for the full year.

1 CHAIRMAN GREY: Vic?

2 FATHER PIUS: Okay. That's what I wanted I
3 wanted to hear. Thank you.

4 MR. MADDOX: Thank you, Mr. Chairman. I just
5 have a question for my edification, really. Why is it
6 that we have program positions that are scheduled to be
7 filled on or after April 1st? Is there something in
8 the budget that leads to that? I'm just wondering why
9 that arrangement is in place.

10 MR. RICHARDSON: Let me address that. When we
11 started this year's temporary operating budget, we
12 prepared a budget based on what we knew of the money
13 that was available to us. And we were also planning
14 for the possibility of additional sequestration, an
15 additional cut.

16 In doing so, we didn't want to be in a
17 position of hiring people and then possibly having to
18 lay off people later in the year. So it's a planning
19 tool for us to be able to operate within a budget and
20 yet plan to hire those people once the appropriation
21 process is completed.

22 Luckily, we got a pleasant surprise with this

1 particular appropriation process because not only do we
2 have money for those positions to begin in April, we
3 have additional money to make new hires that were not
4 in the budget to begin with, and to help implement some
5 of the Pro Bono Task Force funds, new funds, that we've
6 gotten.

7 MR. MADDOX: So do we go ahead and wait until
8 April, or do you move that process forward? I'm just
9 wondering.

10 PRESIDENT SANDMAN: My inclination is to move
11 that process forward now. We now know what our
12 appropriation is for the current fiscal year. There's
13 no need to wait. We've identified a need, and I think
14 we should proceed to fill it.

15 CHAIRMAN GREY: Madam Vice Chair?

16 DEAN MINOW: Is your decision to present in
17 terms of FTEs rather than positions because the FTE
18 doesn't line up to numbers or people? Or how can we
19 understand that?

20 MR. RICHARDSON: It doesn't line up with
21 people because of this very question here.

22 DEAN MINOW: That's why I'm asking. Right.

1 MR. RICHARDSON: Yes.

2 DEAN MINOW: And what are the consequences of
3 that for benefits and other kinds of elements?

4 MR. RICHARDSON: Well, it does have a rippling
5 effect. We've planned our budget for additional
6 travel, to begin when those new people come on
7 board -- additional training, additional travel to the
8 grantees. So that should pick up once they come on
9 board.

10 Now that we're moving the process forward more
11 quickly, you should probably see more trips in May and
12 June, trips to the grantees on those types of visits.

13 CHAIRMAN GREY: I've been advised that it
14 would be very helpful for those in the phone if we
15 coaxed up to the microphone and gave them the full
16 benefit of our thoughts.

17 Carol?

18 MS. BERGMAN: Thank you, Mr. Chairman. Carol
19 Bergman, Director of Government Relations and Public
20 Affairs.

21 Well, as Dave has referenced, we're in a
22 slightly different position than we were at the last

1 Board meeting in October, when we were preparing for
2 potential budget cuts and additional sequestration.

3 As folks know, Congress passed a final omnibus
4 appropriations bill for fiscal year 2014 on January
5 16th. It is the first time in a decade that all twelve
6 annual appropriations bills have moved through without
7 any CRs or any kind of omnibus, so that's pretty
8 amazing.

9 Out of that, CJS -- Commerce, Justice,
10 Science -- that includes the funding for LSC. This
11 includes \$365 million for Legal Services. It's an
12 increase of 7 percent from last year's
13 post-sequestration level. And as Dave mentioned, it
14 does include \$2-1/2 million for the Pro Bono Innovation
15 Fund.

16 The funding for the CJS committee is
17 significantly higher than the year prior. It's at
18 \$51.6 billion in discretionary budget authority, which
19 is \$4.6 billion over fiscal year 2013. So they clearly
20 had more money to work with this year.

21 For LSC's budget, whereas it is an increase of
22 7 percent, it is \$65 million below the White House ask

1 and \$121 million below LSC's ask. So to put it in
2 context, we have a sense of what are we actually
3 looking at?

4 You'll recall that there had been a bicameral,
5 bipartisan budget agreement between Congressman Ryan
6 and Senator Murray that was part of the agreement when
7 the government shutdown ended last October that they
8 would come up with a reconciliation for the budget
9 numbers by mid-December.

10 The challenge had been that the House and
11 Senate had come up with vastly different numbers of
12 discretionary spending. Essentially, what the
13 agreement did was to split the difference. There had
14 been \$91 billion difference in discretionary funding
15 between the House and the Senate overall. What they
16 did was split it, which is essentially what the budget
17 would have been for LSC in FY 2013 prior to
18 sequestration and rescissions.

19 So one of the things that actually had been
20 raised at our October Board meeting is, does this kind
21 of conferencing go on in anticipation or expectation of
22 how this is going to go forward?

1 And it became very clear from the
2 appropriations chairs, from Congressman Rogers and
3 Senator Mikulski, that there's no question that House
4 and Senate staff and members were conferencing on the
5 House and Senate bills that they anticipated being able
6 to reconcile in advance because otherwise, the time
7 frame was much too short to be able to come up with
8 something by mid-January.

9 So as a result of the reconciliation decisions
10 that they made at the budget committee level in
11 December, they've come up with numbers for both fiscal
12 year 2014 and 2015. So what it does is put off any
13 kind of sequestration for these two fiscal years for
14 now. Okay? So in other words, the numbers that we
15 have, when we say we're talking at \$365 million, there
16 will not be any sequestration or rescission on top of
17 that.

18 And as folks may have seen, we sent out an
19 email to all of our grantees indicating both what the
20 numbers were going to be, within a few dollars the
21 approximate number for the year, and making it very
22 clear to folks that these were final numbers and that

1 it does include, of course, the full census
2 adjustments.

3 We had been given a two-year period in which
4 to do the full census adjustment from the last
5 appropriations legislation. So the FY 2014 includes
6 the 100 percent adjustment for that period.

7 The legislative language is unchanged. The
8 report language encourages both LSC and the Office of
9 the Inspector General to conduct additional oversight
10 to ensure that all federal dollars are spent according
11 to -- to ensure that no money is spent by grantees in
12 contravention of any of the restrictions. So this is
13 language that has been ongoing each year.

14 The Committee asked us, Finance Committee, at
15 the Board meeting in October to communicate more
16 frequently with the grantees with regard to the budget
17 situation, given the vagaries involved. And I just
18 wanted to report to you all that we had done a webinar
19 on the federal budget process for all grantee EDs and
20 opened it up to all senior staff that folks thought
21 they'd like to include.

22 We did a whole special section on

1 sequestration so that people could understand what that
2 looks like. And of course, we had sent out various
3 emails to the grantees letting them know that we
4 expected, at best, level funding and to anticipate
5 something that could be as high as a 5 to 7 percent
6 cut.

7 So you can imagine it was very nice to be able
8 to send them out something that indicates we've gone in
9 a very different direction. And so the chart clarifies
10 that for folks.

11 I'll stop there. If there's any questions?

12 CHAIRMAN GREY: There are two questions. I'll
13 start to my left.

14 MS. BROWNE: Thank you, Carol. Two questions.

15 One, you mentioned that there will be no
16 sequestration for the 2014 as well as the 2015 fiscal
17 years. What do we anticipate with the 2015 fiscal
18 year?

19 MS. BERGMAN: Well, I don't know if you want
20 me to go ahead Mr. Chairman. I think further down the
21 agenda I can talk --

22 MS. BROWNE: All right. So we'll postpone

1 that till later. Put it off.

2 MS. BERGMAN: Put off 2015. Okay.

3 MS. BROWNE: Put it off.

4 My second question is, you mentioned that
5 there was a \$120 million difference in the ask of
6 LSC --

7 MS. BERGMAN: Correct.

8 MS. BROWNE: -- and what we actually received.

9 During your communications during this budget, was
10 there any feedback on this fairly large discrepancy in
11 our ask and what we received?

12 MS. BERGMAN: Well, the political reality is
13 that what has happened is that the Senate has adopted
14 the White House number. So the White House asked for
15 430 for FY 2014 for LSC, and that became the Senate
16 budget number.

17 The House went with a significantly lesser
18 number of 300 million because, in large part, their
19 discretionary numbers that they were working with
20 overall incorporated what would have been sequestration
21 for that year.

22 So that's what resulted in the overarching \$91

1 billion difference between the House and Senate numbers
2 for appropriations, and why essentially there were no
3 appropriations bills passed by October.

4 So essentially what happened is in conference,
5 the House and the Senate split the difference between
6 the 300 and the 430, giving us 365. It's not that
7 anybody's looking at it, really, in relation to what
8 the original ask had been either by the White House or
9 by LSC.

10 MS. BROWNE: Okay. I think I would like a
11 little clarification. I'm really concerned more about
12 the impact of our documentation for the \$485 million
13 that we were asking by members of Congress. Were there
14 any concerns that were raised from our documentation,
15 or were there any compliments or what were the issues
16 that they brought up?

17 MS. BERGMAN: Sure.

18 PRESIDENT SANDMAN: I can answer that. We did
19 not pick up any indication that our documentation was
20 inadequate, nor did we pick up any indication that
21 people that the amount we were asking for was
22 unreasonable or damaged our credibility.

1 I think Carol's point is important to bear in
2 mind. The number that the Senate voted was \$55 million
3 below what we asked for. So that is some validation
4 that we were not out of the ballpark in the number that
5 we asked for.

6 I think it's also relevant to note that at a
7 meeting that John and Robert and I had at the White
8 House in December about our 2015 request, we were
9 complimented on the reasonableness of the Board's
10 request for fiscal 2015.

11 MS. BERGMAN: One thing, just to add to that,
12 is that if anything, the response from both the folks
13 in the Senate and the House with whom we met regarding
14 our budget request to the 486 was exceedingly
15 complimentary. Nobody said to us that they thought we
16 were asking for too much money.

17 It was strictly in relation to the numbers
18 that they were dealt with. In fact, the response over
19 and over from the folks on the House side, from Mr.
20 Wolf, who's the chairman of our appropriations
21 subcommittee, is that he wishes he were in a different
22 position to be able to give us more. And in fact, that

1 was the conversation during the House appropriations,
2 both the subcommittee markup and the full committee
3 markup.

4 During the full committee markup, there was an
5 amendment introduced to bring the amount for LSC up to
6 the full ask of 486. And at that time, Mr. Wolf, as
7 well as Mr. Fattah, the ranking member, talked about
8 how they think that is a very reasonable request, and
9 that they wished they were in a different position, and
10 that they hoped to be able to move forward when it came
11 down to actually doing the appropriations.

12 So on the contrary. There was nothing but a
13 positive reaction to what the ask had been.

14 MS. BROWNE: Thank you.

15 CHAIRMAN GREY: Madam Vice Chair, and then Vic
16 Maddox, and then Laurie.

17 DEAN MINOW: Just two questions. When you
18 said that the sequester is put off, I don't know what
19 that means. Is it extended for the time period that's
20 also represented by this period? Or it just picks up
21 at that time, but it's less numbers? I don't
22 understand exactly what that means. And then I have a

1 second question.

2 MS. BERGMAN: The way the Budget Control Act
3 is written, enacted, basically there has to be \$109
4 billion cut every year, but it's based on reaching a
5 certain amount of the federal deficit overall. Then
6 it's supposed to go into effect every January 15th.

7 Okay?

8 As a result of the way they came up with the
9 budget reconciliation, they did this in lieu of
10 sequestration for fiscal year 2014 and 2015. By coming
11 up with numbers, it's instead of. They did not rescind
12 the Budget Control Act. The way it's written right
13 now, it would then go into effect in the following
14 fiscal year.

15 DEAN MINOW: Thank you. And the second
16 question, you are navigating these choppy waters with
17 great care, and so far so good. But who knows what
18 will happen down the road.

19 And so in terms of the managing of
20 expectations of grantees, I would worry that they might
21 now feel, oh, good, the pressure's off. And how do we
22 make sure that they understand, who knows, we could

1 still be back at the earlier numbers or something
2 worse?

3 MS. BERGMAN: The best I can say is that Jim
4 and I wordsmith these notices to the field very, very
5 carefully because we're very cognizant of that. This
6 is like one day at a time. We talk in relation to,
7 this is the budget that we are working with at this
8 time.

9 The good news is that, given the fact that
10 they've come up with a budget number for FY 2015, the
11 expectation is that the things will continue to move
12 along a same line for another year following. But
13 there is no guarantee in the congressional budgeting
14 process.

15 PRESIDENT SANDMAN: Martha, my take is that at
16 this point, our grantees are very experienced roller
17 coaster riders. I don't think they bank on anything.

18 DEAN MINOW: No. I do appreciate that. But I
19 think that the new normal -- and I wouldn't want us to
20 imply anything otherwise -- is to constantly be
21 budgeting for a 10 percent drop, a 20 percent drp, a
22 flat, and an increase, and any suggestion to the

1 contrary is wrong.

2 CHAIRMAN GREY: Second question?

3 DEAN MINOW: That was my second question.

4 CHAIRMAN GREY: That was it.

5 Laurie and Vic next.

6 MS. MIKVA: Thank you. My question is about
7 attorneys' fees. When the restriction came off, was
8 that part of an appropriation? For some reason, I
9 think it was. Did that continue?

10 MS. BERGMAN: Yes. The language has continued
11 throughout. I was just identifying the broad -- but
12 the language has continued -- yes, it was an
13 appropriations -- because there has not been a
14 reauthorization.

15 MR. MADDOX: Carol, do we have any sense for
16 who is likely to take Frank Wolf's place in the
17 budgeting process on the House side? Is it too early
18 to say that?

19 MS. BERGMAN: It's really too early to say
20 because there are a number of factors of who's going to
21 move into which position. There are several positions
22 open because there have been a number of folks

1 retiring. So there's no good answers yet. And Mr.
2 Wolf has made it very clear he's around for the next
3 budget cycle.

4 MR. LEVI: Yes. He told me personally, "I'll
5 be there for 2015."

6 CHAIRMAN GREY: John?

7 MR. LEVI: We had a very good chat and I said
8 to him, who's going to be doing it? I asked the very
9 same question. He said, "You're ahead of yourself.
10 I'm going to be around for 2015."

11 CHAIRMAN GREY: Questions on the phone?

12 FATHER PIUS: Yes. Can I ask a question,
13 Robert?

14 CHAIRMAN GREY: Yes, Father.

15 FATHER PIUS: Carol, thank you very much.
16 This is excellent. And kudos to you, I think, for your
17 ability to convey to Congress and your working with
18 Congressman Wolf on helping to explain what we do and
19 allaying their concerns.

20 And I think a lot of credit is owed to you for
21 doing that, for making sure and keeping these budget
22 numbers up. So I just wanted to publicly thank you for

1 your great work on this.

2 The second question I had is obviously, for
3 the first time in my history on the Board, we have
4 actually rather predictable numbers for our budgeting
5 process for this year. But it sounds like you were
6 talking about almost a two-year process, at least that
7 they had mapped out numbers for two years.

8 Are our numbers as stable not only for the
9 fiscal year starting this October but the fiscal year
10 starting next October? Or is that as questionable as
11 years past?

12 MS. BERGMAN: Thank you, Father Pius. What is
13 known is an overarching budget number going forward for
14 fiscal year 2015. There's nothing that specifies what
15 that would look like for any of the committees or any
16 of the accounts within the committees.

17 But when they reached an agreement of how they
18 were going to reconcile this, they did it for two
19 different fiscal years. So that was --

20 FATHER PIUS: And is that number bigger than
21 this year's number?

22 MS. BERGMAN: It is, by a tiny bit. The

1 difference is that for 2014, the total number is \$1.012
2 trillion, and for 2015, it's \$1.014 trillion.

3 FATHER PIUS: Indeed. That doesn't sound like
4 much, but it's probably a few million dollars here and
5 there.

6 MR. LEVI: We could take the difference.

7 MS. BERGMAN: And so far, Congressman Ryan has
8 made it very clear that he's planning on moving a
9 budget bill in keeping with that, and Senator Murray
10 has not indicated what her plans are going to look like
11 going forward.

12 FATHER PIUS: That's very helpful. Thank you
13 very much.

14 MS. BERGMAN: Sure.

15 CHAIRMAN GREY: Further questions?

16 (No response.)

17 CHAIRMAN GREY: Let me say this. I think that
18 there are few governmental entities with the required
19 political split that we have and the staff that we have
20 and the Board Chair that we have and Vice Chair.

21 It is pretty significant, I think, to be in
22 this environment with the competing forces within the

1 political structure, within the financial structure,
2 and the priorities that are trying to be set, for us to
3 emerge in a way that provides those in this country who
4 need legal services a chance that is much more likely
5 to be competitive in this environment than if we
6 weren't here and if we didn't exert ourselves the way
7 we have.

8 And just as a Board member, I'd like to thank
9 the Board because everybody here has pitched in. And
10 to the Chair, Vice Chair, President, and Government
11 Affairs, we'd like to recognize your service in ways
12 that are not always apparent but always there. So
13 thank you very much.

14 (Applause by Inspector General)

15 CHAIRMAN GREY: Let's see. We've got a
16 resolution that we ought to present. Do you want to
17 say anything else, Mr. Treasurer?

18 MR. RICHARDSON: I would just comment that for
19 those who are on the telephone, there's a resolution in
20 your Board book on page 44 that because of the actions
21 of Congress and now having our appropriation, we have a
22 replacement for that we've handed out here in the

1 meeting.

The change to that resolution is on item number 1, where we have continuing resolution funding.

4 And what we now is -- and I've just noticed it says
5 "continued resolution" -- but that's actually
6 appropriation funding of \$365 million.

That change just has a ripple effect. It goes back to the second page, and everything there ties to Schedule A, that I have given out here in the meeting.

10 And what it does show is that we have a new budget
11 that is before you of not \$354,800,000; we actually
12 have a budget of \$379,871,000 that we're presenting for
13 the Committee to adopt today.

14 CHAIRMAN GREY: With that correction to the
15 wording, is there a motion?

16 MOTION

17 MS. BROWNE: I'll move.

DEAN MINOW: And second,

19 CHAIRMAN GREY: All in favor say aye.

20 (Chorus of ayes.)

21 CHAIRMAN GREY: Okay, Mr. Richardson. That
22 satisfies your action items?

1 MR. RICHARDSON: It does. We have one more
2 report for you.

3 CHAIRMAN GREY: Well, this is back to the 2015
4 presentation. I'm going to ask Carol Bergman --

5 MR. RICHARDSON: Yes.

6 MS. BERGMAN: Yes. This is very brief, just
7 to let folks know that we anticipate getting our budget
8 request up to Congress by March 4th. The White House
9 has just announced today that that is when their budget
10 is going to be going up to the Hill.

11 Normally -- well, I should not phrase it that
12 way. Legally, it's due the first Tuesday of the month
13 of February. Almost always, there is a request to
14 delay, and it had been anticipated that it would be
15 delayed as a result of resolving the issues with the CR
16 and the appropriations bill.

17 So we now know the budget's going to go up on
18 the 4th. We are preparing our congressional budget
19 request to reflect the \$486 million, and that will be
20 going up at that point.

21 At the moment, OMB is in the process of
22 providing what are referred to as past facts, and it's

1 an ongoing conversation and negotiation with the
2 different agencies before that gets finalized, and the
3 White House budget is submitted to Congress at that
4 point.

5 As I said before, it looks at this point,
6 because the budget committees have come to agreement
7 about their overarching numbers, both the Senate and
8 House appropriations committees are anticipating going
9 back to what's referred to as regular order, where
10 there actually will be not just hearings but markups of
11 each appropriation bill in the twelve subcommittees in
12 both the House and the Senate, and with the goal of
13 actually producing a fiscal year 2015 bill by October
14 1st.

15 So that is the track that they are currently
16 on. Obviously, we'll see how that plays out and what
17 the budget numbers look like in mid-April when the
18 budget committees move forward.

19 CHAIRMAN GREY: Julie?

20 MS. REISKIN: I just want to make sure I
21 understand the sequestration. Is it that every year,
22 starting now, that they either meet their targets or,

1 if they can't, then sequestration goes into effect?

2 And then that's for that year, and then the next year

3 it's the same thing, they have to meet certain targets?

4 Or am I not understanding it?

5 MS. BERGMAN: Sort of. Basically, the way

6 it's written is it's a ten-year law that goes into

7 effect every January 15th. However, Congress can

8 always rescind it. So that's what the framework is

9 until and unless it gets changed.

10 So what they've done is change it for these

11 two years. They could continue to change it and we may

12 never see it again, or they could let it go and we

13 would see sequestration, or they could change the

14 amount of sequestration.

15 But the current framework calls for ten years.

16 So they would have to take action. So right now,

17 they've taken action for fiscal year 2014 and 2015.

18 They would have to take action again for fiscal year

19 2016 or January 15th of that year it would once again

20 be implemented.

21 MS. REISKIN: Okay. And that's for everything

22 in the budget, not --

1 MS. BERGMAN: Correct. And it's split roughly
2 equally between defense and domestic spending. Right.
3 That's a whole other conversation.

4 CHAIRMAN GREY: Okay?

5 MS. BERGMAN: Okay. That's it.

6 CHAIRMAN GREY: Thank you.

7 Are there any questions?

8 (No response.)

9 CHAIRMAN GREY: The next item on the agenda is
10 the evaluation by Committee members of the Finance
11 Committee. That is found behind the resolution at the
12 last tab.

13 I think, by and large, there is pretty strong
14 agreement that we are working well together. We feel
15 comfortable that we're getting good information. We
16 are happy with the resources allocated for our needs.
17 And I think we feel like the work we're doing is
18 helpful. So I think, all in all, we're in pretty good
19 shape.

20 So ideas for improvement: Consider having
21 additional briefings, and I think that is probably more
22 suggestive of when items come up that affect finance,

1 we're happy to address those as the staff needs us to.

2 We have always, I think, been thinking about
3 the items under particular categories, and the
4 Treasurer has been very forthcoming in providing more
5 detail as we've requested. So that's been very
6 helpful.

7 Reduce the number of Committee members: I
8 don't know if John is going to do that. I guess you
9 can ask for a vacation or something like that.

10 And then more focus on implementing the Task
11 Force recommendations, and for the future, evaluate the
12 recommendations of the Fiscal Oversight Task Force.

13 And I think that the President and Lynn have been very
14 focused on that, and plan to give us updates as those
15 plans go into effect. But I do think there's a
16 sensitivity about that among the Finance Committee.

17 Any other comments by members?

18 FATHER PIUS: Vic, I have just a question.

19 CHAIRMAN GREY: Father Pius?

20 FATHER PIUS: One thing, just a thought -- now
21 that we've got fairly stable budget numbers, at least
22 for the rest of this year and maybe even into the

1 following year, I was hoping that maybe our discussion
2 in the future of when we recommend our numbers to
3 Congress, if we could have a target by which we vote as
4 a Board at the July meeting rather than what we've
5 sometimes done in the past and have a special
6 telephonic conference meeting to do that number.

7 I don't think the issue came up when I was
8 doing my recommendations because we didn't have such
9 firm budget numbers. But I would certainly add that to
10 mine, is to accelerate a little bit our discussion of
11 the following fiscal year's budget numbers, at least
12 for this year and maybe next year.

13 So thanks. That's my comment.

14 CHAIRMAN GREY: Thank you, Father Pius.

15 Any other comments from the Board?

16 (No response.)

17 CHAIRMAN GREY: Any comments from the public?

18 (No response.)

19 CHAIRMAN GREY: Any other business before the
20 Committee?

21 (No response.)

22 CHAIRMAN GREY: Motion to adjourn?

1

M O T I O N

2

DEAN MINOW: So moved.

3

MS. BROWNE: Second.

4

CHAIRMAN GREY: All in favor say aye.

5

(Chorus of ayes.)

6

CHAIRMAN GREY: Mr. Chairman.

7

MR. LEVI: Thank you. And in the interests of
keeping us moving along, unless you want to take a
five-minute break, start up the Audit Committee.

10

(Whereupon, at 2:50 p.m., the Finance
Committee was adjourned.)

12

13

* * * * *

14

15

16

17

18

19

20

21

22