

LEGAL SERVICES CORPORATION
BOARD OF DIRECTORS

MEETING OF THE
BOARD OF DIRECTORS

OPEN SESSION

Saturday, January 25, 2014

10:04 a.m.

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

BOARD MEMBERS PRESENT:

John G. Levi, Chairman
Martha L. Minow, Vice Chair
Sharon L. Browne
Robert J. Grey Jr.
Charles N.W. Keckler
Harry J.F. Korrell, III (by telephone)
Victor B. Maddox
Laurie Mikva
Father Pius Pietrzyk, O.P. (by telephone)
Julie A. Reiskin
Gloria Valencia-Weber
James J. Sandman, ex officio

STAFF AND PUBLIC PRESENT:

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

Herbert S. Garten, Non-Director Member, Institutional
Advancement Committee

Paul Furrh, Lone Star Legal Aid

Debra Furrh

Ofelia Zapata, Texas RioGrande Legal Aid Client Board
Member

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

Bruce Bower

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1 PROCEEDINGS

2 (10:04 a.m.)

3 CHAIRMAN LEVI: Sharon Browne is going to
4 lead us in the Pledge of Allegiance.

5 (Pledge of Allegiance.)

6 CHAIRMAN LEVI: Thank you, Texas.

7 Can I have a motion to approve the agenda?

8 MOTION

9 DEAN MINOW: So moved.

10 CHAIRMAN LEVI: Second?

11 MS. BROWNE: Second.

12 CHAIRMAN LEVI: Anybody second?

13 DEAN MINOW: Yes. Sharon did.

14 CHAIRMAN LEVI: All in favor?

15 (A chorus of ayes.)

16 CHAIRMAN LEVI: And could I have a motion to
17 approve the minutes of the Board's open session?

18 MOTION

19 DEAN MINOW: So moved.

20 MS. REISKIN: Second.

21 CHAIRMAN LEVI: All in favor?

22 (A chorus of ayes.)

1 CHAIRMAN LEVI: Now we have to consider and
2 act on nominations for the Chairman of the Board of
3 Directors. And Julie?

4 M O T I O N

5 MS. REISKIN: Yes. I'm a big proponent of
6 not fixing things that ain't broken. So I think John
7 Levi has been an incredible leader, and we see the
8 results of that at every meeting and constantly. And
9 so I would like to nominate John Levi to continue to
10 be the Chair.

11 CHAIRMAN LEVI: Is there a second?

12 MS. MIKVA: Second.

13 CHAIRMAN LEVI: Laurie. Any other comments?
14 Nominations?

15 (No response.)

16 CHAIRMAN LEVI: Hearing none, vote. All in
17 favor?

18 (A chorus of ayes.)

19 CHAIRMAN LEVI: Opposed?

20 FATHER PIUS: Aye.

21 (Laughter.)

22 MR. MADDOX: Satellite delay.

1 CHAIRMAN LEVI: Yes. That was that delay.

2 FATHER PIUS: That was in favor, not against,
3 John.

4 (Laughter.)

5 CHAIRMAN LEVI: We'll consider and act on
6 nominations for the Vice Chair of the Board.

7 M O T I O N

8 MR. MADDOX: Mr. Chairman, I would like to
9 nominate for another term our Vice Chair, Martha
10 Minow, who's provided amazing leadership for the
11 Corporation since we've started.

12 She's directed the strategic plan, she's
13 coordinated the Pro Bono Task Force, she has moderated
14 the Access to Justice panels and the White House
15 panels, she's chaired the Governance Committee, all of
16 that with incredible energy and deduction. And she's
17 been a great wingman for the Chairman in those few
18 instances where he wasn't able to fulfill the duties.

19 So it's my pleasure to put into nomination
20 Martha Minow's name.

21 CHAIRMAN LEVI: Thank you, Victor. Second?

22 MS. REISKIN: Second.

1 CHAIRMAN LEVI: Any other comments? You're
2 willing to serve in your major role?

3 MR. MADDOX: And I should point out all while
4 managing a small law school.

5 (Laughter.)

6 CHAIRMAN LEVI: Exactly.

7 MS. MIKVA: In her spare time.

8 CHAIRMAN LEVI: All in favor?

9 (A chorus of ayes.)

10 CHAIRMAN LEVI: Opposed?

11 (No response.)

12 CHAIRMAN LEVI: Thank you. Thank you, Madam
13 Vice Chair, for your willingness to put everything
14 else aside and take on this role.

15 DEAN MINOW: Thank you.

16 CHAIRMAN LEVI: I'll give a brief report.
17 First of all, I want to thank the Board for its
18 continuing confidence, and also thank the Board for
19 its continuing hard work.

20 As I started to think about the 40th
21 anniversary the other day, I realized that we're
22 almost in office four years. So we have been the

1 Board of the Corporation for nearly 10 percent of its
2 existence. And that's sort of a stunning fact.

3 And what comes with that? We know what we
4 inherited, and we know that we're probably midway
5 through our service as a Board. So now, in some
6 respects, having rectified many of the issues which we
7 had to deal with on our way in, we now need to be
8 thinking about what we want to leave in our wake.

9 We're not exiting any time soon, and none of
10 you are allowed to do that. But the fact is that we
11 have to leave in place structures and ways of doing
12 things that lift the Corporation and keep the
13 Corporation out of the areas of issue that we knew
14 existed when we came in the door, but then also the
15 tremendous opportunity that the Corporation has to
16 lead and motivate the legal community across the
17 country in an area that we know is so fundamental to
18 the future of our country.

19 That certainly has been at the center of
20 everything that Jim Sandman has been doing. And I
21 want to congratulate him on his tenure because it is
22 making such a difference in terms of the confidence

1 that not only our principal funders but also the legal
2 community across the country has.

3 And as I said yesterday, you can feel it as
4 we go from meeting to meeting, how the panel
5 discussions, the receptivity of the local communities
6 to our coming, and what the level of the discussion
7 has been at. And I have to say that Texas, these
8 meetings have certainly been outstanding.

9 And so that leads me to again offer the
10 Board's thanks to Chief Justice Hecht, a champion
11 himself through his life and his work, and the Texas
12 Access to Justice foundation and its Commission,
13 probably one of the longest-standing such foundations
14 in our community.

15 To Betty Torres and Richard Tate for
16 collaborating with us on that terrific event at the
17 Lyndon B. Johnson Presidential Laboratory; to Harriet
18 Miers, who gave a stirring talk yesterday; to Dean
19 Farnsworth, who on an icy morning when he himself was
20 hosting something at the school, University of Texas
21 Law School, where people were strung out all over the
22 place and he was really quite concerned about it,

1 nevertheless made the time to be with us.

2 Our panels, the two panels, were terrific
3 yesterday, and I want to thank all of our judges and
4 justices who made the trip to Austin; and particularly
5 also our tech panel, which I thought was just really
6 quite extraordinary.

7 I hope that we have the focus on tech at
8 almost every meeting now because you can see the
9 energy and the innovation that is coming through what
10 our grantees' programs and our own leadership is
11 working on. It is very exciting, and these meetings
12 are opportunities for us to learn, but for them to
13 share.

14 So as I say, we have a busy year in front of
15 us. I hope that we all understand, though, the
16 importance of it and what it means. I don't think
17 that there's anything now that we could be doing as a
18 Board that will be more important than how the 40th
19 anniversary year is recognized, not only for us but
20 for the country. And so we are working hard to make
21 sure that it fulfills its promise for all of us.

22 So thank you very much, and it's now my

1 pleasure to turn this over to the President. And he
2 has a report that I think is going to be up on line.
3 Yes, Robert Grey?

4 MR. GREY: Excuse me, John. While Jim is
5 setting up, let me just -- I think it goes without
6 saying on behalf of the Board that your leadership,
7 and Martha's as well, has been not only refreshing but
8 it has been inspiring.

9 And so I hope I speak for the Board when I
10 say thank you for the many countless hours that you
11 put in, not only to your work for LSC, but knowing
12 that you are calling us also indicates the level of
13 intensity with which you do your work on behalf of
14 this organization. So thank you very much.

15 And then the last thing is, it is rare to be
16 in an organization where the Chairman of the Board has
17 both vision and humility. And you have both of those
18 things, and it's rare. So congratulations. You have
19 been well trained by those before you. But you carry
20 it off with a lot of class and a lot of elegance. So
21 thank you.

22 CHAIRMAN LEVI: Thank you, Mr. Grey. And I

1 certainly hope I don't wear out my welcome mat.

2 MR. GREY: You're working on it.

3 CHAIRMAN LEVI: Well, coming from you, those
4 are very moving words to me, and I take them to heart.

5 And thank you so much. This is a hardworking Board.

6 We didn't know one another very well at the
7 beginning. I think we know one another pretty well
8 now, and I think we have confidence in one another.

9 And I think that is a tremendous asset to any
10 organization. And I know you all know this from your
11 other not-for-profit boards that you may have served
12 on. This collection of talent is quite rare, and we
13 are very, very lucky to have it. So if I'm being
14 successful in my role, it's because of you. Thank
15 you.

16 Jim?

17 PRESIDENT SANDMAN: Thank you, John.

18 I'd like to review five items this morning.
19 First, I'll update the Board on what we're doing to
20 implement the recommendations of the Fiscal Oversight
21 Task Force. Second, I'll report on a significant
22 business process analysis that we're undertaking

1 within LSC now.

2 Third, I'd like to offer a few reflections on
3 LSC's leadership and technology. Fourth, I'd like to
4 provide some feedback from the field, most notably
5 from a survey we recently completed of the executive
6 directors of the programs we fund; and finally, give
7 you an update on the work of the Legal Aid Interagency
8 Roundtable.

9 In 2013 for the 2014 grant cycle, we
10 introduced a fiscal section in our grant application
11 requiring that grantees provide very specific
12 information about their financial systems and
13 processes. That section of the application is
14 reviewed and scored by a fiscal specialist in the
15 Office of Compliance and Enforcement.

16 We've taken a look at some of our metrics to
17 see whether we see any indications of the results of
18 our increased oversight, and there are two particular
19 things that we can look at -- one, how many grants are
20 we awarding for less than our standard grant term of
21 three years, and second, how many grantees are being
22 subject to special grant conditions.

1 This chart shows the terms of the grants that
2 we've awarded in the past three years. The dark blue
3 dots indicate three-year grants; that's our standard
4 grant term. The light blue dots reflect two-year
5 grants.

6 The grey dots reflect one-year grants. And
7 the red is a less-than-one-year grant. And each year,
8 we've had no grant awarded for one service area;
9 that's American Samoa, because we haven't had an
10 applicant for that service area.

11 What these numbers show is that in 2012, 26
12 percent of our grants were for less than three years;
13 21 percent in 2013 were for less than three years; and
14 for the current year, 29 percent of our grants are for
15 less than three years. So there's a slight uptick in
16 the number of grants being awarded for fewer than
17 three years.

18 If we look at the number of special grant
19 conditions imposed, you can see from this graph that
20 we had a significant increase in the number of
21 grantees that have special grant conditions attached
22 to the grants that they've received for the current

1 year, up to 16.4 percent of the grants awarded.

2 What is the nature of those special grant
3 conditions? We've broken them down, as reflected on
4 this chart. The dark blue bar is grants related to
5 fiscal issues. The light blue bar reflects compliance
6 concerns. The grey bar reflects programmatic
7 concerns. And the orange bar are special grant
8 conditions related to migrant service areas.

9 So you can see that the reason, the principal
10 reason, the most important reason, for the increase in
11 the number of special grant conditions this year as
12 compared to the prior two years is more fiscal
13 oversight special grant conditions.

14 Those typically require reporting about
15 implementation of policies, special action that might
16 be taken, for example, to make sure that there's
17 appropriate differentiation of duties relating to
18 financial functions, things of that nature. And
19 often, we will require that the grantee provide
20 evidence to us that particular policy changes we've
21 required have been implemented and are now in place.

22 So I think this is some objective information

1 that shows that we're doing things differently and
2 it's having an impact.

3 We're doing some other things as well. We've
4 established an advisory group of outside experts to
5 advise us on potential changes we might make in our
6 performance criteria relating to governance,
7 leadership, and administration of grantees.

8 We have four people that we've enlisted to
9 help us. Two are outside lawyers with expertise in
10 nonprofit governance. They're providing their
11 services pro bono.

12 In addition, we have Jane Curran, who is the
13 Executive Director of the Florida Bar Foundation and
14 who is a member of the Fiscal Oversight Task Force.
15 And finally, we have Katia Garrett, who is the
16 immediate past Executive Director of the District of
17 Columbia Bar Foundation and who presented recently on
18 a panel at a Board meeting.

19 What we want these people to do is to review
20 the criteria that we use to assess the competence of
21 grantees in matters of Board governance, leadership,
22 and internal administration to see if we're asking the

1 right questions and getting a good picture of the
2 things that a well-managed organization should be
3 looking at in being governed competently.

4 The lawyers that we have enlisted have
5 checklists, tools that they've prepared in connection
6 with paying representations that they are going to
7 share with us, and a potential result is a revision of
8 our performance criteria in this area. But I think
9 that kind of outside perspective and expertise can be
10 very helpful to us in discharging our oversight
11 responsibilities.

12 For the 2014 grant cycle, we introduced for
13 the first time a rotation of grant application
14 reviewers. Previously, grant applications were always
15 reviewed, and only reviewed, by the Office of Program
16 Performance liaison to the program that was in the
17 grant application cycle.

18 And we're switching it up. We're providing a
19 little outside perspective on these things, both by
20 having internal people other than the program liaison
21 review the grant application, and second, by having in
22 some instances outside reviewers, as temporary

1 employees, review the grant applications. So last
2 year a quarter of all of the applications were
3 reviewed by someone other than the program liaison.

4 We have implemented a conflict of interest
5 policy where we require that LSC employees identify
6 any relationships that they might have with one of our
7 grantees. For example, were they previously employed
8 at a grantee? Do they have a family member employed
9 at a grantee?

10 And with that information, we can implement
11 appropriate screening to be sure that people who are
12 reviewing grant applications or otherwise discharging
13 oversight responsibilities have the objectivity and
14 distance from a grantee that they should have.

15 We recently started a business process
16 analysis within LSC. You heard a description
17 yesterday at the technology panel from Diana White
18 about what a business process analysis is.

19 And we are undertaking one internally. It's
20 being conducted by a consulting firm, Barker & Scott,
21 and what they're doing is reviewing the internal
22 processes that we have relating to the collection and

1 use of information from grantees.

2 They will be identifying opportunities to
3 improve efficiency, effectiveness, and information
4 flow; eliminate duplication and repetitive actions;
5 and all of this is aimed at helping us develop new
6 data and management reporting systems, technology
7 systems, and to help guide our decision on what we
8 should do with our existing grants management
9 software, which has significant limitations.

10 It's a program that we use that's been
11 customized to such a great extent for LSC's purposes
12 that we can't update it with updates that the software
13 manufacturer puts out because the updates won't fit
14 over what we've done to customize what they sold us
15 some years ago.

16 So we're going to have to make some decisions
17 about whether we try to stick with the system that we
18 have, or whether we go with a new grants management
19 software system. And this process will help us make a
20 more intelligent decision in that regard.

21 We have required that the consultant, as a
22 part of their engagement, prepare a request for

1 proposal for us that we might then put out to the
2 market to deal with our software issues.

3 As you heard yesterday, LSC is demonstrating
4 real leadership in the field of technology. We
5 released last month the report of our Technology
6 Summit, and although we had a pretty robust discussion
7 of the summit report yesterday, I would like to
8 highlight a few things.

9 I think it's important to emphasize the
10 nature of the mission that the summit set for itself:
11 to explore the potential of technology to move the
12 United States toward providing some form of legal
13 assistance to 100 percent of persons otherwise unable
14 to afford an attorney for dealing with essential civil
15 legal needs.

16 What this reflects is a desire to move away
17 from a system where too many people are turned away
18 with zero, nothing, where the inability of a legal
19 services program to provide a lawyer for someone means
20 that they receive absolutely nothing.

21 We don't want the perfect to be the enemy of
22 the good. We don't want our inability to provide a

1 lawyer in all instances to mean that you don't get
2 something lesser even if it's not the ideal -- legal
3 information, help in filing out a form, access to
4 technological assistance.

5 What this really means is that the summit
6 report reflects a serious rethinking of the
7 traditional service delivery model that's been in
8 place for more than a generation. This has
9 consequences beyond technology. It has the potential
10 to be quite transformative in how we think about the
11 delivery of legal services.

12 I think it's important to bear in mind also
13 that the recommendations of the summit are not
14 something that LSC can implement on its own. Far from
15 it. They are recommendations that have to be
16 implemented locally, and they require broad
17 participation by many players in the access to justice
18 community, starting with courts and court
19 administrators, but also including other legal
20 services providers, the bar, the full panoply of
21 people who are stakeholders in access to justice.

22 We have three next steps. We plan to

1 reconvene the planning group that worked with us on
2 planning for the summit to review how we will go about
3 implementing the recommendations. We need to identify
4 potential pilot jurisdictions for the creation of
5 these portals that Glenn Rawdon described yesterday.

6 And most importantly, maybe, we need to
7 pursue funding because these pilot projects that we
8 want to implement state by state are not something
9 that LSC has funding to do, certainly not on its own.

10 Last week in Jacksonville we held our 14th
11 TIG conference, Technology Initiative Grant
12 conference, and we had record attendance, 214 people,
13 a 21 percent increase from the prior year.

14 This chart shows the increase in attendance
15 since 2009, and that's quite a significant increase
16 for us, to be up to 214 people. This is really the
17 only technology conference in the United States geared
18 toward the legal aid community, and it draws
19 participation from far beyond the LSC grantee
20 community, more than just the legal aid community.

21 There are tech vendors there, there are
22 academics there, technology experts from a range of

1 disciplines. And you really have to be there to get a
2 sense of what this conference is like.

3 I was talking to Richard Zorza, who many of
4 you will recall from prior Board meetings, the week
5 before the conference, and Richard was despondent that
6 his health will no longer permit him to attend a TIG
7 conference. I think it may be the first one that he
8 had ever missed.

9 And he said, it's his favorite of all the
10 conferences he goes to because there is such a sense
11 of energy and optimism and enthusiasm and can-do
12 attitude, and no whining. And he really values that.

13 And I know exactly what he's talking about. I love
14 all the conferences I go to, but this is my favorite.

15 We had five people from outside the United
16 States at the conference, and we had three plenary
17 sessions, 30 workshops, and 30 affinity group
18 meetings. Affinity group meetings are special
19 meetings beyond the formal agenda where people who are
20 interested in a specific subject area -- for example,
21 intake systems -- can get together to talk.

22 These are kind of after-school activities.

1 They typically meet at 7:30 in the morning or 5:30 in
2 the evening. And I walked around the hotel conference
3 center when these were being held, and every breakout
4 room had these affinity group meetings going on with
5 people participating, either at the beginning of what
6 was going to be a long day or at the end of what had
7 already been a long day. It was really quite
8 impressive to see the commitment that the participants
9 bring to the TIG conference.

10 And this year, for the first time, through
11 the assistance of Wendy Rhein, we had three conference
12 sponsors -- Legal Files Software, Microsoft, and
13 LegalServer. The price of a sponsorship was very
14 modest, but I think we learned from our experience
15 that we can up our price next year and maybe broaden
16 participation.

17 Next I'd like to report on some recent
18 feedback from the field. And the first thing I'd like
19 to report on has to do with a session at the NLADA
20 conference that Julie and I moderated, a conference
21 with client board members.

22 And there was one great suggestion there from

1 a client board member: Include a client on your visit
2 teams. There are lots of things that our program
3 visit teams try to do to get a sense of what the
4 client experiences, like when they walk through the
5 door of a legal aid program.

6 The person who made the suggestion was
7 reflecting a concern that sometimes our visit teams
8 might not be getting an accurate impression. We don't
9 do unannounced visits. Grantees know we're coming.
10 And it would only be human for them to be trying to
11 show things at their best.

12 But the client was also making the point that
13 no one knows better than a client what the client
14 experience is like. What does intake feel like to the
15 client? And the people who participate in this
16 session at the NLADA conference are proof that there
17 are a number of clients out there who are
18 sophisticated consumers who can be very helpful to us.

19 I thought that was a great suggestion, and I
20 said on the spot, we're going to do that. And we
21 will. We won't be able to do it for every program
22 visit, but I think it's a wonderful suggestion and it

1 will really cause us to give a fresh look at how we go
2 about the process of assessing a client when we send a
3 team out.

4 We did a survey last month of all of our
5 executive directors trying to gather information that
6 we might use in preparing our budget submission to
7 Congress for fiscal year 2015. This is something
8 we've done for the two prior years.

9 And we modified our survey this year to
10 elicit not only quantitative information, information
11 about things like number of staff attorneys,
12 paralegals, other staff, but also to get better
13 qualitative information, to get our grantees to
14 provide narratives about what the effects of recent
15 funding cuts have been on their operations, and to
16 give us stories that we could use in our advocacy for
17 them on Capitol Hill.

18 And here are some of the things we learned.
19 Our grantees, many of them, were heavily dependent on
20 using their reserves last year to fund their 2013
21 operations. Sixty percent of grantees had to dip into
22 reserves to fund their current operations in 2013, and

1 10 of our 134 grantees reported exhausting their
2 reserves by the end of 2013.

3 Another theme that emerged from their
4 responses was that to replace reduced LSC funding,
5 many of them are now dependent on grants for limited
6 purposes that don't allow them to respond to the most
7 critical needs of clients.

8 Their agendas are being driven by grants they
9 can get from other funders for particular purposes
10 that may not align with the program priorities and
11 client needs that they've identified. Let me read you
12 a few representative comments that we received:

13 "We have a myriad of grants to keep staff on
14 the payroll, but the loss of LSC funds makes it
15 difficult to do core cases. Instead, we do a lot of
16 grant-driven cases, which are not necessarily our
17 priority."

18 "We've been forced to allocate resources
19 where funding is available rather than basing
20 allocations on the needs of the poor."

21 "The replacement of basic field funding with
22 special grants has drastically reduced our ability to

1 be flexible and meet real client needs."

2 We inquired about staffing changes, and we
3 saw ups as well as downs last year. I think this is
4 for several reasons. One, special grant funding for
5 limited purposes did permit some grantees to add
6 staff.

7 As I reported at a prior board meeting, money
8 made available in some states by state attorneys
9 general as a part of the mortgage foreclosure
10 settlement have enabled the hiring of lawyers at legal
11 aid programs, but exclusively for the purpose of doing
12 mortgage-related work.

13 Second, I think we might be seeing the
14 beginning of the effects of the census adjustment.
15 Remember that the census adjustment was good news for
16 some legal aid programs, for some of them will result
17 in increases in their funding of more than 20 or 25
18 percent.

19 We only partially implemented the census
20 adjustment last year, but some did see an immediate
21 increase in their funding. And those programs that
22 saw increases knew that they were going to see even

1 more this year, with the caveat that they did not know
2 what our appropriation would be for fiscal year 2014.

3 So we saw that 66 grantees had reduced staff,
4 and 42 had increased staff. We did have 16 programs
5 that specifically mentioned that staff were supported
6 with limited purposes grant funding, and that most of
7 those staff positions would not improve core services.

8 And seven specifically mentioned national foreclosure
9 settlement grants as explaining the increase in their
10 funding.

11 So the net change across all our grantees, as
12 reported, was a 50-attorney increase but a reduction
13 in total FTE staff -- that would include all
14 positions, paralegals and administrative staff -- of
15 628.

16 We're going to need to validate all of these
17 numbers in our formal grant activity reports, the
18 reports that we'll be getting from grantees in
19 February and early March. These end-of-the-year
20 surveys don't have the same rigor as our formal grant
21 activity reports.

22 We asked about offices, office openings and

1 closures. Sixteen grantees closed offices. Seven
2 grantees opened offices. The net was a reduction in
3 eight offices in 2013; if you add that to the
4 reductions that we saw in 2011 and 2012, our grantees
5 are down about 38 offices from where they were on
6 December 31, 2010.

7 We asked our grantees to describe the impact
8 of office closings, and you see a couple of quotes
9 here on the slides:

10 "Having to close an office that had been open
11 for 39 years, damaging our relationship with the local
12 bar association and the court as they struggle to
13 understand why their office was picked."

14 I have gotten a couple of letters from -- I'd
15 say a handful of letters from members of Congress,
16 state legislators, local bar associations, protesting
17 or inquiring about office closures. And I write back
18 to explain that we don't make those decisions; they
19 flow from reductions in our funding.

20 But I know that our executive directors and
21 their boards, who have had to make these difficult
22 decisions about where to close an office, what process

1 they need to go through to identify which office to
2 close, they cause a lot of community consternation.

3 We asked also about reductions in service
4 offerings. Fifty-nine grantees reduced the days,
5 hours, and locations that they were doing intake.
6 Sixty-eight grantees reduced the scope of the
7 representation that they provide to clients.

8 They might have been doing more limited
9 representation and less extended service
10 representation, and making some changes in the
11 substantive areas where they offer assistance. Here
12 are some quotes:

13 "Intake staff was reduced by more than 50
14 percent."

15 "We have reduced intake from three days a
16 week to two."

17 "We ended intake at more than half of our
18 outreach sites."

19 And substantively, here are some quotes:

20 "We have significantly scaled back our case
21 acceptance guidelines in almost every area."

22 "In effect, we now only accept emergency

1 cases for full representation by staff attorneys."

2 And a final quote:

3 "While we have not changed our priorities per
4 se, more resources are being directed to areas where
5 we can obtain grant money. The reallocation of
6 resources has impacted our ability to meet the basic
7 legal needs of the poor." So this connects back to
8 the point I made earlier about the increased reliance
9 on special purpose funding.

10 Thirty-five grantees reported reducing staff
11 compensation in 2013. This was another hard year on
12 top of two prior hard years. And this slide shows a
13 couple of quotes about the impact of salary freezes:

14 "These types of things cause people to leave
15 programs and don't make recruiting any easier than it
16 ever was for a segment of the profession that is the
17 lowest paid."

18 Finally, I'd like to report on the Legal Aid
19 Interagency Roundtable, which as you know is the
20 convening of a number of federal government agencies
21 that deal with the same population that legal aid
22 programs do.

1 The Legal Aid Interagency Roundtable, because
2 it's an interagency convening, has to be authorized by
3 the Office of Management and Budget. And they
4 authorize such groups only for one year at a time, and
5 typically for no more than one year.

6 The Legal Aid Interagency Roundtable's
7 initial charter expired in 2013, but OMB has extended
8 it for another year, I think because they've seen the
9 results of the work of the group and think that it's
10 successful and that it's too early to shut it down.

11 Even after it ceases to exist formally, the
12 Department of Justice Access to Justice Initiative is
13 working on ways to institutional the concept so that
14 the authorization of OMB, when it lapses, will not
15 make a difference in the workings of the group.

16 It is resulting in more grant opportunities
17 from more agencies for LSC grantees. We have to work
18 on some ways to capture and quantify the benefit of
19 that impact. It's always been the case that our
20 grantees have received grants from other government
21 agencies.

22 What new grants are attributable to the work

1 of this group is harder to isolate, but we're working
2 with the Access to Justice Initiative on trying to get
3 information about that, and we do get anecdotal
4 information from our grantees about it.

5 That concludes my report. I'd be happy to
6 answer any questions.

7 MR. MADDOX: I've got a couple of questions,
8 Jim.

9 Just to go back to your last point, I know I
10 recently saw where the grantee in Eastern Missouri got
11 a grant from that roundtable thing. And I'm
12 wondering, what was special about that grantee? If
13 they presented a program or a grant application that
14 was worthy of funding, why shouldn't every other
15 grantee have a similar application to the HHS, which
16 has a \$77 billion discretionary budget?

17 It seems like if one grantee can demonstrate
18 that there's this need for a particular million-dollar
19 grant, then every other grantee should have a similar
20 case to be made.

21 PRESIDENT SANDMAN: One reason is that the
22 ability of our grantees to access these kinds of funds

1 often depends on others. Often they're getting
2 sub-grants from grants where the initial grantee is
3 not a legal services office. It might be a social
4 services agency in their jurisdiction that has gotten
5 approval to make a sub-grant to the local legal aid.

6 But the legal aid can't access this money
7 directly. They can only do it as a sub-grantee. And
8 if there isn't a high-quality grant application from a
9 potential collaborator in their jurisdiction, there's
10 nothing they can do about that. That may be the most
11 common reason.

12 MR. MADDUX: All right. Just going back to
13 the Fiscal Oversight issue, two things. You mentioned
14 this advisory group of four. Is there a timeline for
15 them to get together and collaborate and give us any
16 recommendations?

17 PRESIDENT SANDMAN: Not yet. We just
18 completed putting the group together a few weeks ago,
19 and we were busy preparing for a Board meeting.

20 MR. MADDUX: I want to welcome the Blues
21 Brothers to the group here.

22 (Laughter.)

1 DEAN MINOW: We can turn that off.

2 MR. MADDOX: And then the last question, Jim,
3 is in the oversight right, our Fiscal Oversight Task
4 Force report, we said that one of the recommendations
5 was that management should design the oversight
6 program of grantees to provide adequate coverage of
7 all financial risks arising from a grantee's
8 operations, and that we should "expand the scope of
9 grantee reviews to place a greater emphasis on the
10 existence and design of internal controls."

11 And I'm wondering, have we done anything
12 specifically to address the internal control issue,
13 which I think has ultimately been at the heart of most
14 of the really problematic grantee abuses that we've
15 seen in the last five or ten years?

16 PRESIDENT SANDMAN: Yes, we have done some
17 things. And the fiscal portion of the grant
18 application is intended to get at some of those. But
19 that's more of a policy review, looking at written
20 documentation.

21 Do they have the right policies in place to
22 provide good fiscal oversight, and do their policies

1 reflect good internal controls? So that's one check,
2 but that doesn't necessarily tell us anything about
3 whether those policies are actually being followed on
4 the ground.

5 I think that the work of our Office of
6 Inspector General is very closely related to this in
7 terms of the fraud vulnerability assessments that they
8 do when they go out and visit grantees. They're
9 getting a sense through those reviews of actually
10 what's happening on the ground. And the training
11 sessions that they've done, I think, have a great
12 preventive potential, at least.

13 Lora, did you want to say something?

14 MS. RATH: Hi. This is Lora Rath, the
15 Director of the Office of Compliance and Enforcement.

16 I just wanted to add that during the onsite reviews,
17 the work plan for the onsite reviews has been expanded
18 and there's an entire internal controls section that
19 goes through the different things in Appendix 7 of the
20 Accounting Guide, and has the fiscal compliance
21 specialists conducting tests of specific internal
22 controls and the final reports that have been issued,

1 starting -- I can't tell you the exact start date, but
2 actually have an internal controls findings section.

3 So we are doing more. And we've been
4 working, and the financial compliance specialists have
5 been working together to try and figure out a method
6 for figuring out if there's a way to figure out which
7 specific internal controls to test at which specific
8 program. So we are working towards that, but we have
9 already expanded the scopes of our reviews.

10 MR. MADDOX: Thank you.

11 CHAIRMAN LEVI: Julie, Martha, Laurie.

12 MS. REISKIN: A question and a comment. And
13 also, thank you for listening to the clients and being
14 willing to include that even if it's sometimes I think
15 that'll help.

16 My question is, you said that 25 percent of
17 the reviews are other than the program liaison. And
18 I'm curious as to what the relationship is. How is
19 the program liaison involved, or are they totally not
20 involved, or how does that change things?

21 PRESIDENT SANDMAN: Lynn can respond to that
22 question.

1 MS. JENNINGS: The 25 percent that are
2 reviewed by others, they're either temporary employees
3 who have worked for us before who are reviewing them
4 or they're existing program liaisons. But each step
5 of the way, particularly as it relates to the summary
6 that is prepared about the program, the program
7 liaison reviews that and there is a discussion.

8 With regard to the outside review, we also
9 kept track of what the program -- with the outside
10 reviewers, the program liaison did review it, and then
11 we had an outside reviewer look at it. And then the
12 scores were compared to see if there were any
13 anomalies in the score to look for any kinds of bias.

14 And we didn't find anything this time around,
15 but that is the purpose of it, to ensure that there is
16 objectivity in the review. So they're involved and
17 review it as well.

18 We had an initial debrief on the process, and
19 we'll be having a more in-depth one to see if there's
20 any way to streamline it because it did mean more
21 work. But everybody found it a pretty useful
22 exercise.

1 MS. REISKIN: And my comment is, what Jim
2 said about the reductions, and how that's felt, and
3 the places being forced to do grant-specific rather
4 than the needs, is so true. And how it played out in
5 Colorado is one of the areas of reduction was in
6 housing.

7 Even though it was not for a long time, and
8 because of the new money they're in the process of
9 hiring someone, the ripple effect was amazing. And my
10 little organization, which is just one little subset,
11 and it was corresponding to the reduction, I can't
12 remember the exact statistic but it was more than a 50
13 percent increase of people with disabilities being
14 evicted and even thrown out of homeless programs, to
15 the point where we're actually now doing a
16 non-attorney advocacy program for that.

17 What happened, though, is with just a
18 reduction in housing, all of the bad landlords and the
19 bad housing authorities know the clients have nothing.
20 And the abuse just skyrocketed. The number of
21 homeless skyrocketed. It's been so apparently. And
22 it just ripples through town.

1 And so even though they're now trying to
2 hire, by the time they get up to speed -- so even a
3 short interruption really has a ripple effect. And
4 every single time a landlord gets abusive, it ripples
5 throughout the community and it becomes more and more
6 the norm in a community.

7 So just from the client perspective, these
8 things are really a huge deal. And it's really,
9 really felt. And it also ripples through the client
10 community and the homeless community.

11 So again, even though they're hiring and
12 they're trying to get it back, in the homeless
13 community in Colorado and the low-income community,
14 what everyone now thinks and says is, "Oh, legal aid
15 doesn't do that any more. There's no one."

16 And as much as a few of us are trying to
17 counter that, I just wanted to emphasize how serious
18 it is when the word gets out on that kind of stuff.

19 DEAN MINOW: Thank you, Jim, for that great
20 report. I just had three questions.

21 The first is, I think it's great to introduce
22 outside reviewers for grants. But I wondered, who are

1 these people? What kind of training do they get? Are
2 you studying the difference between their assessments
3 versus the internal? What will you learn from this?

4 PRESIDENT SANDMAN: These are all people that
5 we have regulatory used on our program visit teams.
6 Our program visit teams typically, almost always,
7 include some outside temporary employees.

8 Some of them are former LSC employees. Some
9 of them are people who are currently employed by other
10 legal aid programs not funded by LSC. These are all
11 people who have expertise. They've been vetted before
12 and used before. They're not strangers.

13 And as Lynn mentioned, we had every
14 application that was reviewed by an outsider
15 or -- well, by an outsider but also by an internal
16 person other than the program liaison also reviewed by
17 the program liaison, and then compared the two. Did
18 they seem to have wildly different views of the same
19 grant application? And if they did, why might that
20 be?

21 This is the first time we've done this, so
22 we're still assessing. But we are looking at those

1 things.

2 DEAN MINOW: Great.

3 MS. JENNINGS: Can I just add one thing?

4 CHAIRMAN LEVI: Lynn?

5 MS. JENNINGS: An additional item is that we
6 have a pretty specific reader's guide for anybody who
7 is reviewing our grants, so what is acceptable in
8 terms of points to be provided. So each section is
9 scored between 1 and 5, and it's really broken down
10 quite granularly.

11 PRESIDENT SANDMAN: Yes. We do try to norm
12 the scoring of the applications.

13 DEAN MINOW: That's great. Second is, the
14 business process analysis, it sounds like a great
15 thing. I just wondered if security is another aspect.
16 You didn't mention security.

17 And with security breaches now being
18 familiar, especially where there is anything to do
19 with money, I just wondered if that's part of the
20 analysis.

21 PRESIDENT SANDMAN: Our consultants have
22 experience in that. It hasn't been carved out as a

1 separate area for them to investigate, but I'm sure
2 it's something that they're cognizant of and will
3 consider.

4 MR. FLAGG: I would just add that our CIO,
5 who reported on security yesterday, is the person who
6 is doing the liaison with the business process
7 reviewers along with Lynn and others. And so to the
8 extent that there is overlap between the two, we have
9 the right people in place to do that.

10 DEAN MINOW: And then finally, on Vic's
11 question about funding sources, I don't know if LSC
12 has ever offered as a service to grantees a regularly
13 updated overview of federal funds that are available
14 for application.

15 So if you go to HUD's general counsel's site,
16 for example, there are three programs. It's not
17 something that a normal grantee would think to do. Is
18 there a way that there could be some continual
19 updating of that kind of information?

20 PRESIDENT SANDMAN: We're getting assistance
21 in doing that from the Access to Justice Initiative at
22 the Justice Department. They try to monitor all those

1 things, and they regularly send emails to us saying,
2 here are new grant opportunities. Would you please
3 inform your grantees of them?

4 LSC has not done that traditionally, but I
5 think we're setting up a process to get access to that
6 information provided to us that we can then forward to
7 the field.

8 DEAN MINOW: I don't want to make work for
9 anyone, but I wonder whether those emails account for
10 programs that had long existed and bring them to the
11 attention of grantees.

12 So updating is one thing, but informing
13 people who now are looking for outside funds in a way
14 they never have before about opportunities is another.

15 PRESIDENT SANDMAN: Well, that's a good idea,
16 because we do see, as Vic's question suggested, some
17 significant variations in the extent to which our
18 grantees avail themselves of other sources of federal
19 funding. There's some well-known ones -- the Office
20 on Aging, for example.

21 DEAN MINOW: And the VAWA money and
22 immigration-related money. There are particular

1 categories, and different offices have different
2 expertise. Different offices are more or less
3 entrepreneurial. But it would be a shame for the
4 variation in their success to reflect simply the
5 happenstance of who has some extra time to be trolling
6 for where there are funds.

7 MS. JENNINGS: I would just add that NLADA
8 also plays in this realm, and at each of their
9 conferences, they do provide regular updates on what
10 is out there as well. But we will work to improve our
11 way of pushing out the information.

12 CHAIRMAN LEVI: Thank you.
13 Laurie?

14 MS. MIKVA: Does LSC collect and does it
15 share information on employee compensation?

16 PRESIDENT SANDMAN: Yes, we do. We collect
17 that as a part of our grant activity reports, and our
18 fact book contains detailed information on that every
19 year.

20 MS. MIKVA: And my other question is, what
21 has been the response, if any, from the grantees to
22 the additional oversight, shortened grants and the

1 additional grant conditions that you talked about?

2 PRESIDENT SANDMAN:

3 PRESIDENT SANDMAN: We haven't heard anything
4 negative about it. The change in the length of the
5 grant term, there's not a significant variation over
6 recent years. There's a slight uptick this year.

7 And we do explain why a grantee is getting
8 fewer than three years, if they are. The grant
9 conditions, when we impose them, usually don't come
10 out of the blue. There's usually been some kind of
11 dialogue about the events that precipitated them.

12 I wouldn't suspect that people are cheering
13 more special grant conditions, but I have not heard
14 concern expressed about them.

15 CHAIRMAN LEVI: On your chart, the fiscal was
16 the largest. But the second largest was program, and
17 I wonder what contributed, if you know, to that.

18 PRESIDENT SANDMAN: I don't know exactly.
19 But I do know that the programmatic special grant
20 conditions usually relate to recent visits where there
21 were significant recommendations for improvement that
22 haven't yet been closed out.

1 CHAIRMAN LEVI: So we're their GAO, in a
2 sense?

3 PRESIDENT SANDMAN: Analogous.

4 (Laughter.)

5 CHAIRMAN LEVI: Any other questions?
6 Comments?

7 (No response.)

8 CHAIRMAN LEVI: Thank you very much, Jim. A
9 traffic report.

10 FATHER PIUS: Can I actually say something,
11 John?

12 CHAIRMAN LEVI: Oh, are there questions
13 from -- I should have asked -- Father Pius?

14 FATHER PIUS: No. Just one quick thing. The
15 advisory group, which sounds very interesting to
16 me -- am I coming through okay?

17 DEAN MINOW: Yes.

18 PRESIDENT SANDMAN: Yes.

19 FATHER PIUS: The advisory group, which
20 sounds very interesting to me, especially its approach
21 to the performance criteria, it's just more of a
22 comment that I'm hoping at some point, when you think

1 they're ready, they might be able to make a
2 presentation to the Committee on the Delivery of Legal
3 Services.

4 So I'm hoping you'll keep that in mind as you
5 go forward with that group. So that's the only thing
6 I have to say. Thanks.

7 PRESIDENT SANDMAN: Absolutely. I got this
8 idea from the work of the Committee on the Delivery of
9 Legal Services and from the review that began at the
10 October Board meeting.

11 And when we went through the performance
12 criteria there, I thought that that particular section
13 was worth revisiting. So I see their work as right in
14 the core responsibilities of that Committee, and we
15 intend to work with the Committee on their findings
16 and will present to you about what they come up with.

17 CHAIRMAN LEVI: Anybody else on the phone?

18 (No response.)

19 CHAIRMAN LEVI: Okay. Thank you very much.

20 Members' reports? Gloria?

21 PROFESSOR VALENCIA-WEBER: First, I am
22 continuing as a consultant to the Department of

1 Justice Office of Tribal Justice. And they are in the
2 process of implementing the first pilot projects in
3 the opt-in choice under the new VAWA, that tribes can
4 obtain criminal jurisdiction.

5 And that opt-in, along with the opt-in in the
6 Tribal Law and Order Act, is the required antecedent
7 for when our grantees with Native American money might
8 have to respond to a request for criminal defense in a
9 tribal court. So I'll get what I can before we have
10 the next meeting, and when the Committee on Operations
11 and Regulations will be having that proposed CFR.

12 In January I was at the meeting of AALS,
13 Association of American Law Schools, the meeting for
14 professors. And it was also in conjunction with a
15 meeting of the clinical legal education group of that
16 association.

17 And first there was, on the actual AALS
18 program, a very fine panel by Peter Edelman that he
19 had put together on the 50 years of the War on Poverty
20 and what has survived, been derivative programs. So
21 there was some coverage of LSC.

22 We had one of our Louisiana LSC people on the

1 panel, a very fine attorney. And I was there mostly
2 so that there was a Board member from LSC and to
3 respond to inquiries.

4 The more productive period was the work on
5 the forthcoming best practices book, to be published
6 by the fall, on how to design and implement the best
7 clinical legal training, and as you heard in our
8 discussion earlier, a very direct approach that has to
9 be much more defined, what is done in the name of pro
10 bono, and very much in the terms of how we orient law
11 students from the time they enter.

12 I will be reviewing the chapter specifically
13 on the pro bono area. And good news is that the
14 publisher is going to make available a free copy of
15 the book to every law professor in the United States.

16 CHAIRMAN LEVI: Thank you.

17 Any other members' reports? Brief? Thanks,
18 Julie.

19 MS. REISKIN: Yes. At the NLADA conference,
20 as Jim said, there was a client meeting. There's
21 someone who I think is coming who wants to address the
22 Board very briefly. So what I was going to say, I

1 will not say; hopefully she will get here.

2 CHAIRMAN LEVI: Thank you.

3 Mr. Inspector General?

4 MR. SCHANZ: Yes, sir. Thank you very much.

5 I'm Jeff Schanz, the Inspector General, and joining
6 me at the table today is Dave Maddox, the Assistant
7 Inspector General for Management and Inspection. I
8 will turn it over to him when I'm finished giving you
9 my introductory remarks.

10 Within the OIG, we have two tracks going, and
11 I'll briefly describe each of those tracks. On track
12 1 is our updated strategic planning that we're going
13 through currently, and something that I call -- and
14 this is not novel to me, but it's called an
15 organizational health survey, where all the employees
16 have an opportunity to input into how we're running
17 the show.

18 I'm taking something that was presented at a
19 CIGIE conference by TVA, and it seemed to work very
20 well there, so I'm trying to replicate the best parts
21 of that survey into our staff. We have new staff
22 employees; we are currently at full staffing. So I

1 want to get new input, new ideas.

2 So the parallel track is the strategic plan
3 that is guiding our process under the tutelage of
4 Dave. And then the other part is independent, and I'm
5 running that, the organizational health survey, to see
6 how we can do better, that we can always improve. And
7 I want ideas, fresh ideas, to see how we can improve.

8 So those are the two internal projects that I
9 have. I've been there -- I'm coming up on six years,
10 so I don't want things to get old or stale. So I'm
11 accepting ideas from the Board, from my old office at
12 DOJ, from the new employees I have.

13 But there's another track that's going on,
14 and it's the congressional track. Representative Issa
15 is very, very interested in IGs and what IGs can do
16 for him. I'll give you a couple quotes. And I
17 mentioned earlier that we provide reports to him
18 bi-yearly on implemented recommendations.

19 But this is quoting from an article. A
20 government executive, giving their dual-hatted role
21 reporting to both the agency heads -- which in my case
22 is the Board of Directors, thank you very much -- and

1 to Congress:

2 " 'Inspector generals should be given new
3 exemptions from privacy and paperwork reduction
4 restrictions that allow employees under investigation
5 to slow walk access to documents and witnesses,' a
6 House panel was told Wednesday."

7 There's also -- I'm sorry?

8 MS. REISKIN: I didn't understand. Slow
9 walk?

10 MR. SCHANZ: Yes, that was the quote. If
11 we're doing an investigation and we can't get the
12 records we need, that's Issa's term for slow walk.
13 That's not my term. That would go to access to
14 records issues, and I'm pleased to report that we
15 don't have those issues. That was not the case --

16 MR. KORRELL: Jeff, this is Harry. Could you
17 speak into the microphone a little more clearly? It's
18 really hard to hear you.

19 MR. SCHANZ: Yes. I'm sorry about that.

20 And continuing on, there is percolating
21 through the Congress a DATA act, Digital
22 Accountability and Transparency Act, an information

1 technology reform bill that includes provisions
2 exempting inspectors general from the 1980 Paperwork
3 Reduction Act, otherwise known as PRA in the lingo,
4 and the 1988 Computer Matching and Privacy Act. He
5 concludes by saying, "We need allies in IGs' offices
6 to be there for us."

7 I was sent by legal counsel so I don't have
8 the full bill, but -- from Laurie Tarantowicz, thank
9 you -- and she said that introduced by McCaskill,
10 Senators McCaskill and Tester is something called the
11 Oversight Workforce Improvement Act of 2014.

12 We will track that as that progresses through
13 the Hill, and by reference Carol and I, Carol Bergman
14 and I, coordinate on some of these things that I hear
15 through the CIGIE community and she hears through her
16 contacts on the Hill.

17 Its intent is to update the 1970 IG Act and
18 the IG Reform Act of 1988, all the while giving the
19 IGs more powers and more access to records. That's
20 music to my ears, but it's not necessary or important
21 in the current environment in which this Board sits.

22 We are producing the CIGIE annual report,

1 which I will have copies of for you at the next
2 meeting if you're so inclined to read and dive down
3 into the details of how IGs manage numbers and
4 metrics.

5 We also put together, and this is by our
6 procedure with the Board, we present to you in the
7 first Board meeting our audit work plan, our IG work
8 plan. Correct the record, please. It's not just the
9 audit work plan -- I'm lapsing back into my old
10 hat -- but it's the IG work plan. We provide it to
11 you to give you some background as to what we've
12 recently accomplished, what is in process right now,
13 and where we want to go.

14 On the latter point of where we want to go, I
15 accept the year-round -- not just me, but the OIG
16 accepts all your input from the Board from
17 whistleblowers, from the Hill, and from anyone else
18 who has an audit idea that we could possibly use
19 within the LSC, but even more importantly, could be a
20 cross-cutting issue for the entire CIGIE community.

21 In fact, one of the recommendations that we
22 put forth this year, and this is before us now so I

1 will compliment Tom Coogan for coming up with this
2 idea, I think a cross-cutting government issue could
3 be background investigations and security and the
4 vitality of those.

5 I thought it was a great idea, so I pushed it
6 forward to the executive committee of the CIGIE. And
7 like everybody else, we're all busy, so I haven't
8 heard back yet. But it was very prescient that we've
9 had indications through the years, and including when
10 I had a Top Secret clearance with DOJ, the rigor of
11 those security clearances got less and less as the
12 years went by.

13 Now, hopefully that was in my case because I
14 was above reproach. But my concern, and particularly
15 Tom Coogan's concern, was, well, what about these
16 others? What about the security clearances for
17 contractors? They seem to be just a checklist or a
18 rubber stamp. So anyway, that's part of what I do
19 with the CIGIE community.

20 I will refer back to a CIGIE award that the
21 LSC OIG staff received, and it was well-deserved. I
22 was very proud because a lot of my former colleagues

1 from Justice were at the award ceremony, and there I
2 was representing so LSC.

3 So Justice isn't the end-all be-all. I am
4 very pleased in this position, and I was very pleased
5 to see my staff being recognized for what I consider a
6 very major award.

7 Any questions on my behalf before I turn it
8 over to Dave?

9 CHAIRMAN LEVI: Congratulations on the award.
10 I'm going to move. How long do you think this
11 presentation is going to be?

12 MR. DAVID MADDOX: I have a two-minute
13 version, a five-minute version, and a fifteen-minute
14 version.

15 CHAIRMAN LEVI: Why don't we do the five.

16 DEAN MINOW: Can I make a small --

17 CHAIRMAN LEVI: Yes.

18 DEAN MINOW: So again I want to congratulate
19 you on the very well-deserved award and the great
20 recognition that it brings to you and this
21 organization.

22 You asked for new ideas. This is a small

1 idea. But the emerging work in behavioral economics
2 about the role of defaults or assumptions that affect
3 behavior in terms of the translation of standards, it
4 would be interesting to try to build on that and just
5 pick one area, like internal controls or some other
6 area, and see if it's possible to pilot or to test.

7 Checklists are one of the things that some
8 people say matters. But is there something else? So
9 the difference between the policy that people have on
10 the paper versus what they actually do is what this
11 field tries to get at. So it might be worth looking
12 at.

13 MR. SCHANZ: Thank you very much. I will
14 tell you I have a bit of not a professional but a
15 personal bias against just a checklist because that's
16 way too easy to do something without forethought, and
17 check the box and move on without really drilling down
18 to see what evidence supports decision on the
19 checklist. But that is something I welcome. Thank
20 you.

21 MR. DAVID MADDOX: Thank you, Jeff. As Jeff
22 was saying, we are truly an important resource in the

1 Inspector General's office, and this is really an
2 extension of the hand to say, are there areas of work
3 where truly the IG, an independent outside
4 perspective, objective perspective, would be helpful?

5 And we do this, as Jeff said, work planning every
6 year. This year we will present a little bit further
7 to the Board than we did last year.

8 With that being said, of course, we act under
9 the Inspector General's Act to conduct audits and
10 inspections that prevent and detect fraud, waste, and
11 abuse and promoting efficiency and effectiveness in
12 LSC and its grantees, and to keep the Board and
13 Congress fully informed about issues and problems.

14 In this manner, we contribute to LSC's
15 successes by increasing public confidence in the
16 expenditures of scarce LSC resources by providing
17 objective, useful analysis to decision-makers, which
18 enhances oversight in Management and creates
19 accountability, responsibility, and transparency in
20 LSC and its grantee recipients, and in the eyes of
21 many of those on the Hill, also its credibility.

22 Highlights from last fiscal year: We issued

1 55 audit recommendations to LSC grantees. We reviewed
2 132 grantee audit reports. We issued eight OIG audit
3 reports reviewing essentially \$30 million in LSC grant
4 funds, whether those were internal control audits or
5 TIG audits.

6 We completed the second year of the grantee
7 audit quality controls reviews. We did 30 of those.
8 We're in a four-year cycle. We've started the third
9 year at this point. Our work identified \$300,000 in
10 questioned costs. We closed 23 investigations, two
11 referrals to prosecutions, and one sentencing action
12 generating \$85,000 in court-ordered investigative
13 recoveries.

14 As requested by the President, we did the
15 first fraud vulnerability assessment of LSC
16 headquarters. Separately, we issued summary reports
17 of our fraud vulnerability assessment program and our
18 regulatory vulnerability assessment program.

19 We recommended improvements in LSC's grantee
20 enforcement mechanisms, which the Board had adopted
21 and went further with. We initiated the first
22 debarment of an IPA in the OIG's history last year.

1 We commented in LSC's risk management program,
2 conflicts of interest policy, procurement, and IT
3 plans.

4 As you know, Management has a number of
5 initiatives. There's Board initiatives out there.
6 We're coordinating and working with Management on many
7 of those.

8 We issued advisories to the field about
9 potential employee benefits -- fraud. Internally, we
10 issued memoranda to LSC Management on FDIC insurance
11 and fiscal Management practices, issues that we talked
12 about.

13 Going into the future in terms of our
14 planning processes, many of our items are mandated
15 work from the IG Act directly, so many are routine.
16 However, we're always looking for new initiatives, new
17 risk areas.

18 We must remain flexible in our work planning
19 to stakeholder requests. We look at government-wide
20 challenges and continually do risk assessments of LSC
21 and grantee operations.

22 Currently the identified LSC challenges on

1 our list -- stewardship, program accountability and
2 performance, grants management and compliance, IT,
3 acquisition management, and human capital -- are all
4 major risk areas.

5 Going into 2014, as Jeff said, we're in the
6 middle of our own OIG strategic planning. We're
7 looking at the LSC strategic planning for areas that
8 we can work together and integrate well in
9 Management's goals.

10 Jeff, coming from the Department of Justice,
11 has talked to OIG officials at the Department of
12 Justice, and they will be reviewing our strategic plan
13 in a quality assurance type of program.

14 Separately, and this is where I'm doing the
15 five-minute version, we have basically five units
16 within the IG's office --

17 CHAIRMAN LEVI: This is where you're doing
18 the two-minute version now.

19 MR. DAVID MADDOX: Okay. I'm down to two.
20 We have general executive functions, reporting, the
21 semiannual report, meeting and having separate
22 discussions with congressional requestors for our

1 work, meeting with Jim and the Board and members of
2 Management fairly routinely on topics of interest and
3 initiatives. We also manage our own strategic
4 planning, annual planning, and our own human resources
5 within the IG's office.

6 In terms of audit functions, we direct the
7 LSC audit program. We perform audits of LSC and its
8 grantees that are financial, compliance, performance,
9 and most recently the IT security review of
10 headquarters.

11 We do quality control review programs of the
12 IPAs' work. When IPAs have a finding and we review
13 those and we think they're of a material significant
14 level, we refer those to LSC Management and we manage
15 or oversee the recommendation/resolution process.

16 We contract separately for the LSC financial
17 audit, which we oversee, and will again. This year
18 we're going to be peer-reviewed by the Federal Housing
19 Finance Administration in terms of an audit peer
20 review process.

21 Generally, the grantee audit process starts
22 with us issuing guidance and updates. The IPAs

1 conduct the audits. We review all of the reports and
2 refer significant issues and track resolution with
3 OCE. And we perform our IPA quality control program.

4 Separately, in terms of investigation
5 functions within the IG's office, always investigating
6 issues of fraud, waste, and abuse, whether those are
7 reported on our national hotline or just complaints we
8 receive or just additional information.

9 Separately, we've done a lot of fraud and
10 noncompliance prevention type of mechanisms to be a
11 proactive type of OIG in this area. Also, that leads
12 to a number of leads of potential frauds downstream,
13 we've noticed.

14 We also have our own legal unit where we do
15 our separate, independent general counsel process from
16 the Corporation. We review and comment on
17 legislation, regulations, and policies dealing with
18 LSC and its grantees. We issue subpoenas as needed.
19 And we also respond to FOIA requests.

20 Lastly, we also have a Management evaluation
21 group that does our own internal planning, budgeting,
22 procurement, and office operations. We oversee an

1 entirely different OIG computer network system.

2 We have our own information management
3 systems where we build and maintain our own website,
4 which we're looking to update this year, our intranet.

5 We have a SharePoint system, which is our document to
6 management retention. We've also built an
7 investigative case management system into that. In
8 terms of evaluation, we have our own operations,
9 planning, and analytical support area.

10 With that -- hopefully I didn't go over too
11 much -- but hopefully that gave an expanded overview,
12 very quickly, of our operations and potential areas
13 that we could be of assistance to the larger
14 Corporation.

15 CHAIRMAN LEVI: Yes, Charles?

16 MR. KECKLER: Yes. In past years, I know the
17 OIG has talked about or thought about doing some kind
18 of IT security or analysis at the grantee level -- not
19 necessarily penetration testing, but some level of
20 inquiry or analysis of that.

21 And I wondered what the office's think is
22 about that function for the OIG.

1 MR. MERRYMAN: If I can answer that, we are
2 in the process over the next two months to take a look
3 at our entire audit program with -- what we have is a
4 standard program that has many parts, and we try to
5 tailor that to the grantee.

6 One thing it does not have, and what we're
7 going to be focusing on for a couple of reasons, is
8 IT -- IT security, what can be done at the local level
9 without infringing upon attorney-client privilege,
10 those types of things.

11 But it's always been my concern any time we
12 have computers reported as stolen not so much the
13 equipment; what about the data? Because it's not
14 difficult to break into computers these days. I mean,
15 five-year-olds are doing it all the time to play games
16 themselves.

17 So we will be looking at developing a
18 separate section on that to see what skill sets we
19 have, what skill sets we need, or what alternatives we
20 have to try to do that.

21 It'll be more from a general control
22 standpoint, more the physical security, the software

1 security from the standpoint of passwords. Do they
2 have a recovery plan, because computers are so vital?

3 How do things such as tablets and iPads,
4 those things, fit into that mix, and what type of
5 controls are over those, including smart phones? So
6 we're going to try to take a hard look at what we can
7 add to the program in that, and start trying to pick
8 that up.

9 The other reason we're doing it is that in
10 the federal community, as they're looking at redoing
11 the OMB circulars and combining them, they're moving
12 away from accountability for low value items such as
13 computers. They're less than \$5,000.

14 There's comments that went back and forth
15 when people said, but they have sensitive information.
16 They said, we don't care about the equipment. We
17 want the information secured. And that's where our
18 office is going to start shifting, too.

19 So we'll develop a section of our program to
20 be applied, and we'll determine what we can do
21 internally and what we might have to do externally.

22 MR. KECKLER: Thank you, Dutch. I've always

1 been interested in that because that's clearly an
2 emerging issue. And I think that for a lot of our
3 grantees -- some of grantees are obviously very
4 technologically sophisticated, as we see.

5 But that's not universal, and I think that
6 it's an area where there is variation and where the
7 Corporation as a whole, including the OIG, can add
8 value to the operations of the grantees. Thank you.

9 CHAIRMAN LEVI: If there are more questions
10 for the Inspector General, I'm going to have to hold
11 those until after all of our Committee reports are
12 done and see if there is time remaining for those.

13 I'm sorry about that, but that's the
14 circumstance that we find ourselves in,
15 unless -- because I saw Gloria. Did anybody else have
16 a question?

17 (No response.)

18 CHAIRMAN LEVI: Well, Gloria, if it's a quick
19 question, fine.

20 PROFESSOR VALENCIA-WEBER: You mentioned in
21 the report that you did 20 fraud prevention
22 presentations with grantees and one webinar. I've

1 been present where you did it for a grantee, but I'd
2 be interested -- what have you had in terms of webinar
3 attendance, just so it tells me -- do you have any
4 idea?

5 MR. SCHANZ: I do not, but Tom Coogan does.
6 So I'd like to --

7 PROFESSOR VALENCIA-WEBER: Well,
8 that's -- you can --

9 MR. SCHANZ: Or I can just give you that
10 answer.

11 PROFESSOR VALENCIA-WEBER: That's all right.
12 And the other is, on our LSC website, do we have a
13 link to your website?

14 MR. SCHANZ: Yes, we do.

15 CHAIRMAN LEVI: And as I mentioned, we'll
16 look forward to working with you and your colleagues,
17 Jeff, to figure out ways, when everybody is down in
18 Washington in September, that they can meet with and
19 maybe you can have a program for them.

20 MR. SCHANZ: You've mentioned that. I think
21 it's a great idea. We will be putting something
22 together. But I would also suggest that since I've

1 given the Board the GAO Green Book on internal
2 controls, that you assign someone from the Board to
3 discuss to all the Board members the Green Book.

4 CHAIRMAN LEVI: They'll be memorizing it.

5 (Laughter.)

6 DEAN MINOW: Thank you.

7 CHAIRMAN LEVI: Thank you.

8 DEAN MINOW: It's an awfully good year you
9 had.

10 CHAIRMAN LEVI: Yes, you did.

11 Congratulations. I think the Board ought to recognize
12 the aware you got formally, and we should have a
13 resolution congratulating you.

14 The Committee on Delivery of Legal Services.

15 PROFESSOR VALENCIA-WEBER: For our meeting,
16 we wanted to make most time available for the
17 excellent panel we had. And I want to acknowledge the
18 work of Lynn Jennings and Janet LaBella in that
19 planning and organization.

20 We deferred for the next meeting on the
21 Committee's evaluation and goals. Also, for some time
22 I've been concerned that along with Julie and Father

1 Pius, that we take note of when we have our client
2 board representatives.

3 I counted six that attended starting on
4 Thursday, and we were able to at least -- because of
5 the way we timed our meeting, some had left. But we
6 did recognize Mary Wood and Rose Wood from Legal Aid
7 of NorthWest Texas. I think it means a lot to those
8 people when you see how long they've served.

9 That's all I have. Father Pius, do you want
10 to add anything?

11 FATHER PIUS: No. That's good. Thank you.

12 CHAIRMAN LEVI: Thank you.

13 Finance Committee, Mr. Grey?

14 MR. GREY: Thank you, Mr. Chairman. The
15 Finance Committee met and heard presentations from
16 David Richardson and Carol Bergman regarding both
17 2013, 2014, and 2015 budgets.

18 In light of the recent activity in Congress,
19 the Committee recommends to the Board the adoption of
20 a resolution for fiscal year 2014, with the amendment
21 that in the first paragraph, that instead of
22 "continuing resolution" we now have an appropriation

1 for an amount that increases the amount proportionally
2 for all activities of LSC.

3 M O T I O N

4 MR. GREY: That resolution is found on page
5 44, and the number is increased by \$379,879. With
6 that amendment, Mr. Chairman, the resolution is
7 recommended to the Board.

8 CHAIRMAN LEVI: All in favor?

9 (A chorus of ayes.)

10 CHAIRMAN LEVI: Opposed?

11 (No response.)

12 CHAIRMAN LEVI: Any other report?

13 MR. GREY: That's it. No, sir.

14 CHAIRMAN LEVI: The Audit Committee, any
15 action items?

16 MR. MADDOX: We met yesterday and received
17 the presentation of the FY 2013 annual financial audit
18 from WithumSmith+Brown and the IG's office. And the
19 report, of course, was a clean opinion. There was a
20 management letter with some minor procedural matters
21 that I understand management is considering and will
22 report back to us at our next meeting.

1 We did not receive the Form 990 because it's
2 not completed, so we'll have a meeting in February
3 where we'll consider that.

4 We had a Management discussion regarding risk
5 management from General Counsel. There were no action
6 items there.

7 We considered the Committee's evaluations.

8 We received a briefing by the Office of
9 Compliance and Enforcement concerning OIG audit and
10 investigation reports. And we had a closed session
11 where we continued that discussion and others.

12 I don't believe there are any action items
13 from the Committee.

14 CHAIRMAN LEVI: Thank you.

15 Ops and Regs?

16 MR. MADDOX: Oh, I'm sorry. Can I just add
17 one other thing? The Committee materials also
18 included the report by Traci Higgins on the 403(b)
19 plan. We didn't discuss it. The memo is in the
20 materials from the Audit Committee, and there's
21 nothing remarkable. The plan's doing fine.

22 CHAIRMAN LEVI: Thank you.

1 Charles?

2 MR. KECKLER: Thank you, Mr. Chairman. The
3 Operations and Regulations Committee met Thursday and
4 Friday. Due to some upcoming rules, in particular the
5 PAI rule and a couple of other rules that we're
6 finishing up, it's anticipated that the Committee will
7 have an interstitial meeting prior to the spring
8 meeting. It's not clear at this time whether we would
9 require a telephonic Board meeting or of that nature,
10 but the Committee is likely to meet.

11 We also -- and I don't believe any action
12 items are required at this time unless the Board were
13 to raise them -- we received a report from Jim
14 regarding Management's implementation of the strategic
15 plan. I think most people were there and saw that
16 we're making considerable progress on the various
17 dimensions of the strategic plan.

18 One item that I would highlight to the Board
19 again is that there was a solicitation by Management
20 for ideas from the Board, and were broadly regarding
21 appropriate metrics for measuring our progress towards
22 our various goals. And so those ideas were solicited,

1 and the Board is always apprised of refining our
2 various initiatives that are components of the plan.

3 We have two action items to bring before the
4 Board today. The first action item regards our
5 rulemaking of 45 CFR 1626, which is the consolidation
6 and revision of our rules on services to eligible
7 aliens.

8 Because of the changes that occurred during
9 the comment period and a change in the way that OLA
10 now interprets the statutory requirements, that caused
11 a transformation in some respects of the NPRM and the
12 draft final rule. And as a result, there were some
13 concerns raised.

14 And the response that was developed in the
15 course of the Committee's deliberations was that there
16 should be an extension of the comment period for one
17 aspect of the proposed rule having to do with whether
18 certain types of eligible aliens are required to be
19 physically present in the United States.

20 That's the interpretation now that OLA has
21 put forward. So the goal is that we issue a further
22 request for comment on that aspect of the rule as well

1 as on an attached program letter that comes with the
2 rule.

3 You should have now in hard copy a revision
4 of what was the Final Rule. This is a rough version,
5 and I ask the for the Board's indulgence to approve
6 this in substance, subject to us correcting grammar
7 and other types of minor matters, to convert this to a
8 further notice of proposed rulemaking.

9 The substantive changes, however, are
10 redlined on the front page and beginning at page 18.
11 In addition to changing this and turning it from what
12 would have been publishing as a Final Rule to a
13 further notice of proposed rulemaking, the substantive
14 changes, as you can see on 18, they describe the
15 concerns that were raised, OLA's current analysis of
16 the statute as requiring physical presence in certain
17 cases, and our desire for further comments on that
18 point.

19 In addition, two other items have been added
20 to explain the position of the Corporation. One, as
21 people may recall, has to do with the continued
22 eligibility of clients in most circumstances should

1 they be physically present upon determination of
2 eligibility but then be compelled to leave the
3 country. The rule supports that in general.

4 And in addition, as a general explanation of
5 the goal of the rule, the new preamble will explain
6 that our desire is to, in most cases parallel -- and
7 you can see the specific language on page 20 -- the
8 creation of substantive rights by the Department of
9 Homeland Security and the Department of Justice.

10 So the action item here that the Committee
11 has recommended that a further notice of proposed
12 rulemaking be issued for 30 days specifically directed
13 to the two topics I have mentioned. And I can take
14 questions or Ron can take questions at this point.

15 CHAIRMAN LEVI: And is that in the form of a
16 resolution?

17 M O T I O N

18 MR. KECKLER: It's a recommendation that,
19 since it's been approved by the Committee, I bring it
20 now before -- it's not in the form of a resolution.
21 It's an action item, though, under our current
22 rulemaking protocol and practice, that as a Board, the

1 Board approves a further notice of proposed
2 rulemaking.

3 MS. REISKIN: Just a process question. So we
4 vote on this, and when what happens with the rule in
5 30 days?

6 MR. KECKLER: The process will be that the
7 further notice of proposed rulemaking will be refined;
8 it will correct a few other things -- he did this
9 overnight -- and it will be issued shortly for a
10 30-day comment period.

11 The comments will be reviewed, it will be
12 analyzed, and the entire rule -- nothing has been
13 approved. The rule has not been approved and will not
14 be approved today. This is to just extend comment in
15 a particular area.

16 Then what will happen is that presumably
17 after the comments have been processed, there will be
18 a further revision of a draft Final Rule that will be
19 brought back to the Committee and the Board for
20 approval. The Committee will review it, make its
21 recommendation, and then bring it before the Board
22 before it's issued.

1 So that's the intention. And that may occur
2 by the April meeting; that's our hope. But in any
3 case, no law will be created today in this area.

4 CHAIRMAN LEVI: All in favor?

5 (A chorus of ayes.)

6 CHAIRMAN LEVI: Opposed?

7 (No response.)

8 CHAIRMAN LEVI: You have a second?

9 MR. KECKLER: We don't really need a second,
10 but --

11 CHAIRMAN LEVI: No. Do you have a second?

12 MR. KECKLER: Yes. I do have a second action
13 item. Thank you, Mr. Chairman. In addition, the
14 Corporation has sought changes via the Operations &
15 Regulations Committee to the provision in LSC's
16 employee handbook that the Board of Directors is
17 required to approve any changes to the employee
18 handbook.

19 We are deregulating that and allowing
20 Management more flexibility in that regard. And that
21 is in the form of a resolution. It's not currently
22 numbered, but you should have a copy of it. It will

1 be given its appropriate number at the time, but
2 Resolution Adopting Revisions to LSC's Employee
3 Handbook.

4 And the two provisions are, one, to allow
5 Management to make revisions without coming back to
6 the Board; that's mainly on the first page. And then
7 the second page of the resolution eliminates section
8 2.5 of the current employee handbook, which is Audit
9 Committee review of complaints.

10 Since the Audit Committee charter no longer
11 encompasses that function, the elimination of section
12 2.5 is designed to align the employee handbook with
13 the Audit Committee's charter -- and also, in fact, in
14 parentheses, with the whistleblower policy that will
15 arise, the consolidated whistleblower policy.

16 MR. KECKLER: So the Committee has
17 recommended adoption of this resolution, and I bring
18 it before the Board.

19 CHAIRMAN LEVI: Do you have a question?

20 DEAN MINOW: Yes. I support the resolution,
21 but I do have a question. I should have raised it at
22 the Committee meeting.

1 The word "necessary" in the actual language
2 with regard to the Union, I wondered if "necessary" is
3 the right word or "appropriate" is the right word?

4 MR. KECKLER: This is on the first page --

5 DEAN MINOW: First page.

6 MR. KECKLER: -- in the fourth "Whereas"
7 clause?

8 DEAN MINOW: So it's actually in a very first
9 paragraph. "With the approval of the President and
10 the Inspector General, and, as necessary." And I
11 wondered if "necessary" is the right word or
12 "appropriate" is the right word because I take it that
13 this is with regard to -- "appropriate," I think, is a
14 better word than "necessary."

15 PRESIDENT SANDMAN: I agree with that.
16 "Appropriate" encompasses "necessary" but may go
17 beyond it. That is the way in which we deal with our
18 Union.

19 MR. KECKLER: Okay. That's --

20 CHAIRMAN LEVI: So with that change --

21 M O T I O N

22 MR. KECKLER: With that change, seeing no

1 objection, I offer the resolution for the Board's
2 consideration.

3 DEAN MINOW: It doesn't need to be moved or
4 seconded because it comes from a Committee, so we can
5 just vote.

6 MR. KECKLER: Yes. Yes.

7 CHAIRMAN LEVI: Yes. All in favor?

8 (A chorus of ayes.)

9 CHAIRMAN LEVI: Opposed?

10 (No response.)

11 MR. KECKLER: That concludes the report of
12 the Operations and Regulations --

13 CHAIRMAN LEVI: I think you have one more
14 thing, do you not?

15 MR. KECKLER: I think the next resolutions --

16 CHAIRMAN LEVI: On the Board quorum?

17 MR. KECKLER: -- are in the Governance
18 Committee.

19 CHAIRMAN LEVI: Oh, they are?

20 MR. KECKLER: So I will conclude my report
21 with that.

22 CHAIRMAN LEVI: Thank you.

1 And now to the Governance Committee.

2 DEAN MINOW: We have somewhat been mooted,
3 but nonetheless, as our Committee discussed, among
4 other things, the whistleblower policy, the change
5 that we've just made in the procedure does not require
6 us to actually vote the change. Is that correct? Or
7 how would you like to proceed with that?

8 MR. FLAGG: I think you have --

9 DEAN MINOW: I have others as well. I just
10 thought --

11 MR. FLAGG: No. The whistleblower policy, we
12 think, probably should be approved by the Board. The
13 one that does not need to be approved by the Board
14 because it was in the employee handbook would be the
15 proposed revisions to the LSC performance management
16 policy.

17 M O T I O N

18 DEAN MINOW: I'm sorry. I was confused. So
19 we, as a Committee, looked at the clarification,
20 consolidation, and redrafting of the whistleblower
21 policy. And it brings together different parts of
22 policies into one. And the Committee recommends its

1 adoption.

2 CHAIRMAN LEVI: All in favor?

3 (A chorus of ayes.)

4 CHAIRMAN LEVI: Opposed?

5 (No response.)

6 CHAIRMAN LEVI: There's one more?

7 DEAN MINOW: Yes. We have also resolution of
8 the personnel policy that prohibits non-director
9 members of Board Committees from counting towards a
10 Committee quorum. This is what intersects with the
11 Ops & Regs recent change.

12 The Committee at that time proposed a change
13 in the rules, which we don't need to do any more
14 because --

15 MR. KECKLER: No, no, no. I'm sorry, Martha.

16 CHAIRMAN LEVI: This is a bylaw change.

17 MR. KECKLER: There's two resolutions.

18 There's the performance management --

19 CHAIRMAN LEVI: The performance management --

20 MR. KECKLER: So there's the performance
21 management resolution, which -- so we thought that you
22 might want to put a resolution and get the Board

1 behind it, partly because it's closing out a GAO
2 recommendation.

3 DEAN MINOW: I see.

4 MR. KECKLER: And then there's the bylaws
5 change.

6 DEAN MINOW: And then there's the bylaws.
7 Okay. So the first one is the performance resolution,
8 and it's not actually a vote. It's just a resolution.

9 MR. FLAGG: Correct. It's not because the
10 Board no longer is required.

11 DEAN MINOW: That's my point.

12 MR. FLAGG: This is simply an expression of
13 the Board's support for this --

14 M O T I O N

15 DEAN MINOW: That's what I was saying, that
16 we don't have to do it, but it's just a resolution.

17 CHAIRMAN LEVI: All in favor?

18 (A chorus of ayes.)

19 CHAIRMAN LEVI: Everybody's in favor.

20 DEAN MINOW: Same thing as to the
21 non-director.

22 MR. FLAGG: No. That's a --

1 CHAIRMAN LEVI: That's a vote of a bylaw
2 change.

3 MR. FLAGG: That's a bylaw change, and we
4 don't need a --

5 DEAN MINOW: But then it's characterized as a
6 resolution, but it shouldn't just be a resolution. It
7 should be a vote.

8 MR. FLAGG: Well, it's a resolution to amend
9 the bylaws.

10 M O T I O N

11 DEAN MINOW: All right. So it's a resolution
12 to amend the bylaws, as we discussed, with regard to
13 the non-director members of Board Committees, that
14 they cannot -- well, you have the language in front of
15 you. Except as otherwise provided, a majority of the
16 voting members, one-half of such members if the number
17 is even -- you have the language.

18 MR. FLAGG: I would just add --

19 CHAIRMAN LEVI: It's squaring up our bylaws
20 with our practice.

21 MR. FLAGG: Right. This conforms the bylaws
22 to the practice for at least the last year.

1 MR. KECKLER: It's on the back.

2 DEAN MINOW: Yes.

3 CHAIRMAN LEVI: All in favor?

4 (A chorus of ayes.)

5 CHAIRMAN LEVI: Opposed?

6 (No response.)

7 DEAN MINOW: With regard to Committee quorum.

8 MR. FLAGG: Correct.

9 DEAN MINOW: Thank you. That concludes the
10 report of the --

11 CHAIRMAN LEVI: No. I think there's one
12 other thing --

13 DEAN MINOW: I have to do more?

14 CHAIRMAN LEVI: -- that the Committee voted
15 to extend the contract of the President for another
16 term of three years to the Board. I believe we act on
17 that.

18 DEAN MINOW: I'm glad to do that. I thought
19 we had left that in the hands of the Chair. We have
20 delegated that to you.

21 MR. FLAGG: I think the Board ought to just
22 vote.

1 CHAIRMAN LEVI: But the Board, I thought we
2 said there that the Board would ratify that.

3 M O T I O N

4 DEAN MINOW: So the Board ratifies it?

5 CHAIRMAN LEVI: All in favor?

6 (A chorus of ayes.)

7 CHAIRMAN LEVI: Okay. Good.

8 DEAN MINOW: Now we're done.

9 CHAIRMAN LEVI: Anything else? No.

10 Pro Bono Task Force, who's giving that report
11 on the implementation of recommendations? I think we
12 just gave that in the combined meeting of the ABA, and
13 unless there's something else further to be said --

14 MR. FLAGG: I don't think we have anything to
15 add to what was discussed at the meeting, which I
16 think practically all the Board --

17 CHAIRMAN LEVI: Yes. But I think we should
18 reflect on the open meeting record that we just had a
19 meeting with the ABA Standing Committee on Pro Bono
20 and went through where we are on implementing the
21 recommendations of the Pro Bono Task Force.

22 And in fact, the sheet that was distributed

1 in the meeting, I think, could be incorporated into
2 the records of this meeting so that it's in the open
3 session and available to the public. And I would
4 suggest that.

5 MR. FLAGG: Yes. And in addition, there's a
6 longer version of that that runs about eight or ten
7 pages. That is in the public record and is available
8 to anybody.

9 CHAIRMAN LEVI: Thank you.

10 So public comment?

11 FATHER PIUS: Institutional Advancement,
12 John. I think you skipped that.

13 CHAIRMAN LEVI: Consider and act on other
14 business?

15 MS. REISKIN: John, the woman -- she just ran
16 to the restroom.

17 MR. MADDOX: Father Pius just suggested that
18 you overlooked the Institutional Advancement
19 Committee.

20 CHAIRMAN LEVI: Oh, I'm sorry. I overlooked
21 my own Committee.

22 The Institutional Advancement Committee had a

1 meeting here. It had two meetings and an event. We
2 were happy to report that we've raised over \$600,000.

3 At this point, the campaign is in full swing.

4 We also have had opportunities to meet with a
5 number of individuals and firms as we continue to
6 discuss the campaign. And also, we are working on
7 plans for the 40th anniversary of LSC.

8 And I then want to thank publicly Herb Garten
9 for putting together an event here in Austin that I
10 thought was a terrific event for the Committee and for
11 very prominent members of the Austin community. So
12 thank you, Herb.

13 That's, I think, the report. There are no
14 action items.

15 Julie, we only have two minutes. But is
16 there other public comment today? I would like to
17 see -- okay.

18 MS. REISKIN: I would just like to thank
19 Ofelia Zapata for being here. She's very strong
20 activist in the client community and is responsible
21 for doing a lot, including raising a lot of money for
22 legal aid. And so she's here to give public comment,

1 and I just want to thank her for being here.

2 MS. ZAPATA: Thank you very much. You said I
3 have two minutes?

4 CHAIRMAN LEVI: That's all we've got. Sorry.

5 MS. ZAPATA: Okay. I'll try to be quick. My
6 name is Ofelia Zapata. I am a member of San Jose
7 Catholic Church and a leader with Austin Interfaith,
8 and that is how I came into this work as a client
9 representative on the boards.

10 I work on social justice issues, which is the
11 ministry I organized at the church and with the
12 diocese and many bishops here in Austin and Texas that
13 come together at the legislature to address issues,
14 like the immigration, the DREAM Act, healthcare, and
15 so forth.

16 I'm also a board member of Texas RioGrande
17 Legal Aid, Texas Legal Services, the National Law and
18 Economic Justice Center that meets up in New York, and
19 the National Legal Aid and Defender Association, which
20 is my newest appointment.

21 And I wanted to welcome you all to Austin,
22 Texas. I hope it has been a fruitful experience.

1 Thank you for bringing some cold weather to us. But
2 as you know, we don't know how to act when it gets
3 cold; we all stay home. So even special transit
4 canceled my ride, so I couldn't get here yesterday. I
5 wanted to really spend some time to meet with some of
6 you and get to know you.

7 But I'm here to address some of the issues
8 that the client community constantly talk about, and
9 it's on restrictions that we have that keep our
10 attorneys from really representing the population that
11 we represent.

12 First, is the ability to provide the same
13 full measure of representation for the poor as is
14 available for the rich and powerful. For example is
15 the undocumented client community. When we can't
16 represent undocumented workers, those are the people
17 that employers prefer to hire and exploit. And that
18 drives down wages and working conditions for all low
19 wage workers.

20 Another restriction is representation of
21 prisoners. And I'm afraid to say that in Texas, we
22 have the highest number of people in prison,

1 150,000-plus. Many more are held even in our local
2 jails, often under despicable conditions.

3 We cannot represent prisoners who may have
4 valid constitutional claims for protection from abuse.

5 For example, even some of our rehabilitation
6 facilities that are supposed to help people with
7 alcohol and drug substance abuse also have become
8 prisons.

9 They do not come out even healthier at all.
10 It's just a bunch of abuse happening. And that has
11 come from my own personal family experiences and many
12 others that I hear from around the state and the
13 country.

14 Restrictions on the way legal aid programs
15 can practice law -- since 1996, we have been unable to
16 file class actions to obtain relief for large numbers
17 of people in the same case. For example, for farm
18 workers, there are hundreds of farm workers that are
19 being paid less wages than they were promised when
20 they were first recruited.

21 We have to name each individual worker in the
22 lawsuit, and that exposes them to retaliate from the

1 crew leader or the farmer, and drives up the cost and
2 resources necessary to discovery and other aspects of
3 litigation.

4 Enforcement of laws protecting farm workers,
5 consumers, and others is much less efficient and
6 requires a greater investment of program resources to
7 achieve the same ends. And in times of declining
8 resources, we should be practicing law in the
9 most -- not the least -- efficient manner.

10 Another restriction is restrictions in
11 lobbying and legislative advocacy. It took some --

12 CHAIRMAN LEVI: I'm going to have to stop
13 here because of the time issues. But I want to make
14 sure you understand that the restrictions that you're
15 discussing govern us, and there's not anything we as a
16 Board have -- we are not imposing any other
17 restrictions other than --

18 MS. ZAPATA: Yes, sir. I am very aware of
19 that, and that was in my closing. But I'll go ahead
20 and close with that.

21 CHAIRMAN LEVI: I'm sorry. Thank you.

22 MS. ZAPATA: The restriction of advocacy, we

1 all want to be able to be part of bringing resources,
2 and if we educate our client community, they also want
3 to learn how to participate. It is our birthright to
4 be participants in the process.

5 But we know that Congress is the one that
6 makes these decisions. And I'd just respectfully ask
7 each of you to please be a voice for us in having them
8 re-look at how these restrictions are impacting the
9 client community that our programs need to serve and
10 there is high demand for. Thank you so much for your
11 time.

12 CHAIRMAN LEVI: Thank you. And I'm sorry
13 that we didn't have a whole lot of extra time today.
14 In fact, we're over our time and people have flights
15 to make. As you probably know, it's not so easy to
16 get in and out of here, particularly in view of the
17 weather.

18 But you were reading from some remarks. If
19 you would like to offer those, we will put them in the
20 record.

21 MS. ZAPATA: Can I email them to Julie?

22 CHAIRMAN LEVI: Yes. You can email them to

1 Julie --

2 MS. ZAPATA: Because I have written all over
3 this.

4 CHAIRMAN LEVI: -- and then we could have
5 your full statement. And we apologize for the time
6 constraint today.

7 DEAN MINOW: And then we could look at it
8 with more leisure. That would be great.

9 CHAIRMAN LEVI: Yes, we could. And we do
10 appreciate your hard work and your effort to get here,
11 and understand that it was not easy yesterday for
12 anyone in town, and that unfortunately, you couldn't
13 be with us yesterday.

14 MS. ZAPATA: Yes. Well, thank you.

15 CHAIRMAN LEVI: Thank you. Other comment?

16 (No response.)

17 CHAIRMAN LEVI: Consider and act on other
18 business?

19 (No response.)

20 CHAIRMAN LEVI: Could we have a motion to
21 move into executive session, which will --

22

M O T I O N

1 DEAN MINOW: So move.

2 CHAIRMAN LEVI: Second?

3 MR. KECKLER: Second.

4 CHAIRMAN LEVI: All in favor?

5 (A chorus of ayes.)

6 CHAIRMAN LEVI: Get your lunch first and
7 bring it in here second.

8 (Whereupon, at 11:59 a.m., the Board was
9 adjourned to executive session.)

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