

ORIGINAL

RETURN TO CORPORATION  
SECRETARY ARCHIVES FILE

LEGAL SERVICES CORPORATION  
BOARD OF DIRECTORS

AUDIT AND APPROPRIATIONS COMMITTEE BRIEFING

OPEN SESSION



Thursday, July 14, 1994

6:12 p.m.

The Legal Services Corporation  
750 First Street, Northeast, 11th Floor  
THE BOARD ROOM  
Washington, D.C. 20002

**Diversified Reporting Services, Inc.**

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

**BOARD MEMBERS PRESENT:**

Maria Luisa Mercado, Chair  
Ernestine P. Watlington  
Edna Fairbanks-Williams

**STAFF PRESENT:**

Patricia D. Batie, Secretary  
David L. Richardson, Comptroller and Treasurer  
Edouard Quatrevaux, Inspector General  
Gerry Singen

**Diversified Reporting Services, Inc.**

918 16TH STREET, N.W. SUITE 803  
WASHINGTON, D.C. 20006

(202) 296-2929

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

1  
2 CHAIRPERSON MERCADO: Let me go ahead and call the  
3 meeting of the Audit and Appropriations Committee Meeting to  
4 order. If you will please note for the record that we just  
5 received information recently within the last couple of  
6 minutes that Mr. Broderick won't be making the meeting.

7 Therefore, we won't have a quorum, starting this  
8 evening. And what I intend to do is take the action items on  
9 this agenda for the morning. Mr. Broderick should be here  
10 later on in the evening, as well as Mr. Smegal. And Doug  
11 Eakeley will be in in the morning, as well.

12 What I would like to do, Madam Secretary, in the  
13 morning is to actually ask the committee members once they're  
14 present for some reorganizing of the agenda. My  
15 understanding is that Mr. Broderick will be gone during some  
16 portion of that meeting. So I would like to take the action  
17 items first, but I'm not sure yet at what point in time in  
18 our agenda. But we would like to have the flexibility to do  
19 that.

20 At this point, since I have no one to approve the  
21 agenda or anything else, the minutes, what I will do is go  
22 ahead and defer the approval of the agenda and the minutes

**Diversified Reporting Services, Inc.**

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 for tomorrow morning when we will have a quorum for sure.  
2 And we will, at this time, take on item 3 of the agenda,  
3 which is consideration and review of budget and expenses for  
4 period ending May 31, 1994. Mr. Gerry Singen and Mr. David  
5 Richardson will be presenting on that issue.

6 Gentlemen, the show is yours.

7 Now, I have the -- this is in addition to what we  
8 have in our workbook, June 30, 1994, right, the estimate?

9 MR. RICHARDSON: That is correct.

10 CHAIRPERSON MERCADO: That was not in the work that  
11 we had.

12 MR. RICHARDSON: That's correct. At the last  
13 meeting, I was asked to try to close the books early enough  
14 so that we could have this. We did look at the May expenses  
15 in the draft at the last meeting. If you prefer, we can go  
16 through those again, or June. They're really approximately  
17 the same, except for the management and administration. I  
18 can highlight the differences for you, the main one being  
19 within the delivery of legal assistance.

20 I will note to you that there was a \$500,000  
21 addition to the budget for the special emergency funds that  
22 came in for the Southern California earthquake victims. That

**Diversified Reporting Services, Inc.**

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 money has been disbursed, also, to the grantees in that area  
2 to help them repair buildings and to accommodate the  
3 additional needs for employment -- for personnel because of  
4 the surge in demand for that area.

5 Another change between -- and that's actually the  
6 same in May and June. One of the differences that we do have  
7 between May and June is that originally, we were showing  
8 \$64,000 as a contingency, as not being --

9 CHAIRPERSON MERCADO: In what particular  
10 attachment?

11 MR. RICHARDSON: In the migrant. I'm sorry. How  
12 would you like to proceed? Would you like me to do May and  
13 then go through June?

14 CHAIRPERSON MERCADO: Why don't we go ahead and go  
15 through May? Because I had a couple of questions on May.  
16 And then we can go through June, and you can point out the  
17 particular differences, since I haven't reviewed that yet.

18 MR. RICHARDSON: We can do that. For the delivery  
19 of legal assistance, the budget this year was the  
20 \$368,413,000. We contracted to date 365,807,000, with the  
21 remaining funds of 2,606,000.

22 CHAIRPERSON MERCADO: Mr. Richardson, before we

**Diversified Reporting Services, Inc.**

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 continue with that, which is attachment B, I had a question  
2 on attachment A. On the 478,993 of funds that have not been  
3 allocated for FY '94 -- that's the last column, if you'll  
4 note, under Roman numeral II?

5 MR. RICHARDSON: Yes.

6 CHAIRPERSON MERCADO: Are these funds that are  
7 going to be used to retire or reduce part of our deficit?

8 MR. RICHARDSON: That is correct. That was the  
9 plan that was laid out the first of the year.

10 CHAIRPERSON MERCADO: Okay, because that becomes  
11 pertinent later on in some things that we're looking at, and  
12 I wasn't real sure. I know that you have it down here, but  
13 somewhere else, I saw the number, and it looked different.  
14 So I wasn't sure whether or not, in effect, that 478,993 was  
15 going to be used for deficit reduction. And it is?

16 MR. RICHARDSON: Yes. When we adopted the budget,  
17 you'll see the projected on attachment A of 526,000, the very  
18 first column under Roman numeral II. We have actually  
19 collected 553 to date. And, of course, we have three more  
20 months to go.

21 In May, there was a reallocation or allocated  
22 75,000 into the budget of the other funds into the total that

**Diversified Reporting Services, Inc.**

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 went into management administration. So the 553 -- almost  
2 \$54,000 that has been collected, there is remaining \$479,000,  
3 basically.

4 CHAIRPERSON MERCADO: Go ahead.

5 MR. RICHARDSON: Okay. Let me go ahead and skip  
6 down to C, which is a little more detailed than the summary  
7 B. And I had started going through Roman numeral I. And  
8 I'll go down to A, as we were looking there, with the field  
9 programs. The 365 million is the total of all the field  
10 programs, the basic field, Native American, migrant, the  
11 special emergency, and the U.S. Court of Veterans Appeals  
12 funds.

13 The basic field programs, we have budgeted  
14 342,241,000. We have contracted through May \$341,795 -- or,  
15 excuse me, \$341,795,000. The remaining 445,000 is money that  
16 is allocated to month-to-month funding, with the exception of  
17 \$73,000 which remains unallocated at this time.

18 The Native American program, we have a budget of  
19 9,030,000. We have contracted to date 8,912,000. There's a  
20 remaining balance of \$117,000. Of that amount, 69,000 is for  
21 a short-term funded program. There's \$47,918 that remains  
22 unallocated.

**Diversified Reporting Services, Inc.**

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1           Within the migrant line, we have a budget of  
2 \$12,788,000. Contracted to date is 12,724,000. The  
3 remaining balance is 64,195. This is the one area that has  
4 changed with the June reporting, because this money has now  
5 been allocated to a Kentucky migrant program and has been  
6 totally expended.

7           The special emergency funds, we have a budget of  
8 \$536,000. We have spent so far \$506,000. There's a  
9 remaining balance of 29,000. We got a grant recovery in this  
10 particular line, so when you look at June, this one actually  
11 increased \$2,900. So we now have over \$3,200 in this line.  
12 This is dedicated, of course, to the earthquake and those  
13 other emergencies that we need to respond to.

14           The Court of Veterans Appeals, we have a budget of  
15 836,000, contracts to date of 458, and we have a remaining  
16 \$378,000. This also went down with the remaining awards  
17 posted in June. And there's, I think, \$73,000 remaining of  
18 this money.

19           In the supplemental service provision, which  
20 includes the law school clinic supplemental field programs,  
21 the law school grants have not been made for this year yet.  
22 They'll be made in the month of July and August. We have a

**Diversified Reporting Services, Inc.**

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929



1 budget of \$1,706,000. We have spent this year 135,000. So  
2 the balance of 1,571,000 will be for this year's law schools.

3 CHAIRPERSON MERCADO: I had read a memorandum, I  
4 think, from Mr. Tull, I guess, in the law school clinic and  
5 recruitment programs. And there was some discussion about  
6 the fact that these funds needed to be allocated, or at least  
7 the professors of the clinical schools that wanted funds from  
8 particular programs needed to have the funding, generally, in  
9 February.

10 So are we going to go ahead and allocate these  
11 funds and then, if we get some new funds for the coming year,  
12 those will be done in February and then just sort of start a  
13 February cycle, or did I misread that somehow?

14 MR. RICHARDSON: No, I think that's correct. We  
15 have now made grant awards and announced them for the law  
16 school clinic money that's in the 1994 budget. Those grants  
17 will go out once the period of notification has been  
18 completed. And they will be put in use, most of them, during  
19 the fall and the following spring of '94-'95, the academic  
20 year 1995.

21 But some of them won't actually start getting used  
22 until a little later, the spring of '95 and the fall of '95,

**Diversified Reporting Services, Inc.**

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 because the timing of the grants makes it pretty difficult to  
2 start up new ventures by the fall, so that the timing cycle  
3 for next year's grant awards to law schools probably needs to  
4 move a little earlier in the year so that it can be on the  
5 same time level as the planning for academic years.

6 Obviously, we'll be consulting with the law schools  
7 and the programs that are collaborating with them to see what  
8 time frame makes the most sense. But we should be able to  
9 meet that time frame this time around.

10 CHAIRPERSON MERCADO: I would think that that means  
11 that we have to have proposals out to them a lot earlier,  
12 also, from our standpoint, to make sure that we can get that  
13 in there. Okay. Go ahead.

14 MR. RICHARDSON: As far as under the supplemental  
15 field programs, we have a budget this year of 1,274,000. And  
16 all of that money has been allocated and contracted, so  
17 there's no remaining funds there.

18 CHAIRPERSON MERCADO: What different programs were  
19 in supplemental field programs? I didn't have the detailed  
20 budget that we have in the other book, and I couldn't  
21 remember why some of them were there that we had under that  
22 category.

**Diversified Reporting Services, Inc.**

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 MR. RICHARDSON: They're mainly adjudicare  
2 programs, such as Wisconsin Adjudicare, Mississippi  
3 Adjudicare.

4 MR. SINGSEN: And pro bono programs. They date  
5 back to the end of the delivery system study that the  
6 corporation conducted between 1976 and 1980. These were the  
7 programs that were most successful in delivering services  
8 using private lawyers, either in adjudicare, contract, or pro  
9 bono models. And they were continued as regular grantees,  
10 while most of the demonstration programs were phased out.

11 So there are community law offices in New York,  
12 there's the San Francisco Bar's pro bono program, there's a  
13 New Hampshire legal assistance and New Hampshire Bar  
14 Association joint program. I think Vermont legal aid is  
15 another one. Here, Legal Counsel for the Elderly in the  
16 District of Columbia, Betzedek Legal Services located in Los  
17 Angeles.

18 Wisconsin Adjudicare has been mentioned,  
19 Mississippi Adjudicare, the Charles Houston Bar Program in  
20 Oakland. I think those are most of them.

21 CHAIRPERSON MERCADO: Nothing in the Southwest?

22 MR. SINGSEN: Except for Los Angeles.

**Diversified Reporting Services, Inc.**

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 CHAIRPERSON MERCADO: "West" West?

2 MR. SINGSEN: I don't think so, although I'm doing  
3 this from memory, so I may be missing one.

4 CHAIRPERSON MERCADO: I just don't recall any of  
5 this, why that didn't come to mind. I didn't remember any  
6 adjudicare programs in the Southwest.

7 MR. SINGSEN: Actually, in the materials for  
8 tomorrow's discussion, I'll check that now. There may be a  
9 list of them in the supplemental field appendix. So let me  
10 check that while we go forward, and I'll see if there's any  
11 in the Southwest.

12 CHAIRPERSON MERCADO: Because you have a totally  
13 different type of population, both between Native American  
14 and a lot of monolingual Spanish-speaking client communities  
15 that would be a different type of elder care problem that you  
16 run into than you would in the other population centers that  
17 you get into. I was just curious, when they're trying to  
18 sort of service or target certain kinds of groups as to --

19 MR. SINGSEN: The only one I left out was Legal  
20 Services of Middle Tennessee. And no, there is nothing in  
21 the Southwest that came through the delivery system study and  
22 was recommended to the board in 1980 for continuity. I

**Diversified Reporting Services, Inc.**

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 don't, frankly, remember which demonstration programs were in  
2 the Southwest or why those particular ones weren't  
3 recommended for continuation.

4 CHAIRPERSON MERCADO: Because I see this a lot in  
5 -- and, of course, there's also a lot of rural care, also.  
6 And I see that in quite a lot of the programming, whether  
7 it's health care clinics or legal services or any other kinds  
8 of things. For some reason, the whole area just sort of  
9 generally gets omitted and stuff.

10 MR. SINGSEN: When we're dealing with private  
11 attorney involvement, rural areas are a special problem. I  
12 know, for example, in New Mexico that they have had a lot of  
13 trouble finding lawyers to do pro bono or contract cases  
14 outside of the cities. Three of the adjudicare programs --  
15 three of the supplemental field programs are rural in their  
16 focus -- New Hampshire, Vermont, and I'm forgetting the other  
17 one now. There is a third one.

18 CHAIRPERSON MERCADO: Well, I know in West Texas,  
19 there are PI contracts with attorneys in the rural  
20 communities that are based out of those areas, usually within  
21 a 15-mile or 100-mile radius out of that area where they do  
22 have pro bono or PAI. And, aside from the monthly

**Diversified Reporting Services, Inc.**

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 programmings, I think that came out of, for example, the  
2 Lubbock area or the Morale area. And I was just curious  
3 about what else was being done in other areas.

4 MR. SINGSEN: Why don't I pull out the list of  
5 programs that were doing various kinds of private attorney  
6 involvement demonstrations as part of the delivery system  
7 study. We'll at least be able to see, then, who it was that  
8 was trying out methods from the Southwest.

9 CHAIRPERSON MERCADO: Well, I know that the  
10 Provisions Committee is supposed to look maybe a little more  
11 in-depth to PAI. And, of course, this committee ultimately  
12 has to decide whether or not we want to continue the type of  
13 contracting we have up until now. And so that information  
14 will be important for us. But in any event, I can take note,  
15 there are no adjudicare programs in the Southwest.

16 MR. RICHARDSON: On page 16 of our Board book, we  
17 have the support for the delivery of legal assistance. The  
18 total budget for the support area is \$22,796,000. To date,  
19 we have contracted 22,469,000, almost \$70 million. So  
20 there's a remaining balance of \$326,000. There are plans  
21 underfoot for some of this money now that are being made, but  
22 there's 100,000 -- let me go down to the state support when I

**Diversified Reporting Services, Inc.**

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 get there.

2 In the regional training center, the 795,000 is  
3 completely spent, the budget there. Under the other support  
4 with the national support, the 9,685,000, we have contracts  
5 to date of \$9,508,000. This is the balance of the  
6 contingency funds, but there are some plans that are being  
7 put together for some trainings and some other events in this  
8 particular area through the OLSBUC group.

9 In the state support, we have a budget of  
10 10,564,000. To date, we have contracted 10,414,000. There's  
11 a balance of 149,000. A hundred thousand of that is for the  
12 five new support centers in the states or territories that  
13 did not have them. So there's actually \$49,825 in the state  
14 support that is a contingency that is not allocated at this  
15 point. But again, there has been some plans put forth or  
16 there is some planning to be using this money in the field in  
17 the future.

18 In the clearinghouse line and the CALR, all the  
19 money has been spent. The clearinghouse, the 1,101,000 and  
20 in the CALR, 651,000, all of that money has been allocated.

21 Within the management and administration, we have a  
22 budget of \$10,665,000. That's made up, of course, of two

**Diversified Reporting Services, Inc.**

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 categories, the management and administration area and then  
2 the Board initiatives. Management and administration has  
3 budget of 10,304,000. We have through May spent 6,783,000.  
4 So there's a remaining balance of 3,521,000 to support us  
5 through the remainder of the year.

6 In the Board initiatives, there was \$360,000. The  
7 amount spent was 138,000. That should be broken down into  
8 three areas. We have the presidential search. We had spent  
9 \$52,900. The NOCA grant, 15,000 has been awarded. And then  
10 the competition initiative. There was \$70,444 spent there  
11 through May.

12 CHAIRPERSON MERCADO: That's on page 22, right?

13 MR. RICHARDSON: Yes. You'll see that in the foot  
14 notes, yes.

15 CHAIRPERSON MERCADO: The one thing that I wondered  
16 about in that footnote in attachment D where you have the  
17 line item legislation corporation designated --

18 MR. RICHARDSON: Yes?

19 CHAIRPERSON MERCADO: We had had 189,862 to the  
20 competition initiative designated. It wasn't real clear. Is  
21 that is what is left of what we originally started with with  
22 our budget, or --

**Diversified Reporting Services, Inc.**

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929



1 MR. RICHARDSON: Okay. Under the competition  
2 initiative, the original budget was \$260,000. So they have  
3 spent 70. The 189,000 is the remaining balance of what the  
4 corporation set aside for that initiative.

5 MR. SINGSEN: Madam Chair?

6 CHAIRPERSON MERCADO: I guess that heading still  
7 has me confused, "legislation corporation designated."

8 MR. RICHARDSON: One of the reasons that I used  
9 that for instance within the migrant program, there was new  
10 money there of -- and I don't have the exact figure, but  
11 basically \$50,000 for a Kentucky migrant program. And then  
12 the corporation had left money in there from prior years that  
13 was set aside for Kentucky, leaving that so that money could  
14 be combined for the start-up cost of getting that program  
15 going. Legislatively, we also have the law school clinic  
16 money there and the Court of Veterans Appeal.

17 CHAIRPERSON MERCADO: So you're talking about as  
18 far as riders put into our appropriation bill specifically  
19 for that. For some reason, I just got confused by the  
20 heading when I was looking through them.

21 MR. SINGSEN: I have just one other note.

22 CHAIRPERSON MERCADO: Yes.

**Diversified Reporting Services, Inc.**

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 MR. SINGSEN: On the corporation-designated funds  
2 for the competition initiative within Board initiatives,  
3 certainly, the current look at the two appropriations bills,  
4 the House and the Senate committee versions, suggest that we  
5 may not be funding the completion of the competitive  
6 competition initiative in the next fiscal year.

7 If that is true, we may not completely expend the  
8 money that has currently been committed by the Board to the  
9 competition initiative. The Board may wish to decide to free  
10 that money from that designation if it decides not to go  
11 forward and complete the last phase of the competition  
12 initiative, so that there may be some funds that become  
13 available in Board initiative as a result of the low level of  
14 next year's appropriation.

15 CHAIRPERSON MERCADO: Okay. Go ahead.

16 MR. RICHARDSON: Page 18, again, repeats the other  
17 funds available, the grant recoveries and interest income.  
18 So I won't repeat those. But Schedule D does give you a  
19 breakdown by budget category as far as how much personnel  
20 compensation has been spent for each of the department  
21 budgets, the office budgets, along with each of the other  
22 categories, "temporary employees," "personnel benefits,"

**Diversified Reporting Services, Inc.**

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 "consulting," so forth.

2 We see that through May, the Board of Directors has  
3 spent basically \$201,000. The executive office has spent  
4 542,000; the inspector general, 698,000; the general counsel,  
5 488,000; human resources, 239,000.

6 And I'll note, at this point, there are a couple of  
7 expenses that will come into play in the human resources that  
8 come in in the next quarter. Federal worker's compensation  
9 will come in here. We have budgeted \$25,000 for that this  
10 year. And so that will be a significant jump when you look  
11 at the percentages that the benefits line will go up in the  
12 next quarter because of that.

13 Within the comptroller's office in administration,  
14 we have spent \$2,216,000. And the program monitoring  
15 evaluation analysis, we have spent \$1,738,000, basically.  
16 And the office of program services, \$661,000. The total  
17 expenses, of course, will match back to Schedule C, which  
18 will be the \$6,783,000.

19 What you see in attachment E is the budget. In  
20 each of the budget categories, "compensation" -- you'll see  
21 at the bottom right-hand corner we have a percentage amount  
22 of 65.83 percent at this time. And the budget through May

**Diversified Reporting Services, Inc.**

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 should show 66.67 percent.

2 So we're actually just under budget. And so we  
3 should not have a problem in the next quarter, plus a month,  
4 with May here. We have June and then the last quarter, and  
5 so we should not have a problem staying within the budget  
6 that we have.

7 CHAIRPERSON MERCADO: I had a question as far as  
8 the -- on personnel compensation, we had 70.81 percent  
9 expended. And then temporary employee pay, 38.67 expended.  
10 Had we put temporary employees that were during the  
11 transition team time period under "personnel compensation,"  
12 or were they under the "temporary employee pay"?

13 MR. RICHARDSON: Actually, there's a bit of a split  
14 there. Most of the employees are through the "personnel  
15 compensation." And the reason that that is 70 percent, which  
16 is over the 67 percent, of course, is because of the payout  
17 to the people who have left the corporation. So that  
18 percentage will start coming down.

19 As far as temporary employees, we have a couple of  
20 employees that have been budgeted for the next four months  
21 through the temporary employee pay. They're not regular  
22 employees, so they're here on short-term contracts.

**Diversified Reporting Services, Inc.**

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1           CHAIRPERSON MERCADO: So they don't get any of the  
2 personnel benefits or anything else like that, right?

3           MR. RICHARDSON: That's correct.

4           MR. SINGSEN: Just a note. Comparing the May and  
5 June statements, one-twelfth of the year is 8.3 percent. And  
6 in May, our compensation was at 70.8, so that if we had gone  
7 up another one-twelfth, we would have ended up with 79.1  
8 percent expended in June. In fact, it shows 78.2. So, as  
9 David has indicated, it did not go up a full twelfth. It is  
10 coming back towards the predicted line.

11           CHAIRPERSON MERCADO: Go ahead.

12           MR. RICHARDSON: Basically, that would complete the  
13 review of May. Would you like to go ahead and go through  
14 June? I tried to highlight most of the changes. But review  
15 the June budget, at this point.

16           CHAIRPERSON MERCADO: In the June attachment A,  
17 Roman numeral II, under "nonallocated funds," this is what  
18 you were talking about, where we were raised up to 512,000,  
19 rather than the 478 that we had earlier.

20           MR. RICHARDSON: Yes. We have received additional  
21 interest and grant recoveries.

22           MR. SINGSEN: Madam Chair?

**Diversified Reporting Services, Inc.**

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 CHAIRPERSON MERCADO: Yes.

2 MR. SINGSEN: As you'll note in the June statement,  
3 our original projection was that we would have a total of  
4 527,000 or so from these nonallocated funds and that that  
5 would go over against the deficit. In April, we had  
6 allocated 75,000 -- I'm sorry. In May. And even with that,  
7 it currently looks as if our nonallocated income will exceed  
8 our original projection of 527,000.

9 As a result, there will be some additional funds  
10 beyond our projection at the year end which we could use to  
11 apply to the deficit and reduce it a little more or which the  
12 Board could carry over and use in some other fashion.

13 CHAIRPERSON MERCADO: Yes, because right now, we  
14 have got over the amount we would need for the deficit  
15 reduction if we were going to do it in a two-year period of  
16 time. We're already beyond the half mark on the funds that  
17 haven't been allocated that we can use for the deficit  
18 reduction. Is that right?

19 MR. SINGSEN: Yes. But the portion of the deficit  
20 reduction from Virginia Avenue rent in 1994 is slightly  
21 higher than the portion in 1995. So we would -- we had  
22 planned to have a slightly larger than half the total deficit

**Diversified Reporting Services, Inc.**

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 reduced during 1994. And that will be accomplished if the  
2 figure 512,000 grows to 527,000 before the end of the fiscal  
3 year, which it clearly will. We're earning more than \$30,000  
4 each month in interest, at this point.

5 CHAIRPERSON MERCADO: So for this year is where we  
6 have the 1,260,411 is where we wanted to do a deficit  
7 reduction; and then for next year, the 1,200,892. Right?

8 MR. RICHARDSON: That's correct. And, actually, if  
9 everything holds as it appears it will, at this point, as far  
10 as expenses, we are, say 2 and-a-half percent under our  
11 budget right now. Well, that's another \$250,000 that could  
12 go to the bottom line or could be carried forward for  
13 operations next year, again, if we remain status quo through  
14 the remainder of the year. And that should grow a little bit  
15 more.

16 CHAIRPERSON MERCADO: I'm just trying to make the  
17 changes in my June statement from my May statement, make sure  
18 I'm not missing any of the notes. The only item on  
19 attachment C, page 1 of 4 on the June statement was just the  
20 category under Roman numeral IA4, the 32,150, right, on the  
21 last column, was the only change that we had?

22 MR. RICHARDSON: Actually, there's a few more.

**Diversified Reporting Services, Inc.**

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 CHAIRPERSON MERCADO: No. And also, the U.S. Court  
2 of Veterans Appeal had also changed.

3 MR. RICHARDSON: Right. And also, the migrant  
4 funding, the 64,000, is now zeroed because the expenses have  
5 increased from 12,724,000 to 12,788,000.

6 Gerry has just mentioned that you might question  
7 why the basic field remaining funds did not go down. It's  
8 because I've changed my terminology a little bit because  
9 we're not doing month-to-month funding. They have been  
10 funded on a quarterly basis.

11 So that's one of the reasons you'll see in my  
12 literature that I've changed it to short-term funded. We had  
13 a couple that first of the year was two months, and the one  
14 remaining program that is on short-term funded is on  
15 quarterly funding, at this point.

16 CHAIRPERSON MERCADO: And that's the 445 that is  
17 left?

18 MR. RICHARDSON: That's correct.

19 CHAIRPERSON MERCADO: Will all of that be expended  
20 once we use up all their quarterly basis --

21 MR. RICHARDSON: No, ma'am. There is still \$73,000  
22 that is a contingency that can be allocated to the programs.

**Diversified Reporting Services, Inc.**

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929



1 CHAIRPERSON MERCADO: Okay.

2 MS. FAIRBANKS-WILLIAMS: So you said there was no  
3 more month-to-month left?

4 MR. RICHARDSON: There is -- of the 445,000, there  
5 is month-to-month funding of 372,000. So there's a  
6 contingency of \$73,000 remaining.

7 MS. FAIRBANKS-WILLIAMS: And how many programs is  
8 this that are on month-to-month?

9 MR. RICHARDSON: One program. Same thing with your  
10 Native American program. There is one program in that line  
11 that is on, and that's actually a reimbursable contract.

12 You'll note, also, as you're comparing under the  
13 law school grant, there was one law school grant that was  
14 awarded last year that was a part of the carry-over funds  
15 that has now been awarded. So that did go -- the expenses  
16 went up \$75,000.

17 CHAIRPERSON MERCADO: On attachment C, page 3 of 4,  
18 are those accurate costs for the end of June expenses, or is  
19 that still on an estimated basis?

20 MR. RICHARDSON: Well, that's -- everything that  
21 has been paid and that we have been able to accrue identifies  
22 an expense through June 30.

**Diversified Reporting Services, Inc.**

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1           CHAIRPERSON MERCADO: I know there had been some  
2 discussion earlier that we might have just estimates of the  
3 June expenses rather than actual, so that we would have a  
4 definite figure of remaining funds.

5           MR. SINGSEN: Perhaps it would be appropriate to  
6 just mention this. Obviously, Mr. Richardson was able to  
7 bring the month's expenses at the end of June to a close and  
8 record them and put them into the proper presentation form in  
9 just 14 days, with the 4th of July in there, too. There was  
10 a little bit of pressure to do it.

11           On a very small matter, as the Board considers its  
12 meeting schedules in the future, if you find it useful to  
13 have expenditures information, as I think you probably do, on  
14 a more current basis than has been possible until now, you  
15 might think about scheduling meetings around the 20th of the  
16 month instead of the 10th of the month. Because it's  
17 possible to do this if it's the 20th, but not if it's the  
18 10th.

19           CHAIRPERSON MERCADO: Let me see. I know there's  
20 several months that are already taken, and we're probably not  
21 going to change. But we will definitely recommend to the  
22 rest of the Board for financial purposes to do that. I think

**Diversified Reporting Services, Inc.**

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 August and September are pretty much set the way they are  
2 now. I don't know whether Mr. Brooks already has everything  
3 lined up for Boston. So we can check on that.

4 MR. SINGSEN: Just a future consideration to keep  
5 in mind when it doesn't make a difference.

6 CHAIRPERSON MERCADO: Maybe we can do it for the  
7 next fiscal years, to get them all around the 20th or so. We  
8 can get that. And no one told us that at the beginning. We  
9 could have scheduled them to accommodate our financial  
10 statements.

11 Let's see. On attachment D, 3 of 4, the main  
12 categories really dealt with the federal worker's comp  
13 expenditure that you're having; is that correct?

14 MR. RICHARDSON: That's correct.

15 CHAIRPERSON MERCADO: If there's any other  
16 particular item that I'm not noting that I've overlooked,  
17 please make sure and note it so that we can at least reflect  
18 it for the record.

19 MR. RICHARDSON: I do not believe so. After a  
20 review that we had this weekend going through it, that is the  
21 significant item that would increase immediately. There's  
22 one other item that comes quarterly, and that's the D.C.

**Diversified Reporting Services, Inc.**

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 unemployment tax that will be paid next week. So again, it  
2 should be in the area of about \$25,000. And then the rest of  
3 the expenses that we have are mainly those that are  
4 reoccurring.

5 CHAIRPERSON MERCADO: And then attachment C, page 4  
6 of 4, we just had the added interest income which increased  
7 our remaining fund balance to 512,411. The total amount went  
8 down to 6,006,759, whereas in May, we had the 7,155,012.  
9 That's the overall funds available. Had we not -- I'm trying  
10 to figure out --

11 MR. RICHARDSON: Of course, the significant change  
12 there is the operations of management administration, because  
13 that went from 6,007,000 to 7.4. So that's basically 800,000  
14 of it. Then, with the law school grant of 75,000, and then  
15 the Court of Veterans Appeal, that would make up the  
16 difference.

17 CHAIRPERSON MERCADO: Okay. I was just curious  
18 where in the worksheets that we have we have the item that  
19 deals with the deficit reduction. I know we have it in the  
20 general summary statement, but I didn't see it in the  
21 worksheet.

22 MR. RICHARDSON: You'll only see it on the

**Diversified Reporting Services, Inc.**

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 attachment A, which is the projection of the statement of  
2 funds available and the fund balance.

3 CHAIRPERSON MERCADO: On the June statement, did we  
4 have -- never mind. I just saw it in the footnotes to  
5 attachment C, so that's okay. I found it. I just wanted to  
6 make sure that we had up to date whatever our costs were on  
7 the search. It's in the attachment.

8 Are there any particular items in either attachment  
9 D or E that you want us to take note of other than what we  
10 have already discussed, comparing the May financial  
11 statement?

12 MR. RICHARDSON: No, ma'am, not at this point.  
13 When we will, of course, be working on projections, we'll be  
14 coming forth with those for you in August. There will be a  
15 need for some internal budgetary adjustments. Happy to  
16 report to you that we have two subleases at 400 Virginia  
17 Avenue. We have had to pay the consulting fee, the  
18 realtor's commission there. So that will be additional help  
19 for us toward the deficit reduction plan in the coming  
20 months.

21 CHAIRPERSON MERCADO: How much of the space are we  
22 going to get?

**Diversified Reporting Services, Inc.**

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 MR. RICHARDSON: It was not that much, as far as  
2 the space. As I recall, it's in the neighborhood of -- I  
3 will double check the figure, but about \$7,000 additional a  
4 month income that will be generated.

5 CHAIRPERSON MERCADO: I guess we'll just use that  
6 for deficit reduction.

7 MS. FAIRBANKS-WILLIAMS: Is that \$7,000 a month on  
8 top of what we're paying for Virginia Avenue, or you mean  
9 you're deducting the \$7,000 from what we're paying Virginia  
10 Avenue?

11 MR. RICHARDSON: It would actually be a \$7,000  
12 reduction from what we're paying Virginia Avenue. We have to  
13 pay the lease. The lease is \$115,000. And I think, at this  
14 point, we're collecting in the neighborhood of \$35,000 a  
15 month. So this would be an additional seven on top of that.  
16 But I'll get the exact figure and have that for you tomorrow.

17 CHAIRPERSON MERCADO: Do any of the Board members  
18 have any questions in particular about the budget items?

19 MS. WATLINGTON: Actually, on the search, did the  
20 search committee stay within the budget, or did they exceed  
21 it?

22 MR. RICHARDSON: It appears at this point that we

**Diversified Reporting Services, Inc.**

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 have stayed within it. We are going to be reviewing the  
2 expenses, like I said, in the next three weeks. And there  
3 may be some adjustments toward it. But it appears that we're  
4 8 to \$9,000 within the budget.

5 MS. FAIRBANKS-WILLIAMS: On the special emergency  
6 funds listed on attachment C, have we expended all the funds  
7 for the earthquake business in California or not?

8 MR. RICHARDSON: Yes, we did. We received the  
9 500,000, and that money has been expended. I had noted  
10 earlier, last month, we had 29,000 that was remaining from  
11 the whole of the emergency funds. The way we have written  
12 the grants is, if they get any insurance money or if they do  
13 not use all the money, they return it. So we did have almost  
14 \$3,000 returned from another grantee that did not use all the  
15 funds. So that's the reason there is an increase this month  
16 in the amount remaining.

17 MR. SINGSEN: Let me just add that, as we're all  
18 aware, there has been another natural disaster during the  
19 past week, the floods in Southwest Georgia. We anticipate --

20 MS. FAIRBANKS-WILLIAMS: That was going to be my  
21 next question.

22 MR. SINGSEN: We anticipate that there will be some

**Diversified Reporting Services, Inc.**

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 need for -- we have got 32,000 now in the special emergency  
2 fund. We anticipate that there may well be need for a  
3 significant portion or all of that money to help in Southwest  
4 Georgia. The program down there is looking at that, and  
5 we're expecting to hear from them shortly.

6 CHAIRPERSON MERCADO: Go ahead.

7 MS. WATLINGTON: I was just going to ask, are any  
8 of our programs offices involved within that?

9 MR. SINGSEN: I haven't heard that any of them have  
10 been flooded out, but I certainly would not necessarily know  
11 the whole story. And Phyllis Holmen, whose program serves  
12 that part of Georgia, will be providing us with information  
13 about that shortly and ideas about how clients who have been  
14 injured in the flood or who have lost property or opportunity  
15 in the flood may need help.

16 Of course, always in the disaster, there is a part  
17 of it which is about our ability to deliver services. And  
18 there's a much larger part of it, in terms of need, which is  
19 about what has happened to clients.

20 So we expect to have information on that, and we'll  
21 go ahead and do what we can to help with it. The next item  
22 on the agenda has to do with funds that are not yet committed

**Diversified Reporting Services, Inc.**

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929



1 to specific purposes. And we're going to talk about several  
2 areas there.

3 The one area in which the plans are not firm is the  
4 area that has to do with basic field programs. And so it's  
5 entirely possible, depending upon what's needed, that we  
6 might be able to make an even larger response than just the  
7 \$32,000 by using some of the basic field funds that have not  
8 been committed.

9 CHAIRPERSON MERCADO: Has there been any effect as  
10 far as on the fires and stuff in California with any effect  
11 -- with any program or client community in that state?

12 MR. SINGSEN: I'm sorry, Madam Chairman. I missed  
13 the beginning of that sentence.

14 CHAIRPERSON MERCADO: I think that it has also been  
15 declared an emergency in California because of all of the  
16 fires. And I didn't know whether or not that affected any  
17 sector of our --

18 MR. SINGSEN: So far as I know, we haven't had a  
19 request, although we might want to check tomorrow with Ms.  
20 Bergmark or Mr. Tull. They would probably be closer to the  
21 immediate arrival of that information. It's also the case  
22 that there's some consideration in the Senate bill that has

**Diversified Reporting Services, Inc.**

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 just passed for emergency funds for South Georgia because of  
2 the floods.

3 And OMB is probably going to be administering that,  
4 if it passes. And it may contain funds that can be used for  
5 Legal Services' purposes much the same as the earthquake  
6 funds. And certainly, we're on top of that.

7 CHAIRPERSON MERCADO: As far as we have noted on  
8 the financial statements and expenditures up to date, at this  
9 point, there's not any need for us to improve any kind of  
10 amendments or modifications of the COB.

11 MR. RICHARDSON: Madam Chair?

12 CHAIRPERSON MERCADO: Yes.

13 MR. RICHARDSON: Not with the reporting this  
14 period. We will come forward with some at the next meeting  
15 in New Orleans.

16 CHAIRPERSON MERCADO: Okay.

17 MR. SINGSEN: Although I think we anticipate only  
18 the internal budgetary adjustments within M&A, as opposed to  
19 any -- I think that all the money in programmatic lines is  
20 going to stay within the programmatic lines.

21 CHAIRPERSON MERCADO: If there's not any other  
22 questions on the --

**Diversified Reporting Services, Inc.**

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 MS. FAIRBANKS-WILLIAMS: I had one.

2 CHAIRPERSON MERCADO: Go ahead.

3 MS. FAIRBANKS-WILLIAMS: We received in the mail  
4 that somebody had decided that we were not doing it properly  
5 with their funds and so on and so forth. Have you looked  
6 into this accusation?

7 MR. SINGSEN: Do you know anything about this?

8 MR. RICHARDSON: I am not aware of this  
9 correspondence.

10 MR. SINGSEN: Do you know from whom the  
11 correspondence came? Because it could conceivably be from  
12 the Inspector General's Office.

13 MS. FAIRBANKS-WILLIAMS: Well, I would assume that  
14 it came from somewhere. And that's why I'm asking you, have  
15 you had any questions or anything like this? You have not?  
16 You don't know anything about this?

17 MR. RICHARDSON: No, ma'am, I do not.

18 MS. FAIRBANKS-WILLIAMS: Okay. I definitely want  
19 what know where the lines of communication go to and from.  
20 And this was the only way that I could find out was to ask it  
21 point blank.

22 MR. SINGSEN: I would be glad to try to get to the

**Diversified Reporting Services, Inc.**

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 bottom of this with you.

2 MS. FAIRBANKS-WILLIAMS: I'm just trying to find  
3 out where my railroad track is.

4 CHAIRPERSON MERCADO: Are you talking about total  
5 funds of Legal Services, or just M&A category?

6 MS. FAIRBANKS-WILLIAMS: Well, I don't think we  
7 should discuss it, but probably total funds. But that's why  
8 I want to know if there has been any questions to the  
9 comptroller or anything like this.

10 MR. RICHARDSON: There has not been.

11 MS. FAIRBANKS-WILLIAMS: Okay.

12 CHAIRPERSON MERCADO: Other than general statements  
13 we got at the Hill about whether or not we're spending funds  
14 the way we ought to be spending them. But I don't know what  
15 other accusations we may or may not be having out there.  
16 Because all the funds that had Congressional riders as to how  
17 they needed to be expended have been expended as such, as far  
18 as every document that I've looked at. And within the M&A,  
19 there have been some revisions and modifications because of  
20 the deficit and because of the search.

21 But we have managed to pretty much stay within  
22 budget, even though we're having to deal with the deficit

**Diversified Reporting Services, Inc.**

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 reduction within a two-year period of time rather than a one-  
2 year period of time, so that they wouldn't strap us in M&A.  
3 Other than that, I'm not aware of any financial questions.

4 MS. FAIRBANKS-WILLIAMS: I think we have done very  
5 well, to do as well as we have with the budget reduction.

6 CHAIRPERSON MERCADO: And I really do want to  
7 commend Mr. Richardson for probably not enjoying his 4th of  
8 July weekend to get our June 30th reporting to us. I  
9 apologize for that. And I'm really grateful that you did  
10 that for us, though, because it does give us a truer picture  
11 of where we're at at this period in time.

12 But again, we'll try and recommend to have Board  
13 meetings toward the 20th, so we won't have to make you work  
14 extremely overtime.

15 Why don't we go ahead and go into item 4, or did  
16 you want us to -- we can go ahead and cover some of that.  
17 And then, if we needed to -- if any of the committee members  
18 in the morning had some specific questions on it, then we can  
19 also deal with it at that point. But why don't we go ahead  
20 and get into some of that discussion and at least get a great  
21 bulk of that done today?

22 MR. SINGSEN: Item 4 -- you can stay with the same

**Diversified Reporting Services, Inc.**

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 materials -- it's based on the footnotes to attachment C that  
2 will make the conversation clearest.

3 CHAIRPERSON MERCADO: In the June statement, right?

4 MR. SINGSEN: In the June statement.

5 CHAIRPERSON MERCADO: Okay.

6 MR. SINGSEN: Mr. Richardson has already referred  
7 to a number of parts of this. And you may remember, at last  
8 month's meeting, we discussed these footnotes and the  
9 presence of the contingency funds. And we simply wanted to  
10 keep you up to date on what the staff is doing with regard to  
11 each of these lines. And I hope Mr. Richardson won't stray  
12 too far away, because he may be needed for some more  
13 information.

14 But, as you remember, in footnotes to attachment C  
15 in the June statement, you begin with the remaining funds,  
16 and then you work across through the short-term funded  
17 programs that we have already discussed where money's  
18 committed to services and field programs, just not through  
19 annual grants, but instead through month-to-month or  
20 quarterly grants or reimbursement arrangements.

21 Then, we look at the legislation and corporation  
22 designated which Mr. Richardson has already reviewed. I

**Diversified Reporting Services, Inc.**

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 think each of the items in that category, funds where either  
2 the Congress or the corporation itself has made commitments  
3 on how funds will be used -- and it is the right-hand column,  
4 the contingency funds, to which item 4 on the agenda is  
5 addressed.

6 And in three of the four areas which show  
7 contingency funds, the staff is working with field programs  
8 in the appropriate category to implement plans that will help  
9 programs in that group of programs, that category of  
10 programs, carry out their functions during this year. And so  
11 we anticipate that there will be grants made to programs in  
12 Native American programs, national support, and state support  
13 to implement planning that's going forward in conjunction and  
14 collaboration with field programs.

15 The exception to that is the basic field program  
16 contingency which, as I mentioned a minute ago in the  
17 discussions of the floods and the fires, as well as whatever  
18 other disasters may lie ahead this summer --

19 CHAIRPERSON MERCADO: Tornadoes.

20 MR. SINGSEN: Tornadoes could happen. Hurricanes  
21 could happen, speaking from another part of the country's  
22 perspective. Those funds might well be used in disaster

**Diversified Reporting Services, Inc.**

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 response. We do not have at the moment -- partly, if it is  
2 disaster response, we couldn't have -- specific plans in  
3 place that we're developing with field programs for how those  
4 funds will be used.

5 But the others, I expect, will be able to bring to  
6 you shortly the specific information about the grants that  
7 are being made to Native American, national support, and  
8 state support programs to enable them to do a little bit  
9 more. That's basically the report that I wanted to present  
10 to you on this item.

11 And, obviously, tomorrow, both as to items 3 and 4,  
12 if anybody on the committee has questions, anybody who's not  
13 here tonight, we would be delighted to try to answer them.  
14 Hopefully, we won't need to do the whole presentation. But  
15 we can do whatever people like tomorrow.

16 CHAIRPERSON MERCADO: One of the things that I  
17 recall seeing -- and I don't recollect right at the moment  
18 exactly where some of the funding was going to come from.  
19 And Ernestine and Edna might be able to help me a little bit  
20 on this.

21 The client initiative, the client conference that  
22 we're looking to do in August, under what category does that

**Diversified Reporting Services, Inc.**

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929



1 come in? Is it under our "Board initiatives"? Is it under  
2 "contingency funds"? I haven't seen it on a budget as to  
3 where those expenditures are going to come from. Maybe you  
4 guys --

5 MR. SINGSEN: Why don't we check? I don't actually  
6 know the answer to that question off the top of my head. I  
7 know that the money has been set aside.

8 CHAIRPERSON MERCADO: I'm sorry?

9 MR. SINGSEN: I'm quite sure money has been set  
10 aside, but I am not sure in which budget. Why don't we find  
11 out and tell you in the morning?

12 CHAIRPERSON MERCADO: Okay. Because I was looking  
13 at it, and I couldn't figure out exactly where it was  
14 budgeted, whether it was just part of our Board initiatives  
15 or under "contingency funds."

16 MR. SINGSEN: It may be in "Board initiatives," but  
17 I don't want to say that without double checking. Don  
18 Saunders reminds me that the Congressional report that  
19 accompanied the '94 appropriation spoke to client involvement  
20 in the "Board initiatives" category, and so it's his  
21 perception that that's probably where the money is.

22 I have one little niggling caution I want to check

**Diversified Reporting Services, Inc.**

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 which has to do with there being \$100,000 in that  
2 appropriation. And \$15,000 went to NOCA. And I think we  
3 allocated the other 85 to the Board search, so that we can't  
4 double spend it. So it may be that we have allocated it in  
5 another category. But the NOCA money certainly was in  
6 response to that direction in the Congressional report.

7 CHAIRPERSON MERCADO: Right. And I do know that  
8 the NOCA came from that, but I wasn't sure as far as this  
9 other conference for client initiatives and involvement,  
10 where, exactly, that was from. Because I was looking at my  
11 materials, and I couldn't find where that funding item was  
12 in. So I wanted to make sure, somewhere along the line, we  
13 justified where that came from and also in dealing with the  
14 '94 appropriation, as far as client involvement initiatives.

15 Any other discussion on item 4?

16 (No response.)

17 CHAIRPERSON MERCADO: Hearing none, I would at this  
18 time recess the meeting for in the morning, when everyone's  
19 flights should be in. And we will have a quorum to take care  
20 of the action items and, in particular, inasmuch as those of  
21 you Board members who will be here and may be available -- I  
22 know some of you have other committee meetings -- but if you

**Diversified Reporting Services, Inc.**

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929

1 are here, it would be real helpful to be present when items 5  
2 and 6, in particular, 5, is being discussed, which is the  
3 discussion of the distribution of fiscal year '95,  
4 consolidating and operating budget funds within line items.

5 Because there's a lot of policy issues that this  
6 Board needs to decide in funding in those areas and, of  
7 course, just some preliminary discussions on item 6 of the  
8 agenda that deal with the '96 budget mark.

9 Thank you for all the faithful that were here on  
10 time.

11 (Whereupon, at 7:15 p.m., the meeting was  
12 concluded, to convene at 9:00 a.m. the following day, Friday,  
13 July 15, 1994.)

14 \* \* \* \* \*

**Diversified Reporting Services, Inc.**

918 16TH STREET, N.W. SUITE 803

WASHINGTON, D.C. 20006

(202) 296-2929