

LEGAL SERVICES CORPORATION
BOARD OF DIRECTORS

MEETING OF THE
FINANCE COMMITTEE

OPEN SESSION

Monday, July 21, 2014

5:56 p.m.

Des Moines Marriott Downtown
700 Grand Avenue
Des Moines, Iowa 50309

COMMITTEE MEMBERS PRESENT:

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

OTHER BOARD MEMBERS PRESENT:

Charles N.W. Keckler
Victor B. Maddox
Julie A. Reiskin
Gloria Valencia-Weber

STAFF AND PUBLIC PRESENT:

James J. Sandman, President
Lynn Jennings, Vice President for Grants Management
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
Wendy Long, Executive Assistant, Office of Government
Relations and Public Affairs
Jeffrey E. Schanz, Inspector General
John Seeba, 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
Lora M. Rath, Deputy Director, Office of Compliance
and Enforcement
Julia Kramer, Program Counsel, Office of Compliance
and Enforcement
Janet LaBella, Director, Office of Program
Performance
Frank B. Strickland, Non-Director Member,
Institutional Advancement Committee
Dennis Groenenboom, Executive Director, Iowa Legal
Aid
Patrick McClintock, Iowa Legal Aid
Chris Luzzie, Iowa Legal Aid
Alan O. Olson, Iowa Legal Aid Board of Directors
Don Saunders, National Legal Aid and Defenders
Association (NLADA)
Terry Brooks, American Bar Association Standing
Committee on Legal Aid and Indigent Defendants
(SCLAID)

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Motions: 4, 4, 10, 17, 18

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

2 (5:56 p.m.)

3 CHAIRMAN GREY: I'd like to call the Finance
4 Committee meeting to order and ask for approval of the
5 agenda.

6 M O T I O N

7 FATHER PIUS: So moved.

8 CHAIRMAN GREY: Second? Oh, never mind.

9 MS. MIKVA: Could I make a brief comment on
10 that? The way it's structured once again is public
11 comment after the Committee acts on Management's
12 recommendation. I just want to make sure that they're
13 going to have a chance to comment before the Committee
14 asks.

15 They asked for that, and we promised them that
16 at the telephone conference.

17 CHAIRMAN GREY: Yes. I'd be happy to do that.
18 Okay. Approval of the agenda?

19 M O T I O N

20 FATHER PIUS: I move that we approve it with
21 the amendment suggested by Laurie.

22 CHAIRMAN GREY: Thank you.

1 MS. BROWNE: Second.

2 CHAIRMAN GREY: All in favor say aye.

3 (A chorus of ayes.)

4 CHAIRMAN GREY: Opposed, no.

5 (No response.)

6 CHAIRMAN GREY: Mr. Richardson, the Treasurer,
7 has both items 2 and 3. And I would ask -- we've just
8 had a Committee meeting and we've had an opportunity to
9 look at the numbers as he is offering them.

10 Mr. Richardson, let me ask you, is there
11 anything that you want to bring to our attention that
12 is significant and different than had been discussed?

13 MR. RICHARDSON: There is not. We're
14 operating within budget. Variances show that we're
15 living within the budget, and actually having money set
16 aside. So there's nothing out of the ordinary here.

17 CHAIRMAN GREY: Mr. Richardson's presentation
18 is contained in the Board book. Are there any
19 questions?

20 (No response.)

21 CHAIRMAN GREY: I'd like to call on Carol
22 Bergman to --

1 MR. LEVI: I think you have to act on the

2 Revised --

3 CHAIRMAN GREY: No, no, no. I'm not. We're
4 not acting on that.

5 MR. LEVI: No, no, no, on this.

6 FATHER PIUS: He's getting to it. Let Robert
7 talk.

8 MR. LEVI: I'm doing the 2014. No?

9 CHAIRMAN GREY: No, we don't. It says that,
10 but we don't. Okay?

11 MR. LEVI: I see.

12 CHAIRMAN GREY: Ms. Bergman is going to report
13 on the 2015 appropriation process.

14 MS. BERGMAN: Thank you, Mr. Chairman.

15 The bottom line is that there is no budget for
16 FY 2015. We expect there to be a continuing resolution
17 that will go until after the election, at which point I
18 expect there to be an omnibus bill that will include
19 all 12 appropriations bills.

20 Very briefly, how we got there is, in the
21 House in May, the Appropriations Committee approved the
22 Commerce, Justice, Science bill by unanimous consent on

1 a voice vote, which included \$350 million for LSC.
2 This was \$15 million below current funding of FY 2014,
3 but a \$50 million increase over last year's
4 House-approved level.

5 On May 30th, the House passed the CJS bill
6 after three days of debate. During the debate on the
7 House floor, there were two amendments offered
8 regarding LSC, and both amendments were defeated.

9 Congressman Steve Cohen from Tennessee
10 introduced an amendment to increase funding for LSC by
11 \$15 million to bring it up to the current level. It
12 failed by a vote of 173 to 238. Congressman Austin
13 Scott from Georgia introduced an amendment, once again,
14 to eliminate funding entirely for LSC, and that failed
15 by a vote of 116 to 290.

16 I think it's worth noting that all of the
17 members on the CJS Appropriations Subcommittee voted
18 against the Austin Scott amendment except for one. And
19 the vote on the Scott amendment showed a significant
20 reduction of support by almost one-third over the past
21 three years.

22 There's been a significant expansion of

1 bipartisan support for LSC over the please few years,
2 and we saw that in the votes when we go back over that
3 amendment having been introduced. There was a lot of
4 bipartisan support articulated on the House floor, and
5 a lot of support by various members.

6 On the Senate side, in June, on June 5th, the
7 Senate Appropriations Committee approved the CJS bill,
8 which included \$400 million for LSC. This is an
9 increase of \$35 million from the current funding in
10 2014 but \$30 million less than the committee approved
11 last year and \$30 million less than the White House had
12 requested.

13 On June 18th, Senator Mikulski introduced what
14 she called a minibus of three different appropriations
15 bills -- agriculture, CJS, and transportation/HUD -- on
16 the Senate floor. However, there were disagreements in
17 the leadership over how to handle amendments, and the
18 bill was pulled from the floor.

19 At this point it's very unlikely that this is
20 going to be brought up again. As I said, I think the
21 common thinking at this point is that we're going to
22 end up with a continuing resolution that will go until

1 after the election.

2 I think that overall at this point, the
3 leadership on both sides of the aisle do not think it
4 is in their interest to move forward on any of the
5 appropriations bills on the Senate side. Then we would
6 expect, after the election, there to be some kind of an
7 omnibus bill to fund all of the agencies in the
8 government for 2015.

9 Happy to answer any questions.

10 CHAIRMAN GREY: Any questions of Ms. Bergman?

11 (No response.)

12 CHAIRMAN GREY: Carol, thank you.

13 MS. BERGMAN: You're welcome.

14 CHAIRMAN GREY: The next item on the agenda is
15 to consider and act on a temporary operating authority
16 for FY 2015, as contained on 254 of your book. Mr.
17 Richardson, any thoughts about that or is it
18 self-explanatory?

19 MR. RICHARDSON: It is self-explanatory.
20 We're asking that you approve temporary operating
21 authority at the same operating level that we have
22 right now, and that when we come back to you the first

1 week in October this year with our meeting, we will
2 present to you a temporary operating budget.

3 M O T I O N

4 DEAN MINOW: So moved.

5 FATHER PIUS: Seconded.

6 CHAIRMAN GREY: All in favor say aye.

7 (A chorus of ayes.)

8 CHAIRMAN GREY: Opposed, no.

9 (No response.)

10 CHAIRMAN GREY: We're at item 6, to consider
11 and, as a Committee, recommend action on the 2016
12 budget. Mr. Sandman, any thoughts?

13 PRESIDENT SANDMAN: I don't have anything to
14 add to my prior presentations. The memo that we
15 previously circulated for the meeting last week
16 contains the entirety of our recommendation. I'd be
17 happy to answer any questions from the Committee.

18 CHAIRMAN GREY: I should set up the predicate.
19 We have had several meetings that have been open to
20 the public as well, and we've had very insightful,
21 thoughtful, and substantive comments from many
22 organizations, some of whom are here today, about the

1 2016 budget.

2 Mr. President, thank you for what I think has
3 been a fairly expansive and insightful approach to
4 budgeting going forward. You've addressed many
5 questions that the Committee and others have raised
6 during that time during this process. So as chair of
7 the Committee, on behalf of the Committee, let me
8 commend you on the work that you've done and the work
9 your staff has done as well.

10 Ms. Bergman, any thoughts?

11 MS. BERGMAN: No. Not at this time.

12 CHAIRMAN GREY: There is an opportunity -- I'm
13 sorry. Mr. Chairman?

14 MR. LEVI: Are we having public comment now?

15 CHAIRMAN GREY: Well, I'm about to address
16 that. But if the Board or any members of the Board, I
17 want to make that opportunity available. I would also
18 note that the two lay -- I'm sorry.

19 DEAN MINOW: Father Pius has a comment.

20 CHAIRMAN GREY: I'm sorry. Father Pius?

21 FATHER PIUS: I'm sorry. Just very briefly, I
22 did want to apologize to the Committee for not being

1 able to be on the call. I have read all the materials
2 and am thankful to both Management and especially the
3 IG for responding so well to the requests that we had
4 for additional information to support their budget
5 requests.

6 With that, I very, very much appreciate it. I
7 think they laid out the case well, and I thought that
8 was very helpful. But again, I have read the materials
9 thoroughly and am grateful for all that we've received.

10 CHAIRMAN GREY: Father Pius, if there's
11 anybody that gets a pass, you do.

12 (Laughter.)

13 CHAIRMAN GREY: I would also note that Allan
14 Tanenbaum and Bob Henley, who are lay members of the
15 Committee, are also present and have participated in
16 the Committee calls. I thank them for their work as
17 well.

18 I think, Mr. Chairman, we are really along the
19 way. I think we could actually take the public comment
20 that we had talked about, and I would hope that the
21 Committee would allow us to do that.

22 Public comment is now open for those who would

1 like to share their thoughts about the FY 2016 budget
2 request. Don?

3 MR. SAUNDERS: Thank you, Mr. Grey. And
4 again, I'm completely comfortable doing it tomorrow, as
5 Terry suggested.

6 CHAIRMAN GREY: Well, thank you.

7 MR. SAUNDERS: But I think I can be brief as
8 well.

9 Thank you and the Committee for the
10 opportunity to comment very briefly on the Management
11 recommendation. We were given and appreciate the
12 opportunity to comment in writing and orally on the
13 2016 budget request. Your materials contain our
14 written submission of \$580 million for 2016.

15 I would like to comment this afternoon very
16 briefly on two points related to the Management
17 recommendation Jim submitted earlier this month. The
18 first comment relates to a matter that we do not
19 support, specifically, the request from the Office of
20 the Inspector General for an increase of \$900,000 in
21 part to increase the amount of compliance and oversight
22 reviews of your grantees.

1 We do not think such a request is justified.
2 Since 2009, we have seen real growth, over 20 percent,
3 in both the MGO and OIG budgets. At the same time, as
4 Jim's memo eloquently demonstrates, your grantees have
5 lost around 18 percent of their available funding to
6 represent eligible clients.

7 It is our view that the huge majority of your
8 grantees are assiduous in their efforts to comply with
9 the many rules and regulations under which they
10 operate, and that they are very adequately reviewed in
11 the process.

12 While we certainly understand the important
13 need for effective oversight of your grantees, we think
14 that the current resources within OPP, OCE, and the
15 Office of Inspector General are more than adequate to
16 the task.

17 Not only do unnecessary additional allocations
18 to the oversight function take precious dollars away
19 from field services, every visit or inquiry of one of
20 your grantees represents a significant diversion of
21 existing and scarce resources. Therefore, we urge you
22 not to seek additional funding for compliance and

1 oversight beyond the FY 2015 request.

2 My second point is much more positive. What
3 we believe is our testimony and yours indicates that
4 the need is much greater than Management's request of
5 \$486 million. We think that such a request is
6 appropriate for the Board to adopt and for this
7 Committee to adopt.

8 Returning to a level of support that existed
9 before the devastating economic downturn is certainly a
10 compelling argument, given the great pain and huge
11 growth in need resulting from the great recession.

12 I want to thank Jim and his Management staff
13 for just a wonderful document that's reflected in his
14 report to you. I also want to thank the Chairman and
15 every member of this Committee and this Board for your
16 continuing support.

17 I think a level of \$486 million sends a very
18 strong signal of support not only to OMB and to
19 Congress, but to your grantees. And Mr. Grey, I thank
20 you for the opportunity to address you this afternoon.

21 CHAIRMAN GREY: Thank you. It is important, I
22 think, that all of those who have a stake in the

1 outcome of the work of this organization to be able to
2 fairly share their thoughts and their views with regard
3 to the operations of this organization.

4 NLADA has always been there to do that. We
5 encourage your continued participation and
6 observations, comments, and suggestions. We take them
7 seriously, and we thank you for your comments today.

8 MR. SAUNDERS: Thank you.

9 CHAIRMAN GREY: Is there other public comment?

10 (No response.)

11 CHAIRMAN GREY: Is there any other business to
12 consider? Mr. President?

13 PRESIDENT SANDMAN: Mr. Chairman, could I just
14 note one thing? I just want to point out to people
15 here and to anybody on the phone that the updated
16 materials on the fiscal 2016 budget request as online
17 on the LSC website under Board Meeting Materials under
18 Board Documents. And that includes the most recent
19 update from the Inspector General's office.

20 CHAIRMAN GREY: Thank you, Mr. President.

21 Madam Vice Chair?

22 DEAN MINOW: Do you need a vote on this?

1 CHAIRMAN GREY: I do. You're right, I did
2 jump, so thank you. Yes.

3 Is there a motion to recommend to the Board
4 the FY 2016 budget request?

5 M O T I O N

6 FATHER PIUS: I will go ahead and make the
7 motion. I vote that we approve the Management's
8 request for the fiscal year 2016 appropriations.

9 CHAIRMAN GREY: Is there a second?

10 MS. MIKVA: Now may not be the time to
11 comment. I share Mr. Saunders' concern about asking
12 for just a level amount for the field operations and an
13 increased amount for oversight. However, I will
14 second.

15 CHAIRMAN GREY: All n favor of the motion say
16 aye.

17 (A chorus of ayes.)

18 CHAIRMAN GREY: All opposed say no.

19 (No response.)

20 CHAIRMAN GREY: Is there other business before
21 the Committee to consider?

22 (No response.)

1 CHAIRMAN GREY: Is there a motion to adjourn?

2 M O T I O N

3 DEAN MINOW: So moved.

4 CHAIRMAN GREY: Is there a second?

5 FATHER PIUS: Second.

6 CHAIRMAN GREY: All in favor say aye.

7 (A chorus of ayes.)

8 CHAIRMAN GREY: Opposed, no.

9 (No response.)

10 (Whereupon, at 5:52 p.m., the Committee was
11 adjourned.)

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