

LEGAL SERVICES CORPORATION
BOARD OF DIRECTORS

TELEPHONIC MEETING OF THE
FINANCE COMMITTEE

OPEN SESSION

Thursday, July 9, 2015

5:05 p.m.

Legal Services Corporation
3333 K Street, N.W.
Washington, D.C. 20007

COMMITTEE MEMBERS PRESENT:

Robert J. Grey Jr., Chairperson
Laurie Mikva
Martha L. Minow
Allan J. Tanenbaum (Non-Director member)
John G. Levi, ex officio

BOARD MEMBERS PRESENT:

Julie A. Reiskin
Gloria Valencia-Weber

STAFF AND PUBLIC PRESENT IN THE CORPORATION'S OFFICES:

James J. Sandman, President

Lynn Jennings, Vice President for Grants Management

Rebecca Fertig Cohen, Special Assistant to the
President

Patrick Malloy, Grants Management/Legislative Fellow,
Executive Office

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

Treefa Aziz, Government Affairs Representative,
Office of Government Relations and Public Affairs

Jeffrey E. Schanz, Inspector General

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

Eileen Dombrowski, Intern

Leila Safavi, Intern

Jonathan Acevedo, Intern

Robert DeNunzio, Intern

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

C O N T E N T S

OPEN SESSION	PAGE
1. Approval of agenda	4
2. Management's recommendation for LSC's fiscal year 2017 budget request	4
Jim Sandman, President Carol Bergman, Director, Government Relations and Public Affairs	
3. Discussion with Inspector General regarding LSC's fiscal year 2017 budget request	24
Jeffrey Schanz, Inspector General David Maddox, Assistant Inspector General for Management Evaluation	
4. Public comment	33
5. Consider and act on other business	34
6. Consider and act on adjournment of meeting	35

Motions: Pages 4 and 35

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

2 (5:05 p.m.)

3 CHAIRMAN GREY: It's important, I think, to
4 pay attention to who's on the phone because this is
5 Management's recommendation. It's important, and we
6 want to make sure that everybody's briefed on it before
7 we go to the Board meeting.

8 With that, the agenda is before you. I'll ask
9 that it be seconded if anybody never got it approved.

10 M O T I O N

11 DEAN MINOW: So moved.

12 CHAIRMAN GREY: All in favor say aye.

13 (A chorus of ayes.)

14 CHAIRMAN GREY: Jim, this is obviously an
15 opportunity for us to be better advised as to the 2017
16 budget that LSC would be required to recommend. We are
17 in receipt of what is information related to that, and
18 I would ask you to further elaborate on that and give
19 us your thinking and that of Management in regard to
20 any proposal you would ask the Committee to consider.

21 PRESIDENT SANDMAN: Thank you, Robert. Good
22 afternoon, everyone. I tried to lay out in our memo

1 all of the bases for the recommendation that we're
2 making for fiscal year 2017, a total budget request of
3 \$502.7 million. What I'd like to do in my presentation
4 now is to emphasize several points that we made in the
5 memorandum and to add and elaborate on a few more.

6 And I'd like to focus most of my remarks on
7 the basic field grant line of the budget, which
8 constitutes 93 percent of the total amount that we
9 recommend the Board and the Committee request.

10 Basic field grants, as you know, are the
11 mechanism that we use to provide funding to the 134
12 legal aid programs across the country and the
13 territories that LSC funds. The basic field grant line
14 is the only line in which Management, as opposed to the
15 Office of Inspector General, is recommending an
16 increase over last year's request. We're recommending
17 that the Committee and the Board ask Congress for \$15.8
18 million more in basic field grant funding for fiscal
19 '17 than we asked for for fiscal '16.

20 I'd like to start by explaining the basics of
21 our approach to the basic field grant line. We used
22 the projected number of people financially eligible for

1 service to frame our budget request. Using that metric
2 is congruent with the approach that Congress has
3 mandated we take for distributing our basic field
4 appropriation to our grantees. As you know, each
5 grantee receives a percentage of our total basic field
6 appropriation equal to its share of the total U.S.
7 poverty population.

8 So Congress has indicated that the financially
9 eligible population is a metric that they consider
10 important in the distribution of basic field grant
11 money. We think it's consistent with that approach to
12 take that calculation into mind in deciding what the
13 overall basic field appropriation should be.

14 What we've done is to project the eligible
15 population as of fiscal '17, using information that's
16 described in appendix 1 to the memorandum. And as you
17 know, the eligible population increased dramatically
18 during and in the years following the recession.

19 We project that the eligible population will
20 remain high through fiscal year 2017. You can see what
21 our projection is and what it is in relation to prior
22 years in appendix 4.

1 CHAIRMAN GREY: Jim, let me just stop you for
2 a minute. I heard a couple of beeps.

3 Were there any members of the Board who were
4 not part of the roll call that have joined the call?

5 (No response.)

6 CHAIRMAN GREY: Okay, Jim.

7 PRESIDENT SANDMAN: Thank you, Robert.

8 The numbers in appendix 4, as large as they
9 are, are actually a very conservative estimate of the
10 size of the eligible population and of need. They
11 reflect the number of people eligible for the entire
12 year shown. There are additional people who are
13 financially eligible during part of the year but not
14 for the whole year, and we estimate that the number of
15 people eligible for at least two months during a year
16 would add approximately 30 million people to the
17 numbers you see in that chart.

18 Our approach to basic field funding for the
19 past three years has been consistent. Our approach has
20 been to try to respond to the dramatic increase in the
21 size of the eligible population since 2007 by restoring
22 funding per eligible person to the 2007 level in

1 inflation-adjusted dollars.

2 We first took that approach for fiscal '14.
3 We did that four years ago. For fiscal years 2015 and
4 '16, we continued to use that approach as our starting
5 point, but for each of those two years decided, because
6 of pressures on the federal budget, to hold our request
7 flat at the level we had asked for for fiscal '14 even
8 though the formula would have produced a higher number.

9 We recommend that this year the Committee and
10 the Board request the full amount that that approach
11 would command. That is the amount necessary to restore
12 basic field funding on a per-eligible-person basis to
13 the level it was at in 2007, adjusted for inflation,
14 with no reduction. We're recommending this approach,
15 which results in an increase of \$15.8 million in basic
16 field over our request last year, for several reasons.

17 First, this 2007 target is actually extremely
18 modest and not nearly enough to meet actual need. It's
19 not as if 2007 was utopia. In both 2005 and 2009, LSC
20 conducted justice gap studies to see how many people
21 who approached our grantees were served, and what we
22 found both times was that our grantees were able to

1 serve only half of the people who contacted them for
2 help.

3 In addition, I want to emphasize that it's
4 consistent with the first two goals of LSC's strategic
5 plan to ask for a higher number. The first goal is to
6 increase the availability, efficiency, and
7 effectiveness of the legal aid provided by the programs
8 that we fund, and the second goal is to be a leading
9 voice for access to justice in the United States.

10 We think it's important in our budget request
11 to stress the magnitude of the increase in need since
12 the recession and to try to address that increase. We
13 think it would send the wrong message to submit a basic
14 field request that is flat for four years in a row.
15 Enough. We shouldn't keep doing that. It's misleading
16 about what the magnitude of the need is, when we
17 believe that that number is inadequate.

18 You may have noticed in one of the appendices,
19 appendix 7, that over the course of the past two years,
20 non-LSC funding for our grantees has gone up. It's
21 increased by about \$20 million between 2012 and 2014.
22 I want to note several things about that.

1 The first is that that increase is hardly
2 uniform across the country. It is the net of increases
3 in some places against decreases in others. In fact,
4 over the course of those two years, other funding,
5 non-LSC funding, went down in 23 states. Only 10
6 states account for nearly all of the increase that
7 you're seeing in that chart.

8 The standout increases were in New York, which
9 went up by \$12-1/2 million, California, which went up
10 by 8.4, Minnesota, which went up by 7.7, Missouri went
11 up by 4.5, and Puerto Rico went up by \$4.1 million.

12 In addition, it's important to bear in mind
13 that non-LSC funding is often not fungible with LSC
14 funding. It is often limited to specific purposes.
15 One example would be money from the state attorneys
16 general settlement in the mortgage cases that, in a
17 number of places, resulted in an infusion of funding
18 for legal aid programs. But that can only be used for
19 mortgage-related representations. Often private
20 foundation funding is limited to specific purposes.
21 LSC, funding, by contrast, can be used to address the
22 full range of civil legal needs that local needs

1 studies identify.

2 Private funding in particular often has strict
3 limits on the amount of grants that can be used for
4 management and administration. It's not uncommon to
5 see caps of 15 to 20 percent, whereas LSC funding does
6 not limit the amount that our grantees can spend on
7 management and administration. We think that's a good
8 thing because we want robust oversight and management
9 by our grantees.

10 Those are the principal points that I'd like
11 to make about our approach to basic field funding, 93
12 percent of the budget ask that we're recommending. On
13 the other budget lines, leaving aside the Office of
14 Inspector General, which will be addressed separately,
15 we're recommending a request of the same amount that
16 we've had for the last four years except for the Pro
17 Bono Innovation Fund, where we're requesting the same
18 amount that we have for the last three years. We
19 didn't have the Pro Bono Innovation Fund four years
20 ago.

21 We looked carefully at how our management and
22 grants oversight expenses -- that's the second biggest

1 line in our budget -- how they compare to other similar
2 grant-making entities. And what our analysis shows is
3 that our MGO expenses are in line with or below those
4 of other similar grant-making entities.

5 The entities we look at are the National
6 Science Foundation, the Corporation for Public
7 Broadcasting, the Smithsonian, the Office of Justice
8 Programs at Department of Justice, the Corporation for
9 National and Community Service, the Millennium
10 Challenge Corporation, and the State Justice Institute.

11 And the amount of their overall revenues devoted to
12 management and administration range between 4.25
13 percent and 23 percent.

14 I'd be happy to answer any questions.

15 CHAIRMAN GREY: Jim, this is Robert.

16 Is that you, Gloria?

17 MS. REISKIN: No, that was Julie. But go
18 ahead.

19 CHAIRMAN GREY: Jim, is there any value --
20 well, first of all, determine what I'm about to ask you
21 is easy or difficult to calculate. But the more
22 important question: Is there any value in

1 understanding or determining how much non-LSC funding
2 is restricted as a beginning point to understand the
3 value -- not the value, but the way in which granting
4 organizations work with their funding?

5 Obviously, the more they have that is non-LSC,
6 the more likely it is to have monies restricted, or
7 more of its money restricted. But have we ever thought
8 about -- is it worth considering whether, as a general
9 rule, that non-LSC funding is restricted at the rate of
10 50 percent or 70 percent or something like that as a
11 way of outside understanding the importance of the
12 funding that LSC provides?

13 PRESIDENT SANDMAN: When you say restricted,
14 do you mean in purpose or amount that can be devoted to
15 management and administration?

16 CHAIRMAN GREY: Well, actually both.

17 PRESIDENT SANDMAN: Does your question mean --
18 okay. The answer is yes, we thought about it. My own
19 judgment is that it would be extraordinarily
20 labor-intensive to come up with the numbers, and not
21 worth the effort. And I say that because the situation
22 is so different from state to state and from grantee to

1 grantee.

2 If you look at the chart that we have on page
3 6 of the memo showing percentage of grantee funding
4 provided by LSC, you can see that we continue to have
5 47 of our 134 grantees who depend on LSC for 50 percent
6 or more of their funding.

7 So if you look at these national numbers that
8 are reflected in the stacked bar graph that's at
9 appendix 7, that's obscuring wide variations across the
10 country from state to state and among our grantees.

11 Just in general terms -- I'm looking at
12 appendix 7 -- if you look at the numbers for 2014, I
13 can speculate with some degree of confidence that some
14 of these colors are more amenable to general use than
15 others. IOLTA funding, for example, the green bar,
16 that's generally open. That's not limited purpose
17 funding.

18 I would speculate that the kind of maroon bar,
19 state-level funding, most of that is going to be for
20 general purposes, although there are states like
21 Georgia where the state legislative appropriation is
22 for a particular purpose. As I understand it, they

1 appropriate about \$2 million a year, and it's limited
2 to domestic violence cases.

3 But the ones that would be most likely to be
4 subject to specific purpose restrictions are the
5 private category, orange; possibly local, the blue; and
6 a good part of the federal non-LSC is going to be -- or
7 most of that, all of it, I would say, is going to be
8 for specific kinds of cases.

9 CHAIRMAN GREY: Yes. It sort of wakes you up
10 when you say other funding has increased. But it begs
11 the question that that's not the same money as LSC is
12 provided to grant needs. And so you have to pause
13 after you say that and understand that there's a
14 different calculation that's involved.

15 PRESIDENT SANDMAN: Yes. And one thing we're
16 conscious of is LSC's role, its function, as providing
17 a baseline of support everywhere so that no matter
18 where you are, and no matter whether the state that
19 you're living in is generous or cheap when it comes to
20 funding legal aid, there is a base level of support
21 that's sufficient to provide some level of service to
22 people.

1 If we begin to focus only on the national
2 numbers and the national averages, we lose sight of the
3 huge variations in different parts of the country and
4 risk not providing a modicum of base support in some
5 locations.

6 CHAIRMAN GREY: Julie?

7 MS. REISKIN: Yes. First of all, I think that
8 was an excellent presentation of this, really well
9 thought out and well organized. So I had a question
10 and a comment.

11 My question is, is there a reason given how
12 successful TIG is, that you didn't ask for more? And
13 then same with the loan repayment just because that's
14 such a serious problem, getting people and the debt
15 that these young lawyers have. So I was just curious
16 why.

17 Then my comment is, I'm wondering if there
18 should be something towards the front that says
19 something about that even though the economy is better
20 for low income and particularly very low income people,
21 when the economy gets better, our problems actually
22 sometimes get worse.

1 For example, housing is much worse for us now
2 than it was during the recession because the landlords
3 go crazy because they don't have to deal with Section
4 8. They don't have to deal with low-income people.
5 They can get rent anywhere. And so evictions are more
6 of a problem. Foreclosures might not be, but evictions
7 are.

8 I think sometimes with poverty programs,
9 people say, well, the economy's better, they don't need
10 as much, when actually you need more for the people
11 that are the most at the bottom because with the
12 economy better also, price, everything goes up. But
13 the people at the bottom, their money doesn't go up.
14 So I just didn't know if saying that, if the people
15 reading this are going to know that or not.

16 PRESIDENT SANDMAN: We can add that point,
17 Julie. I think people do have certainly a general
18 perception that the economy is turning up. I think the
19 numbers that we show about what the size of the
20 eligible population is and is likely to continue to be
21 rebut any suggestion that the improving economy is
22 going to drive those numbers down. But you're making a

1 more detailed point that I think we can spell out, and
2 we'll work that in.

3 On your question about whether we can -- is
4 everyone there?

5 MULTIPLE BOARD MEMBERS: Yes.

6 CHAIRMAN GREY: A line might have gone dead.

7 PRESIDENT SANDMAN: Becky almost had a heart
8 attack.

9 Julie, you asked whether we had considered
10 requesting more money for TIG and for LRAP. And the
11 answer is yes, and we decided not to because we really
12 think the area of greatest need is basic field funding.

13 And we think there's a risk of distracting attention
14 on the importance of that by asking for more money on
15 those other lines.

16 We think it's critically important to get a
17 significant increase in basic field funding. One of
18 the ways to accomplish that is to make that the sole
19 focus of the increase that we're requesting, which is
20 not to say --

21 MS. REISKIN: That makes sense.

22 PRESIDENT SANDMAN: Yes. Two other things.

1 We are pursuing private funding. We have an
2 opportunity pending to increase the size of our
3 technology grants, and so we are not standing pat
4 simply because we don't think this is the time to ask
5 Congress for more money in that line. So we have a
6 decent prospect for that that we're pursuing very
7 aggressively right now.

8 Similarly, for the loan repayment assistance
9 program, that is critically important to our grantees
10 in attracting and retaining new talent. And we did
11 think very hard about asking for an increase there, but
12 again thought that we really needed the focus to be on
13 basic field.

14 MR. LEVI: I appreciate that question, too.
15 On the LRAP, I think this is something we might want to
16 take a little greater look at, maybe, in our next
17 strategic planning, the upcoming strategic planning
18 process, see where we really are on that. That number
19 hasn't changed since we've been on the Board. But
20 certainly tuitions have gone up and other sources may
21 be challenged.

22 It may be something that we want to try to

1 obtain some private funding for, too. I don't know
2 whether that's a possibility or not, but I do think we
3 should look at it. I think you're right that this
4 budget ought to focus on basic field, particularly
5 given where we are, which is so, so challenged.

6 I didn't mean to have that --

7 CHAIRMAN GREY: No, no. That's good.

8 Additional questions for Jim on the initial
9 presentation?

10 (No response.)

11 PRESIDENT SANDMAN: Robert, should we ask if
12 any Board members have joined since we last inquired?

13 CHAIRMAN GREY: Let's do it.

14 PRESIDENT SANDMAN: Father Pius, were you able
15 to join? Bob Henley? Charles? Harry? Vic?

16 (No response.)

17 PRESIDENT SANDMAN: I guess not.

18 MR. LEVI: The only other thing I should say
19 is that you know my number is really 880.

20 PROFESSOR VALENCIA-WEBER: Yes.

21 PRESIDENT SANDMAN: I actually thought it was
22 higher, John.

1 MR. LEVI: Well, could be in a little longer
2 it may.

3 DEAN MINOW: This is Martha. One question for
4 Jim, if I can. I notice that in the body of the
5 report, you mentioned the Pennsylvania 2012 IOLTA
6 report that includes the reference of an \$11 return for
7 every dollar spent on legal aid. And one of the
8 appendices refers to similar reports from other places,
9 but it's much less of a return. And I wondered if
10 there is a way to explain that disparity or
11 discrepancy, or otherwise understand the return on
12 investment argument.

13 PRESIDENT SANDMAN: I believe the explanation
14 is that some of the studies look at return differently.
15 Some look at overall return on all kinds of legal
16 assistance provided. Others break it down by a
17 particular category. So they might focus only on
18 housing-related work, evictions and foreclosures
19 avoided, for example.

20 So I'm familiar with a number of studies that
21 don't purport to try to quantify the total return on
22 investment, but focus on another category. What New

1 York has done, for example, is domestic violence costs
2 averted because of the provision of legal aid.

3 So I think that's the explanation. Some of
4 the studies are more comprehensive. Others look only
5 at particular categories of assistance provided.

6 DEAN MINOW: It might be to have just a
7 footnote to acknowledge that, then, in some way.

8 MR. TANENBAUM: Jim, this is Allan. Can you
9 relate what has been our recent history, if any, of
10 Congress increasing a line item notwithstanding the
11 fact that we didn't ask for an increase in that line
12 item?

13 PRESIDENT SANDMAN: The only time I've ever
14 heard of that happening was before I got here, when I
15 understand that the Office of Inspector General got an
16 increase.

17 MR. D. MADDOX: In 2009, \$1.2 million dollars
18 that was unsolicited.

19 PRESIDENT SANDMAN: I'm not aware of anything
20 else, Allan.

21 MR. TANENBAUM: Thank you.

22 MR. LEVI: Why? Do you have a thought on how

1 we can get that to happen?

2 MR. TANENBAUM: I'll let you know after
3 November.

4 MR. LEVI: You mean a year from November.

5 MR. TANENBAUM: Right.

6 CHAIRMAN GREY: Any other questions? Carol?

7 MS. BERGMAN: No. I'll let Jim do the talking
8 unless there are particular questions that I can
9 address for any of you.

10 CHAIRMAN GREY: All right.

11 MR. LEVI: I want to thank the staff for the
12 really thorough presentation that they made, the really
13 profoundly helpful report or memo that they sent out in
14 advance of the call. It shows not only your
15 willingness to work so hard on it, but your own deep
16 understanding of the issues. And I for one just want
17 to thank you.

18 PRESIDENT SANDMAN: Thank you very much, John.
19 We all appreciate that.

20 PROFESSOR VALENCIA-WEBER: This is Gloria. I
21 want to thank you, too, for the reasons that John just
22 mentioned. Also, the first of September, Ed Marks, our

1 executive director of New Mexico Legal Aid, and I are
2 the speakers before the Albuquerque bar, which is the
3 core and the largest part of the New Mexico bar. So
4 what you have in the report is going to be very helpful
5 in preparing that. Thank you.

6 PRESIDENT SANDMAN: You're welcome, Gloria.
7 We'd be happy to provide any additional information to
8 you.

9 CHAIRMAN GREY: Are there any other thoughts
10 or comments?

11 (No response.)

12 CHAIRMAN GREY: I see the next item is the
13 discussion with the Inspector General. Jeff?

14 MR. SCHANZ: I have with me Dave Maddox, who
15 actually put together the budget request. Taking our
16 lead from our chairman, who wants \$800 million, I
17 decided to go with a \$100,000 increase. As you know,
18 we've been flatlined for the last few years, and we
19 thought that that would be our opportunity to continue
20 to bring on qualified staff.

21 I'm losing staff, being raided by some of my
22 colleagues within the CIGIE community. So I'm going to

1 have to replace some of my best staff and train them.
2 So I'll need a little bit more money to bring them on
3 board and train them up to the level that I expect out
4 of the LSC OIG.

5 I think our presentation speaks for itself.
6 As I said, we've been flatlined for the last four or
7 five years, and we saw this as an opportunity just to
8 make us whole.

9 MR. D. MADDOX: With that being said, let me
10 give you just a few minutes of overview. The OIG
11 request starts on page 16 for FY '17 consideration, in
12 of our statutorily independent IG mission and
13 responsibilities, our need for flexibility for future
14 stakeholder requests, and need to maintain stability
15 within our planning operations and workforce.

16 In light of our limited and shrinking OIG
17 carryover and uncertainty in regards to the FY '16 OIG
18 appropriation, there is little need for -- it creates
19 very little financial margins for us. The OIG is
20 requesting the \$5.2 million in '17. For perspective,
21 the OIG request is 1 percent of the total LSC request.

22 In terms of performance, we've had significant

1 recent achievement, including a new OIG strategic plan
2 for the next five years. We've updated our 2015 work
3 plan to include activities for each OIG objective in
4 our strategic plan.

5 We've recently issued an internal report on
6 subgrantee oversight by LSC. We've provided the first
7 fraud prevention guide for grantees. We're producing
8 audits at a higher rate; another audit report was
9 released today. And you might have noticed it was on a
10 new OIG website. We have a new website. And in the
11 most recent year, we've issued recommendations for
12 improvement in the high-risk areas, including
13 acquisitions, grants, human capital, and IG management.

14 We have done all of this while reducing our
15 expenditures in 2015 by roughly \$200,000. We've done
16 that through delaying hiring, maintaining two open
17 positions. Ultimately, long-term, those are not
18 sustainable moves going forward. However, despite
19 spending at a lower rate, OIG carryover continues to be
20 reduced by \$250,000, or 31 percent in 2015.

21 I mentioned earlier the FY '16 appropriations
22 outlook creates significant planning uncertainties for

1 us. There's a variation of 17.4 percent between the
2 House number for us and potentially a continuing
3 resolution type situation.

4 As Jeff mentioned, we're losing quality
5 professional staff to other OIGs and private practice.

6 Recently we've lost two senior investigator counsels,
7 and earlier in the year we lost an associate counsel to
8 private practice. We've just started and have an
9 ongoing OIG compensation review to determine our market
10 competitiveness to other OIGs.

11 This request will allow the LSC OIG to perform
12 its statutory mission and identify areas where LSC and
13 its grantees can be more efficient and effective going
14 forward.

15 It will allow us to perform more risk-guided
16 work, to include grantee and subgrantee oversight
17 reviews, client trust fund reviews, IT security
18 reviews, while allowing us to improve our internal
19 information management systems to increase our
20 efficiencies internally. It will also allow for some
21 operation flexibility.

22 The \$100,000 increase will help us

1 specifically to address a fully staffed cadre of 30
2 staff positions, allow us to create a better situation
3 with our compensation competitiveness against our top
4 competitors, and to continue our full-scale quality
5 assurance reviews of grantee audits.

6 Currently we do 35 per year on a four-year
7 cycle to give us 100 percent coverage. That's a
8 scalable program. We would like to continue it at that
9 rate. Those are our wishes going forward, and that
10 \$5.2 million will allow us to do that.

11 At this point I'd like to open it up to any
12 questions.

13 CHAIRMAN GREY: Questions for the IG?

14 MS. REISKIN: This is Julie. I have a
15 question.

16 CHAIRMAN GREY: Julie?

17 MS. REISKIN: You said that one of the
18 concerns is that you said that your staff are being
19 poached by our IGs. And I thought that the salaries
20 were controlled by the federal rules or federal caps.
21 Am I not understanding something? Are other agencies
22 able to pay more?

1 MR. SCHANZ: I'd like to answer that, Julie.
2 This is Jeff. We're not under Title V, and most IGs in
3 the federal sector are all under Title V. Generally,
4 they're attorneys. We've lost three attorneys and
5 investigative counsels, and that worries me a little
6 bit.

7 On the plus side, we're a victim of our own
8 success because we're being recognized as one of the
9 best IGs in the CIGIE community. So the people I used
10 to work for know my style and are taking very qualified
11 people. And they can pay on a federal scale up to a
12 GS-14, which is about 25 percent more than we can pay
13 at LSC.

14 I get loyalty from my employees. But the
15 bottom line is there are some young attorneys with
16 family, and as much as they like the work, as much as
17 they like being with the OIG, some of my competitors in
18 the federal sector are handing GS-13 and -14 positions
19 to my investigative counsel.

20 As much as they want to be with me, I can talk
21 but I can't pay. The other people can pay and talk.
22 So I'm anxiously trying to recruit and back-fill, and

1 that requires additional training dollars.

2 I will say one other thing, too. With the new
3 Congress, so far, just in the last quarter, I've gotten
4 two very labor-intensive congressional requests. And I
5 do need the staff. I need to be competently staffed to
6 be able to handle some of these requests that come in.

7 I have a person who works for Dave, I call him
8 the utility infielder. But he's booked solid for the
9 next three weeks, or three months, when I want him to
10 work on some of these congressionals. So I'm juggling
11 a little bit.

12 I think, with the increased salary, if I can
13 get that, I can stem the tide here. And I need the
14 money for training and for recruiting.

15 MS. REISKIN: I'm sorry. I don't understand
16 the government pay very well. So the rules that apply
17 to LSC don't apply to the OIG? Or are you just saying
18 that because you lose people who cap out at your area,
19 you're getting newer people that maybe haven't capped
20 out, or they're younger, and so you have to train them
21 up. Is that what you're saying?

22 MR. SCHANZ: Well, I'm saying without

1 performance-based pay that I've argued for for the
2 seven years that I've been an Inspector General, my
3 folks who are the best are limited in how high they can
4 go by --

5 MS. REISKIN: With this extra money, you'll be
6 able to increase them?

7 MR. SCHANZ: I'm going to implore the Board to
8 do that again. We're doing a comparability study
9 currently. Once I get the results of that, I can see
10 how we stack up to the IG community in the Washington,
11 D.C. area.

12 MS. JENNINGS: Julie, this is Lynne. Just for
13 a note of clarification, we are not on the General
14 Schedule, the GS schedule that the Office of Personnel
15 Management issues. There are some salaries here, such
16 as Jim, that is dictated by our enabling statute that
17 does reference other federal pay scales. But we are
18 not on what is called the GS steps.

19 MS. REISKIN: Thank you.

20 MS. JENNINGS: Page 115, steps 1 through 10.

21 MS. REISKIN: Thank you.

22 CHAIRMAN GREY: Additional questions?

1 DEAN MINOW: Can I just say that as someone --
2 this is Martha -- who has to deal consequently with
3 staff leaving for great opportunities elsewhere, I work
4 really hard to calm myself down and say, well, then
5 they're alums. It's just something to be proud of.
6 And I do respect very much the challenge, and I do
7 think it's a testament to the very fine organization
8 that our OIG represents.

9 So I do understand the fact that the staff
10 attorneys in the grantee organizations are not getting
11 any raises and are living really at a level that is
12 below any public interest attorney, not to mention
13 private attorneys, that we have to put it all in that
14 context as well.

15 MR. LEVI: Well, I have to second Martha's
16 motion, and thank you, Jeff. And I'm sure you'll have
17 the support of the Board.

18 MR. SCHANZ: Thank you very much.

19 CHAIRMAN GREY: Additional comments or
20 questions for the IG?

21 (No response.)

22 CHAIRMAN GREY: Jeff and David, thank you for

1 your presentation.

2 We are at that point where we would entertain
3 public comment. Is there anyone who would like to make
4 a comment representing the public?

5 MR. SAUNDERS: Mr. Grey, this is Don Saunders
6 at NLADA. I just wanted to sign into the call. I'm
7 sorry I was late. I don't know if you plan to include
8 public comment in Minneapolis, but would be able to
9 comment more deeply, but just wanted to say, on behalf
10 of NLADA, in reading through Management's memo, I would
11 concur that it's extraordinarily good work.

12 Very appreciative of the level and the
13 commitment that it represents, particularly the focus
14 on basic field. We really appreciate that. And if
15 given the opportunity, we might comment in slightly
16 more detail at your in-person meeting next week.

17 CHAIRMAN GREY: Thank you, Don. Appreciate
18 that.

19 Any other public comment?

20 MR. LEVI: Well, Don knows we always have
21 public comment. There's no way we're going to cut him
22 off.

1 (Laughter.)

2 MR. SAUNDERS: I'd assume you'd like to, Mr.
3 Chairman.

4 MR. SAUNDERS: Oh, no.

5 CHAIRMAN GREY: Is there any other business?

6 MR. LEVI: I just want to say, Don, we
7 appreciate the submission and the work that goes into
8 it every year that NLADA makes. Even though we don't
9 always agree with it, it's very helpful to our Board.

10 MR. SAUNDERS: Thank you, sir.

11 CHAIRMAN GREY: Is there any other business
12 that the members would like to --

13 (No response.)

14 CHAIRMAN GREY: On behalf of the Committee,
15 let me also offer my gratitude to all those who have
16 submitted suggestions to us for consideration as we
17 deliberate on the funding for 2017.

18 Jim, thank you to you and your staff for
19 giving us a much better idea of both the responsibility
20 that we have in trying to meet the needs of those in
21 our society. But a very thoughtful approach to
22 understanding how we can do that and to be able to use

1 that information to educate and support the request of
2 LSC both to the President and to the Congress.

3 It was very well done, and I think it gives us
4 confidence to know that I think you and others are
5 making a difference in the approach that we take as
6 volunteers.

7 Jeff, thank you and David for your always
8 thoughtful approach to your presentations to the
9 Finance Committee. We look forward to seeing you later
10 this month.

11 If there is nothing else -- and Mr. Chairman,
12 I'll give you the final word, you and the Vice Chair,
13 if there are any other thoughts you'd like to share.

14 MR. LEVI: Just we'll be happy to see
15 everybody in Minneapolis. Thanks, everybody, again.

16 DEAN MINOW: Thanks, everybody.

17 (Multiple Board members hang up.)

18 CHAIRMAN GREY: Whoa, whoa. We've got to
19 adjourn.

20 M O T I O N

21 DEAN MINOW: I move to adjourn.

22 CHAIRMAN GREY: Thank you.

1 (Whereupon, at 5:50 p.m., the Committee was
2 adjourned.)

3

4

* * * * *

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22