

LEGAL SERVICES CORPORATION

BOARD OF DIRECTORS

OPEN MEETING

MARCH 5, 1982

The Board met in Conference Room 2, 8th Floor,
753 15th Street, N.W., Washington, D.C., at 10:00 a.m.,
William F. Harvey, Chairman, presiding.

PRESENT:

William F. Harvey, Chairman
Dan J. Bradley, Corporation President
William J. Olson, Member
Josephine Worthy, Member
Robert Stubbs, Member
George E. Paras, Member
William Earl, Board Nominee
Howard H. Dana, Jr., Member
Annie L. Slaughter, Member
Marc Sandstrom, Member
Clarence V. McKee, Member
Harold DeMoss, Member
Marshall Breger, Former Board Member
Antone G. Singesen, Vice President
for Finance and Management
Clinton Lyons, Director of Field Services

P R O C E E D I N G S

(10:00 a.m.)

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CHAIRMAN: Good morning, ladies and gentlemen.

The meeting will please come to order. I have several announcements with which to commence the proceedings today concerning matters addressed in the executive session yesterday.

The first announcement is that the executive session was not completed and that the Board will return to executive session consistent with the announcement of Chairman Olson yesterday at noon today.

The announcement, other announcements, are as follows: that the Board of Directors is pleased to announce that it has invited Professor Gerald Kaplan, a Professor of Law at the Georgetown University Law School, to become the acting President of the Corporation, effective April 1, 1982. Gerry is here with us. Gerry, would you please stand and wave at yourself. And I think a round of applause would be appropriate for him.

(General Applause)

Additionally, the --

MR. STUBBS: Mr. Chairman --

CHAIRMAN: Yes, Bob?

MR. STUBBS: May I correct you? He is a Professor at George Washington, not Georgetown. And we

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1 at George Washington are proud to have the distinction
2 made known.

3 CHAIRMAN: Well, our bias is everywhere. He
4 is a graduate of Georgetown, and I do stand corrected.
5 If I said G. -- at George Washington; I meant to say
6 George Washington. And I am -- the Board is pleased to
7 announce that we have requested that the President seek
8 the assistance of Professor Marshall Breger as a consult-
9 ant to the Corporation. Marshall Breger is here this
10 morning. Marshall, would you stand please?

11 (Pause)

12 (General Applause)

13 CHAIRMAN: Thank you. Which concludes the
14 public announcements for this moment.

15 I want to say to you, ladies and gentlemen,
16 that, especially to Chairman Olson, former Chairman
17 Olson, members of the Board, President Bradley and ladies
18 and gentlemen, that it is a very great opportunity to be
19 with you this morning and to be a member of the Board of
20 Directors of the Legal Services Corporation.

21 I have been twice honored in that colleagues
22 on the Board have selected me as their Chairman. I hope
23 to repay the expressed trust by performance. And I do,
24 of course, accept the position with my thanks to each
25 member of the Board.

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1 I extend a special note of recognition and
2 appreciation to Ms. Josephine Worthy, She is plainly the
3 senior person in experience and wisdom on this Board.
4 And each of us looks forward to receiving her counsel
5 and advice. And I feel certain that there is much that
6 we shall learn from her.

7 Appoint to the Corporation Board is, in my
8 judgment, the highest recognition which can be extended
9 to a member of the legal profession. The corporation in
10 its concept represent the highest ideal and the finest
11 moral standard which the legal profession has refined.

12 Those who need legal assistance, who require
13 access to the courts for the protection of their rights
14 shall receive it and that it shall be provided to a
15 person if that individual is not able to provide for it
16 or obtain it from his own available funds and resources.

17 This great tradition in the United States of
18 providing legal assistance commenced with the private
19 practitioners. It was a great and noble charity, and it
20 still is that.

21 This Corporation and its grantee programs were
22 built on that foundation and that spirit, and they should
23 not and they cannot replace it,

24 Accordingly, we have served a great contribu-
25 tion which the legal profession has made to the American

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1 social order and in each of our states and communities.
2 It continues on. It is the very essence of required
3 social service and required social contribution.

4 It is the envy of all other social agencies,
5 and all social agencies are in fact subordinate to it.
6 The provision of legal assistance has an extraordinarily
7 important philosophical foundation. It is not one which
8 stems from fault or from confrontation.

9 It does not come from financial affluence or
10 the absence of it or from utilitarian results which might
11 be achieved in a particular legal setting. It is much
12 different than all of those.

13 The basis of our meeting here today ultimately
14 and of this corporation and the programs of legal
15 assistance across the United States is in a first princi-
16 ple. That first principle is access to the judicial
17 system. It is referred to as petitioning one's govern-
18 ment for the redress of grievances.

19 This is the first principle which is the pro-
20 tection of all other rights. And it is a principle of
21 creation and definition and thus of limitation also. It
22 requires the access to judicial system shall involve a
23 high professional quality of representation which will
24 assure that the ends of justice and the administration of
25 law for the protection of legal rights are achieved.

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1 Access to the judicial system must be totally
2 free of all political and ideological bias and pre-
3 judgment because the ultimate enforcement power of
4 substantive legal rights is, of course, a state monopoly.
5 It must be available to all persons who have reason to
6 seek its use.

7 This much is implicit in the great works of
8 the past such as the teaching of Mr. Lincoln in his
9 debates with Senator Douglas.

10 This brings me to a few comments I want to
11 address, particularly to the some 10,000 persons who
12 work and have worked over the years in the delivery of
13 legal services to the poor and to persons who do not have
14 access to the judicial system for the enforcement of
15 their rights.

16 Many of you I've known very well over the
17 years and especially in the 1970's and earlier. I have
18 viewed your efforts with great pride and mutual satis-
19 faction, and at times, I must confess, with concern or
20 sadness. Pride, because your achievements are many.
21 Concern or sadness, because it seemed to me that you
22 sought to accomplish a great task but from a philosophical
23 foundation which was fractured.

24 I remember reading years ago that great book,
25 The God that Failed. And in it, one of the authors --

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1 perhaps it was Richard Wright -- said that the critical
2 question was and is and always remains, how to live a
3 human life.

4 I suggest that perhaps the answer to that ques-
5 tion is found in the proposition that progress and human
6 worth is not measured in direction. It is not up or
7 down. It is not this way or that. It is not measured
8 by economic criteria and certainly not by any system
9 of wealth distribution.

10 It is not determined by victory or defeat in
11 a court, and all of those criteria are indeed temporary
12 at best. I recommend that you contemplate the idea that
13 there is no finality and no predetermined arrangement
14 and that the only lasting and creative social order is
15 a spontaneous social order which is affected by the
16 highest principles of human conduct.

17 Further, each generation must discover those
18 principles. And it is in that constant rediscovery of
19 transcendent principles that one learns how to live a
20 human life or at least one can approach Richard Wright's
21 question.

22 Today I suggest that you should attempt to
23 examine the works of T.S. Eliot and Thomas Sowell and
24 ask why each informs us that there are no solutions and
25 only issues which are fought out again and again.

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1 Please permit yourselves to consider the ideas
2 of an Edmund Burke, a Russell Kirk, or Frederich A. Hyak
3 in his great trilogy on law and justice. Try to contem-
4 plate what Hyak meant when he said, and I quote: "The
5 ideal of equality of the law is aimed at equally improving
6 the chances of yet unknown people but incompatible with
7 benefiting or harming known persons in a predictable
8 manner.

9 There and with those persons you may find
10 ideas for the noble cause you have served and perhaps
11 explanations to that to which you have contemplated and
12 considered in the past and with them you may become even
13 more effective in the future.

14 The express purpose of the Legal Services
15 Corporation is to provide financial support for competent
16 legal assistance in noncriminal matters and proceedings
17 for persons who are financially unable to afford it. The
18 primary duties of the members of this Board is to see
19 that that purpose is executed. That is our duty, and we
20 shall perform it in full accord with all applicable law,
21 the Code of Professional Responsibility, the Canons of
22 Ethics and the highest standards of the legal profession.

23 Those professional standards guide all law
24 schools and centers for legal education as well as post-
25 graduate and continuing professional educational programs.

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1 This means that it is the province of the Congress and
2 the President to establish the program in which federal
3 assistance for legal services is to be provided.

4 Our Board shall administer the program in
5 strict compliance with the statutory requirements which
6 govern it. And we shall, of course, seek those funds
7 which will assure the delivery of legal assistance which
8 in turn assures access to the enforcement of legal
9 rights and claims of legal right.

10 We do this as members of the legal profession
11 and as client representatives. We do this reflecting
12 professional and personal obligations and duties to
13 recognize the need to provide legal assistance to indi-
14 viduals of inadequate economic means.

15 We of the Corporation have an obligation and
16 a duty to provide leadership and direction and to encour-
17 age and develop new incentives for the provision of such
18 legal assistance. We welcome the views and judgments of
19 all persons, in particular the former members of this
20 Board and all former members of this Board.

21 Canon 2, Ethical Consideration 225, states,
22 "The basic responsibility for providing legal services
23 for those unable to pay rests ultimately on the individual.
24 It also identifies additional programs or programs which
25 can become available other than individuals to assist in

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1 the efforts of providing legal services.

2 This Corporation and its independent grantees
3 are examples of those programs. They are not, of course,
4 the only programs which are or which might become availa-
5 ble. This program is the Federal Government's position
6 and provision for legal assistance for poor persons,
7 It does not, however, remove or alter a duty which rests
8 on each of the approximately 550,000 attorneys in the
9 United States.

10 It is a governmental program to assist those
11 many attorneys who carry the duty to guarantee access to
12 courts for the enforcement of legal rights and claims of
13 right. But fundamentally, it is a governmental program
14 which must be carefully protected as the statute tells
15 us and protect recognition of persons as persons. It
16 must protect recognition of individuals as individuals
17 and recognition of human beings as a supreme value in
18 this the greatest society in the world, a recognition of
19 human beings quite independent of and quite apart from
20 the wealth they possess or the power they might acquire
21 or assert.

22 I express my profound thanks to the President
23 of the United States, Ronald Reagan, for my appointment
24 to this Board. And I join with my colleagues on the
25 Board of Directors in declaring our commitment to meet

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1 the statutory, moral and ethical duties which our
2 appointments demand,

3 And with that, I express my appreciation to
4 all of you. So, thank you,

5 (General Applause)

6 I don't mean to appear professorial. I'd like
7 to take this lectern away, and I shall in a moment. But
8 before doing this, one announcement of a slight change
9 in the adopted agenda which is item No. 11, a briefing
10 by Professor Breger. Professor Breger, as I've just
11 announced, will be invited to become a consultant to the
12 Corporation. And he has consented to waive his presenta-
13 tion this morning. And I expressed to him my apprecia-
14 tion for doing that,

15 You will recall that yesterday the former
16 Chairman of this Board, Roger Cramton, commented on an
17 outstanding article which Professor Breger has recently
18 authored in the North Carolina Law Review. And in lieu
19 of his presentation, that article will be available to
20 all of you and to those who wanted to pursue his thoughts
21 as expressed there.

22 So thank you, Professor Breger, for waiving
23 your presentation this morning. With that item discussed
24 and presented, I'd like to turn to a briefing by our
25 Corporation President, President Dan Bradley, and the

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1 senior staff for the financial report. However, because
2 I've just called Dan's name, it does call to mind the
3 fact -- not that I had forgotten it -- that there is an
4 insertion in the program at this time. And I wish to
5 call upon Board member Bob Stubbs to read while I quietly
6 remove this lectern, Bob, a resolution adopted yesterday
7 by the Board. And we'll present it again for adoption
8 this morning. Will you please read that?

9 MR. STUBBS: Since June 2, 1979, Dan J. Bradley
10 has been serving the Legal Services Corporation as its
11 President. But this was not Mr. Bradley's first service
12 to the ideal of legal aid for the poor. He is an experi-
13 enced poverty lawyer and administrator. He was one of
14 the first law graduates to receive Reginal Heber Smith
15 Fellowships to work in poverty law offices.

16 During 1967, 1968, he served as an attorney
17 with the Florida Rural Legal Services Program. Before
18 the establishment of the Corporation in 1974, the
19 federally funded Legal Services Program was operated by
20 the Office of Economic Opportunity and then by the
21 Community Services Administration.

22 Dan worked as an administrator for both agen-
23 cies, first in Washington and then in Atlanta. He also
24 served as Regional Director for the Legal Services
25 Corporation in San Francisco.

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1 In 1977, the National Legal Aid and Defender
2 Association awarded Bradley its highly esteemed Arthur
3 VonBriesen Award in recognition of his extraordinary
4 dedication to the goal of providing quality legal
5 services to poor people.

6 In making the award, NLADA cited Bradley for
7 his vigorous support of legal services during the early
8 1970's. Dan was considered a leader in the movement to
9 create a separate independent corporation to administer
10 the program.

11 The Board of that Corporation now wishes to
12 honor him on behalf of the Corporation,

13 WHEREAS, Dan J. Bradley will be leaving his
14 position as President of the Legal Services Corporation
15 effective March 31, 1982; and

16 WHEREAS, this meeting of the Board of Directors
17 is the last meeting of the Board prior to the time he
18 relinquishes his duties;

19 THEREFORE, be it resolved that the Board on
20 behalf of the staff and the public extend a warm thanks
21 to him for his years of service to the Corporation, to
22 legal services assistance to the poor, to the legal pro-
23 fession, and to the community and formally wish him well
24 in the future.

25 Mr. Chairman, I would move the adoption of this

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1 resolution.

2 CHAIRMAN: Is there a second to that motion?

3 MS. WORTHY: I second.

4 CHAIRMAN: All those in favor, signify by saying
5 aye.

6 (Chorus of ayes)

7 Opposed, same sign. The motion is carried.

8 (General Applause)

9 CHAIRMAN: I want to present to -- I want to
10 present, ladies and gentlemen, to President Bradley the,
11 this beautiful plaque which reads as follows: Legal
12 Services Corporation, Dan J. Bradley, President, 1979-
13 1982, Presented by the Board of Directors in appreciation
14 of your distinguished professional management of the
15 Legal Services Corporation and your unwavering dedication
16 to the cause of quality legal services for the poor of
17 our nation.

18 Dan, I congratulate you.

19 (General Applause)

20 (Bradley snatches plaque)

21 MR. BRADLEY: You do think of everything Dean
22 Harvey.

23 CHAIRMAN: Ladies and gentlemen, we now turn
24 to our next item on the agenda which is item 12 and
25 President Bradley and the presentation. I will move

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1 myself out of the way here.

2 MR. BRADLEY: Thank you very much, Dean. Join-
3 ing me in this presentation will be Gerry Singsen. Gary
4 is our Vice President of Finance and Management. And also
5 joining us will be Clint Lyons. Clint is the Director
6 of the Office of Field Services.

7 I think at our coffee hour this morning most
8 of you had the opportunity to meet both of these indi-
9 viduals. And you also had the opportunity, I think, to
10 meet all of the other senior staff persons from the
11 corporation. They are not going to per se to participate
12 in our presentation and orientation to you this morning.
13 But they are certainly available to respond to any ques-
14 tions or comments that you might have and will certainly
15 be available throughout the day to, you know, to meet
16 with you.

17 In trying to decide the best way to try to
18 share with you a lot of information, quite frankly it's
19 difficult in one day to tell you from our prospective
20 everything that we believe that you ought to know, you
21 should know and that you must know as you assume your
22 new positions of leadership and responsibility. Just a
23 couple of comments.

24 On my first visit with Bill Olson and
25 Congressman Satterfield in early January, Bill had

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1 anticipated, and I had anticipated that he had antici-
2 pated that each of you would like to receive a lot of
3 information.

4 Shortly after that meeting, if you will recall,
5 I think everyone but Bill Earl -- and I'll see that Bill
6 gets this -- each of you in early January started to
7 receive from my office a lot of written materials and
8 information.

9 I say in our own defense that we were somewhat
10 discriminatory in terms of what we sent you because I
11 could have sent you fourfold what you received. Basic-
12 ally I can summarize what you received. They were the
13 basic documents that through the past six or seven years
14 that have explained the workings of the Legal Services
15 Corporation.

16 You have the Act. You have the rules and
17 regulations. You have the by-laws. You have the General
18 Counsel Opinions. You have the financial reports. You
19 have the copies of the minutes of the Corporation. You
20 have copies of major projects the Corporation has under-
21 taken for the last few years, namely, the Delivery System
22 Study, the SS Project that some of you have asked me
23 about.

24 You received our personnel manual. You received
25 a list of all employees. Many of you have received all of

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1 this material. And I know from talking to most of you
2 you have in fact plowed through this huge abundance of
3 information.

4 So we are going to proceed this morning on the
5 assumption that most of you are basically familiar with
6 most of the material that we have provided you. However,
7 I think that in terms of you understanding the -- and I
8 always make this reference, but I haven't done it in
9 quite a while -- the picture of the puzzle of the Legal
10 Services program, both historically, the way it has
11 evolved, especially over the last five or six years, and
12 the way we are operating today, there are many component
13 parts of that puzzle.

14 All of us here in Legal Services, and all of
15 you, if you haven't already, shortly will understand those
16 various components of the puzzle that paints the picture
17 of the Legal Services program. And all of it's dynamic.
18 And it's basically our effort this morning to try to
19 generalize somewhat, and somewhat superficially, explain
20 to you in chart form, in graph form, how those pieces of
21 the puzzle fit together and interrelate and thus, that
22 would give you the picture of the Legal Services program.

23 And it goes without saying that part of your
24 responsibility now and in the future is whether or not
25 you are going to rearrange parts of that puzzle in a way

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1 that may maybe paint a different picture. So I'm not
2 going to basically talk about prospective issues that you
3 might be dealing with. But I'll basically and as simpli-
4 fied a way as we possibly can, I want to give you some
5 very basic factual statements, look-sees from all of my
6 little graphs and charts here about the Legal Services
7 program.

8 What I would like to do -- and I'm certainly
9 subject to your preferences -- we thought what we would
10 do is that I would make the presentation on organizational
11 charts and some of the maps that we have. Gerry Singsen
12 who is the person most involved and most responsible for
13 not only putting together the budget, dealing with all
14 of those component parts of Legal Services that makes
15 up a budget request and a consolidated operating budget
16 within -- and he will probably take more time than I will,
17 but we will try to keep this fairly brief -- will literal-
18 ly walk you through the chronology charting of January of
19 each year leading up to the end of the year, is how does
20 this Board and the committees of this Board develop a
21 budget under which we will operate in successive years.

22 And Gerry has prepared that in some detail, and
23 he will use the flip charts to explain that. At that
24 time, I think, it might be appropriate then for us to just
25 shut up and sit down, let you then direct questions either

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1 to myself or to Gerry or to Clint Lyons.

2 Clint plays a very key role because quite
3 frankly, Clint's office represents most of the employees
4 of the Corporation. And Clint's office spends about, you
5 know, 95 cents out of every dollar that the Corporation
6 allocates.

7 And so I think that if it's acceptable to you,
8 Mr. Chairman, we will just proceed on that basis. And
9 I'm going to try to limit this. But at the same time, I
10 think that it's important that you understand some of the
11 things that we're going to try to explain.

12 (Pause)

13 You can't do anything without charts these
14 days.

15 (Goes to easel and installs organization
16 chart)

17 I think I've -- this is basically the -- and
18 some of the members in the audience in the back of the
19 room may not be able to see it. I think that certainly
20 all of the Board members will be able to see this. This
21 is just the basic organizational structure of the
22 Corporation.

23 I thought about bringing you the one that we
24 had last year because we have in fact reduced the size
25 of the Corporation's staff by about 50 per cent. But I

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1 thought that that would become sort of a shell game. And
2 rather than telling you the way we operated last year,
3 this is the way we're currently operating. And each of
4 the Board members, I think, has before you the names of
5 the current senior staff person that you met downstairs
6 during our coffee hour that go with these particular
7 boxes.

8 I'm not going to go into a lot of detail about
9 the day-to-day functions, but I just want to give you,
10 here again, a general understanding of the organizational
11 structure.

12 We, of course, have the President of the
13 Corporation -- excuse me -- the Board of Directors of
14 the Corporation. And as you know, by law, you're
15 required to meet four times a year. In fact, I think the
16 first Board of the Corporation -- Glenn, you're here; you
17 can refresh my memory -- they met very, very frequently,
18 very frequently.

19 The first Board had the responsibility of doing
20 a lot of work in just adopting the by-laws and getting us
21 off to a good start. Last year in fact, the Board of
22 the Corporation met the four times as required by law. I
23 think only time will tell. I would expect that you would
24 probably be meeting your first year more than the four
25 times required by law. But as a minimum, the statute

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1 requires you to meet at last four times a year,

2 Then as you know, the Board selects the Presi-
3 dent of the Corporation, and the President recommends to
4 the Board the appointment of the other officers of the
5 Corporation. And our bylaws and D.C. Corporation Law
6 requires certain officers of the corporation. And those
7 persons are basically recommended by me and confirmed by
8 the Board for our Treasurer's job and our Secretary's
9 job and the Controller of the Corporation of the Corpora-
10 tion,

11 Then basically reporting directly to me -- and
12 these are basically executive functions of the General
13 Counsel -- and as you know, that position is currently
14 vacant. But the General Counsel, and I would assume that
15 most of you as lawyers and our lay persons on the Board,
16 basically would understand what the functions and the
17 duties of the General Counsel and the staff that we have
18 there,

19 Our Government Relations function basically
20 represents the Corporation in all of its inter-
21 governmental and inter-agency relations. It's true that
22 the work of that office is basically involved with repre-
23 senting the Corporation in the United States Congress.

24 But equally important, the Corporation inter-
25 acts with a lot of other agencies. And we interact with

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1 a lot of other entities and organizations around
2 Washington. And that office represents the Corporation
3 in all of those governmental and inter-agency forums.

4 Our Office of Public Affairs is basically self-
5 explanatory because we, as you know, receive a lot of
6 requests from the news media and others. And that office
7 is basically responsible for publishing like the Poverty
8 Law Reporter that I think is before you today and numerous
9 other publications that come out of the Corporation.

10 Our Office of Equal Opportunity, I think that's
11 self-explanatory. They not only serve. They serve
12 basically a dual function. They serve within the Corpora-
13 tion as our in-house equal employment and affirmative
14 action office, but in addition, -- and I suspect, Charles
15 could correct me, Charles Chapman who is the Director --
16 that office also works closely with all of our local
17 programs and local grantees in assisting those programs
18 with their own affirmative action programs and their own
19 equal opportunity efforts.

20 The Bar Relations is basically a new function
21 that we started last year. The Bar Relations activities
22 previously had been headquartered in our Office of Public
23 Affairs, after we completed the Delivery System Study
24 which took basically four or five years. And thus, the
25 Board last year recommended that Congress appropriate an

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1 additional \$30 million. Congress didn't approve it, but
2 at least the Board requested an additional \$30 million to
3 implement the findings, the conclusions and policy
4 recommendations that were contained in the Delivery System
5 Study.

6 It is critically important, and the Corporation
7 has always had, as most of you know, a very good relation-
8 ship with the organized Bar, both the American Bar
9 Association, the National Bar Association, and state and
10 local bar associations. And in fact, I probably will
11 spend as much time dealing with state bar and local bar,
12 you know, meetings and activities as I do anything else.

13 And last year we created a separate function.
14 And we have a person who is leaving the Corporation
15 because of, she recently married, who has been the
16 Director of Bar Relations.

17 Under that, Gerry, that I just introduced to
18 you, is the Vice President for Finance and Management.
19 Gerry is in fact a lawyer, but I think of him more as I
20 were, you know, a CPA accountant because he has an unusual
21 ability to absorb, you know, financial information and
22 explain it in a way certainly that I can understand it.
23 And I think after you hear his presentation this morning
24 you will understand that.

25 Under Gerry, basically, is the Administrative

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1 Division who makes this meeting possible, your hotel and
2 plane reservations possible, and who basically tend to the
3 nuts and bolts and the internal management of the
4 Corporation.

5 Then our Controller's Office, that's critically
6 important. And you will meet him during your lunch hour
7 today. They basically make sure that we spend the money
8 and account for the money as we are required to.

9 We have an Audit Division. The Audit Division
10 basically, as you know -- the Congress requires and we
11 require all of our programs to maintain very, very
12 detailed financial controls and financial records. They
13 are required to submit annually to the Corporation a
14 statement of the local program's annual audit.

15 And we have an internal audit staff that basic-
16 ally reviews those documents to determine whether or not
17 in our judgment all of the funds at the local level have
18 been appropriately accounted for.

19 In our Office of Information Management, here
20 again we have a constant need for providing people and
21 individuals and organizations with requests about how
22 many cases do you handle? How many offices do you have?
23 How many employees do you have? What has been the result
24 of 25 per cent reduction in your funding level? And that
25 Office of Information Management is basically the central

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1 point that on any issue within a moment's notice, I can
2 contact Margaret and ask her what's going on in
3 Kalamazoo. And within moments, she can ask the computer
4 what's going on in Kalamazoo. So that's where it -- on
5 this side, And here again, this is Clint Lyons who sits
6 at the table there. Clint is the Office of the Director
7 of Field Services. And basically everything that we do
8 in the field of direct delivery of legal services to
9 clients basically comes under Clint's jurisdiction.

10 It speaks for itself. He has a Deputy Director,
11 Bucky Askew, that some of you met this morning. Then
12 our Grants and Budget Unit, they are basically responsible
13 for processing the paper. As most of you know, all of
14 our grantees are -- I'd say 99 per cent of our grantees
15 -- are on a calendar year basis. Most of you know that
16 the Corporation is on the same fiscal year as the Federal
17 Government. But all of our grantees operate from January
18 the first to December the 31st of each year.

19 That office is basically responsible for pro-
20 cessing the paper work and making sure that documents
21 are adequate in terms of dispersing the funds pursuant to
22 the grant application that comes in.

23 We have a person in this position that basically
24 oversees some of the other functions. We have nine
25 regional offices. I think most of you are aware of that.

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1 The Federal Government has ten federal regional offices.
2 At one time when we were part of OEO, we also had ten.
3 But in the early days of the Corporation when we started
4 -- and it's not important to explain why -- but we went
5 up with nine regional offices rather than the ten.

6 Each of those regional offices has a Director
7 and staff of attorneys, a financial management person,
8 and support persons. And that is, those regional offices
9 are basically responsible because the Country is divided
10 up within regions. And each regional office is basically
11 responsible for the annual monitoring of each of the pro-
12 grams, providing technical assistance to our programs.

13 They have a very important role both in their
14 compliance function -- sometimes they call it the policing
15 function. If we get any evidence, and we often do in
16 terms of inquiries or complaints or criticisms about
17 violations, the acts or questions about the activities
18 of any of our grantees, then the first line of involve-
19 ment by the Corporation would be through our regional
20 offices.

21 They play both a supportive role, a monitoring
22 role, and an evaluation role, a technical assistance
23 role in the day-to-day contact and the dissemination of
24 information from the Corporation to our grantees and the
25 retrieval of information that we need for making policy

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1 decisions and for the Board to make judgment comes from
2 our grantees into the regional office and back up to our
3 Central Office here.

4 It's important in terms of understanding, if
5 you had seen -- and this is only a comment -- last year,
6 the three major divisions in terms of the Corporation,
7 were the Office of Field Services, the OPS, the Office of
8 Program Support, and the Research Institute. Because of
9 the drastic reduction in our funding level last year,
10 the staff and the Board made a very difficult, hard
11 decision, and we completely abolished the Office of
12 Program Support. And we completely eliminated and
13 abolished the Research Institute.

14 Some of those functions that had been performed
15 by those critically important divisions, we had to con-
16 tinue some of those functions although at a substantial
17 and a greatly reduced level. As a consequence, we now
18 have within the Office of Field Services a delivery
19 research component because there is always, and especially
20 in 1981 and 1982, massive wholesale changes in the body,
21 the substantive body of poverty law that affects the
22 clients that we represent.

23 I mean the Budget Reconciliation Act last year
24 revolutionized or transformed the substantive body of
25 entitlement law in the Country's history. And all of

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1 those numerous changes, whether it was in the Food Stamp
2 Regulations or whether it's in the eligibility for the
3 WIN program, the School Breakfast programs, the Black Lung,
4 you name it. There's not a social program that last year
5 was not dramatically changed by the Congress.

6 Well, making sure that the Attorneys and the
7 persons in Legal Services are aware of those changes so
8 they can better be prepared to represent their clients
9 requires the Corporation to provide some of that infor-
10 mation to our grantees.

11 This is relatively small unit, and they are
12 trying to assist all of us in Legal Services in knowing
13 the extent and the substance of those changes. In terms
14 of our national and state support, many of you are aware
15 of the evolution of our "backup centers state support."
16 That used to be housed in our Research Institute, but now
17 it's an integrated and essential function of our overall
18 delivery system through the office of Legal Services.

19 Very few people are aware -- most people are
20 not as aware of our state support centers as they are the
21 national support. I think right now, Ger, if I remember,
22 we have 17 national support. And we basically, the
23 Corporation, I mean Legal Services, almost from day one,
24 meaning going back to the mid-sixties at OEO, the court,
25 the OEO and then CSA and now the Corporation, has funded

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1 in most areas of the law a specialized support unit,
2 whether it's in the area of housing law or welfare law,
3 or senior citizens or migrant law, mental health, senior
4 citizens, youth, juvenile, veterans -- I can't name them
5 all. But there is funded by the Corporation in 17 loca-
6 tions throughout the Country national support centers
7 that are staffed, relatively small staffed, but very
8 experienced and knowledgeable staffs. And those indi-
9 viduals who are working in the state and national support
10 centers, I would represent to you are the most knowledge-
11 able persons in the legal services community about various
12 issues affecting that discipline or that substantive law
13 area.

14 And that activity is now -- it was moved over
15 from the Research Institute, which was abolished, into
16 the Office of Field Services. We are regrettably and
17 unfortunately had to eliminate our Office of Program
18 Support.

19 The Corporation through the years has spent a
20 large amount of effort and resource in providing what I
21 would call continuing legal education training for all
22 of the person in Legal Services, most at the attorney
23 level, the paralegal legal, the support staff level.

24 We do extensive training. In the past, there's
25 hardly been a day that goes by that the Corporation has

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1 not funded and sponsored and conducted either a national
2 or regional or state or local training function in all of
3 the areas of the law.

4 Regretably, the Board last year decided
5 because that represented a substantial effort, that we
6 had to reduce that. Quite frankly, it was a balancing
7 effort because when many of our programs in the past may
8 have been relatively small, what has happened through the
9 expansion of minimum access and the growth of our budget
10 is that many of our programs, the state-wide programs,
11 many of our programs have several hundred employees.
12 And fortunately, most of our programs have developed an
13 in-house training capability.

14 And many of our programs today have a person
15 that is called the Director of Training. And he or she
16 on a daily basis tries to provide continuing training,
17 continuing legal education, within that program. What we
18 are now doing, we are trying to provide technical assist-
19 ance material, training support material, at the corporate
20 level to those persons who are employees in the local
21 program to assist them in their self-training efforts
22 and capabilities.

23 Here again, this represents a dramatic reduc-
24 tion in the staff and in the amount of money that the
25 Corporation has set aside for training.

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1 I think in the substantive research -- well, I
2 covered substantive research -- delivery research, for
3 the time being basically is involved in two principal
4 efforts. As most of you know -- and I made reference of
5 the fact that we sought \$30 million for private bar
6 involvement. And last year, this Board imposed a grant
7 condition and promulgated a regulation in the Federal
8 Register to require all of our local grantees to move
9 toward a greater involvement of the private bar in the
10 delivery of legal services.

11 That was a resolution that was passed by the
12 American Bar Association two years ago. It's an amend-
13 ment that was passed by the House of Representatives.
14 It's an amendment that has been included in our authoriza-
15 tion bill on the Senate side. None of that has yet
16 become law.

17 But the chronology of it quite simply was that
18 as a result of the Delivery Systems Study that we embarked
19 on in 1976 and concluded basically in late 1980 and 1981,
20 we reported to Congress that all of the future allocations
21 and programs and policies of the Corporation in the
22 future would be geared toward a greater involvement and
23 a greater reliance on the participation of the private
24 bar.

25 Now without going into all of the ramifications

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1 of that because you have the Delivery System Study, but
2 there has been an age-old debate about Judicare vs. Staff
3 Attorney. I would submit to you that that's ancient
4 history. That is no longer -- in my opinion, it never
5 was the real issue -- and it personally in my opinion
6 today is not the issue -- because in fact, most of our
7 programs on their own initiative have in fact over the
8 last two years involved the private bar in the delivery
9 of legal services to an extent that when I explain the
10 facts and figures to people on the Hill and possibly
11 you on the Board, they are just surprised at the amount
12 of private bar involvement. And I submit that the private
13 bar involvement, the definition, certainly from our
14 experience, is very expansive.

15 We have pure Judicare programs. We have pro
16 bono programs. We have modified Judicare. We have pre-
17 paid involvement. We have contracts with law firms. We
18 have anything that you can possibly think of that would
19 fit the definition of private lawyers working with our
20 local programs in delivering legal services. We have
21 that program in place in countless states and countless
22 communities right now.

23 Most of our programs, based on the resolution
24 and the policy adopted by this Board last year have now
25 imposed a more detailed specific requirement on each of

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1 programs and using 10 per cent as the guideline for
2 basically saying that all of our programs during the first
3 six months of this fiscal year under which our programs
4 are currently operating, local bar associations, the
5 Boards of Directors of our local programs involving the
6 client community and the staff and the public at large
7 must by June of this year demonstrate to the Corporation
8 as a guideline that they are using 10 per cent of their
9 field grant in ways that will involve the private bar in
10 the delivery of legal services.

11 This office is very much involved in assisting
12 our programs and local bar associations in meeting that
13 objective and meeting that requirement. In addition,
14 this office especially this year, the tragic consequences
15 of reducing our local programs operation basically by
16 25 per cent, and for the Indians and the Migrant programs
17 by 12 1/2 per cent, has required very difficult, painful
18 retrenchment problems.

19 This office has tried in every way it possibly
20 can from a management and technical assistance, the issu-
21 ance of publications, the convening of meetings, we
22 have conducted in all of the regions of the Corporation
23 over the last several months, retrenchment planning
24 discussion efforts. And here again, that office has
25 been principally involved in that.

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1 Well that hopefully gives you just sort of an
2 overview of the current staffing and the current activi-
3 ties of the Corporation. And as I say, you have the
4 names that go with that. We may come back to that if you
5 want to.

6 I think it's important -- Roger Cramton in his
7 presentation yesterday -- and Roger, I guess, has been
8 listening to my speech -- is because he says there have
9 been three periods in the evolution and the growth and
10 the development of legal services. I won't dwell on the
11 period of time from the landing of the Pilgrims on the
12 Mayflower until 1965 because that goes off in a lot of
13 directions.

14 But I do think that Roger was right. For your
15 understanding of the growth and the evolution of legal
16 services, there has been a, three periods in our growth.
17 That -- what I would call the non-governmental period,
18 which is all of the time from basically the early part
19 of this century up until 1965 when OEO Legal Services
20 got its start. I'm not going to reflect on that period.
21 Just put that in the back of your mind.

22 I want to just -- during the period of 1965
23 when we became, when the Office of Economic Opportunity
24 was established, and OEO started to funding community
25 action agencies and those community action agencies were

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1 multi-purpose efforts, many cities had local CAP agencies
2 that dealt with Job Corps programs, VISTA programs,
3 Headstart programs, mental health programs, you name it,
4 A whole range of social services were being provided in
5 low-income communities throughout this Country.

6 And it was in about 1965 and 1966 that the
7 first dollar -- and this is a little oversimplified --
8 that the first dollar for the funding of legal services
9 programs started.

10 Now the best way to understand that frankly is
11 to look just for a moment at this particular chart.

12 (Mr. Bradley installs new chart)

13 This is basically the picture of legal services,
14 the Federal funding of legal services when we the Corpora-
15 tion inherited those programs that had been funded by
16 OEO. Most of the programs funded by OEO occurred between
17 1965 and 1970. We went from zero Federal funding of
18 \$71.5 million during basically the first five years of
19 OEO.

20 Now without going into great detail, let me just
21 tell you. They had a lot of areas of the Country, a lot
22 of community action, poverty activity going on. And you
23 had those community action agencies and those legal aid
24 societies that had existed because of Community Chest
25 funded, bar association funded.

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1 Those agencies applied for the limited Federal
2 dollars that were available. And if you look at it, I
3 think you can see it from the way the Board members looked
4 at it, you can see that the service that was being provided
5 -- and these various shades are not particularly important.
6 But where you see these various -- the white areas of the
7 Country meaning that there was no dollars spent for legal
8 services for the poor.

9 Certainly my native south -- and the Georgia map
10 is just a little bit deceptive -- but you will see through
11 out most of the south, certainly in the southwest and the
12 central part of the state and some of the large, you know,
13 western states, we were spending literally nickels and
14 dimes.

15 In fact, in those days, the completion of the
16 rise in our funding level from zero dollars to \$71.5
17 million, the range if I remember correctly, we were spend-
18 ing like a few pennies per poor person. Eight cents per
19 poor person fits in my mind for the State of Arkansas. In
20 Alaska, we roughed over \$20 per poor person.

21 What happened? Then the funding stopped. From
22 1970 to 1975, we never got another nickel increase in our
23 funding level from the Congress. So all we did for those
24 years -- and you can recall that those were the early days
25 of OEO and the effort to abolish the agency -- and in fact

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1 the agency was essentially abolished and OEO went out of
2 business, replaced by a much, much smaller agency called
3 the Community Services Administration.

4 During that time the Legal Services Office
5 within OEO basically continued to function but continued
6 only those programs that we had funded from 1975 to 1970.
7 And so we spent basically five years from 1970 to 1975
8 while Congress deliberated whether or not it was going to
9 create the Legal Services Corporation.

10 And I think if you've read the history, you
11 will recall that the first act was vetoed. The second
12 act would have probably been vetoed. And as Roger Cramton
13 indicated, it was only 1974 when Congress in effect com-
14 pleted the third Legal Services Corporation Act that
15 President designed that established the Corporation.

16 Suffice it to say, all of these programs in
17 toto and all of the monies represented by these programs
18 were by operation of law transferred over to this new
19 Legal Services Corporation. And so that's what Roger
20 Cramton was talking about when he was describing yester-
21 day that they inherited a small staff, all of these
22 programs, and no ability to manage the program. And
23 that's when he literally typed up his own budget request.

24 That's the picture of Legal Services prior to
25 the beginning of the Corporation. Now let me tell you

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1 what happened. When the new Board came in and Tom
2 Erlich, the existing President, I mean the first
3 President, they took a look at that. And they said, well
4 now being a little dramatic, but they said well, they're
5 many areas of the Country that no legal services. Why is
6 that? What can we do about that?

7 Well, the net result of that -- and Glen Stofell
8 and Marshall are here -- and they were present at the
9 creation and actually can better explain what happened.
10 But I'll tell you from my perspective what happened.
11 Now whether you will consider it a Madison Avenue
12 approach to Congress in terms of getting additional
13 money, but the first Board of the Corporation and first
14 staff of the Corporation developed something called
15 minimum access to legal services, very very simple.

16 But you need to understand it in the context
17 of your new duties. There were manh parts of the Country
18 with no legal services. There were some parts with some
19 legal services. We worked out a formula. It's not
20 scientific. It's not perfect, but we worked out a
21 formula that we would recommend to Congress a plan that
22 would expand the availability of legal services to all
23 parts of the Country on the basis of two lawyers per
24 10,000 poor persons, two lawyers per 10,000.

25 We costed out in those days what it would cost

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1 to support two lawyers per 10,000, and it came out to
2 \$35,000 per lawyer. That comes out to \$70,000 per 10,000.
3 It comes out to seven -- I mean \$7.00 per 10,000 poor
4 persons.

5 Now, they basically said that includes the
6 salary, the overhead, the cost and so on and so forth.
7 So we went to Congress, and we said, Congress, if we
8 would to expand legal services to every county in
9 America at the equivalent of two lawyers per 10,000, this
10 is what the formula looks like. This is the number of
11 poor people based on the 1970 census. And if you give us
12 the money to do that, then we will expand legal services
13 into every county in America. And Congress said okay.

14 And basically what has happened in the last
15 five years that every budget request that we have sub-
16 mitted to Congress and every appropriation that we have
17 received from Congress has been predicated on that simple
18 concept of Federal funding to achieve the goal of minimum
19 access, which, keep in mind, is two lawyers per 10,000.

20 So we start to evolving and funding the
21 programs. Keep in mind there had been no growth in Legal
22 Services from 1970 to 1975. Basically 1976 to 1977, we
23 put into effect the evolution of the minimum access plan.
24 What that means is that we went from no coverage to the
25 next year, you can see we shaded in a few more. And the

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1 next year -- and every year we went back to Congress, we
2 would take these maps. And we would say to the Chairman
3 of the Appropriations Committees, the money you gave us
4 last year, we went from \$76 million to \$90 million, to
5 \$120 million to \$210,000 million and I mean the figures
6 start running together to \$290 then \$321.

7 But what that growth represented was simply the
8 expansion of legal services into every county in America.
9 And I think there are 3,109 counties. And we say -- when
10 we say America, we also mean Puerto Rico, the Virgin
11 Islands, Micronesia, Guam and so forth.

12 So you will now see that this year we shaded in
13 a few more counties. And now this is basically the pic-
14 ture of Legal Services. We have achieved a minimum
15 access at the equivalent of the \$2 -- I mean two lawyers
16 per 10,000 persons. Now much of that is artificial, and
17 many of our friends in the audience would tell you that,
18 you know, that \$7 don't buy much these days.

19 But suffice it to say, I just want you to under-
20 stand that that's how we evolved from a \$71.5 million
21 program to a \$321 million program. Well, that is better
22 explained in some of the documents that we have. But
23 basically that's what I want you to understand today.

24 So what happened last year? Just as we com-
25 pleted minimum access at \$321 million, last year, for

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1 reasons that are known to all of us in this room,
2 Congress substantially reduced the Federal budget. As
3 a consequence, most programs were somewhat eliminated by
4 Congress. Some were reduced. The Corporation, we reduced
5 by 25 per cent.

6 Now the best way -- and Dean Harvey, I had no
7 idea you were going to be -- we just picked Indiana --

8 (General Laughter)

9 I had no idea, you know, -- let me -- because we prepared
10 these charts, I think, before I ever knew, certainly
11 before I ever met Dean Harvey. But Indiana is a --

12 CHAIRMAN: Tell Bob Stubbs where the basketball
13 team is.

14 (General Laughter)

15 MR. BRADLEY: But this is a pretty good way of
16 explaining -- and this is -- I could have easily have
17 picked Washington State, you name it, Kansas City,
18 basically every state.

19 This is counties in the State of Indiana served
20 by Legal Services in 1975. And you will see four coun-
21 ties, meaning there is no service. And if poor people
22 obtained or received representation in any of these
23 counties, they did so on the best way they could.

24 And I'm convinced in some of those communities
25 they probably had a, you know, a lawyer referral program

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1 or individual lawyers were seeing some clients. But I
2 can assure you that most civil legal services problems
3 were going unrepresented in these particular areas.

4 Now this is -- at the end of 1982, we had
5 through the Indiana Legal Services program services pro-
6 vided in every county in the State. Now here again, this
7 is just a map for illustration purposes. This better
8 shows you what that translates into and why the 25 per
9 cent reduction is having a dramatic effect on the delivery
10 of legal services.

11 At the time, Norm Metzger who is the Director
12 of our state-wide program -- and I know that Dean Harvey
13 knows Norm Metzger -- many of our programs, I think
14 about 26 of our programs, basically serve an entire
15 state.

16 And some of our states, we may fund 15, 20 or
17 30 different grantees within the state. But in many of
18 our states, we have one grantee that basically provides
19 service throughout the entire state. They usually have a
20 central office. Then they have satellite offices.

21 In Indiana, as you can see, with the monies
22 that we provide in Indiana, the Board of Directors of
23 that program over the period of the last four years,
24 when they got additional money to spend in minimum access,
25 they opened new offices basically in the population

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1 centers throughout the state. It just so happens, this
2 area of the state which is a heavy concentration of per-
3 sons had through offices within that one county. And
4 that's what the number three stands for,

5 So they now -- this map represents 19 offices
6 that last year were funded and supported by the Legal
7 Services of Indiana. When we notified that program last
8 year that because of reduction in funding by the Congress
9 we were going to have to reduce that funding level by 25
10 per cent, then that Board, not the Corporation, but that
11 Board -- and all of you, I hope, will remember that the
12 Corporation does not make these decisions -- all of our
13 grantees and all of our programs are local private, non-
14 profit corporations.

15 They have a Board of Directors just like you
16 serve on this Board. They are required to have 60 per
17 cent lawyers. They are required to have one-third clients
18 on their Board. And they in turn manage the program at
19 the state and at the local level just like you manage
20 and direct and make decisions at the state level.

21 We provide assistance to the Board and the staff
22 of that program as I indicated earlier. But the final
23 analysis as to who should be employed or who should not
24 be employed, where offices should be located, and the
25 priority of the services that are delivered is made by

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1 those local boards and not by us in Washington.

2 What the Board of Indiana program decided after
3 a long, difficult, tough process, they decided to close
4 ten of their offices. This is now the map at the first
5 of this year of the nine offices that are remaining in
6 the State of Indiana. Most of the employees in those
7 other offices were either terminated or RIF'ed or what-
8 ever. Or some of them were moved to additional offices.

9 But basically -- and Dean, you know the State
10 better than I do -- Indiana unfortunately has one of the
11 highest unemployment rates in the Country, certainly
12 certain areas of the State. And it means that clients
13 last year that may have been served in this office will
14 now, if they get served, will either have to get trans-
15 portation -- and many of these are rural communities,
16 as the Dean knows -- will either have to get transporta-
17 tion -- and there's no public transportation in most of
18 these areas -- into the Central Office, or attorneys and
19 paralegals and support persons will have to drive down
20 to this area of the State.

21 What we are in fact trying to do -- and it's
22 an effort -- and believe me, it will never make up the
23 25 per cent reduction, the involvement of the private
24 bar and our efforts to encourage greater participation
25 by the private bar through organized pro bono programs

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1 and other types of programs, we are trying to get the
2 private bar in those communities -- and we're successful,
3 more successful in some areas than we are in other areas.
4 I quite frankly don't know, Dean, in the State of
5 Indiana. But I do know in more of the programs in
6 states that I'm more familiar with that we have been
7 able to get increased involvement of the private bar to
8 try to make up for their dramatic reduction,

9 But those maps and those charts basically --
10 I wanted to try to dramatize for you and show you what
11 all of this means in terms of the delivery of legal
12 services.

13 Now -- and I'm basically coming to the end of
14 my presentation -- and since we've prepared these
15 charts -- I don't often get to use them, and this is my
16 final statement before Gerry does his, a lot of people
17 are just sometimes misinformed about what attorneys in
18 Legal Services do.

19 These are things we have to present to the
20 Committees on the Hill. And that just gives you -- and
21 it'll take you two seconds to look at it -- and the Office
22 of Information Management prepares each year a profile
23 of the client community that we serve in terms of age and
24 in terms of race and so forth. That is included in a
25 fact book that will be published by the end of this week

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1 that we send out to all of our programs and to you where
2 you will have this on an annual basis.

3 The other two charts that are also self-
4 explanatory, just basically, that gives you some idea.
5 And the reason I put the latest issue of the Poverty
6 Law Reporter on your desk, and that just can show you
7 consistently that's where the -- this is for 1980, what
8 you have before you is the same profile in that Poverty
9 Law on the last page you will see the great similarity
10 between, consistently from 1965 to the current day that
11 is basically on an annual year-in and year-out basis
12 the division of the types of cases that our programs
13 are most frequently involved in, And it speaks for
14 itself.

15 Income maintenance, a lot of people don't under-
16 stand what that means. But the whole range of programs
17 like Social Security, SSI, and all of the benefit programs
18 that the, that are administered by the Federal or the
19 state or local governments consumer, it basically speaks
20 for itself.

21 This has always been the largest slice of the
22 pie. And in my judgment it always will be the largest
23 slice of the pie. And that runs the whole gamut of the
24 family law types of problems.

25 The last chart which it has always been a

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1 cardinal -- well maybe I'm slightly exaggerating. But I
2 think there's certainly been a recognition on the part of
3 the Board of Directors and the management of the Corpora-
4 tion that as many dollars as we can possibly spend
5 should be given to local programs that provide direct
6 services to the client community.

7 We try to spend as few dollars as we possibly
8 can at the national level. That's last year's pie. We
9 are in the process right now of completing this year's
10 pie. But once again, it will show that the greatest per-
11 cent of our total appropriated funds from the Congress
12 go in direct grants to local legal aid societies, legal
13 services programs that provide the day-to-day representa-
14 tion. And these represents the percentages and the
15 amounts of the \$321 million level that we have spent in
16 terms of program support that I told you we had now
17 eliminated in terms of all of our training effort, the
18 management administration.

19 I don't mind telling you that many members of
20 Congress, especially the Audit and Appropriations
21 Committees, are always impressed with the fact that the
22 management overhead of the Corporation is relatively
23 small in comparison to the total amount of dollars that
24 we, the appropriated funds that we receive.

25 Now that basically is just an introduction or

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1 summary of the profile of the Legal Services program.
2 For you now I think to -- I can attempt now if you want
3 me to to answer any of your questions. My sense is that
4 it may be better for Gerry to come now and walk you
5 through the budget because once you finish that and you
6 understand this, you will know more about Legal Services
7 than you ever thought you would know.

8 So Gerry, why don't you come now with your flip
9 chart and walk us through the budget. And then Clint,
10 Gerry and myself and other staff persons will attempt to
11 respond to any questions or comments you might have.

12 (Gerry Singesen goes to easel)

13 MR. BRADLEY: In my opinion, this is the most
14 important presentation that we're making to you because
15 this is really where you understand the entire effort of
16 the Corporation.

17 (Pause)

18 MR. SINGSEN: I thought Dan was going to say
19 that the flip chart was the most important tool in any
20 Board meeting.

21 I think one thing I want to say is that I'm
22 conscious you've all been sitting for about 35 minutes
23 while Dan's been discussing the basic operation and
24 structure of the corporation and some of its history.
25 I'm going to talk for probably another 25 minutes. And

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1 so I would suggest while I'm kind of warming up, if you
2 want to get some coffee and things like that, I would
3 think this would be the ideal time because it's going to
4 be another 20, 25 minutes.

5 This is -- I'm not suggesting a break, Dean
6 Harvey. I'm just saying that -- sometimes when I talk
7 about the budget, I feel like a blind man. I feel like
8 a blind man because there's such incredible detail and
9 so many little cul de sacs and odd places in the budget
10 that keeping track of everything that's in the budget
11 can be very difficult.

12 To some degree it's like the blind man's story
13 with the elephant, a group of blind men coming to an
14 elephant and each encountering a different part of it
15 and being asked to identify and one saying it's a wall
16 while touching the side; another thinking it's a column
17 from touching the leg; another, a rope from touching the
18 tail; and yet a fourth, a hose from touching the nose.

19 The budget is much like that. It is full of
20 individual interests that look very different. And Dean
21 Cramton yesterday talked about interests, talked about
22 the risk of only having a particular interest in mind.
23 That's the story that I was reminded of. And I think
24 most people encounter budgets that way.

25 They know the part of the budget that they deal

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1 with and live with, the part of the budget that represents
2 the thing they're most concerned about. And they don't
3 really know the rest of the budget.

4 What I'm going to do is try and talk the whole
5 budget because that's obviously what you as a Board have
6 to deal with. And it's another blind man story that
7 comes to mind when I say that.

8 A blind man comes into a department store with
9 a seeing eye dog, and just inside the door, he stops,
10 bends over, grabs the door by the hind legs and picks him
11 up and begins swinging him around. The manager of the
12 store runs up to him and ducks under the dog and says,
13 can I help you sir? And he says, no. I'm just looking
14 around.

15 (General Laughter)

16 That's what we're going to start with now, just
17 looking around. Your experience with the budget is going
18 to be much like the blind man's. You are going to walk
19 through each part of it. You're going to deal with it
20 in pieces at Board meetings. And you're going to come
21 to really know it only through touching it, taking a piece
22 of it and moving it around and really trying to decide
23 what's in there and what you want to do with it.

24 Now, what is the COB? What is the consolidated
25 operating budget of the Corporation? How does it work?

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1 How does it define what we do in the Corporation? What
2 are the roles of the Board, the Committee on
3 Appropriations and Audit which is the Board's major
4 committee for dealing with the budget, the staff and
5 others in the Legal Services community and the public at
6 large who are concerned about legal services?

7 How do we live within the confines of this
8 budget? How do we modify it? How do we create it in
9 the first place? I'm going to start by talking about the
10 consolidated operating budget that we have right now for
11 Fiscal Year 1982.

12 I'm aware that there are terms here which not
13 all of you may deal with all the time. Fiscal year is
14 one of them. Our Fiscal Year is October 1 through
15 September 30th, not the calendar year. Now our grantees
16 have a Fiscal Year of January 1 to December 31 in almost
17 all cases. And that is -- that's because our grants
18 run from January 1 to December 31. But the Corporation's
19 Fiscal Year as the budget of the United States' Fiscal
20 Year, is October 1 beginning.

21 Now, you have had in the memorandum which has
22 been distributed to you with the agenda a couple of memo-
23 randa from me. The first of them which is, I think,
24 dated February 19th, lays out the sequence of the budget
25 process. The second, dated February 24th is a first

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1 quarter budget review document and includes as attach-
2 ments the current consolidated operating budget, a consoli-
3 dated operating budget worksheet, and a consolidated
4 operating budget projection worksheet, together with a
5 statement of funds available and a report on investment
6 income.

7 I'm going to touch on all of those documents in
8 the next 20 minutes. Those attachments are the attach-
9 ments, if you want to refer to written words in front of
10 you that you should be looking at. And I'll give you
11 specific references to the documents as I go through
12 this.

13 But I've tried to present to you here most of
14 the material that you'll need. and It appears again in
15 the written material. You may want to keep your attention
16 up here while I'm talking although the page references
17 are there.

18 Let me say first about our budgets, and Federal
19 budgets generally. They have something in them that's
20 called a roll-up. And it's different than what you
21 learned in school about addition. You take a column of
22 figures and you add it to the top instead of adding it
23 to the bottom.

24 And that can confuse you, so let me point out
25 a couple of places where it happens on this page. This

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1 set of numbers in the demonstration projects development
2 experimentation adds up, rolls up to \$1,600,000. The
3 \$1.6 plus these other figures rolls up to the 231. Down
4 here, the 155 and the 7 roll up to the \$12.9 million.

5 That's an odd facet of construction, but you
6 can get easily lost in these numbers if you're not
7 conscious that we roll up to the major headings in this
8 budget. You then have a subtotal, of course, one small
9 addition and the total at the bottom.

10 Now, this budget was adopted by the Board in
11 December. It has two major elements as do all of our
12 budgets for the last four or five years. The first is
13 provision of legal assistance. It deals with how the
14 clients get served. And it is directly used for that
15 purpose. It totals \$231 million out of our \$244 million
16 budget, about 95 per cent.

17 The second part of our budget is support for
18 the provision of legal assistance. This portion of the
19 budget, as its name suggests, has to do with what you and
20 I and all of us are about, trying to help this work. That
21 budget is just under \$13 million this year.

22 You should know that last year, this budget was
23 \$23 million and some. And that is a place where we have
24 made a massive cut coming into this year, much more than
25 the cut we've made here on a percentage basis although,

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1 of course, because almost all our dollars are up here.
2 Almost all the dollars in the cut had to come out of here.

3 There are, as Dan has already said, some missing
4 pieces. Last year, the support budget had the Office of
5 Program Support and the Research Institute. They are now
6 gone. That was a major portion of the \$10 million that
7 have been taken out of this part of the budget, mostly
8 in the training area. I think there was almost \$8 million
9 in that area.

10 Now, these numbers are the numbers adopted by
11 the Board. I'm going to come back to them in more detail
12 in a minute. Let me turn over to the other basic working
13 document in all budget presentations, which is the state-
14 ment of funds available to you. And it's made up of
15 a major piece, the appropriated piece. And let me say,
16 by the way, structurally, that this table could have
17 another set of information, could have two other sets of
18 information on it, but it doesn't this year because of
19 our current financial status.

20 It's broken down now into only two groupings,
21 one the funds that been allocated by the Board, two, the
22 Fiscal Year 1982 that started October 1 and runs through
23 September 30 of 1982, and the funds that have not been
24 allocated into any budget.

25 Last year, we had some funds, these, the

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1 investment income funds that were listed as allocated to
2 a future year. And if we had done it, and if you choose
3 to do it, we could add a line here in a future budget
4 presentation that says allocated to Fiscal Year 1983 or
5 Fiscal Year 1984. For example, the Quality Improvement
6 Program that the Board undertook in 1978 with investment
7 income ran over a three or four year period and had commit-
8 ments of funds in each fiscal year.

9 But right now, this year we're dealing with
10 commitments only in 1982. The appropriation of \$241
11 million, a balance forward of \$3 million, this is funds
12 from Fiscal Year 1981 which were not completely expensed
13 during Fiscal Year 1981 and brought forward and allocated
14 in 1982 as part of the December adoption of the consoli-
15 dated operating budget.

16 A \$50,000 item, grant and contract returns and
17 recovery -- let me speak to that for a second. This is an
18 estimated figure. This is a place holding figure. What
19 this represents is, we put out a local training grant for
20 \$4,000 to Georgia Legal Services to train entry level
21 attorneys in basic trial practice skills. I made that up.
22 But that's the kind of a local training grant we used to
23 be able to make.

24 That grant got used. They did a training program
25 that cost \$3800. Under the terms of some local training

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1 grants the other \$200 might come back to us. A similar
2 example. Somebody is writing a paper for the Delivery
3 Research Unit. We set aside in 1981 \$1,000 for the time
4 to write the paper. It only cost \$700. The other \$300
5 is ours still. I think we don't owe it to anybody. How
6 do we get it back in the budget?

7 At one time we got it back in the budget by
8 simply assuming it was where it was before and could be
9 spent again. However, the Board in 1980 concluded that
10 it would rather know the amount of money that recurred,
11 that we had another opportunity to spend. And so you have
12 this line estimated at \$50,000 for 1982 and that'll
13 probably be in the ballpark. There aren't a lot of these
14 out there where we are anticipating recoveries. As I
15 say, it's a stakeholder we allocated. It's available,
16 but we will see during the year what size that allocation
17 turns out to be.

18 Total appropriated funds -- since this, of
19 course, is a return of earlier year appropriated funds --
20 \$244 million. We have one tail end of a special purpose
21 contract -- you can tell how old it is. It's HEW with
22 the Office of Civil Rights that had to do with handicapped
23 training. Investment income allocated here, \$98,000, is
24 the very tail end of that quality improvement project.
25 It's some rural delivery work that's being finished up in

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1 a number of places around the Country. It produces the
2 total bottom line for the 1982 consolidating operating
3 budget, \$244,497, the same figure you saw on the prior
4 page for the budget adopted in December.

5 These are the funds that are not currently
6 allocated. It includes actual investment income in hand,
7 in the bank, treasury bills, \$456,000, and an additional
8 \$65,000 that we are estimating we will receive during
9 the course of the next -- really it's just the rest of
10 this month now because the estimate is as of December 31.

11 Now, we make these estimates on a three month-
12 by three month basis since at any time you could conclude
13 to allocate funds. Obviously we could do a longer term
14 projection. There would be some additional earnings if
15 we made a longer term projection.

16 Right now, what you have in hand essentially
17 is \$521,000 not allocated in the consolidated operating
18 budget for 1982. That's all you have that is not allo-
19 cated. Produces the total assets or funds available to
20 you of 200 -- not total assets actually, this isn't a
21 balance sheet -- \$245 million.

22 Now, let me just say, by the way, the statement
23 of funds available in that set of tables I told you
24 about appears on Attachment 1, page 3, of that last memo
25 in your package.

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1 Now, what I want to do now is spend about five
2 minutes describing something which is often confusing
3 until you've lived a year with the Corporation. And that
4 is the sequence in which things happen here.

5 There are three processes involved in every
6 budget that we actually have. The first is the creation
7 of a budget request. The second is the adoption of a
8 consolidated operating budget, the document I've been
9 talking about until now. And the third is living through
10 the year with that consolidated operating budget which
11 we are now doing with the 1982 consolidated operating
12 budget.

13 Each of those sequences which happen in turn
14 have their own internal dynamics. And I want to just
15 briefly describe them to you. To make it a little easier,
16 I've used colors. I hope it works.

17 You have the staff. You have Appropriations
18 and Audit. That's what A&A is. That's the Committee of
19 the Board that deals with the financial matters. And you
20 have the Board itself and its actions. And in all cases,
21 what you will see on this next three pages is a sequence
22 of activities where the staff does some work, comes to
23 Appropriations and Audit and discusses that work, and
24 Appropriations and Audit reaches whatever conclusions
25 it does and reports to the Board which takes whatever

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1 action it ultimately is responsible fiduciary here for
2 these federal funds it deems appropriate.

3 So, the budget request process -- I've started
4 this year in February because of when things actually
5 initiate in these different cycles. I think you'll see
6 why as we go through this. But for the budget request,
7 the one for 1984, if you will, we won't really get
8 started talking about it on a concrete level until May.
9 There will be some initial discussions and maybe some
10 preliminary directions that the Board may wish to set in
11 June.

12 During July and August, the staff will engage
13 in a process in the budget request cycle of consulting
14 with the various interest groups within Legal Services
15 and outside Legal Services that have concerns about the
16 directions that we take.

17 The Project Advisory Group and particularly
18 its Funding Criteria Committee, the National Legal Aid
19 and Defenders Association, the National Clients Council,
20 the American Bar Association, and any others. Sometimes
21 groups from within the field community, the native
22 Americans, the migrants and others, may want to partici-
23 page directly rather than through other organizations.
24 Outside groups are frequently heard from as well. This
25 is a very open consultation process. It's also been quite

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1 important to our deliberative process. And you'll see
2 consultation recur throughout the cycle.

3 The staff develops options and proposes what's
4 called a mark. Now a mark is a name given in the Office
5 of Management and Budget parlance to how much money
6 we're going to ask for, for in this case the one we'll
7 be working on starting this summer, Fiscal Year 1984.

8 The mark says -- as in for example this year --
9 \$265 million. Now, the staff makes recommendations to,
10 proposals to, Appropriations and Audit. Its practice
11 has been to consult with the same groups at a meeting and
12 then to adopt a recommended mark to propose to the Board.
13 The Board adopts the mark at its September meeting.

14 The mark may have some definition in it, field
15 programs, support for provision of a particular initia-
16 tive. That's possible at the mark stage although
17 generally that definition comes from the October to
18 December sequence that leads to the actual details of
19 the budget request.

20 Again, a consultation and developments through
21 recommendation to adoption. One side thing, in October,
22 on October 15, we notify OMB of what our mark will be
23 so that OMB is able to work its process in terms of the
24 President's budget.

25 Now that produces a budget request submitted to

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1 Congress at the end of December, early January.

2 The next budget process comes as the appropria-
3 tion level begins to firm up. Internally, all of our
4 cost centers -- now let me stop and talk about cost
5 center as a budget term.

6 You've looked at our detail budget work-ups.
7 You see the names as Dan has described them of all of our
8 divisions within the Corporation, the Office of Informa-
9 tion Management, the Equal Opportunity Office, the Board
10 of Directors, -- you are a cost center. Even within our
11 larger cost centers like the Office of Field Services,
12 we have cost centers like the regional offices, the
13 Delivery Research Unit. This is so that we can focus
14 on smaller packets of money and manage them in more
15 detail.

16 It's an internal term by and large, but we'll
17 use it in discussion. Cost center means a specific bud-
18 get entity that we talk about as a unit. The cost center
19 budgets are developed during this time, usually with
20 options, because the appropriation isn't firm and because
21 we have a number of opportunities to make decisions about
22 whether we want to go larger or smaller with particular
23 activities.

24 We work on basically a modified zero based
25 approach which means you've got to justify and explain

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1 each part of what you do. In the past on occasion, we've
2 worked basically on a marginal modification approach, if
3 you will, down 10 per cent, up 10 per cent, from where
4 you are with less focus on justification of the base.

5 The options are developed within the staff. We
6 go through a consultation. And you may begin to notice
7 a pattern this consultation coincides with the budget
8 request consultation, about the internal options. And
9 we propose a preliminary consolidated operating budget
10 to the Appropriations and Audit Committee which meets in
11 August to consider those options and to recommend a pre-
12 liminary COB to the Board for September adoption.

13 This preliminary COB means a couple of things.
14 We frequently have not known in these last years what
15 our appropriation level was in fact. We never know at
16 this stage what our balance is forward from the current
17 year to the new year are going to be. That's because our
18 year closes September 30 and to close out the financial
19 statements and the audit take us into early November before
20 we have a final figure on balances forward.

21 We have estimates at this stage. But generally
22 what we deal with here is the likely levels of appropria-
23 tion and some possibility on balances forward, a prelimin-
24 ary COB. We then go through the same process against,
25 developing full internal line items immediately after this

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1 budget because October 1 is our fiscal year start. I
2 mean if Congress would decide in June our funding
3 level, we'd be able to do this a little bit more in
4 advance. But that doesn't happen.

5 Consultation process. We obtain the final
6 balances out of the audit, propose a final COB which
7 goes through the Appropriations and Audit Committee for
8 adoption by the Board.

9 And then there is the process within the year
10 of the budget itself. And this depends upon an internal
11 staff process called budget review where we look at every
12 cost center and not only look at expenditures to date but
13 all cost centers project their expenditures for the rest
14 of the year.

15 We look at the likelihood that there will be
16 variances between the budget and our actual experience,
17 and we consider whether we ought to modify the budget.
18 Now as you know, from the memorandum of February 24,
19 we were running very, very much to form. At this point
20 this year, expenditures were right on line with what we
21 expected, a couple of very small projected variances.

22 But frankly for the most part, they are vari-
23 ances that you expect in a first quarter, generally as
24 the member on process suggests, if not until the second
25 quarter review that you look at the question of

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1 modifications because here with a budget finally adopted
2 only in December, you've only begun to see patterns that
3 are different than the ones you expected when you adopted
4 the budget.

5 So this is usually an inconsequential budget
6 review in terms of any modifications. Here is probably
7 the most important one, the second quarter budget review,
8 Appropriations and Audit will probably take a pretty
9 searching look at that point, at expenditure patterns
10 at the day and whether any modifications are required
11 and then there would be recommendations to the Board if
12 modifications were required.

13 Third quarter budget review. Here -- let me
14 note one other thing. Our quarters are October 1 to
15 December 31, January 1 to March 31, April 1 to June 30,
16 and July 1 to September 30. And you may wonder why on a
17 quarter that for example here ended on March 31 we're
18 doing the budget review in May and we don't get the
19 modifications until June, the answer to that is that to
20 close the bookkeeping after the end of March so that we
21 have an accurate picture of expenses takes a couple of
22 weeks.

23 There has been a computer printout and then
24 we require cost centers to go through a projection exer-
25 cise which takes a week. So it's only in early May that

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1 we are able to put all the pieces together for a full and
2 accurate look at what our projections display. That's
3 the reason for the timing in case that was concerning
4 you.

5 In October we have working estimates on
6 balances forward, final balances in early November. The
7 Committee will review unaudited financial statements.
8 They always turn out, of course, to be correct. And the
9 Chairman of the Committee will receive the audit prior
10 to the Board meeting, review it with the auditors in a
11 private discussion. And then the Board receives the
12 audit at the December meeting.

13 For those of you who have dealt with auditors,
14 you may realize that for a budget this size, that puts
15 our auditors under some considerable pressure during
16 October and November. But so far at least, we've been
17 able to have our auditors with the help of our
18 Comptroller staff produce in time for this delivery.

19 This next page may be a little confusing.

20 (Pause)

21 This is the three sequences that we just talked
22 about, the budget request, the consolidated operating
23 budget, and the budget review sequence. Because for any
24 one budget, we go for 2 1/2 years. But for your work as
25 a Board living in a particular year, you're going to deal

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1 with all three sequences in the same year.

2 So let's look at what that means for you in
3 terms of your year. The beginning of the year is very
4 quiet. You've got the first quarter budget review. But
5 as I've already told you, that's generally not a conse-
6 quential budget review.

7 Now the first three or four months of the year
8 do not see much budget activity. In May, we begin to
9 deal with the preliminary discussions of the budget
10 request. And in June at the Board meeting, of the second
11 quarter budget review, which is a substantial budget
12 review in terms of considerations of the rest of the
13 year.

14 During July and August you have the staff
15 process developing both the budget request beginnings
16 and consolidated operating budget working papers, and
17 Appropriations and Audit in August passed the deal both
18 with the mark and its consolidated operating budget as
19 well as any third quarter budget review questions.

20 The Board in September deals with adoption of
21 the mark for OMB, adoption of the COB, a preliminary COB.
22 But it's frequently the critical set of decisions here
23 about directions, and the third quarter budget review.
24 And then the heaviest part of the year in October and
25 November, we firm up the budget request and come to a

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1 final decision in December, set up the actual consolidated
2 operating budget, bringing the final balances forward
3 with the options about their use and conclude with the
4 COB in December. And, of course, we receive the audit
5 having closed out the fiscal year.

6 This is not the best time for a walking tour
7 of the Comptroller's office, right through here. So
8 that's how you will experience this year.

9 (Pause)

10 Now, going back to the consolidated operating
11 budget, let me talk about the three working papers all of
12 which start consolidated operating budget. The first is
13 the consolidated operating budget itself for Fiscal '82.
14 And you'll notice that it sets an example for the Office
15 of Field Services in the support budget a single line.

16 This document, the consolidated operating
17 budget itself, is the document that you will be voting
18 on each year and is a formal budget document for the
19 Board. It is supported by something called the consoli-
20 dated operating budget worksheet.

21 Now let me just say that this document, this
22 COB for 1982, is at page 4 of the attachments to that last
23 memo. The worksheet starts at page 6. The difference
24 between the budget and the worksheet for the budget is
25 that in the work sheet, you have greater levels of cost

1 center detail. You've got exactly the same column head-
2 ings, the original budget, expenses to date, unexpended
3 balances, whether there's any proposed modification, and
4 the budget that would result if the modifications were
5 adopted. Here, of course, there are no proposed modifi-
6 cations so the original budget and the proposed budget
7 are the same.

8 In the worksheet, you have the same five columns
9 of information, but detailed. You can see the Headquar-
10 ters budget, separate from the regional office and
11 evaluations budget. Again, with expenses, unexpended
12 balances, modifications, proposals, assuming there were
13 any of these.

14 Then there's a third document. The third docu-
15 ment is essentially the Appropriations and Audit review
16 document. And it is the staff working document. It's
17 the management document at the detailed level because
18 after the first couple of columns of budget and expenses,
19 using this same cost center detail, we switch out of
20 objections for the remainder of the year. This you'll
21 on page 9 following the attachments to the February 24
22 memo,

23 And here you have the second to fourth quarter
24 projections that have been developed by the staff, our
25 expectation, our projection, of what we will actually

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1 spend during the whole year in each of these categories,
2 whether that projects a variance; that is, are we going
3 to go over budget or under budget in this particular
4 category or this particular cost center. And you'll see,
5 for example, in the example I've set out here, there is
6 a projected variance, a small negative variance in the
7 regional offices.

8 Do we propose at this point to modify or do we
9 propose to reallocate, which you'll have noticed from
10 the material within a cost center like field services we
11 could do as a staff and then report it, to deal with that
12 projected variance and what is the resulting budget
13 after dealing with any variance of that kind.

14 Now, just to stay with this one for a moment.
15 It is our experience that our regional office cost
16 centers which are projected by nine different offices
17 tend at this time of the year to suggest a slight negative
18 variance. And in first quarter generally we don't modify.
19 Clearly with that, where our experience is consistent,
20 this will be a slight negative, even though it won't
21 turn out that way. We wouldn't deal with this at this
22 time of the year.

23 So, those are the three documents, the consoli-
24 dated operating budget, the same columns, but with more
25 detail as a working backup paper to the Board's type of

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1 budget itself and the projection worksheet developed by
2 staff and internal management which the Committee uses
3 as a much more detailed level of inquiry.

4 Finally let me spend just a couple of minutes
5 with what's the specifics of the COB at the lower level
6 of detail, higher level of detail that I have suggested.
7 In the provision of legal assistance, you find these
8 categories. You have the field programs themselves with
9 \$211 million out of our \$244.

10 And here, the basic field programs, that is,
11 the geographically distributed covering the entire
12 country's programs, providing basic service all over the
13 Country and in the territories, take up almost 200 of
14 the \$211 million. It's, you know, by far our largest
15 single category.

16 And you have, of course, programs that service
17 single city or county, programs that serve a number of
18 counties, programs that serve whole states, in this
19 category.

20 We also have two special categories of funding
21 based on special populations, not funded population based
22 here, but funded here instead, native American programs
23 and components which serve the native American population
24 around the Country and migrant programs and components
25 that serve the migrant population around the Country.

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1 Finally you have something called the reserve
2 for special adjustments. This used to be a larger item,
3 particularly during expansion times when we would dis-
4 cover three quarters of the way through the year that
5 we'd made a calculating error or something like that,
6 This gave us a little flexibility to deal with that. It's
7 very small now. We may not need it at all this year for
8 any kinds of adjustments. But it is there in case we do.

9 The second major category in provision of legal
10 assistance is the national state support group, \$13
11 million. In national support, you have almost \$6 million
12 for the 17 centers that Dan mentioned. In state support,
13 present and practically every stage, you have \$6 1/2
14 million funding operations around the Country,

15 And you have a third item here, the clearing-
16 house, which may well appear here for the last time. The
17 Board in September of last year -- actually it was
18 October 2nd, which is why the numbers here made a grant
19 to the national clearinghouse in anticipation that they
20 would operate independently from here. They used to be
21 a direct part of our budget.

22 Provision of legal assistance has three special
23 programs in it for \$4.8 million. The National Client's
24 Council which works with clients on Boards around the
25 Country does client board training and tries to assist

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1 clients in being effective in governments and in self-
2 advocacy, receives \$600,000. Regional Heber Smith
3 Fellowship Program run by Howard University is a fellow-
4 ship program that places lawyers, primarily entry level
5 lawyers. But there is an experienced program, an
6 experienced lawyer element as well in Legal Services
7 programs for a year and a Summer Internship Program
8 which is only \$75,000 this year, places about, I think,
9 a hundred law students. Clint, that's about right? --
10 with a cost sharing relationship. This is run by the
11 Law Students' Law Research Council.

12 The category D, Category Maintenance and
13 Improvement, has in our history been much larger than
14 this since it used to be a place where cost of living
15 increase would be included and where we have had various
16 kinds of special projects to help programs improve by
17 direct grant their service delivery.

18 At this point the only item in this category
19 is our technological improvements project, primarily
20 funds for six computed-assisted legal research call-in
21 centers located around the Country serving all the pro-
22 grams with access to both the LEXIS and WESTLAW Computer
23 Research Centers.

24 (Pause)

25 Finally, in provision of legal assistance, a

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1 group of specific items and demonstration projects program
2 development and experimentation, totalling a million six.
3 Again, this element of our budget has been much larger,
4 The whole Delivery System Study, for example, was part of
5 this operation.

6 Right now we have the very tail end of the
7 quality improvement project. This is, by the way, invest-
8 ment income funds being used here for the end of that
9 project. You have the private lawyer participation
10 effort which is a support effort that we and the American
11 Bar Association, the National Bar Association, and
12 others are all associated with trying to help programs
13 move into that 10 per cent guideline that they're
14 required to have as part of their grants.

15 A client advocacy effort that the client's
16 counsel is working with, the final phase-out grant that
17 the Legal Services Institute to finish the second semester
18 of this academic year -- that's up at Harvard, as you
19 may know -- and will be ceasing operations with our
20 funds at least the end of this spring. And program
21 development and experimentation which is the operating
22 budget of the Delivery Research area in the Office of
23 Field Services and is primarily focused on development
24 of materials around cutbacks, how programs deal with the
25 loss of staff, crunching down of the size of their

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1 operation and the development of materials on private
2 bar involvement on contract approaches, Judicare approach-
3 es, pro bono approaches and a whole variety of other
4 models for private bar involvement.

5 (Pause)

6 In the support project, you have two major
7 elements, the Office of Field Services with \$7.5 million
8 consisting of headquarters, regional offices and evalua-
9 tions, the nine regional offices, management and technical
10 assistance, a very small budget this year, and training
11 and development.

12 This is the last probable piece of direct
13 training development money of the corporation. It's gone
14 out to five regional training centers around the Country
15 as the final stage of our decentralization effort here,
16 placing the responsibility, both fiscally and operation-
17 ally, in local programs and in these regional training
18 centers for further training activities in legal services.

19 (Pause)

20 The second major element of the support of the
21 provision of legal assistance is the management and
22 administration budget, just over \$5 million. There are,
23 as you can see, ten individual cross centers here, total-
24 ling up to this \$5 million. If you want, we can discuss
25 in more detail specifics here. I think Dan's already

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1 covered them.

2 And a category C, unallocated, which is just
3 what it suggests. It's \$150,000 for which no specific
4 purpose has been set. It is available to deal with an
5 overrun in costs in the administrative budget or in the
6 Office of Field Services.

7 It's available for reallocation to whatever
8 purpose you might think necessary. But the principle
9 for putting it here was that in a budget this size, with
10 as many possible crises and uncertainties that there
11 are, it's wise to have at least a little bit of flexi-
12 bility. And that's what this provides.

13 Finally, let me speak to the first of the memos,
14 the February 19th memo, which sets forth some general
15 principles about how we deal with the budget. And then
16 I will be done.

17 The budget guidelines, as they are called, make
18 I think it's eight separate points, some of which we've
19 already touched on. The Appropriations and Audit
20 Committee role with regard to the budget is to receive
21 the staff proposal supported by the statements of fund
22 available and the worksheet and to recommend a COB to
23 the Board.

24 The Board adopts the COB. And once that
25 consolidated operating budget is adopted, it cannot be

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1 modified except by the Board itself or through one of two
2 processes described further on in the guidelines, both
3 dealing with special circumstances arising between Board
4 meetings.

5 But basically this adoption by the Board sets
6 what the budget will be for the year, and the Board is
7 responsible for the terms of the consolidated operating
8 budget that it adopts. The staff conducts the quarterly
9 budget review that I've described. It considers all the
10 cost centers and looks at whether any expenses or experi-
11 ences -- there have been experiences so far -- suggest
12 modifications.

13 The staff reports to the Appropriations and
14 Audit Committee on that quarterly review, and if needed,
15 makes a recommendation for changes between COB line
16 items, in other words, for modification as discussed
17 here, or reports on any reallocation within a particular
18 COB line item.

19 If there are recommended modifications,
20 Appropriations and Audit reviews and can recommend them
21 to the Board for adoption. Modifications take effect
22 only on adoption by the Board.

23 Reallocations within line items, on the other
24 hand, based on changes in expenses, projections and the
25 like can be made between Board meetings by the staff

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1 within COB categories -- not between them, only within
2 them.

3 The staff reports that when it does it, and a
4 committee member of Appropriations and Audit can ask for
5 a full committee review before the reallocation takes
6 effect.

7 If we want to initiate something new that's
8 substantial or if we want to stop something or substan-
9 tially curtail it as a staff, we have to come to the
10 Committee before we go ahead with that, even if it's
11 within a line item,

12 (Pause)

13 In terms of the unallocated budget that we
14 talked about a minute ago, the staff can make an alloca-
15 tion of that between meetings up to \$100,000 in a quarter
16 if necessary, but again, by reporting it to Appropriations
17 and Audit and subject to a member of the Committee saying,
18 I want to have the Committee review this before you make
19 that allocation of the unallocated money,

20 Finally, if we had a real crisis of some kind,
21 -- we've never had anything quite like this -- it would
22 be possible for the staff to come to the Committee by
23 memorandum and obtain a Committee approval for a modifica-
24 tion of the full consolidated operating budget, not
25 going to the Board but because of the emergency, having

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1 just the Committee make the decision, And then staff
2 could act based on the Committee's decision, As I say,
3 this has not arisen,

4 Let me come to a close in terms of what's
5 undoubtedly more information than can really be absorbed
6 in just one discussion, and say at this point, I think
7 all of us are ready for any options that you may have,

8 (Pause)

9 CHAIRMAN: Gerry, thank you very much for that
10 excellent presentation,

11 (Pause)

12 I think the appropriate question to ask is,
13 are there any questions, Before doing so, though, Gerry,
14 I'd like to return to you the same compliment you gave to
15 us, and that is to give you a breather and let you catch
16 your breath and turn to questions perhaps directed to
17 Dan and his presentation, Except I do have a special
18 request for Gerry, And that is that if the Board agrees,
19 I'd like to hold a special Board meeting on approximately
20 Friday, the 26th of March and ask you to retain these
21 papers and do this again.

22 I'm a great believer in repetition being the
23 seedbed of learning. And I'd just like to have you
24 repeat what you said because you're right. That's a flood
25 of information, and I think it would be very helpful to

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1 go back through it. So just to request, if you would.

2 Questions for Clarence, for Dan,

3 MR. McKEE: It's an awful lot of money.

4 I looked at the organization chart, and
5 I know that in the Field Services Division they've got
6 about 95 per cent of your money goes to that Division
7 and we had a teeter-totter too to weigh everything that's
8 being done in that area.

9 And I was wondering, what was the rationale
10 when you set up your instructions for not having that
11 operation not being a vice president. . .

12 The second point, as I read the Act, Section 1007
13 and then the regulations, the underlying theme to the
14 whole thing is the most effective and economic way of
15 giving legal services,

16 Assuming that, I had a question as to why and
17 how we have in some states one grantee and in other
18 states, there are several? And thirdly, whether or not
19 that is the most economic and effective way to do it and
20 to what extent you get into different groups, rivalry
21 between the grantees.

22 And then third third question is, in the history
23 of the Legal Services Corporation program, the Act pro-
24 vides for termination of grants or for denial of refunding
25 when whatever has been done has not been the best and the

1 most economic and effective for the client. Has that
2 ever occurred? Has funding been denied and how many
3 times and how much money did the state . . . ?

4 MR. BRADLEY: All right, Clarence. If I can
5 remember your first question, I made reference in my
6 presentation that I did not show you last year's organiza-
7 tional chart. Last year's organizational chart in fact
8 showed two vice presidents. There was another line
9 parallel to the line that you saw for Gerry Singen.
10 And that Vice President in effect was in charge of the
11 Office of Field Services, the Office of Program Support
12 that we've now eliminated, and the Research Institute
13 which we've now eliminated.

14 In fact, one of the recommendations that I'm
15 going to make to this Board or to my successor if you
16 decide, it has always been my intention now that we've
17 completed in effect the reorganization that for the
18 reasons that you just observed and which I think are
19 valid reasons, that the Director of the Office of Field
20 Services should in fact be redesignated as the Vice
21 President for, you know, Program Operations and for Field
22 Services.

23 I didn't make that decision. I thought about
24 making that decision. But quite frankly, as a lame duck
25 president, I was going to propose that to your Personnel

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1 Committee or this Board for a decision. I think your
2 point is well taken. And in fact, Clint, who is the
3 Director of Field Services, he spends 95 per cent of the
4 dollars and 95 per cent of the employees of the Corpora-
5 tion, you know, work directly for Clint. And I think
6 that'd be a very appropriate, you know, policy decision
7 for this Board to make,

8 Number two, in terms of -- I think that the
9 explanation to your second question about the, why we
10 have state-wide programs is basically a question we
11 inherited in say, in the State of California. No one
12 would ever seriously propose, I don't think, you know,
13 that we've got a Northern California State, Southern
14 California State, and having one program in a state like
15 New York is probably, is not feasible.

16 At least -- what we did, we basically inherited
17 the programs that are already in place, and we have not
18 forced those programs, required those programs and the
19 self-governance of those programs have not resulted in
20 them abolishing the LA program and merging with the
21 Orange County program which in turn would merge with the
22 San Diego program.

23 Quite frankly, if the dynamics of those communi-
24 ties resulted in them merging their own efforts, then
25 my experience, that would make, you know, that could

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1 occur. And in fact that has occurred. In fact, what
2 basically happened is we started this massive expansion
3 effort in many of those states where we only had one
4 program in operation.

5 Then it just made sense and they decided at
6 the time they would get together and submit an applica-
7 tion, say, that would cover half of the state or three
8 fourths of the state or the entire state. And I think
9 that if you would look at the map, you would see that
10 like Delaware, Rhode Island -- I can name them -- Maine,
11 New Hampshire, Montana, Hawaii, there is just a natural
12 revolution with some leadership possibly or some assist-
13 ance by the staffs of the Corporation of the regional
14 offices that resulted in that.

15 There is nothing magic -- as a matter of fact,
16 I've heard people in Legal Services predict that in the
17 future, there may in fact be maybe 50 basic legal services
18 structures. But there's never been a policy decision made
19 by the Corporation.

20 What we have basically done, we've received
21 applications from communities, bar association groups,
22 client groups, and we have acted on that application
23 without saying no, we will reject this because you should
24 apply for all counties in Southern California rather than
25 just one county.

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1 But there's no real policy issue that's implied
2 in what we have done. What we have done is basically
3 just a natural evolution of that.

4 The third question, we have in fact, back in
5 OEO days and CSA days and certainly Legal Services
6 Corporation, we basically operate, I think, on the premise
7 that every community ought to, should and must have a
8 delivery system and a program funded by the Corporation.

9 But when you face the hard core reality that
10 what happens if your program is operating in violation of
11 the Act, if they're not providing high quality, effective,
12 efficient service, or if they're operating in violation
13 of the financial guidelines or in violation of the Act,
14 what do we do?

15 In fact what we can do, we can suspend funding
16 during the course of the year. We can terminate funding,
17 or we can deny the application for funding. And my
18 memory doesn't serve me exactly. I know that since the
19 time that I've been President of the Corporation, we
20 the Corporation have initiated legal action against
21 several grantees terminating them.

22 We've terminated Merced, California. We have
23 terminated Berkeley Legal Services. We have terminated
24 San Juan City Legal Services. We have terminated a
25 program in Louisiana. We have filed our notices of

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1 intention to defund several other programs as the notice
2 to show cause.

3 Montana comes to mind. One of our Indian pro-
4 grams comes to mind. And through that process of having
5 a hearing to determine whether or not they are in viola-
6 tion of the law, we have in fact terminated programs.

7 We have never withdrawn services from those
8 communities that I just indicated. What we have in fact
9 done is then receive applications from other groups in
10 that community and funded additional groups. We have
11 never withdrawn service from the community.

12 But the extreme -- I suppose the -- and I want
13 you to understand, Clarence, if there are problems in a
14 program, it's not our intention to go in and close them
15 down. It's our intention and efforts to try to rehabili-
16 tate or assist that program if we possibly can. And I
17 can assure you that the decision to terminate the program
18 in a judicial or an adversarial sense is only made as a
19 case of last resort where after maybe a year or two, with
20 new Boards, with new staff, with technical assistance,
21 with whatever, we still have not been able to insure
22 that that program is operating either in compliance with
23 the law or -- so the answer to your question in long --
24 those programs that I named, since I've been here, I know
25 we've closed down, and we have been closing down programs

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1 previous to my, you know, assuming this position.

2 (Pause)

3 CHAIRMAN: All right. Are there other questions,
4 Members of the Board? I think Gerry has had a bit of
5 reprieve, and let me just add Gerry to the questions.
6 Mark?

7 MR. SANDSTROM: Yeah, I have a question. Gerry
8 mentioned that we are in the process of reviewing the
9 consolidated operating budget for 1982 for the first
10 quarter which he detailed there and that in May we will
11 start the process for the 1984 fiscal year. And that
12 leaves 1983. Perhaps you, Dan, and Gerry could comment
13 on the Board's involvement in the 1983 process and where
14 we are with that.

15 MR. BRADLEY: Well, it's sort of the "if" year.
16 We are in between what -- last year, the Board submitted
17 to Congress a budget request that is referred to in this
18 little newsletter that I put on your desk, Mark, \$265
19 million. That budget request for fiscal 1983 is now
20 pending before Congress.

21 We will not know -- and that's the reference
22 that Gerry made -- we will not know probably until late
23 spring. I think last year, the House and the Senate
24 Appropriations Committee basically marked up a budget
25 for the Corporation, an appropriation for the Corporation.

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1 It was May, June, about that time.

2 And it's when the Committees tell us that
3 Bradley, we think you're going to get two hundred plus
4 million dollars, then we come back to you and we say we
5 requested \$265 million. Both Committees have reported
6 out a bill of \$240 million and so thus, we think that
7 you can safely assume that we are talking about that
8 figure. And it's in that mid-part of the summer that we
9 the staff and you and your committee at your Board level
10 start thinking and planning toward that kind of figure,
11 knowing full well that the Congress, because the bill
12 hasn't gone to the floor, it could easily go up or go
13 down. Quite frankly, I don't think it's ever gone up.
14 But it could conceivably go down.

15 Last year in fact, the Committee, if I remember
16 correctly, reported out 260, 260 something million,
17 and then it was on the House -- no, no, that was on our
18 authorization. That's on our authorization. On that
19 appropriation the Committee reported out 241. At the
20 subcommittee level, the full committee retained the 241
21 and in the continuing resolution, they maintained us the
22 241.

23 But it was early in the summer that we at the
24 staff level and you at the Board level started thinking
25 about for next year \$241 million level. You don't make

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1 that final decision until basically your September and
2 then your December Board meeting.

3 But that budget is now pending before the
4 Congress. What they do with it, I mean I don't know. I,
5 you know, I could speculate. But I really don't know.

6 MR. BRADLEY: Harold?

7 MR. DE MOSS: Harold, just to review that. The
8 1982 budget is done and awaiting final -- have we received
9 the funds on 1982?

10 MR. BRADLEY: Well, it gets -- I don't know how
11 much detail you want, Harold. But basically, certainly
12 for the last two years and maybe the last three. But
13 certainly for the last two, the Congress has never
14 completed the appropriations process for most of the
15 Federal Government.

16 As you know, last year, this Corporation and
17 most of the Federal Government and certainly this year
18 the entire Federal Government is operating under a
19 continuing resolution. Now the Appropriation Bill that
20 I made reference to, the 241, has passed both the
21 Senate and the House Corporations Committees.

22 And the action of state justice judiciary and
23 related agencies of the two appropriations committees
24 which includes us as a related agency, the bills are
25 identical as far as Legal Services is concerned. And the

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1 continuing resolution that was passed and vetoed by the
2 President and then passed and then expired and passed
3 again and is about to expire, in my absolute, 100 per cent
4 unequivocal judgment will pass again shortly \$700 billion
5 will incorporate by reference the decisions that the
6 two appropriations committees have made which is the
7 \$241 million for Fiscal 1982 for the Corporation. And
8 that's what we're operating under now.

9 MR. DE MOSS: The 1983 budget has been sub-
10 mitted?

11 MR. BRADLEY: Submitted, right.

12 MR. DE MOSS: But there's been no Congressional
13 action of any kind --

14 MR. BRADLEY: That's correct.

15 MR. DE MOSS: -- for the 1983 budget?

16 MR. BRADLEY: That's correct. Well I -- when
17 you say -- I mean clearly, at the staff level a lot of
18 work has been going on up there. But no decision.

19 MR. DE MOSS: And the 1984 budget will be the
20 first budget that this present Board --

21 MR. BRADLEY: That's correct.

22 MR. DE MOSS: -- begins the process?

23 MR. BRADLEY: That's correct.

24 MR. DE MOSS: Okay.

25 MR. BRADLEY: That's correct. And keep in mind,

1 the two -- you usually hear a recommendation from your
2 staff as a result of going to the Audit Appropriations
3 Committee at your September meeting. And you in effect
4 set a mark that Gerry made reference to.

5 And then we, the staff, we go back to our
6 processes, flush out your tentative decision, and come
7 back to you in December. And that's when you adopt your
8 budget request that you would then submit to Congress.
9 You -- by law, you submit your budget request directly to
10 Congress. It's sent from the Corporation to the Speaker
11 of the House and the President of the Senate. And we
12 simultaneously send a courtesy copy to OMB for their
13 review and we simultaneously submit it to the Hill which
14 would be sometime in December of this year. And that
15 will reflect the judgment of this Board for Fiscal 1984.

16 CHAIRMAN: Marc?

17 MR. SANDSTROM: Does this Board have any oppor-
18 tunity to submit recommendations for 1983 even though
19 a preliminary order or prior order is . . . ?

20 MR. BRADLEY: That's a good question.

21 VOICE: What was the question?

22 MR. BRADLEY: I don't know Marc. I can't
23 answer that without probably thinking about it or checking
24 with the staffs of those two committees.

25 VOICE: What was the question. We couldn't

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1 hear it.

2 MR. BRADLEY: Whether or not this Board would
3 have an opportunity to comment in any way on the budget,
4 the 1983 budget request that is now pending before
5 Congress.

6 I will try to get my staff to check with the
7 staff of the House and Senate Appropriations Committees
8 and get that information before you leave here today. I
9 -- clearly since I have been here, and if I remember
10 correctly, since -- we've never gone in for even a supple-
11 mental appropriation, I don't think.

12 MR. SANDSTROM: The first year?

13 MR. BRADLEY: Yeah, the first year when we
14 were in that transitional quarter when we went from --

15 MR. SANDSTROM: That would have been the same
16 position we were in? The Board that we replaced must
17 have been in the same position we are --

18 MR. BRADLEY: Oh, yeah.

19 MR. SANDSTROM: Could we get a copy of the
20 submission then of the --

21 MR. BRADLEY: Yes. We've got it. We -- we've
22 got additional copies. I think that all of that was in
23 cluded in my March, in my January the 7th, maybe. But
24 we can get additional copies.

25 (Pause)

1 MR. SANDSTROM: Maybe not, One of those was
2 not sent to me, and I don't remember requesting it. So
3 it might have been omitted from some package, that
4 particular document.

5 MR. BRADLEY: I have some downstairs when we
6 take a lunch break.

7 CHAIRMAN: Yes, Ms. Slaughter,

8 MS. SLAUGHTER: (Inaudible)

9 MR. BRADLEY: Repeat the question. They didn't
10 hear it in the back,

11 MS. Slaughter's question was basically how many
12 programs we assisted or rehabilitated short of closing
13 them?

14 Quite frankly, Ms. Slaughter, I'd have to check
15 and give you the number. Clint Lyons could probably
16 -- I'm not even sure he has -- I don't think we would
17 have a number per se because quite frankly, we do annual
18 monitoring visits, evaluation visits, of each program.
19 And in that process, we find that there are weaknesses,
20 whether it's in their case intake procedures, the privacy
21 of their waiting room, their interview rooms, whether it's
22 in their financial accounting, you know, whatever it is.

23 We immediately go in and provide technical
24 assistance. I doubt they clearly -- in the past couple of
25 years, there have been a couple of programs. Certainly,

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1 Detroit comes to mind because it's been discussed here
2 at several successive Board meetings where we have placed
3 that program on month-to-month funding because of a long
4 history of some problems with the Board and the staffing
5 there.

6 And we have, I suppose, -- clearly they would
7 fall within your definition of a program that we tried
8 to rehabilitate. And basically we had two options. We
9 could either assist them in rehabilitation and put them
10 on month-to-month funding, or we could terminate them.
11 And we had not made a decision to terminate them.

12 Now I think that if I, if we -- to answer your
13 question, Ms. Slaughter, I think that the programs that I
14 would characterize to meet your definition are probably
15 relatively few, probably under ten out of the total 325
16 programs that we are "have under a threat of notice of
17 suspension if we can't rehabilitate the program."

18 (Pause)

19 CHAIRMAN: Okay. Additional questions?

20 (Pause)

21 Yes, Howard?

22 MR. DANA: Gerry, the investment income is
23 earned on investments?

24 MR. SINGSEN: That's correct.

25 MR. DANA: How large are they and what are they

1 and where are they kept?

2 MR. SINGSEN: The investments are all Treasury
3 bills. And Charles Ritter, who is here, could probably
4 discuss with you better the specifics, he's the Comp-
5 troller, the specifics of their day-to-day retention.

6 And right now, the total amount in Treasury
7 bills is about a million and a half dollars. It's our
8 practice to use funds during the year and then make
9 bookkeeping transfers at the end of the year between
10 appropriated and invested funds to carry out the invest-
11 ent income activities that have been funded during the
12 year rather than to constantly run transactions in and
13 out of Treasury bills. So that there's about a million
14 and a half dollars at this moment in Treasury bills
15 earning interest. That's the basis of the projected
16 earnings picture.

17 At the end of this year, there will be just
18 the \$500,000 that's reported as unallocated investment
19 income. All the rest will have been expenses.

20 (Pause)

21 MR. DANA: I'm not clear on the difference
22 between -- you talked about a one and a half million in
23 investments. And then you talked about \$500,000 of un-
24 allocated investment income.

25 MR. SINGSEN: Let me try again to explain it

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1 but suggest that it might be useful to put a working
2 paper together that spelled out this because it's not the
3 easiest bookkeeping issue to describe orally.

4 But the -- if you look at the last page of your
5 package, which is where the unallocated investment, the
6 way the unallocated investment income is detailed, the
7 bottom line item is the estimated unallocated investment
8 in the \$522,000.

9 And that is the net balance after you look up
10 at the top. The total earnings through December 31 and
11 the total allocations authorized in all the years that
12 we've been earning investment income. We've always
13 handled this with a separate flow because the Board has
14 considered this fund particularly useful for special
15 projects that it wished to undertake like the quality
16 improvement project, the loan repayment project, and
17 matching grants pro bono.

18 MR. BRADLEY: Gerry, let me interrupt because
19 I was questioning -- as I understood it, it's not so much
20 the income. It's the principal from which you derive
21 the income that he's asking the question about.

22 MR. DANA: I think what's he saying is that
23 he treats the -- since [omission on tape]

24 MR. SINGSEN: That's correct. We do not
25 take our appropriated funds based on an agreement that we

1 made with Treasury in 1977 and has continued since then,
2 in a lump sum at the beginning of the year. We take it
3 basically as we need it. Consequently, it's not available
4 for long-term investment.

5 The investment income fund, on the other hand,
6 is not of that character. And we have retained it separ-
7 ately at the Board's direction for a specific allocation.
8 And as a result, we have also continued to have earnings
9 upon it.

10 MR. STUBBS: At a time like this, I'm always
11 hesitant to ask questions because some of them are going
12 to sound stupid and some naive. Is there any reason why
13 or would there be any advantage to the regional and local
14 outfits being on the same fiscal year as we? Would that
15 be beneficial to us?

16 MR. SINGSEN: Our fiscal year, of course, is
17 determined by the Congressional --

18 MR. STUBBS: I realize that.

19 MR. SINGSEN: -- and I think it would be a
20 great detriment to us -- let me distinguish. The grant
21 year is what we control and have made January 1. I
22 think for most programs it's convenient to have their
23 fiscal year be January 1 as well.

24 We need the time between the appropriations
25 decision by Congress and the beginning of the new year

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1 to process and put out the grants which we do, as you
2 know, at the beginning of December so that the programs
3 can have operating funds January 1. Given the recent
4 history of Congressional actions, we would be in serious
5 trouble if programs were waiting for their first check
6 on October 1.

7 MR. STUBBS: So this is beneficial to us the
8 way it is?

9 MR. SINGSEN: I think so. It used to be
10 scattered throughout the year, and we normalized it as
11 part of the process of the last five years.

12 MR. STUBBS: Do we or do any of the program
13 supports permit those programs to do their own floating
14 of money, derive investment income themselves from it?

15 MR. SINGSEN: They are as private corporations
16 on their individual states completely free to do that.
17 And many of them receive funds from other sources, some
18 \$45 to \$50 million per year based on the data that we
19 know about now, mostly Government funds. But --

20 MR. STUBBS: Does the schedule --

21 MR. SINGSEN: We give them the first check, two
22 months worth of operating funds that they get by the
23 middle of December. And that gives them enough of a
24 buffer on how we're operating capital so that in terms
25 of cash flow problems and other sources of funds, they

1 have a little recourse.

2 If they're not having any cash flow problems,
3 they clearly have a small fund reserve which I think they
4 need for any operating purposes that they can put into
5 short-term paper if they choose to.

6 MR. STUBBS: Is that a matter that we inquire
7 into on the audits that are conducted of local programs?

8 MR. SINGSEN: We do receive some information on
9 that, yes, of course.

10 MR. STUBBS: This one I should know because
11 you've sent me so much to read. Do we have a lapse prob-
12 lem, unexpended funds or could we carry over indefinitely
13 any funds that are not expended.

14 MR. SINGSEN: On the books of the Treasury of
15 the United States, all of our funds in an appropriation
16 become wholly ours forever on the first day of the fiscal
17 year. We have the agreement with Treasury regarding when
18 we take them from the Treasury. But our money is ours
19 in perpetuity, and then the budget request on a technical
20 level if you look at the obligations line in the program
21 and financing table, you will see that that obligation is
22 almost precisely the total amount of the appropriation.
23 We do not have a lapse problem.

24 MR. STUBBS: Dan, you mentioned the 10 per cent
25 for development of private attorneys or private bar

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1 support. Is that an outlay by local programs of 10 per
2 cent of the grant, or is it the value of private legal
3 services provided to them as a sort of a matching type
4 operation?

5 MR. BRADLEY: No. It's basically, basically
6 the former, Bob. It's that each program must as a guide-
7 line allocate 10 per cent of its grants funds in support
8 of private bar involvement. How the private bar is
9 involved is decided by the Board of Directors of each
10 of the local programs.

11 We have provided broad general guidelines and
12 broad general policy statements from the Board a couple of
13 months ago in the Federal Register as to the range and
14 the types of suggested and proposed and proven types of
15 programs.

16 In the final analysis, whether the 10 per cent
17 supports a pure Judicare program or whether it supports a
18 contract program or whether it supports a structured
19 staff pro bono program, that decision is made by the
20 local program. The 10 per cent, it's not a -- it's not
21 funny money. It's not in kind. They can't -- if a
22 lawyer donates his time at \$50 an hour to handle two
23 cases, then that doesn't constitute the 10 per cent.

24 MR. STUBBS: Okay. This may be covered in the
25 Delivery System Study Report, but was there a value

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1 judgment made as to whether or not research and training
2 should be -- I think this was part of maybe your pro-
3 gram, your question, Clarence -- whether or not the
4 research and training responsibility was more properly
5 at this level or should be a condition or requirement
6 on the individual programs, state and local programs.

7 For example, many bars have their own continuing
8 legal education programs. Some of them are state. Some
9 of them are local, that could be utilized or expanded to
10 embrace some of the training responsibility that's been
11 assumed here. Has that been considered and rejected?

12 MR. BRADLEY: No, no, no. In fact, that's the
13 evolution of what has happened. When we first started
14 at OEO and CSA and the first years of the Corporation,
15 we devoted substantial funds to the Corporation directly.
16 We paid for and we conducted national training programs
17 where we brought hundreds and hundreds and hundreds of
18 attorneys from all over the Country to Washington or to
19 central cities where we conducted three or four continuing
20 education seminars on every conceivable field of poverty
21 law. That turned out to be a high cost.

22 But what we have consciously tried to do over
23 the last three years is to decentralize all of our train-
24 ing capability. Primarily, it was a balancing situation.
25 As the Georgia Legal Services Program grew from \$1.7

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1 million up to \$7 million, that the Directors of Georgia
2 Legal Services and John Cromartie, they have developed
3 in-house their own training capability. So thus, they
4 can do it there more cost effectively than we can.

5 And in fact, what happens, many of our programs
6 working with the continuing legal education components of
7 the state or the local bar, they have worked in harmony
8 on joint training programs in many, much of the pro bono
9 contribution. And many of our programs in Jacksonville,
10 Florida immediately comes to mind. The pro bono contri-
11 bution, the Jacksonville, the Duval County Bar Association
12 makes, they provide experienced lawyers to conduct
13 seminars and trial practice and discovery and interroga-
14 tories and so forth for the attorneys in our local pro-
15 grams.

16 Conversely, many of those communities where
17 we have active participation of the private bar, especially
18 in those substantive areas of law that the private bar
19 normally is not familiar with, such as SSI, Supplemental
20 Security Income, we, our staff attorneys, we conduct the
21 continuing legal education programs for members of the
22 private bar. So it's a cross-fertilization effort, and
23 I think that I can represent to you that in many communi-
24 ties the training is going on in conjunction with and
25 cooperation with and conformity with, you know, the

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1 private bar.

2 And there is cross-fertilization. We go to
3 their programs. They go to our programs. And in some
4 communities, fortunately, the bar has been very, very
5 generous in waiving the cost. I mean if you're a legal
6 aid lawyer, you don't have to pay the \$50 to go to the
7 all-day seminar. And that has been extremely helpful in
8 trying to integrate the training at the local level.

9 The emphasis clearly has been -- and that's
10 what Gerry made reference to -- at the national level
11 here, we used to have massive training capability. That
12 has now been almost totally reduced and decentralized
13 back to the regional training center level, the state
14 level, and the local program level.

15 MR. STUBBS: Thank you.

16 CHAIRMAN: I have a couple of questions or more,
17 but in view of the time, Dan and Gerry, I'd like to try
18 and resolve my questions and confusion into maybe two or
19 three declaratory statements and just ask you to correct
20 them after I've made them. Perhaps that's an easier way
21 to express it if that's all right.

22 It concerns a statement I think you were making
23 much earlier in your presentation about -- what I want to
24 speak about is the basic theory or postulation of organi-
25 zation which was, as I understand it, the concept of

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1 minimum access level of two lawyers per 10,000 persons,
2 that this was done in, approximately in 1976 by Tom
3 Ehrlich and Roger Cramton and the staff and Board. That
4 really all of the other presentation is based upon that
5 theory of function. Are those statements correct?

6 MR. BRADLEY: That's correct.

7 CHAIRMAN: The criteria or data of 2:10,000 was
8 based, I assume, on the Census Report of 1970. Is that
9 correct?

10 MR. BRADLEY: That's correct.

11 CHAIRMAN: That's all I have.

12 MR. BRADLEY: You reminded me of something
13 that's important. We do not yet have, we the public
14 community, the world, does not have the Census figures
15 from the 1980 Census. We have and we know how many
16 people live in the State of California. But we yet do
17 not know how many poor people would meet the Federal
18 Government's definition of poverty live in each individual
19 community, town or city in the state.

20 That information is supposed to be made availa-
21 ble to us shortly. I -- when I say shortly, I don't
22 when, I think sometime this year. One of the questions
23 that I think is important and for you to start thinking
24 about because keep in mind, how much money we spend in
25 Ludowici, Georgia, Bob, is determined not by the

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1 Corporation. It is basically determined by those factors,
2 the computer. The computer tells us how many poor people
3 live in Ludowici, Georgia in 1970. If it's a hundred,
4 they get \$7.00 per hundred. If it's a thousand, they
5 get \$7.00 per thousand.

6 And the issue that we had dealt with last
7 year in making the 25 per cent reduction for all of our
8 programs is that knowing that they are going to be
9 massive, if you stick to that kind of equitable formula
10 -- and that's basically what it is -- if we stick to
11 that, new Census figure information comes out this year,
12 and you see that there's been massive movements of poor
13 people and that thus, the formula shows a range of 2
14 cents per poor person, or \$2 million per poor person,
15 what adjustments, if any, would you choose to make in
16 terms of adherence to that equitable distribution of the
17 minimum access dollar.

18 I don't know, quite frankly, but I think that
19 we expect to have sometime this year those figures from
20 the Census Bureau. Then you will have to decide, I guess,
21 at the time you make your grant awards next year if you're
22 going to change the formula or if you're going to hold
23 to the 1980 Census and then readjust the allocation
24 accordingly.

25 CHAIRMAN: So really, Dan, in March, 1982,

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1 we're functioning on a base of 1970 data, twelve years
2 ago.

3 MR. BRADLEY: That's correct.

4 MR. SINGSEN: I think that there's just one
5 thing I'd like to add, and that's the two attorneys per
6 10,000, \$7.00 per poor person as it was translated based
7 on some 1975 cost figures. While we use it for all kind
8 of term of art emphasis, it should not at all be taken as
9 a literal expression of operating levels because simple
10 inflation on the 75-7 would have moved it to \$11 or \$12
11 per poor person, to provide a two-attorney unit.

12 A two-attorney unit was actually slightly
13 under-costed in later analyses that we've done. And by
14 cutting back to a minimum access level that's now about
15 \$6.21, we're probably based around one attorney per
16 10,000.

17 CHAIRMAN: Yes, Howard.

18 MR. DANA: Dan, you've been talking about mini-
19 mum access. And I've been -- I just want to be sure I
20 understand what you're saying, that those progressions
21 from year to year describe the expenditure of Federally
22 supported access programs as opposed to all programs.
23 And there was no attempt initially to evaluate the extent
24 to which other, the private bar or legal aid and the
25 various places where filling the gap. Is that correct?

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1 MR. BRADLEY: Well, basically correct, Howard,
2 although with one slight re-emphasis on what you said.
3 The Corporation at all times was aware of how much funds
4 and for which source were already been expended in that
5 particular community and a set-off or subtraction, which-
6 ever, was not factored in.

7 The Corporation made the basic policy decision
8 that the foundation, the underlying foundation would be
9 predicated on the Corporation's support. And if a commun-
10 ity from whatever source, whether it's private contri-
11 butions, state, county, federal contributions, that would
12 be in addition to the minimum access because quite
13 frankly, that money is very, very fluid.

14 Gerry mentioned a high of about \$48 million.
15 I suspect now that's probably down to -- I, we'll
16 be having shortly \$30 million. It might be even less
17 than that. But that money is not constant. The program
18 cannot depend year after year on -- the New Haven program
19 at one time had, I think, 17 or 15 different funding
20 sources.

21 And the only thing that we tried to insure that
22 at a minimum, you would have minimum access. If you
23 were ingenious enough or if you were aggressive enough
24 and if you were successful in getting additional funds,
25 then that permitted you to provide additional service at

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1 a minimum access of \$7.00 was sort of built into and has
2 been the basis of what we're suggesting.

3 MR. DANA: But that is minimum federally sup-
4 ported access?

5 MR. BRADLEY: By the Corporation, not -- by the
6 Corporation, not because -- the Office on Again, for
7 instance, HEW, some of the Voice of America funding,
8 other federal agencies have made grants to local communi-
9 ties, and many of those funds have wound up in the
10 Treasurer of the bank account of our program, say, in
11 Maine. But we don't consider that as part of our
12 Federal minimum access as far as the Corporation is con-
13 cerned.

14 CHAIRMAN: Gerry, one more question. That
15 ratio of two affected by inflation, am I essentially
16 right in saying that this kind of approach does not --
17 thinking of Dan's thought about again, it being an
18 economic disaster area in automobile production, and it
19 certainly is, this theory of approach does not pick up
20 area or community economic specificity, does it?

21 MR. SINGSEN: That's correct. As some people
22 in the room know, I'd be glad to discuss that with you.

23 CHAIRMAN: No, I did not know that. I was just
24 assuming this to be the case.

25 MR. SINGSEN: No, it does not. We did in fact

1 do an analysis of variation of cost patterns, not even
2 the kind of economic data that you're talking about, but
3 simple operating costs. That's also not included so
4 that the high cost of doing business in Los Angeles
5 compared to the relatively lower cost of doing business
6 in a rural community is also not included.

7 Now understand, of course, there are funding
8 as only used to for the cut running to a 15 to 20 per cent
9 of need level in terms of what we're able to do so that
10 while those variations would certainly be significant,
11 none of them would approach 50 per cent. All of them
12 together wouldn't approach 50 per cent of need in any
13 particular community.

14 CHAIRMAN: Uh-huh, uh-huh.

15 MR. GROSS: Depending upon how the need is
16 defined by the Census data.

17 MR. BRADLEY: Absolutely.

18 CHAIRMAN: Bill?

19 MR. OLSON: Gerry, first of all, just two
20 quick questions, one of which is, we have a consolidated
21 operating budget itself. And then we a worksheet which
22 goes into greater detail than the consolidated operating
23 budget.

24 Is there -- I'm sure there is much, much back-
25 ground information to even that. The question I have

1 though, is there sort of another layer easily prepared
2 and available, detailed information on the budget going
3 beyond the worksheet? The reason I ask is simply because
4 some of the worksheet items are very, very large numbers
5 in and of themselves which reflect an aggregate of many
6 individual types of costs, cost components.

7 MR. SINGSEN: Very quickly -- and I can walk
8 you through this at any level of detail -- there's the
9 projection worksheet which details our expected expendi-
10 tures. Then on the cost center level which is I think
11 what you're asking me about, there are breakouts of two
12 kinds. And some of the cost centers are internal break-
13 outs.

14 The nine regional offices each has a separate
15 budget, but that's not laid out region by region in the
16 worksheets. And then there's the chart of accounts
17 detail which goes through the categories of salary,
18 fringe benefits, travel, consultants, space costs,
19 printing costs, telephone; all of the operating expenses
20 are detailed. They are rolled up to produce the figures
21 for the cost center that you see on the worksheets. We
22 have that level of detail.

23 That level of detail, the budget reports, is
24 supported in turn by our general ledger in which every
25 single transaction is recorded and computerized and comes

1 back to our cost centers for review on a monthly and
2 quarterly basis.

3 So ultimately, there is a level of detail in
4 which every penny we spend appears as a separate line
5 item.

6 MR. OLSON: I certainly don't mean to walk you
7 all the way back to the general ledger or the petty cash
8 invoices --

9 MR. SINGSEN: I didn't get to them.

10 MR. OLSON: Yeah, you didn't get to them, which
11 I appreciate. I want to go sort of at the level between
12 the general ledger and the worksheet and to the extent
13 that that kind of information, the cost of the regional
14 offices that you gave as an example in the printing and
15 that sort of thing, I think that would be a document that
16 would be of great interest to all of us as we attempt to
17 grapple with it because a multi-million dollar line item
18 is useful to know about, but it's hard to understand
19 without that.

20 MR. SINGSEN: Certainly that's something that
21 the Appropriations and Audit Committee has looked at from
22 time to time although I think the experience until now
23 has been that level of detail generally wasn't useful
24 for their management oversight.

25 I can provide you much greater cost center

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1 detail which is what I hear you saying. The chart of
2 accounts detail, I'm not so clear that you're saying you
3 would like to look at, but that's available too.

4 CHAIRMAN: Board members, I think it's time
5 that we conclude these --

6 MR. OLSON: Bill, with all respect for the time,
7 if I may ask one question which will take 30 seconds?
8 Just to Dan, with -- I have heard a lot this morning that
9 I did not know about, the specific responsibilities that
10 have been delegated to the Audit Appropriations Committee
11 in exactly the way in which the staffs and the committees
12 interact.

13 Apparently there is some body of either estab-
14 lished practice or Board resolution or understandings or
15 history or something which give rise to the various powers
16 that have been delegated by this Board to those committees
17 as such. Are there documents which describe that? And
18 if so, --

19 MR. SINGSEN: Yes. The attachment to my
20 February 19th memo is in fact the statement of basic, the
21 guidelines that I went through, is the most recent
22 general statement and had attached to it both the state-
23 ment of funds available and the consolidated operating
24 budget, the budget worksheet and the projection work-
25 sheet, as exemplars of the working tools that would be used

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1 by the Committee and the Board.

2 MR. BRADLEY: But in terms of -- there is very
3 little in our files and the minutes of the Board meetings
4 to go into the assignment and the delegation and the
5 specificity of the jurisdiction of the various committees.
6 I mean I'll give you what we've got.

7 There's much more on the issue that Gerry just
8 talked about for the Audit Appropriations Committee in
9 terms of, say, the Operations Committee or the Provisions
10 Committee. You will not be able to read in a detailed
11 comprehensive way exactly what the jurisdiction and the
12 authority of those particular committees -- that's basic-
13 ally left up entirely to the decision of the Board and
14 the assignment of the delegation of tasks to the
15 Committees of the Chair.

16 CHAIRMAN: It's time for our nasty old Chairman
17 to say we've got to stop and go forward to an executive
18 session, a luncheon session. Thank you, ladies and
19 gentlemen, members of the public. I hope to be able to
20 return here at 1:30 and proceed with our meeting. So let's
21 go downstairs to the executive session, please.

22 (Whereupon, at 12:33 p.m., the meeting
23 was recessed, to reconvene at 1:30 o'clock
24 p.m. this same day, Wednesday, March 5, 1982.)

25

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A F T E R N O O N S E S S I O N

(2:23 p.m.)

1
2
3 CHAIRMAN: All right, we are commending our
4 afternoon part of the session of March 5, 1982. And to
5 commence this session of our Board meeting, the Chair
6 wants to read a resolution which has been adopted by the
7 Board of Directors when it met in its executive session
8 because it pertains to the subject of litigation which
9 was one of the two subjects of our executive sessions in
10 this, in these Board meetings.

11 The resolution is as follows:

12 WHEREAS, the Legal Services Corporation has
13 been named as a plaintiff in litigation commenced in the
14 United States District Court for the District of Columbia,
15 designated Civil Action No. 82-0542; and

16 WHEREAS, the books and records of Legal
17 Services Corporation show no resolution of the Board of
18 Directors or the Legal Services Corporation to authorize
19 said litigation; and

20 WHEREAS, neither the President nor General
21 Counsel of the Corporation has authorized said litigation;

22 THEREFORE, be it resolved that the Board of
23 Directors direct the Chairman of the Board to take
24 appropriate steps to advise the Court of this resolution
25 and request the dismissal of the Legal Services

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1 Corporation as a party.

2 That's the end of the resolution. The resolu-
3 tion has been adopted already by the Board and, of
4 course, spread upon the public record of our committee.

5 Separately from this, ladies and gentlemen in
6 the audience, there is a table, I understand, the public
7 table, which does contain, I think, with the exception
8 of this one which has just been done, the copies of
9 the proposed resolutions for the next agenda items. I
10 simply want to direct your attention to that.

11 The next item of business, members of the Board,
12 is item No. 13 which is consideration of Board committees
13 and the Chair would be pleased to entertain a resolution
14 concerning item 13 and would recognize a member of the
15 Board for that purpose. Howard Dana?

16 MR. DANA: Mr. Chairman, the resolution reads
17 as follows:

18 BE IT RESOLVED, that the Board retain the exist-
19 ing regular committees on the provision of Legal Services
20 and on Appropriations and Audit and that the existing
21 Committee on Operations be renamed the Committee on
22 Operations and Regulations.

23 BE IT FURTHER RESOLVED, that a special Presi-
24 dential search committee seek, interview and recommend to
25 the Board candidates for the position of President of

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1 the Corporation.

2 (Pause)

3 It should read, BE IT RESOLVED --

4 MR. DE MOSS: I think there's some language
5 that needs to be in there about creating it.

6 MR. DANA: That there be established a special
7 Presidential Search Committee to seek, interview and
8 recommend to the Board candidates for the position of
9 President of the Corporation.

10 BE IT FURTHER RESOLVED, the the Board delegate
11 to the Chairman of the Board the authority to appoint the
12 Chairman and members of all regular and special committees.

13 CHAIRMAN: Do you so move this, Mr. Dana?

14 MR. DANA: Yes, I do.

15 CHAIRMAN: Okay. Is there a second to this
16 motion?

17 MR. MCKEE: I second it.

18 CHAIRMAN: Now the chair would request that
19 whether there is any amendment to this motion at this
20 time? Clarence?

21 MR. MCKEE: Mr. Chairman, in view of my concern
22 of discussions this morning about the prior granting
23 process and the contract process as it reflects the mean-
24 ing and intent of the Act and regulations on effective and
25 economical services, I think that we should also establish

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1 a special committee on grants and contracts which will
2 review our procedures, rules and regulations under the
3 Act and make the appropriate recommendations to either
4 the appropriate standing committee or to the Board
5 regarding the entire granting of the contract process.

6 CHAIRMAN: Very well. The Chair takes that as
7 an amendment offer to the second paragraph of the
8 resolution. And so therefore, it would read as amended
9 as follows:

10 BE IT FURTHER RESOLVED, that there be estab-
11 lished a special Presidential Search Committee accordingly
12 and that there be established a special Committee on
13 Grant Procedures and Contracts,

14 Is that the gist of your amendment, Clarence?
15 And is there a second to the amendment?

16 MR. McKEE: Yes, it is.

17 CHAIRMAN: All right. The discussion first on
18 the amendment.

19 MR. DANA: I don't know whether this is on the
20 amendment or the, or my motion. Could we have an explana-
21 tion of the function? We heard all morning what the
22 Appropriations and Audit Committee did. Is there a --
23 could we have a brief explanation of the function of the
24 Committee on Operations and the Committee --

25 CHAIRMAN: Yes, we can. With your permission,

1 I prefer to limit the discussion as of this point to the
2 offered amendment by Mr. McKee and then return to that
3 so the Chair -- Harold?

4 MR. DE MOSS: Mr. Chairman, I think it is
5 material though to the question of the amendment as to
6 whether or not any of the standing regular committees
7 already have responsibility. And I would request maybe
8 that the Chair --

9 CHAIRMAN: The Chair would call upon President
10 Bradley to give a short comment, if you will, Mr. Presi-
11 dent, on the function of the standing committee.

12 MR. MCKEE: Before you do that, just a minute.
13 I'm certain that one of the standing committees has some
14 oversight role in terms of that specific granting and
15 contract area.

16 What I was thinking of was the special committee
17 would specifically limit itself to that and would then
18 make recommendations to that appropriate standing commit-
19 tee, whether it be the Provision of Legal Services or
20 the Operations Committee, not as a separate entity
21 unto itself.

22 (Pause)

23 MR. BRADLEY: I'll attempt to answer that,
24 Clarence, if I can. Clearly based on past experience,
25 not suggesting that that answers your question, the

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1 Committee on Operations at one time was called the
2 Committee on Regulations and basically concerned with
3 the regulations, the policy questions in terms of organi-
4 zational structure, all of the internal operation in the
5 broadest sense of the word of the Corporation.

6 It seems to me the real question is -- because
7 you're not going to find writ in law anywhere the exact
8 parameters really of what any of the three committees,
9 each of the three committees do. And I think the question
10 is, do you want the Operations Committee to do what
11 you're suggesting, regardless of whether or not they've
12 done it in the past, or do you want to have a special
13 committee that solely addresses only that issue that,
14 you know, that you have raised?

15 MR. McKEE: The latter, because it's probably
16 so much involved in the other responsibilities. I think
17 it's such an important area in terms of what the Board
18 has to do and it should be concentrated and then report
19 to that standing committee.

20 CHAIRMAN: All right. Howard, do you desire
21 further comment?

22 MR. DANA: The Committee on Provision of Legal
23 Services.

24 MR. BRADLEY: I'm sorry. That in the broad
25 definition of the word or the delivery of legal services

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1 the provision, any matter or subject matter that addresses
2 the question such as the most efficient and effective way
3 to deliver legal services, to deliver systems studies
4 about special and unique legal problems facing, for
5 instance, the native American population, those types of
6 things that go to the question of the types and the
7 quality and the method of delivering legal services
8 usually falls within the jurisdiction of that committee.

9 The the questions basically about the audit
10 and the appropriations just is basically strictly the
11 money kind of issue.

12 CHAIRMAN: Harold, do you desire further
13 comment?

14 MR. DE MOSS: No.

15 CHAIRMAN: All right. Hearing no further
16 comments or observations, the Chair would direct the
17 discussion to the amendment -- the Chair requests to vote
18 on the amendment. All those in favor, signify by saying
19 aye.

20 (Chorus of ayes)

21 CHAIRMAN: Opposed, the same sign?

22 (Pause)

23 The amendment is passed. Now discussion on the
24 principal motion.

25 MR. DE MOSS: Mr. Chairman?

1 CHAIRMAN: Yes, sir.

2 MR. DE MOSS: Are the number of members on
3 these committees, is that a matter of standing bylaw or
4 other provision? And secondly, is there anything in the
5 way of a standing bylaw or provision that relates to how
6 many committees a particular Director may serve on?

7 MR. BRADLEY: If I could answer, please. To
8 answer the first question, there is nothing in the bylaws
9 the requires a certain number of committees for the
10 composition or the number of committees that a Board
11 member may serve on.

12 For instance, certainly since the three years
13 that I've been here, the Audit and Appropriations
14 Committee has always had three members. The Operations
15 Committee has always had three members. The Provisions
16 Committee has always had four members. And the Chairman
17 of your Board serves ex officio on all three committees.

18 There's nothing in our regulations that require
19 that or mandate that. Basically the Board can create as
20 many committees as it chooses to. And generally the
21 Chairman of the Board designates the membership and
22 chairmanship of those various committees of the Board.

23 CHAIRMAN: All right. Any further comments or
24 questions concerning the principal resolution as amended?
25 Yes, Harold?

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1 MR. DE MOSS: Mr. Chairman, I guess as a matter
2 of just information, I would appreciate the Chairman
3 perhaps giving us, if you have formulated any ideas on
4 the subject, the size of the committees or any question
5 of one or more members being on one or more committees,
6 I wonder if you --

7 CHAIRMAN: What I intend to do, Harold, is, if
8 the resolution is adopted, is ask that you submit the,
9 your request for assignment to the committees on which
10 you would want to serve and proceed in that way.

11 Let's proceed then to vote on this resolution,
12 as amended. Those in favor, signify by saying aye.

13 (Chorus of ayes)

14 Those opposed by the same sign.

15 The amendment -- I'm sorry. The resolution
16 amendment is carried. Would the members of the Board and
17 the Directors submit to me at your earliest convenience
18 your request for committee assignment? I'll make perhaps
19 one qualification that I think that the Search and
20 Screen Committee for the President of the Corporation is
21 a moment, a matter of extraordinary importance. And the
22 Chair would like to now assign Howard Dana as the
23 Chairman of that Committee.

24 And Howard, you may, of course, ask for the
25 Board members to serve with you if you want, but -- go

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1 ahead.

2 MR. DANA: Thank you, Mr. Chairman. I accept
3 with humility and alacrity though and ask that anyone
4 who would like to join me on that committee, please let
5 me have your names.

6 CHAIRMAN: Thank you. We'll proceed to discuss-
7 sion and consideration of item 14, which is a discussion
8 on selection of the Auditor for Fiscal Year 1982. The
9 Chair would recognize Mr. Olson with reference to 14.
10 Bill?

11 MR. OLSON: Mr. Chairman, this -- I'd like to
12 make a motion at this time to defer consideration of
13 this item on the agenda. We've just gone through a
14 morning of discussion of the responsibilities of the
15 various committees, particularly the Audit and
16 Appropriations Committee, and we've just now, of course,
17 selected a manner in which these committees be staffed
18 by appointment by the Chairman.

19 And I think that we would -- it would be a
20 little bit premature for us to therefore act today on
21 this matter, but rather have this be referred to the
22 Committee on Audit and Appropriation for their
23 recommendation to us and for being listed as a regular
24 agenda item at the June meeting this year. And I would
25 so move.

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1 CHAIRMAN: The motion's made. Is there a
2 second to that, please?

3 VOICE: Second.

4 CHAIRMAN: Discussion?

5 (Pause)

6 You've heard Bill Olson's statement on it.
7 Those -- hearing none or none requested, those in favor,
8 say aye.

9 (Chorus of ayes)

10 Those opposed by the same sign?

11 (Pause)

12 Thank you. We'll now proceed to item No. 15
13 on our agenda, which is a review of policy concerning the
14 1982 funding for recipients. The Chair would entertain
15 a motion on this subject or resolution.

16 (Pause)

17 Harold?

18 MR. DE MOSS: Mr. Chairman, I'd like to offer
19 the following resolution:

20 WHEREAS, reduced funding for the Corporation
21 and the uncertainty of --

22 CHAIRMAN: I'm sorry, would you speak into that
23 mic, Harold? I think we're missing a little bit.

24 MR. DE MOSS: WHEREAS, reduced funding for the
25 Corporation and the uncertainty of future funding require

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1 maximum conservation of Corporation funds, and

2 WHEREAS, the new Board is considering new
3 methods of providing legal services;

4 THEREFORE, BE IT RESOLVED, (1) that existing
5 grant and contract obligations to recipients be fulfilled;
6 (2) that no new grant or contract obligations to recipi-
7 ents be incurred pending further action by the Board;
8 (3) that no additional expenditures be incurred beyond
9 the minimum legal obligations to recipients under exist-
10 ing grants and contracts; (4) that any funds saved through
11 termination of existing grants or contracts through can-
12 cellation of projected expenditures of funds not yet
13 obligated through the cost of current activities running
14 below estimates or through any other cause be reserved
15 for disposal pursuant to future action of the Board;
16 (5) that every effort be made to continue savings in the
17 administrative portion of the Corporation's budget but
18 that the restrictions in this resolution not apply to
19 necessary new obligations incurred for administrative
20 purposes; and (6) the President is directed to insure
21 that no recipient funds be transferred to any entity
22 other than the recipient without the prior written
23 approval of the Corporation and that the President is
24 further directed to investigate past instances of such
25 transfers and where possible, to procure the return of

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1 said funds to the recipient or to the Corporation.

2 CHAIRMAN: Thank you. Is there a second to
3 this resolution? And motion?

4 VOIDE: Second.

5 CHAIRMAN: And discussion thereon?

6 MR. DE MOSS: Mr. Chairman, I have a minor
7 amendment, and perhaps this can be accepted. I'm not
8 sure. I want to suggest that in paragraph 3, we might
9 say that no additional obligations be made, just because
10 I think it's a better verb.

11 And in paragraph 4, to avoid giving any kind
12 of erroneous signal by inadvertent use of a word, I
13 think we might insert the word "any possible" between
14 the words "through and termination." In other words,
15 that any funds saved through any possible termination of
16 existing grants or contracts. And I think that that just
17 might make, express what we would rather have in that
18 resolution. And I would offer that as an amendment.

19 CHAIRMAN: All right, Bill, could you --

20 MR. OLSON: I would accept it, Mr. Chairman, as
21 a matter of speeding things along.

22 CHAIRMAN: All right, fine. I -- could you --
23 I -- go back and detail those amendments, Bill.

24 MR. OLSON: Sir, there is just two minor
25 ones. Paragraph 30 would now read that no additional

1 expenditures be made instead of incurred. And in para-
2 graph 4, that would read that any funds saved through,
3 insert the words "any possible" termination of existing
4 grants and contracts. Those are the only changes.

5 CHAIRMAN: The only changes are in 3 and 4?

6 MR. OLSON: Yes, sir.

7 CHAIRMAN: Okay.

8 (Pause)

9 Discussion?

10 MR. PARAS: Discussion regarding the change,
11 that proposed change, Mr. Chairman?

12 CHAIRMAN: I took the mover to accept it and
13 that the, George, that the resolution is proposed accord-
14 ingly.

15 MR. PARAS: I would like to ask Dan, how
16 realistic is the last clause in your judgment, the last
17 clause of paragraph 6, to investigate past instances of
18 transfers? Are we tilting at windmills there, or is
19 there something really --

20 (Pause)

21 MR. BRADLEY: Judge, honestly I don't know. I'd
22 probably have to consult with Clint's office in terms of
23 how many if any and under what terms and conditions, if
24 any, and about all I can do right -- I hesitate, George,
25 because simply I just don't know.

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1 I mean I can certainly inquire through our
2 regional offices. When I first read this -- and I just
3 saw this myself -- and I was sitting here mentally going
4 through a checklist trying to think of a factual situa-
5 tion that this particular item was addressed to.

6 And while you all were talking, I was just
7 quickly doing a mental checklist. I can certainly
8 determine if such transfers have taken place and report
9 either back to the Board or the appropriate committee,
10 you know, the facts that I have uncovered.

11 MR. PARAS: Well, have you any reason to speak
12 adversely to it?

13 MR. BRADLEY: Well, I guess the questions that
14 I'm asking myself for the first time is I think out
15 loud if it is transferred to any entity other than the
16 recipient without prior written approval of the Corpora-
17 tion.

18 Well that -- I don't think that that could be
19 done or would be done in any case.

20 MR. PARAS: No, I'm not worried about that.

21 MR. BRADLEY: Oh, I'm sorry.

22 MR. PARAS: It's the clause right after that.

23 MR. BRADLEY: And that the President is
24 directed to investigate past instances and where possible,
25 procure the return of said funds to the recipient. I

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1 mean I can -- I know that I can certainly do the first
2 part of that paragraph and where possible procure the
3 return of such funds to the recipient, I think that
4 that would, will raise some legal questions in terms of
5 -- for instance, if we have already approved the
6 Corporation under the first provision, the other question
7 is, can we proceed in some way and cause the contract
8 or the prior approval to be rescinded, I think that that
9 obviously raises legal questions.

10 And you're not asking me -- well you're asking
11 me to, where possible, procure the return of said funds.
12 I don't know if you're suggesting that if I find that
13 one or more situations have occurred, you are directing
14 me to take legal action to reverse it.

15 And so I probably need some items from the
16 Board as to what, you know, what your preference is in
17 terms of procure the return of said funds to the recipi-
18 ent because I assume -- now I'm formulating what --

19 MR. DE MOSS: May I ask you, Dan, would you
20 feel more comfortable with the word "appropriate" and
21 "where appropriate?"

22 (Pause)

23 MR. BRADLEY: See, I assume -- I'm reading it
24 in its entirety. I assume that if it's been done, we
25 have approved it. So it's -- that legally may be a moot

1 issue. Then if the second point is well, if someone is
2 contemplating doing it, we want you to review that
3 anticipated action, number two or number three, and this
4 is the thing that bothers me somewhat. If the Corporation
5 has previously approved it, we want you now where possi-
6 ble to take whatever action, administrative, disciplinary,
7 defunding, legal action, to undue what we may have pre-
8 viously approved.

9 And it's that that I'm struggling with and I'm
10 bothered about.

11 MR. PARAS: Well that was my problem too.
12 Maybe --

13 MR. DE MOSS: Maybe the last clause had better
14 jsut read, "and report to the Board your findings or
15 investigation."

16 MR. PARAS: How about "attempt to procure?"

17 MR. BRADLEY: Well, I would encourage you not
18 to -- unless you know the facts, and I certainly don't
19 know the facts. I doubt if anyone on the Board knows
20 the facts. It seems to me that you would be in a better
21 shape to know what the facts are before you decide what
22 course of action, if any, you're directing me to take.

23 And I would certainly feel comfortable with
24 you asking me to investigate and report either to the
25 appropriate committee of the Board or to the Board,

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1 whichever the, you know, the decision of the Board, on
2 what the facts are.

3 Once you know the facts, then you decide what
4 action, if any, you choose to take.

5 ME. DE MOSS: If i might, may I suggest that
6 we strike from "where possible" on to the end of the
7 resolution and substitute the words "to report to the
8 Board regarding such transfers?"

9 (Pause)

10 CHAIRMAN: Is that an offer of a formal amend-
11 ment, Harold?

12 MR. BRADLEY: Harold, before you do that, may
13 I make this comment, because I think that it raises a
14 question as to whether or not on these types of issues
15 you want these things, this issue or any other to go
16 through your normal committee structure and the committee
17 make a report to the Board for action or if you want the
18 Board to sit as a committee as a whole on say, this
19 particular issue.

20 And I think it is just a question of how you
21 would prefer your Boards and your committees --

22 MR. DE MOSS: I think I would like in the
23 beginning for it to go to the whole Board. I think we're
24 all in the process of learning, and it will expedite, it
25 seems to me, our learning process.

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1 CHAIRMAN: So therefore, your amendment is
2 again, please?

3 MR. DE MOSS: Strike from "where possible"
4 on to the end of the resolution and substitute the words
5 "report to the Board regarding such transfers."

6 (Pause)

7 CHAIRMAN: Further discussion on the proposed
8 resolution?

9 (Pause)

10 Hearing none requested, the Chair requests your
11 vote on the resolution. Those in favor, signify by saying
12 aye.

13 (Chorus of ayes)

14 And opposed by the same sign.

15 The resolution is adopted with the amendment
16 offered by Mr. De Moss.

17 The next item for, on the agenda is item No. 16,
18 consideration of the draft of 1981 Annual Report.

19 The Chair would like to open the discussion of
20 item No. 16 by making a few comments concerning this.
21 Are we all -- okay. Are we all straight on this?

22 (Pause)

23 The Chair would like to open item 16 by making
24 a few comments concerning this subject.

25 First, the Annual Report which is of cardinal

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1 significance was submitted by the Corporation and by the
2 President and members of the Board to the Congress in
3 December of 1981. That is the critical Annual Report
4 which contains the financial data and reporting materials
5 demanded by the Congress pursuant to statute and various
6 rules and regulations attending that function.

7 The document which many Board members have in
8 front of them is not really the Annual Report. The Annual
9 Report is the other document. It is called an Annual
10 Report. It is something other than that or what perhaps
11 normally is conjured up in your mind when you read those
12 two words which is perhaps something lifted from the
13 world of accounting.

14 This is a statement of general distribution,
15 what you have in front of you, to the general public.
16 Now that document obviously causes some concern from a
17 variety of points of view.

18 The Chair would request that a member of the
19 Board present a motion which would authorize the Chairman
20 of the Board to consult with the President of the
21 Corporation and other staff members of the Corporation
22 for purposes of reviewing that document and for purposes
23 of reviewing it and eventually for purposes of publica-
24 tion. And those are the comments I want to make concern-
25 ing, introductory sense, concerning item No. 16.

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1 But the specific -- well, let me call it action
2 request. That's action request was the language of the
3 Chairman of the Board used. The specific action request
4 is that I would enjoy entertaining the motion that the
5 Chairman of the Board be authorized to consult with
6 President Bradley and the staff concerning the document
7 and looking toward its eventual publication. That's the
8 specific request.

9 Discussion is open on item 16.

10 MR. SANDSTROM: For purposes of discussion, I
11 would make such a motion.

12 CHAIRMAN: Thank you. The motion is entertained.
13 Is there a second?

14 VOICE: Second.

15 CHAIRMAN: Motion entertained and motion is
16 seconded. The motion is on the floor for discussion.
17 Marc?

18 MR. SANDSTROM: Could we ask the President,
19 Dan, how many copies of this type report are normally
20 and at what cost? How much is budgeted for this?

21 VOICE: About 35,000 copies and approximately
22 \$17,000.

23 MR. STUBBS: Has it gone out?

24 MR. BRADLEY: It's at the printer. This is
25 still the galley. It would have -- that's an early copy.

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1 I believe quite frankly that it would have gone out some
2 time ago but that we had some problem in getting the
3 cheap paper that the printers use in getting it out.
4 So we were delaying running of the press until that cheap
5 I mean until the paper stock was supplied.

6 MR. STUBBS: My first concern, if I might start
7 a discussion --

8 CHAIRMAN: It's on the floor, Bob, Go ahead.

9 MR. STUBBS: -- is that it seemed rather --
10 anybody who has ever written is always leary about
11 criticizing somebody else's writing. I'm going to do it
12 anyhow.

13 It seemed to me that it is anything but object-
14 ive. And it was argumentative throughout. If that's the
15 purpose of the report, it certainly accomplished that
16 purpose. But if it's to be distributed generally, it
17 seems to me it ought to be quite objective and a report
18 rather than an argument on behalf of something.

19 Now I got past the first page primarily, and I
20 got into several pages which I thought were very object-
21 ive and set forth the type of information that as a member
22 of the public generally, I would be quite interested in
23 hearing.

24 But I question whether or not the purpose of
25 a general information report to argue one way or another

1 in respect to a program which is a public program where
2 at least I sensed many of the statements were -- I didn't
3 read the statute as saying that's what we were supposed
4 to be doing and how we were supposed to be doing it.
5 That's my overall comment.

6 CHAIRMAN: Thank you. Additional comments.
7 Harold first.

8 MR. DE MOSS: Have previous reports contained
9 polls regarding the image of the Corporation or the
10 reaction of the public to the Corporation?

11 MR. BRADLEY: I would have to go back and read
12 them. Whether or not it contains a poll per se, I don't
13 know. If there had been polls previously conducted by
14 anyone, that would have reflected on issues concerning
15 legal services, then in my opinion those polls would
16 have been included.

17 In response to Bob -- because we haven't dis-
18 cussed this with any Board members -- I think that if you
19 look at the previous reports that we have prepared for
20 distribution, you know, to bar associations, local
21 programs and so forth, I doubt that this report is any
22 more or any less, you know, as you characterized it than
23 -- and I don't think this is what, the seventh one that
24 we published.

25 And I really don't believe that it takes a

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1 different tone than any previous report that's ever been
2 issued.

3 MR. STUBBS: I guess the problem I have, Dan,
4 is that my name's going to be on some papers that it's
5 going to be printed on.

6 MR. BRADLEY: Well, no. In fact, see, that's
7 one of the things -- it's a little sensitive, I suppose,
8 because in fact, what this does, it represents a period
9 that began October of 1981 and concluded on October of
10 1982.

11 The report is at the printer right now.
12 I'm sorry, 80 to 81. I'm sorry. That would not in any
13 way have you carry your name. Your name would not be on
14 that. And it would -- and like I say, but for just the
15 question of the supply long before you were ever appointed
16 to the Board, they would have already been printed and
17 out to the public. And in no way would it now be dated
18 and changes made to reflect that we now have a new Board
19 and a new staff whose names would be substituted.

20 Thus, the document would be viewed as something
21 that was adopted or approved or stated by this particular
22 Board or a new staff. It's basically -- and I apologize
23 for the fact because we probably could have printed it as
24 we normally do on the schedule. And it would have been
25 a moot issue. But we were trying to get the cheaper

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1 paper, and it just took a while for it to come in.

2 MR. PARAS: Marc, does your motion contemplate
3 that the report ultimately be adopted before this Board
4 meets again? That is, with the approval of the Chairman?

5 MR. SANDSTROM: The Chairman under that motion
6 would have the authority --

7 MR. BRADLEY: I think that the --

8 CHAIRMAN: Let me interrupt you, Dan. The
9 motion does not contemplate that this Board adopt the
10 report at all.

11 MR. PARAS: Well approve the report.

12 CHAIRMAN: It contemplates that the Chairman
13 review the report with the President for purposes of
14 subsequent publication. But it does not say this Board
15 adopts or rejects the report.

16 MR. PARAS: But it means that we would give
17 the right of approval to you as Chairman.

18 CHAIRMAN: Yes, sir. It does mean that.

19 MR. PARAS: After which it would go forward,
20 go public, without further action by this Board.

21 CHAIRMAN: Yes, it does mean that.

22 MR. BRADLEY: And Judge, I may point out, if I
23 may, Mr. Chairman, -- I have to ask Tim. It certainly,
24 in the three reports that have been printed -- I'm not
25 saying that this is good or bad. I'm just telling you

1 the facts.

2 I know that -- and I don't know the evolution
3 of this, but I'm just telling you that the preparation,
4 the substance, the content, the publication and the dis-
5 tribution of this report as opposed to the report that we
6 filed last year with the United States Congress, it's
7 required by law,, the report, the Congressional Report is
8 required, has never, in all the previous years, has never
9 been an agenda item for a committee or for the Board.

10 And so there's never been in the records of
11 the history Board approval of this particular Board. In
12 fact, what has happened in the past, the staff prepares
13 the report, and the President reviews the report with the
14 Chairman of the Board. It then goes to the printers,
15 and it's printed.

16 For instance, this particular report was pre-
17 pared, was reviewed by myself, reviewed by Chairman
18 McCalpin, and went to the printers, awaiting the arrival
19 of the paper. And what I think the Chairman is suggest-
20 ing is that if there's any discussion about the report,
21 it may be appropriate for the Chairman and the staff to
22 review that together as we have in the past.

23 CHAIRMAN: Yes, come up this way. Clarence?

24 MR. McKEE: This is for an example generally.

25 If we were the Board of Directors of General Motors, and

1 earning these great Directors' fees, General Motors
2 submitted a statement out to the public. It didn't have
3 to go up to the Congress and deal with various political
4 pressures. Then I wouldn't have much of a problem with
5 what I had read.

6 However, in the last year and throughout the
7 history of the Corporation, it's gotten involved in all
8 these different back and forth political nuances and
9 concerns. One of the reasons the Corporation was made
10 independent was the Corporation was just to get out of
11 that.

12 I don't think that -- no matter what the good
13 intent or meaning of authors some of the language and
14 surveys had, we must keep in mind that anything that
15 would go out that could harm the ultimate purposes of the
16 Corporation or the clients should be looked at very
17 carefully with that in mind.

18 I think the Board has an obligation beyond
19 someone who is an author in a room who writes the
20 language and also should be concerned about the impact
21 among our friends and our foes and not to create any
22 more battles other than those that we are concerned about
23 funds or something.

24 There were some things that I would have been
25 concerned about when I saw upon this side of the aisle,

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1 and the other side of the House and Senate or people in
2 the field. And I would always want to err on the side of
3 caution in terms of helping a recipient in Georgia or
4 Alabama as opposed to having someone get something off
5 their chest up here in Washington.

6 That is my concern, and I think that the
7 Chairman and the President will keep all this in mind.

8 CHAIRMAN: The simplest comment is an instruc-
9 tion from you.

10 MS. WORTHY: Mr. Chairman?

11 CHAIRMAN: Yes, Ma'am.

12 MS. WORTHY: I would like to say something. It's
13 not in the Annual Report. And I think that's why we're
14 here today because we're not a Board, whatever. We have
15 a different mission.

16 And I've heard the Chairman acts for the time
17 and discretion that he can use to sit down and talk with
18 the President concerning this report. And I don't think
19 the Chairman, if we put the trust in him, is going to
20 let anything go wrong.

21 The feeling and the sincerity that he has
22 sitting on this Board, he's not going to let anything go
23 out that's going to be harmful to the clients and the
24 people that we represent on this Board or this Board. I
25 put that much trust in him.

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1 CHAIRMAN: Marc?

2 MR. SANDSTROM: I think maybe -- I want to echo
3 what Clarence has said. I think the report has or the
4 draft is unnecessarily argumentative. I think it's
5 importaant for the Corporation to submit information to
6 the public on what it has accomplished during the 80-81
7 Fiscal Year. And I assume there's a lot more going to be
8 added in terms of charts and appendices and things like
9 that which is essential.

10 But gratuitous arguments that might strike a
11 partisan chord on one side of the issue or another, I
12 think are unnecessary. And I would urge the Chairman to
13 carefully discuss that with the President and omit those
14 because they do not add to the substance of the report or
15 the information being disseminated to the public, clients
16 or users. And I'm offended by some of them myself because
17 it's unnecessary.

18 And I would hope that we do not repeat that
19 same mistake when it becomes our turn to submit an
20 Annual Report.

21 CHAIRMAN: Howard?

22 MR. DANA: I echo all the sentiments of the
23 Board and particularly Mrs. Worthy's confidence in the
24 Chairman. But I support the motion because we obviously
25 can't sit here and redraft an Annual Report. We'd be here

1 until the meeting on March 26th. So I'll support that
2 and endorse the confidence the Board has in you.

3 CHAIRMAN: Bill? Thank you,

4 MR. OLSON: I want to just to clarify some-
5 thing Howard there said because I don't think it's right
6 and I don't think what we're doing at all is delegating
7 necessarily power to approve on behalf of the Board.
8 We're delegating -- not that at all. We're delegating
9 the power to print, perhaps. And that's a very, perhaps,
10 very illuminating distinction.

11 Secondly, I also, as Clarence was, was very
12 concerned about attacks that I thought were perhaps
13 unnecessary, particularly on the Congress. And in the
14 course of their consideration of our authorizing legis-
15 lation during calendar year 1981. And although I have
16 been extraordinarily sensitive to our independence vis-a-
17 vis the legislature, I think that with that independence
18 may come responsibility to exercise discretion and some
19 wisdom with regards to the way in which we conduct our-
20 selves vis-a-vis those two branches.

21 So I would just submit those comments and just
22 draw that distinction which I accept.

23 MR. PARAS: Do I understand, Dan, that this
24 report then is not mandatory that we're discussing now?

25 MR. BRADLEY: Yes. It has become a custom over

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1 the years.

2 Yes, that's correct.

3 MR. OLSON: Mr. Chairman, just one other thing
4 which is that I think that you might take advantage of
5 the expertise of Clarence in that he's a former broad-
6 caster and knows a communications attorney and although
7 he might know when to have his expertise taken advantage
8 of, it might be a good source on which we can rely, not
9 only this matter, but in particular in other matters.
10 There are many, many communications responsibilities we
11 have of which this is only one. And I would just submit
12 that that would be -- we have to get to know each other
13 better to know what our strengths are, what our interests
14 are, and pool our talents to do the best job we can on
15 behalf of the Corporation.

16 I think that that's one talent that ought not
17 to go un-used.

18 (General Laughter)

19 CHAIRMAN: Before voting on this motion, the
20 Chair would like to make a couple of comments in response
21 to what Board members have said. The first is I share
22 your concern about the text of this report in the setting
23 or context of continuation from Legal Services Corporation.

24 I recall a statement attributed, I think, to
25 Alfred North Whitehead who said something to the effect

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1 that persons often define their perception of interest
2 as being synonymous with the national interest. And I
3 think that's happened in this report.

4 But as far as I'm concerned as the Chairman of
5 the Board, and I think the Board shares this view, based
6 upon the comments you made, the critical question is
7 whether we can vigorously maintain and continue Legal
8 Services Corporation.

9 And this is plainly perceived as a major road-
10 block or at least a threat of a roadblock to the members
11 of this Board who must do their best -- and we will --
12 to cause the members of the Congress to continue funding
13 and perhaps cause other branches of the Government to
14 continue funding. But I make no representation about
15 that. I simply say that's our duty to perform it.

16 But as we come into office and as documents
17 like this are sort of deposited rather like land mines
18 along the way, it is sometimes incapacitating to function.
19 But we will function, and I will vouch to you remarkably
20 well.

21 There is a specific item in this report which
22 in view of the joyous welcome I recieved to Washington,
23 D.C. which was to be sued, I want to comment on and that's
24 reference to the American Bar Association's helpful,
25 active participation in supporting funding for Legal

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1 Services Corporation. I think that's very commendable.
2 I am still aware of the fact that an individual who is
3 an officer of the American Bar Association has neverthe-
4 less brought suit against me and this Board.

5 Now all of us are sensitive to the, even the
6 appearance of conflicts of interest. And it seems to me
7 that textually there is one in that report now. So
8 that's my approach to inquiring with President Bradley
9 about the text and disposition of this report if I'm
10 commissioned to do that.

11 But at the same time, I'm not a censoring
12 bureau. I can only to the best of my ability call these
13 concerns to the attention of the President and trust that
14 he will relate this in due course as he should to staff
15 with the over-arching point of view of the question
16 whether you really want this appropriation to go forward
17 or whether you don't.

18 And by you, I don't mean this Board. I mean
19 the staff. And I think really that the staff does. So
20 with that gloss of interpretation, I'd like to call for
21 a vote on this motion resolution if there are no other
22 comments.

23 (Pause)

24 Hearing none, those in favor signify by saying
25 aye.

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1 (Chorus of ayes)

2 And opposed by the same sign.

3 (Pause)

4 Item 16 is carried.

5 We've now reached, ladies and gentlemen, the
6 portion of our agenda at which time the Board wanting to
7 continue the orientation process which we are involved
8 by addressing those members of the public in attendance
9 by causing to be addressed by receiving comments from
10 members of the public.

11 As Chairman, I'm authorized to invite members
12 of the public to communicate their views by addressing
13 this meeting unless the Board directs me otherwise. I
14 would like to welcome again and to thank you for your
15 patience. By you, I mean members of the public, during
16 the business of the meeting.

17 If you would like to address the Board, please
18 stand, give your name, your affiliation, if any, your
19 residence or place of residence, and your comments.
20 Again, because of the number of people in attendance,
21 we as the Board want to limit your comments in totally
22 to no more than 12 to 15 minutes.

23 So with that understanding, are there comments
24 to be made?

25 (Pause)

1 Yes, sir?

2 MR. GREG HARTLEY: I simply have a request to
3 make. Thank you Mr. Chairman, members of the Board. My
4 name is Greg Hartley. I'm Executive Director, Legal Aid
5 of Southwest Missouri.

6 I simply have a request that the Board today
7 direct the staff to provide to the Executive Director or
8 Project Directors of each field program a copy of the
9 minutes of this Board meeting and all Board meetings in
10 the future, adequate notice of the meetings of the Board
11 and meetings of the committees of the Board unless those
12 meetings are closed under appropriate provisions of the
13 law, and the names, titles and addresses of the Board
14 members so we don't have to spend a lot of time digging
15 those up ourselves.

16 Thank you.

17 CHAIRMAN: Fine. I'm happy to receive that
18 request. I'll refer that to, I think, President Bradley.
19 And I am certain that he will cause that to be done or
20 his successor will.

21 (Pause)

22 Other comments from the public?

23 (Pause)

24 Mr. Wharton? Yes, I'm happy to receive your
25 comments. You're David R. Wharton and you represent the

1 Native American Program of the Oregon Legal Services
2 Corporation. Is that correct?

3 MR. WHARTON: My name is Donald R. Wharton.

4 CHAIRMAN: I'm sorry. My vision is bad.
5 Donald, it's correct.

6 MR. WHARTON: All right. I just wish to wel-
7 come the Board. I represent actually the National
8 Association of Indian Legal Services here today, and
9 Association of Indian Legal Services programs across the
10 Nation, and basically to say to you that we want to assist
11 you in every way gathering the information and the
12 orientation that you need to do your jobs and to help
13 you discharge your obligations in any way that we can.

14 And that's basically what I wanted to address
15 to you today. Welcome to your obligations, and I hope
16 that we can help you in any way that will assist you.

17 CHAIRMAN: Thank you very much. On behalf of
18 the Board, I accept your offer of assistance. I know we
19 can use it. And we look forward to extended discussions
20 and dialogue with you.

21 MR. STUBBS: Can we go to Oregon to meet with
22 you?

23 (General Laughter)

24 MR. WHARTON: We would be delighted to have
25 you in Oregon and in fact would invite the Board to come

1 and meet in Indian country to get a better idea of what's
2 involved, the concerns of clients in Indian country and
3 how services are delivered. And in fact, I think the
4 Board has at times met at Indian programs and we urge you
5 to do the same, not just with Indian programs but
6 throughout the Country to get a sense of what it's like
7 to be in the community and to be doing things that are
8 happening out there to get a more real sense of what
9 the delivery of legal services is to all clients.

10 We're delighted to have you in Oregon or any-
11 where else.

12 MR. DANA: Mr. Chairman, while -- on this point,
13 I would just like to remind fellow members of the Board
14 that Maine is Indian country too.

15 (General Laughter)

16 I want you to come to Maine as well.

17 MR. WHARTON: In fact, all of this Country was
18 at one time.

19 (General Laughter and applause)

20 CHAIRMAN: Perhaps the Chair should entertain
21 some discussion from those who are historians in Spanish-
22 American affairs. There are some parts that -- well
23 never mind.

24 Bill?

25 MR. OLSON: Although the last speaker did a

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1 marvelous job of exiting with applause which is the way
2 to go, if you have to go, I was going to ask if he could
3 just take a minute because he and I had an opportunity to
4 chat before about the Native American Program.

5 So since we have a few minutes --

6 CHAIRMAN: Wait, wait. I'm sorry, Bill.
7 Donald, I --

8 MR. OLSON: He could just take one or two
9 minutes.

10 MR. WHARTON: No thank you.

11 CHAIRMAN: I appreciate it, but we don't have
12 one or two minutes.

13 MR. OLSON: No, if we don't, we don't.

14 CHAIRMAN: But Don, please, send a letter
15 concerning that to me or to Bill and we'll transmit it
16 to the Board. Any other persons who want to speak to the
17 public domain?

18 (Pause)

19 Well, hearing no other requests, thank you.
20 And thank you for attending this meeting, members of the
21 public. And we'll proceed to other business which is
22 item 18 on the agenda. One of those other business
23 items is that I'd like to appoint Clarence as Chairman
24 of the Special Committee on Grants, Contracts and
25 Regulations and dispose of that on our agenda and other

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1 persons suggested by you.

2 And the Chair wants to comment that the Board
3 has received invitations to consult promptly with persons
4 who are concerned about the confirmation process on the
5 Hill and the Administration. We've been advised that
6 this is a routine matter and Mrs. Worthy has advised us
7 of that.

8 And would you please make a comment to that
9 effect?

10 MS. WORTHY: Mr. Chairman, I know how important
11 that meeting is because I've gone through it. And when
12 you see the Board members leave, going to the Hill, that
13 is what they will be doing, going to confirmation
14 orientation.

15 CHAIRMAN: Well, thank you. Is there any other
16 business, additional business? Marc?

17 MR. SANDSTROM: I'm not sure of the procedure,
18 but let me at least express -- and you can tell me, Mr.
19 Chairman or Dan. If we are going to meet on the 26th
20 as the Chair suggests he's going to note it, I'd request
21 at that time we have some more information on our flexi-
22 bility with regard to the 1983 budget.

23 I'm very concerned with the economic conditions
24 that they are and the stresses faced by Congress to try
25 and minimize the costs, that there are going to be some

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1 modifications of the request that has been submitted.
2 And obviously there are varying requests pending before
3 Congress. And I would like to know what authority this
4 Board would have once a budget is adopted that may be
5 different from that submitted to modify within that
6 budget and allocate funds to maintain the maximum
7 delivery of services?

8 I'd hate to be bound because we're silent for
9 the next three months or whenever by an allocation made
10 by a prior Board. So I would like to have some informa-
11 tion that we could discuss at our 26th meeting on what
12 our position is with regard to Fiscal '82-'83.

13 CHAIRMAN: The Chair will ask the President to
14 communicate accordingly with members of the Board.
15 Raising that subject, Harold, and passing on to item
16 No. 19, the Chair does request a special meeting on that
17 Friday. I don't have a calendar before me. I think
18 it's the 26th. Is the 26th a Friday? All right.
19 We will have Marc's request as an agenda item.

20 Harold.

21 MR. DE MOSS: I just wondered if we needed
22 any kind of Board action to set that special meeting on
23 the 26th.

24 CHAIRMAN: No, sir. There's a notification
25 process, but I don't think that the Board is -- if you

1 just object to it, I'd just like to hear it. That's the
2 reason I raise that.

3 MR. OLSON: Mr. Chairman, I'm not sure, but I
4 think if we are to schedule a special meeting, we would
5 have to have the consent of the majority of the Board
6 members in writing to that. It is one of the provisions
7 of the bylaws. And it would be very easy if you would
8 like to call a meeting that day, we could just do it by
9 a motion and perhaps that might be better. Dan?

10 MR. BRADLEY: Let me comment on that because
11 I don't think you really -- I mean you use the word
12 special meeting. The issue quite frankly is that you're
13 required by law to have at least four Board meetings per
14 year. And you can have a Board meeting tomorrow. You
15 could have one next week. You can 15 of them in the next
16 20 days.

17 You don't need to characterize this as a special
18 meeting because a special meeting under the context of
19 what you just described to Bill has a difference in
20 special meeting than a regular meeting.

21 I think that what the Chairman has in mind is
22 the next meeting of this Board is March 26th period.

23 CHAIRMAN: This is true. Just in my own mind,
24 I was thinking about June, October and December, for which
25 reason I called it that. But that's correct.

1 MR. BRADLEY: Yes, the next meeting of the
2 Board you're suggesting should be on March 26th period.
3 And thus, you do not need that kind of notice and certi-
4 fication that you're talking about. You just need agree-
5 ment among you that you all agree to meet on the 26th
6 period.

7 CHAIRMAN: Is a motion to that effect appropri-
8 ate, Dan, or is it necessary?

9 MR. BRADLEY: It wouldn't cost us anything, I
10 would submit.

11 CHAIRMAN: Then please move. Move that motion.

12 MR. BRADLEY: Why don't we move to authorize
13 the Chair to call a meeting on Friday, March 26th, at
14 such time and place as he should designate?

15 VOICE: Second.

16 CHAIRMAN: Any further discussion?

17 (Pause)

18 All those in favor of the motion, signify by
19 saying aye.

20 (Chorus of ayes)

21 Opposed by the same sign.

22 The motion passes. Please be advised the
23 Chair gives you notice of a meeting in the Corporation
24 Headquarters on March the 26th, commencing at 10 o'clock
25 in the morning.

1 Any further business?

2 (Pause)

3 Hearing none, we are on item 20 and adjournment
4 of the meeting of the Board of Directors, Legal Services
5 Corporation of March 4th and March 5th, 1982. The Chair
6 will entertain a motion for adjournment.

7 VOICE: I offer a motion.

8 CHAIRMAN: Any opposition to that motion?

9 (Pause)

10 Hearing none, the Chair take it by unanimous
11 consent the motion is adopted and we are adjourned.

12 Thank you very much.

13 (Whereupon, at 3:19 o'clock p.m., the meeting
14 was adjourned)

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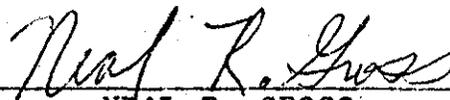
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CERTIFICATE OF REPORTER

I hereby certify that the foregoing transcript represents the full and complete proceedings of the 3/5/82
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