

LEGAL SERVICES CORPORATION

BOARD OF DIRECTORS *Briefing*
OPEN SESSION

September 11, 1993

9:13 a.m.

The Hilton Plaza Inn
The Regency West Ballroom
One East 45th Street
Kansas City, Missouri

Diversified Reporting Services, Inc.
918 16TH STREET, N.W. SUITE 803
WASHINGTON, D.C. 20006
(202) 296-2929

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BOARD MEMBERS PRESENT:

George W. Wittgraf, Chairman
J. Blakeley Hall
Jo Betts Love
Norman D. Shumway
Jeanine E. Wolbeck

STAFF MEMBERS PRESENT:

John P. O'Hara, President
Emilia DiSanto, Vice President
Patricia Batie, Secretary
David Richardson, Comptroller and Treasurer
Victor Fortuno, General Counsel
Edouard Quatrevaux, Inspector General
Kenneth Boehm, Assistant to the President and
Counsel to the Board

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P R O C E E D I N G S

(1:58 p.m.)

1
2
3 CHAIRMAN WITTGRAF: If you'll give me your
4 attention, please, this regularly scheduled meeting of the
5 Board of Directors of the Legal Services Corporation in
6 Kansas City, Missouri, this 11th day of September, 1993, will
7 be in order.

8 Without objection, the agenda that's been published
9 for today's Board Meeting will be the one we'll utilize
10 today. We do not have a quorum present, so we will hold in
11 abeyance the consideration of the minutes of our meeting of
12 June 28, 1993, until later.

13 I would ask simply if anyone has any questions or
14 any corrections that he or she would like to make to the
15 minutes at this time, those can be noted. If not, approval
16 of the minutes will wait until our next Board meeting.

17 Those of you who are joining us today, particularly
18 some for the first time or just for an occasional time, will
19 note that there are only five of us present. Mr. Uddo was
20 with us on Thursday and Friday morning, and was unable to be
21 here today. Mr. Kirk was with us on Thursday and Friday, and
22 was unable to be here today as well.

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1 So that we do have only five, and we do fail to
2 meet the legal requirement of six persons physically present
3 for the purpose of establishing a quorum and taking action as
4 the Corporation's Board.

5 I'd like to note, both for the record and for those
6 of you who haven't had the opportunity to meet them, that we
7 do have, to date, two -- I think two -- Board nominees. I
8 take that back. Well, Jack is saying three actually.

9 One of you, correct me if I'm wrong. But I do
10 think Doug Eakeley from New Jersey and Tom Smegal, a former
11 member of this Board and a nominee again from California, are
12 present.

13 Mr. Eakeley many of you met yesterday.
14 Mr. Smegal -- some of you may recall from days gone by -- is
15 here as well.

16 Yesterday we did have their colleagues -- their
17 fellow nominees, John Broderick from New Hampshire and
18 Bucky Askew from Georgia -- present. I don't believe either
19 of them is present this morning.

20 Regrettably, while there might be a theory to be
21 posed that because of pending litigation against the
22 Corporation suggesting that we're not a duly constituted

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1 Board and that perhaps Mr. Smegal and his colleagues are yet
2 the duly constituted Board, that between the five of us and
3 Mr. Smegal we might have a quorum, but there's always enough
4 pending litigation for Mr. Fortuno and his staff in the
5 General Counsel's Office to worry about that I'm not sure we
6 want to do that. If we were desperate though, we might try
7 with Mr. Smegal.

8 MR. SMEGAL: Well, it probably wouldn't work
9 anyway, because you'd have two Californians on the Board, and
10 that's not right.

11 (Laughter)

12 CHAIRMAN WITTGRAF: At this time, it's my
13 understanding that we do have two program directors from the
14 great State of Missouri, as well as two bar representatives,
15 who would like to share some thoughts with us, with the Board
16 nominees and with the audience at large, and to make their
17 observations a part of the record.

18 I believe Rick Teitelman, who is the executive
19 director of Legal Services of Eastern Missouri and St. Louis,
20 and Richard -- Dick Halliburton, the executive director of
21 Legal Aid of Western Missouri, here in Kansas City, are
22 present. And I'd encourage them to come forward.

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1 And if I'm correct in my understanding,
2 Larry Tucker, on behalf of the Missouri Bar Association, and
3 Tom Kokoruda, president of the Kansas City Metro Bar, are
4 present as well.

5 If you gentlemen would come forward, we'd be
6 delighted to visit with you.

7 Who is the leader of this particular gang?

8 Mr. Teitelman?

9 MR. TEITELMAN: I am. But we'll just -- you've
10 made the introductions. We'll just go straight in order,
11 from Larry Tucker to Tom Kokoruda to Dick to me.

12 Go ahead, Larry.

13 CHAIRMAN WITTGRAF: Mr. Kokoruda makes me feel much
14 better about "Wittgraf." I appreciate that.

15 Gentlemen, please.

16 PRESENTATION OF LARRY TUCKER,

17 MISSOURI BAR BOARD OF GOVERNORS

18 MR. TUCKER: Good morning, ladies and gentlemen.

19 My name is Larry Tucker, and I represent the
20 Missouri Bar Board of Governors, a body that governs the
21 activities of the 20,000 Missouri lawyers. And I'm pleased
22 to be their representative today, to extend to you their

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1 welcome to this state and to this location for your work.

2 We hope that your meeting will be a productive and
3 rewarding meeting. I know that you've already accomplished a
4 great deal. I heard this morning that you had had committee
5 meetings on Thursday and a conference yesterday, and so
6 you're well on your way to making this a very successful
7 venture.

8 I also wanted to come to you today to tell you that
9 pro bono services are important -- important, as you well
10 know, not only to members of the bar at a time when the bar
11 is under a lot of external stress, as well as internal
12 stress, but also very important to the people that we serve.

13 And here in the State of Missouri we've had a past
14 history where the bar has been very responsive to requests
15 for pro bono services. We've had successful Volunteer
16 Attorney Projects in the metropolitan area. And of course,
17 as you know, there has been a long-standing tradition among
18 our rural practitioners of volunteer services.

19 Recently, as the Landsat satellite photograph on
20 that board shows, we've had a significant opportunity to turn
21 to our members and ask them for assistance in the field of
22 pro bono services.

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1 And I'm here today to compliment the Missouri Bar
2 members and to compliment the people in the Legal Services
3 Corporation, particularly the organization in Eastern
4 Missouri, for the work that was done in responding to this
5 natural disaster.

6 We were able to staff 26 disaster application sites
7 with lawyers, providing services without recompense,
8 providing them with a lot of assistance and skill, largely
9 because of the fast and high-quality work done by members of
10 the Legal Services Corporation.

11 We are passing out to you today packets of
12 information -- some of you may have already received them --
13 that we made available to the people participating at these
14 disaster application centers. We've also made these packets
15 available to anyone, lawyer or non-lawyer, who asked for them
16 through the Missouri Bar.

17 These packets contain information not only on what
18 to do in the circumstances of a mass disaster, to look after
19 one's legal rights, but also what to do specifically in the
20 context of this terrible natural disaster which burdened
21 Missouri very heavily.

22 The reason we were able to produce these documents

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1 quickly is because the Missouri Bar is a very efficient
2 printing operation. But the writing of that material we had
3 to leave to experts, and those experts were the Legal
4 Services Corporation.

5 Legal services of Eastern Missouri, in particular,
6 were able to take materials that were available as a result
7 of the disaster in south Florida last year, convert it to a
8 Missouri document so that it was relevant to our
9 circumstances, and get it in our hands for distribution very
10 quickly and at a very high quality.

11 So I come before you today to pat not only some of
12 our lawyers on the back, but particularly to pat the back of
13 the people to my right who direct these programs here in
14 Missouri for the outstanding support they gave to those
15 people who wanted to provide pro bono services in Missouri.

16 Again, welcome. We're glad to have you here.

17 Thank you very much.

18 CHAIRMAN WITTGRAF: Thank you, Mr. Tucker.

19 PRESENTATION OF TOM KOKORUDA,

20 PRESIDENT, KANSAS CITY METROPOLITAN BAR ASSOCIATION

21 MR. KOKORUDA: My name is Tom Kokoruda,

22 Mr. Chairman and Members. On behalf of the over 4,000

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1 members of the Kansas City Metropolitan Bar Association, I
2 want to echo what Larry Tucker just said about the value that
3 you provide and the welcome -- and the belated, I guess,
4 welcome to you, since you've been here since Thursday.

5 I would like to say that the theme of the
6 Kansas City Metropolitan Bar Association this past year has
7 been a commitment to community challenges. And the top
8 community challenge in this area has been -- to our bar --
9 increasing efforts to provide pro bono legal services to the
10 needy in our community. And the bar really has made an
11 effort to do that.

12 And Mr. Tucker has mentioned the fact that
13 Kansas City has had its Volunteer Attorney Project, which has
14 been very successful and well-known in this area of the
15 country, and in the past has received a presidential
16 citation.

17 Kansas City lawyers for a long time have supported
18 the concept of pro bono legal services both with money, to
19 the extent they could, and with their time.

20 And I'd like to just share with you a little bit
21 about that, in terms of volume. Over 550 individual lawyers
22 have been members of the Volunteer Attorney Project, willing

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1 to devote their time to those projects -- 17 law firms, 7
2 corporate counsels have engaged their time on behalf of those
3 projects.

4 In addition, a recent study done by the Lawyers
5 Association of Kansas City has indicated that there were over
6 3,000 appointments to pro bono matters for lawyers in this
7 city. And who knows how that will stack up to the ABA's
8 guideline of 50 hours per lawyer per year.

9 But we believe here in this part of the country,
10 flood or no flood, our bar will step up and try to provide
11 the services the people of this community deserve. And in a
12 time when it's so fashionable to bash lawyers, I think it's
13 nice occasionally to hear the quality work that lawyers do
14 for the good of the community.

15 I applaud you. I congratulate the new members.
16 And I thank you for all you do. Thank you.

17 CHAIRMAN WITTGRAF: Thank you.

18 Mr. Kokoruda, you're obviously from Kansas City.

19 Mr. Tucker, did you indicate what part of this
20 great state you're from?

21 MR. TUCKER: I'm from Kansas City as well.

22 CHAIRMAN WITTGRAF: Okay.

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1 Before we move to Rick and Dick, let me ask you
2 gentlemen to comment, based on the extent of your knowledge
3 -- and if you don't have a lot, no problem.

4 And then, Mr. Teitelman and Mr. Halliburton might
5 add some thoughts, too.

6 One of the things that we happened to discuss a
7 little bit yesterday, during the conference we had to which
8 you referred, was the regulatory requirement for private
9 attorney involvement, 12.5 percent of the funds received by
10 local grantees being used in some fashion for private
11 attorney involvement.

12 Are either of you particularly familiar with or do
13 you have any opinions about the effectiveness or
14 noneffectiveness of the private attorney involvement
15 components or requirements of the legal services programs?

16 If you're both from Kansas City, you would be more
17 apt to be familiar with Mr. Halliburton's program than you
18 would probably be with Mr. Teitelman's. Is that something
19 either of you can speak to?

20 MR. KOKORUDA: Well, I think -- I'm on record, I
21 think, of saying that I think lawyers have an obligation to
22 participate in the provision of pro bono services because

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1 it's the right thing to do.

2 And I know in my law firm -- and I don't speak, in
3 this instance, as the president of the Bar, but I speak as
4 the managing partner of one of the larger firms in the city.
5 And we believe strongly in the process, but also believe that
6 it's better served by doing it because it's right, rather
7 than because of an arbitrary number.

8 I don't know if that's responsive to the Chair's
9 question.

10 CHAIRMAN WITTGRAF: It is. And I guess
11 historically one of the concerns for that requirement, first
12 at 10 percent and then a 12.5 percent requirement, was to
13 facilitate administratively and otherwise the volunteer
14 component. It's difficult for a volunteer component just to
15 exist indigenously in and of itself, and that it is necessary
16 in different ways to make it happen. And making it happen
17 costs money.

18 Mr. Tucker, were you going to add?

19 MR. TUCKER: Mr. Wittgraf, I'd say that there are
20 two things that are at issue here for, in our experience, the
21 Missouri Bar. And that is we've always been a strong
22 supporter of adequate funding for the professional and

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1 full-time workers in the field of legal services. We think
2 that's important, to provide the kind of quality of services
3 that people need in this state.

4 We also recognize that it's very important for the
5 Bar to be volunteers in support of that. Whether it's
6 12 percent or 10 percent, or whatever the contribution may be
7 that makes this program work, we have been of the view that
8 we will do whatever is necessary to support the Legal
9 Services Corporation's work in this state.

10 In 1991, the Bar president, Burt Bates, from
11 Kansas City, pushed very strongly on a statewide basis to ask
12 lawyers across the state to commit new and more time to
13 volunteer services, and that has been followed up in each
14 successive year by Bar presidents.

15 So as a philosophic matter, we are strongly
16 committed to the volunteer component, but we do not want in
17 any way to be undercutting the need for sound and complete
18 funding for professional services.

19 CHAIRMAN WITTGRAF: And this is a requirement that
20 has existed for better than a decade, I believe. And it may
21 be an issue to be presented to the new Board of Directors,
22 two members of whom -- or at least two members apparently of

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1 whom are here this morning.

2 And as I said, it was an issue that got discussed
3 some yesterday. I wasn't positing it in the sense of
4 undercutting the existing professional staffs, but rather the
5 value or necessity of that as an ongoing requirement.

6 I'd better let Mr. Halliburton say a little
7 something on this -- specific.

8 And then I'll let you and Mr. Teitelman go back to
9 the things that you had in mind before I asked the question.

10 MR. HALLIBURTON: Well, speaking to that
11 specifically, my own feeling is that I think the requirement
12 has been very valuable in establishing relationships with the
13 private bar, in letting the private bar know more about the
14 kind of work we do.

15 I have never believed in a strict formula
16 requirement of 12 or 12.5 percent. And I would feel much
17 more comfortable with removing that requirement entirely.
18 And I don't believe that our commitment to the pro bono
19 programs that do exist now would go away at all with that.
20 But I think that a lot of time and effort involved in trying
21 to strictly account for that money would go away, and I think
22 that would be beneficial to the programs.

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1 CHAIRMAN WITTGRAF: But clearly the commitment of
2 the private bar, the established bar, is far different today
3 than it was a decade ago. And that's true for a variety of
4 reasons.

5 But the kind of commitment of the bar leadership in
6 the State of Missouri -- it would be true in my State of Iowa
7 and I think in many states across the country -- did not
8 exist if you go back to the late 1970s and the early 1980s.
9 And I think it was certainly facilitated by that requirement.

10 MR. HALLIBURTON: I agree.

11 CHAIRMAN WITTGRAF: Whether or not that requirement
12 has outlived its usefulness is a question that's going to be
13 on the table, I suspect, in the future.

14 Why don't you, Mr. Teitleman and Mr. Halliburton,
15 go back to what you were going to say.

16 MR. HALLIBURTON: Okay.

17 CHAIRMAN WITTGRAF: And forgive me for that
18 digression.

19 PRESENTATION OF RICHARD HALLIBURTON, EXECUTIVE DIRECTOR
20 OF LEGAL AID OF WESTERN MISSOURI, KANSAS CITY

21 MR. HALLIBURTON: Thank you.

22 I was originally going to welcome the Board. But

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1 having seen and spoken with all of you for the past two days,
2 I think I probably ought to be bidding you farewell at this
3 point instead, and welcoming at least the two new members
4 that are in our audience today.

5 I'm glad to, at long last, have this opportunity to
6 acquaint you with -- somewhat with Legal Aid of Western
7 Missouri. I think this is the first time the Board has
8 really met here in Kansas City.

9 But I'm happy to have the opportunity to tell you
10 something of the work that we do. Our organization was
11 created in 1964, about the same time that many legal services
12 organizations began in this country, by a very committed
13 group of bar leaders at that time who were able to obtain a
14 Ford Foundation grant and, with the help of a little money
15 from the City of Kansas City and the Circuit Court, put
16 together our fledgling program.

17 Since that time, we have grown to cover a service
18 area of 40 counties, which represents roughly about a third
19 geographically of the State of Missouri, and serving a
20 poverty population of approximately 205,000 people, according
21 to the '90 census.

22 The materials that we've handed out to you include

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1 a brochure that describes our work and a couple of annual
2 reports that flesh it out a bit more. And it also includes a
3 map of our service area.

4 And it's a pie chart, showing our mix of cases and
5 the numbers and kinds of cases that we handle and some budget
6 information. And I hope you'll have a chance to look at that
7 material at some point before you leave.

8 But I'd like to tell you something about our staff
9 and some of the special work that we do beyond the some
10 14,000 individual cases that we close each year. At the
11 moment, we have a staff of 86, which includes 42 attorneys
12 and 25 paralegals, and the rest clerical and administrative
13 staff.

14 And I'm just extremely proud of the work product of
15 this staff and the work that they turn out day in and day
16 out, and just the many accomplishments that have been
17 achieved for our clients over the years.

18 I'm happy to see that one of last year's
19 humanitarian awards went to one of our senior attorneys, very
20 deservedly, Susan Gladney, for the many efforts that she puts
21 in outside of the office. And there are certainly many more
22 here in our program who deserve that kind of recognition and

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1 I hope will get it at some point.

2 To tell you something about our special projects,
3 first, we have a domestic violence project, known as Project
4 Assist, that has really been used as a model in Missouri and
5 nationally and has brought about, I believe, significant
6 reform, both locally and throughout Missouri, in the way the
7 criminal and civil justice systems deal with victims of
8 domestic violence.

9 Several years ago, our attorneys, working with
10 attorneys from Legal Services of Eastern Missouri, put
11 together legislation to create an order of protection statute
12 in Missouri. Our attorneys later defended that statute in
13 the Missouri Supreme Court successfully on an attempted
14 constitutional attack.

15 And now we are engaged in the, I think, probably
16 ongoing process of educating victims and other participants
17 in this system of the statute and making it work more
18 effectively. And I think we have so far been very effective
19 in doing that, but it's an ongoing process.

20 We train police departments, sheriffs' departments,
21 prosecutors' offices, and get lots of information out to
22 victims of domestic violence. And from the statistics that

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1 we have put together, there has been a dramatic difference,
2 at least in Kansas City, that we can measure in the
3 recidivism rate of abusers in these situations of domestic
4 violence.

5 We have a statewide Migrant Project which has for
6 years been serving Missouri's migrant farm worker population
7 in the southeast and north central and, more recently,
8 southwest parts of the state. And I think the amazing thing
9 about this project is that up until this year this has all
10 been done on an LSC appropriation, in '93 dollars, of about
11 \$12,000.

12 We have been able to leverage church groups and
13 volunteer organizations and put together a viable project all
14 this time throughout the state. So we're very proud of that
15 effort, but we're happy to have a bit of increased funding
16 this year that has come from the recount of the migrant
17 population.

18 Our Immigration Project has also been very
19 successful and works with the Migrant Project in keeping, I
20 think, hundreds of immigrant families together when the
21 main -- usually the main breadwinner of the family has been
22 threatened with expulsion from the country illegally.

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1 In Kansas City, we have an AIDS Project, which
2 provides special services and outreach to a free health
3 clinic to persons with AIDS or who are HIV-positive.

4 Through our Economic Development Project, several
5 hundred units of low-income housing have been actually
6 created in the Kansas City area. And potentially many more
7 will be as the result of the legislative and CRA efforts of
8 that unit which are ongoing.

9 Out of our St. Joseph office, which is about 60
10 miles north of here, we operate a Farm Project, and have for
11 a few years, through which we have recruited a panel of
12 private attorneys who operate throughout our service area,
13 providing pro bono legal services to small farmers in
14 financial distress.

15 The combination of those private pro bono efforts
16 together with our own staff have really been successful in
17 preserving a number of small family farms in Missouri that
18 otherwise would have gone under.

19 We have other projects serving abused and neglected
20 children in Kansas City; defendants in Kansas City's
21 Municipal Court, on a contract with the City of Kansas City;
22 and neighborhood groups who are interested in eliminating

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1 blighted housing in their neighborhoods in Kansas City; and,
2 of course, the Volunteer Attorney Project, which you've heard
3 something about and which we're also very proud of.

4 There's a long list and history of cases brought by
5 our staff that have resulted in substantial classwide relief
6 for thousands of additional low-income clients in Missouri.
7 But I want to just mention some that have been successfully
8 concluded in the past year.

9 In the first, a Federal District Court judge
10 ordered the complete rehabilitation of a public housing
11 project in Kansas City involving millions of dollars in units
12 that had been deteriorating over a period of time, more and
13 more of which had become vacant and nothing was being done
14 about.

15 When that order was not complied with, the Federal
16 District judge, on our motion for contempt, recently placed
17 the Public Housing Authority in receivership, which I think,
18 as far as I can tell, is unprecedented in the country, but is
19 now moving forward with the rehabilitation under the
20 supervision of a special master of the court and a HUD
21 employee.

22 A second similar case recently resulted in an order

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1 from a different federal judge, requiring another \$11 million
2 rehabilitation of another public housing project in
3 Kansas City, which also had been deteriorating over the
4 years.

5 And several hundred units of low-income housing
6 will, I think, within the next year or several months, become
7 available to the thousands of people who are on the waiting
8 list for that public housing, many of whom have been homeless
9 up to this point.

10 A third case, also in Federal District Court here
11 in Kansas City, drew a recent contempt citation against the
12 Missouri Department of Social Services for its failure to
13 comply with an earlier order of the court requiring a massive
14 improvement in the entire foster care system of Jackson
15 County. So we'll be continuing to monitor that case and look
16 for much needed substantial changes in that system.

17 As you may have heard, we've had a bit of flooding
18 here in Missouri recently. And as was mentioned earlier, all
19 of Missouri's legal services programs have been undergoing
20 special training, thanks in part to the Legal Services
21 Corporation, which we appreciate. And we're organizing our
22 staffs to deal with all these flood-related problems that

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1 have come up.

2 The three programs in Missouri, Legal Services of
3 Eastern Missouri, Mid-Missouri, and our program, are grateful
4 to the Corporation for our recent grant of emergency
5 assistance to help with the flooding problems. And I think
6 that will make a difference.

7 Since this is probably the last meeting or
8 non-meeting of this Board, I do want to say, on behalf of the
9 Missouri programs, that we very much appreciate the difficult
10 job that you have had during your tenure and the many
11 improvements that have been achieved during that period.

12 And I think the achievements are owed in no small
13 part to you, Mr. Wittgraf, and the outstanding leadership
14 that you have shown to this Board.

15 And I also want to applaud your choice of -- during
16 this period -- Jack O'Hara as president of the Corporation,
17 and thank him for all of his efforts in reaching out to the
18 field and making our jobs easier and more productive.

19 We now look forward to working with the new Board,
20 and I would like to say to at least the two new Board members
21 who are here that we certainly will be available to help in
22 any way and look forward to a lot of interchange of

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1 information.

2 Thanks very much.

3 CHAIRMAN WITTGRAF: Thank you. Thank you for the
4 kind comments. We've -- I've got a couple of questions, but
5 I'll let Mr. Teitelman perhaps make his remarks first and
6 then come back to the two of you.

7 Rick.

8 Let me say, before Rick starts, too, that we ---
9 much as Rick had to put up with us in St. Louis two years ago
10 in connection with both a Board meeting and the
11 so-called annual conference, Dick had to this week.

12 And we appreciate your assistance and your
13 hospitality and also roping the Missouri Bar once again into
14 providing hospitality for all of the conference attendees.
15 We're certainly very appreciative of that kind of Bar support
16 as well.

17 Rick.

18 PRESENTATION OF RICHARD TEITELMAN, EXECUTIVE DIRECTOR OF
19 LEGAL SERVICES OF EASTERN MISSOURI AND ST. LOUIS

20 MR. TEITELMAN: Well, I first want to say that what
21 you've heard from Kansas City and what Dick has described of
22 the Kansas City Program is the best legal services has to

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1 offer. It's one of the finest programs I've ever seen.

2 We've always looked up to the Kansas City Program.

3 In fact, especially when I was a young attorney --
4 I don't think I've ever been young at this point -- I don't
5 remember it. But I was younger attorney. Dick was --

6 CHAIRMAN WITTGRAF: You were born in a suit,
7 weren't you, Rick?

8 MR. TEITELMAN: I think so, the same suit and
9 wingtips.

10 And I remember, as a young attorney, Dick was the
11 expert in consumer law -- a younger attorney. He was the
12 expert in consumer law. I always looked up to him.

13 They do an outstanding job, and it has been a model
14 to us in St. Louis and to all our attorneys and advocates.
15 So I was very pleased to hear this presentation, because it's
16 a superb program that represents, again, the best that legal
17 services has to offer.

18 I'm not going to talk too much about our program.
19 I'm going to talk about the other programs and a little bit
20 of the flood, and then add my comments.

21 Lest I forget that I really appreciate George's
22 leadership, Mr. Wittgraf and Jack O'Hara, it's meant a

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1 tremendous amount of -- a great deal to us, particularly
2 recently with the flood. It has been fantastic.

3 And you've reached out to us and really, as
4 Harrison said, lowered the decibel level and made a big
5 difference -- legal services has made -- and to us in serving
6 our clients, which is the key aspect.

7 Let me go to our charts. I always need props, you
8 know. Don't rely on me to say what I'm supposed to without
9 that prop.

10 Seriously, this is something that's interesting
11 about -- you see all the floods though. This, the top part
12 -- it's maybe too small -- is the way the Mississippi and
13 Missouri were before the flood.

14 The bottom part is the -- you can see the width of
15 the Missouri River as it goes across -- you can't even hardly
16 see across the state. I probably -- I should leave it there.
17 And then this is the Mississippi, and where it's joined
18 together.

19 Inside this water is St. Charles somewhere, one of
20 our counties. And there are a couple of towns that are never
21 going to open up again. And that's sort of a graphic example
22 of what has happened with the flood and the Mississippi. And

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1 these are hugely populated areas. Unfortunately, the poorest
2 people live on the flood plain, because no one else would
3 live there. And that's where we are with the flood.

4 I'm going to just describe some of the -- go
5 through the legal aid programs in the state very, very
6 quickly. I know you have a busy schedule.

7 As Dick said Low Mo takes up one-third of the area,
8 geographic -- there has been a tremendous effort on Low Mo's
9 part to do this for many years.

10 And I might also add that the Migrant Program --
11 that Dick's program runs goes all the way down to Southeast
12 Missouri, where there's a lot of migrant workers.

13 This is Southeast Missouri, which is run by
14 Warren Hearn, the former governor of the State of Missouri,
15 has some of the poorest areas in the United States in the
16 boot heel, where there's still sharecropping and I would
17 suspect situations verging on slavery down in the boot heel.

18 Dick's program comes from there and works with
19 church groups, does a wonderful job helping these desperately
20 needy migrant workers and people with need in this area.

21 This is more of Southeast Missouri. This is
22 Mid Missouri, Ed Bergstrom.

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1 Ed, would you stand up?

2 Ed is the dean of our directors. He's been the
3 director for 15 years. I call him wily old Ed, because he
4 always has all these ideas and suggestions and always comes
5 up with the most creative and innovative ideas for legal
6 services. He has a basically adjudicare program and does a
7 fantastic job of serving the clients in that area.

8 This is Southwest Missouri.

9 Doug, would you stand up?

10 Doug -- Missouri Adjudicare Program -- like Ed,
11 gives excellent, high quality services to the Springfield
12 area, which is a -- booming moor. But there's a lot -- and
13 all the poor that live in this area -- it has a wonderful
14 volunteer program, linked to an adjudicare program. Many
15 people said that couldn't be done. IOLTA and legal services
16 helped Doug do that, and they're doing a great job of linking
17 the two together.

18 This is Meriamack Legal Services, which is another
19 very fine adjudicare program. Gerry Schwarz couldn't be
20 here. I think she's getting ready to become a circuit judge.
21 She has a lot of respect from the community and with the
22 governor.

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1 Then there's Legal Services of Eastern Missouri.
2 And I'd like to introduce John Essner. John is here. He's
3 come here to help with all the stuff, but he's also, most
4 importantly, the director of our Volunteer Lawyer Program.

5 We have 20,000 hours of service from volunteer
6 lawyers, serving 4,000 people a year in this service area.
7 And he helped coordinate the flood Volunteer Lawyer Program.
8 He's always there.

9 He was supposed to go on vacation, and the flood
10 hit, and in that whole period he worked on the training
11 materials, the coordination of the training for the flood
12 relief, helping Missouri in working closely with Dick and his
13 program in that regard.

14 And we also, I also might add, benefit from a
15 \$25,000 grant at the time of the new instruction on pro bono
16 to jump start our pro bono program to be the success that
17 John has made it.

18 And that's it. That's my props.

19 The last thing I'll do is --

20 CHAIRMAN WITTGRAF: Rick, let me -- while you've
21 got the map and while Jack might still be available, you've
22 done something here that I think is really significant. And

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1 I guess I want to note it particularly for the benefit of our
2 successors, Mr. Eakeley and Mr. Smegal and the others.

3 You've actually done a voluntary consolidation of a
4 couple of programs here in Missouri. And if you wouldn't
5 mind highlighting that on the map -- I think, as you look at
6 that kind of map for all of the states in the nation, the
7 potential of consolidation, at least in my mind, is great.
8 And just, if you could say something about the map and that
9 experience, I think it would be very helpful.

10 MR. TEITELMAN: I'd be glad to.

11 Thanks to the dedication and commitment of the
12 lawyers and the -- especially Bob Mark -- he was here last
13 night, but I don't see him here now. Bob Mark, who is the
14 executive director of Northeast Missouri -- they saw that
15 with the smaller program and dollars not increasing that the
16 service could be best provided to their -- the people in
17 Northeast Missouri.

18 And we were -- Legal Services of Missouri is
19 basically around this area, and then we expanded further
20 north, to the Iowa border. And we were able to reduce
21 redundancies, for example, and that we don't need two
22 auditors. We saw our insurance go down, their insurance go

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1 down. We're looking more and more differently.

2 We were able to serve the Social Security staff
3 component from our office. We'll probably, in the long term,
4 be able to expand on the adjudicare issues.

5 Although some of my -- when the flood had just
6 reached this area, some of my Board members thought I was
7 crazy. They said, "Now's the time to merge with Northeast
8 Missouri."

9 I said, "Well, if they need the help." And we've
10 been able to coordinate a lot of their volunteer services
11 with the Missouri Bar.

12 And this area here was originally at Hannibal, and
13 that area was really deluged. And we've been able to help
14 them. And so it's made a big difference. We think it's
15 going to save a lot of money, because administratively you
16 really don't need that much administration.

17 But if you're a separate program, you need to
18 comply with all the regulations, all the rules, and just
19 staff redundancies, administrative redundancies we ought to
20 be able to eliminate. And so it was a very valuable
21 experience.

22 And we appreciate the encouragement from

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1 Ellen Smead, Charlie Moses. Chairman Wittgraf has always
2 been very encouraging in this cost-saving measure.

3 I thank you.

4 I just -- I wanted to -- I gave you the packet.
5 I'll submit our case on the briefs basically, but I wanted to
6 show -- the End Abuse book was published by the McDonnell
7 Douglas Corporation. We asked for 6,500, so they put an
8 extra zero there. We have now about five years' worth of
9 these things. We have 65,000. When they delivered them, I
10 didn't know what we were going to do with it.

11 Just real quickly -- this is a children and
12 homeless thing. Children that are homeless cannot go to
13 school often because they're not in the same school district.
14 And they have to get lose schools, skip school, lose a
15 semester, lose a year sometimes, and lose their educational
16 opportunities unless they have the knowledge -- the legal
17 knowledge about the McKinney Act. We publish that.

18 And this is a Missouri Bar -- you can't miss this.
19 The Missouri Bar Foundation and the Missouri Bar has printed
20 eight editions of 30,000 copies of the Senior Citizen
21 Handbook, which has the new advanced directors, living wills.
22 This is the state of the Cruzan, the Cruzan state. And the

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1 Missouri Bar was extremely active to sponsor the bill that
2 allowed for people -- senior citizens to have dignity in
3 their final days. And we gave this out to people.

4 That's it for me. And I want to thank you again.
5 I appreciate your coming to Missouri and hearing the great
6 program of Kansas City and hearing from the rest of us in the
7 Missouri Bar. Thank you.

8 CHAIRMAN WITTGRAF: Thank you both.

9 Let me ask a general question, one that we've asked
10 many of your counterparts around the country. If you had a
11 significant increase in funding -- and maybe soon you will
12 have a pretty good increase in funding -- what are the
13 greatest needs? What would you first be using or mostly be
14 using such an increase for?

15 MR. HALLIBURTON: Well, I think I would have to
16 look very closely at salaries at this point, since we have
17 just been through a year of average 2 percent increases.
18 We're falling behind inflation at this point. Our starting
19 salaries are falling behind even some other legal services
20 programs. So as far as our program is concerned, I would
21 have to certainly look at that.

22 We have also planned and are now in the process of

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1 cutting back staff in one of our offices. And I would
2 probably look at, at some point, trying to restore that staff
3 or those services.

4 And beyond -- I can't think beyond that at this
5 point. I mean, I don't believe that realistically there will
6 be enough additional money for us, given the -- given the
7 poverty population and the formula to go much beyond that, at
8 least in '94. But --

9 CHAIRMAN WITTGRAF: But your first concern would be
10 with trying to get your salaries competitive?

11 MR. HALLIBURTON: Yes.

12 CHAIRMAN WITTGRAF: To hopefully be able to recruit
13 and retain some staff.

14 Mr. Teitelman?

15 MR. TEITELMAN: That would be our first concern,
16 also, because we're still -- although we're still low
17 compared to the Attorney General's Office, the Prosecuting
18 Attorney's Office, it's extremely hard to recruit minorities
19 into legal services, and they're critically important to the
20 service delivery and to our clients. And we need to do that
21 with the first funds we would get.

22 And then we need to really expand our focus from

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1 minimum access to full access and to use, as much as we can,
2 legal services funds, work with the fund-raising project and
3 other groups to try to expand the funds.

4 We were so woefully behind. We're even with where
5 we were in 1980, and we need to strive and set challenges and
6 goals that will meet full access for our clients and not
7 minimum access. But first we've got to get the minimum
8 access.

9 Thank you.

10 CHAIRMAN WITTGRAF: Well, let me turn -- thank you
11 both.

12 Let me turn to the members of the Board, if any of
13 them have any questions of comments.

14 Mr. Hall?

15 MR. HALL: No.

16 CHAIRMAN WITTGRAF: Ms. Love?

17 MS. LOVE: No. Thank you.

18 CHAIRMAN WITTGRAF: Mr. Shumway?

19 MR. SHUMWAY: No.

20 CHAIRMAN WITTGRAF: Ms. Wolbeck?

21 MS. WOLBECK: No.

22 CHAIRMAN WITTGRAF: Mr. Eakeley or Mr. Smegal, any

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1 questions or comments you might have for any of these
2 gentlemen, Mr. Tucker or Mr. Halliburton or Mr. Teitelman?

3 MR. EAKELEY: No.

4 MR. SMEGAL: No. We enjoyed very much your
5 presentation. Thank you.

6 CHAIRMAN WITTGRAF: I don't know what to think
7 about Mr. Teitelman. He's going to have a hometown
8 representative on the Board of Directors in the future; is
9 that right?

10 MR. TEITELMAN: That's right. Well, I would say --
11 if I had the time, I would say -- I'm sure I don't have the
12 time to say it -- that any success, any service we give in
13 St. Louis we give with the great appreciation of the efforts
14 and commitment of Bill McCalpin. Bill McCalpin has been the
15 father of the program, the inspiration behind everything we
16 do. And we dedicate the program to him.

17 CHAIRMAN WITTGRAF: Well, I assume, to --

18 MR. TEITELMAN: And if I had time to do that --

19 CHAIRMAN WITTGRAF: -- to avoid the appearance of
20 any conflict of interest between Mr. McCalpin, as a Board
21 member, and your program, that you'll necessarily be getting
22 smaller increases in funding than most other programs in the

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1 future.

2 (Laughter)

3 MR. TEITELMAN: And knowing Bill, he'd be very --
4 very understanding of that. He --

5 CHAIRMAN WITTGRAF: That's why we have an inspector
6 general, you know, to make sure that nothing improper
7 happens. And I'm sure Bill will go out of his way to be very
8 proper.

9 No, I -- Bill has been at the last three of these
10 conferences we've had. He's in Alaska, I believe, right now
11 and not able to join us. And it's our loss that he's not
12 here. But that's nice, to have a hometown member of the
13 Board.

14 Thank you all. We appreciate your having taken the
15 time on a Saturday morning to be with us.

16 At this time, we'll turn to agenda item 4.

17 Any comments or reports by the Chairman or by
18 members of the Board?

19 (No response.)

20 CHAIRMAN'S AND MEMBERS' REPORTS

21 CHAIRMAN WITTGRAF: I'll just make one comment, and
22 that is for myself and I think for all of the members of the

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1 Board, to the extent that we enjoyed any success at our
2 conference yesterday, that success owes largely to our staff,
3 to President O'Hara, and particularly to the Corporation
4 secretary, Ms. Batie, as well as to Rubin McCollum and
5 Tryphenia Dickens. And were it not for Pat and Ruby and
6 Tryphenia, we wouldn't be able to have things come together
7 and go so smoothly as they did.

8 And without their help, it just wouldn't be
9 possible, and that's been true these last three years in
10 particular, when they've been involved in the conferences.
11 And for myself and for the Board, I thank them all and thank
12 President O'Hara.

13 I think yesterday was a worthwhile day, and they
14 deserve most of the credit for that.

15 I don't have anything else I want to touch on right
16 now.

17 Mr. Hall?

18 MR. HALL: No.

19 CHAIRMAN WITTGRAF: Ms. Love?

20 MS. LOVE: No.

21 CHAIRMAN WITTGRAF: Mr. Shumway?

22 MR. SHUMWAY: No.

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1 CHAIRMAN WITTGRAF: Ms. Wolbeck?

2 MS. WOLBECK: No.

3 CHAIRMAN WITTGRAF: To help meet the schedule of
4 some of the people who are present, we're going to jump ahead
5 to agenda item 12, the so-called President's Report. And for
6 that purpose, I'll recognize President O'Hara.

7 PRESIDENT'S REPORT, JOHN P. O'HARA

8 MR. O'HARA: Thank you, Mr. Chairman. And I
9 appreciate the change in schedule to accommodate me.

10 I would like to ask Mr. Teitelman to come back to
11 the table. And the reason I am asking Rick to come back is
12 he has to leave in about 15 minutes to go to St. Louis for
13 the other meeting that he's jumping back and forth between.

14 In the two years that I've been president of the
15 Corporation, I've had the pleasure of working with a number
16 of executive directors. And I think the number is now
17 approaching over 200 that I have met and talked to and
18 conversed with. And I've visited close to 100 programs now
19 and talked to staffs.

20 One of the things that has been the most visible
21 part of the Corporation is what I want to talk about for just
22 a few minutes before Rick leaves. And that is our monitoring

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1 operation. That is the part of the Corporation that all of
2 our programs experience at one time or another.

3 In the last two years, we've tried to make a lot of
4 changes in how monitoring is done. We've continued to
5 implement things that have been suggested for use by the
6 programs. I have been very receptive to all of those things.

7 Very recently, we put out some proposed monitoring
8 standards. Now, these were not created in a vacuum. They
9 were not created internally. We sought input from all of the
10 people in the field as we went around. And we've asked for
11 comment from the field.

12 And the reason I've asked Mr. Teitelman to stay is
13 that he is one of the -- not few, but we've received a number
14 of comments from the field programs regarding our proposed
15 monitoring standards. And I don't like to put Mr. Teitelman
16 on the spot, but he had made several comments to me regarding
17 the proposed monitoring standards.

18 So this is not a prepared statement that I'm asking
19 you to make.

20 Rick, would you just tell us what you feel about
21 what we're proposing to do in the way of our monitoring
22 standards?

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1 And you can call it as you see it. You know how I
2 am.

3 PRESENTATION BY RICHARD TEITELMAN,

4 LEGAL SERVICES OF EASTERN MISSOURI

5 MR. TEITELMAN: Well, my experience with monitoring
6 has been, in recent years -- I can't speak for 12 years,
7 but -- or 15 years for that matter. But it has been very
8 positive. I've -- my contact has been with Susan Sparks,
9 Emilia DiSanto, and others who I have found very principled,
10 very committed to doing the job of the Legal Services
11 Corporation and its monitoring mission well.

12 I think they have proposed rules, guidelines I
13 certainly can live with, but I'm sure there'll be a lot more
14 consideration given by people who have really studied the
15 area, like Linda Pearl, and especially Bucky Askew, who had
16 an intimate knowledge of monitoring when he was at the NOIDA.
17 I know that the product will be the result of good will,
18 commitment from all parties.

19 And I'm confident that the people of the Legal
20 Services Corporation staff would -- will work extremely well
21 with those folks, and we'll have the best product to follow
22 up in the commission of the Legal Services Corporation and

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1 the duty they have to ensure the sound expenditure of the
2 funds, the best interests of our clients.

3 MR. O'HARA: Thank you, Mr. Teitelman.

4 And I would invite any of the other executive
5 directors who are here -- I don't recall receiving any
6 comments from any of those present. But if you've had the
7 opportunity to read them and look them over, I would welcome
8 your comments at this time.

9 Anybody who would like to comment?

10 Lorenzo?

11 PRESENTATION OF DAN TUSCHERER,

12 LEGAL SERVICES OF NE WISCONSIN

13 MR. TUSCHERER: My name is Dan Tuscherer --

14 MR. O'HARA: Oh, I'm sorry.

15 MR. TUSCHERER: -- executive director of Legal
16 Services of Northeastern Wisconsin.

17 I did forward some written comments to you recently
18 in regard to the standards.

19 My principal concern with the standards, as they
20 have been developed, is that in the introduction, as to the
21 purpose of the standards, you speak to ensuring the quality
22 of the legal work. Yet the standards don't address those.

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1 The standards -- the monitoring standards, as I read them,
2 continue to look at the compliance issues.

3 I think that a comprehensive set of standards needs
4 to address quality of legal work. If the Legal Services
5 Corporation is going to have the credibility in the legal
6 community to say that our programs are producing the finest
7 legal work possible, which has to be the goal, they need to
8 address the quality. And until that happens, I see the
9 standards as being incomplete.

10 In the monitoring visits that I've had, it has been
11 my greatest disappointment that the talents of the
12 individuals who have come to my program have not been
13 employed in helping me improve my program. They have been
14 employed in ensuring that I complied with all of the
15 technical requirements or the regulations, the grant
16 assurances, the audit guidelines. And we have systems in
17 place to do that. That's not a problem for our program.

18 But there have been tremendous talents. These
19 people have seen programs all across the county. They've
20 seen programs that do things better than we do, worse than we
21 do. That has not been something that has been shared with
22 us.

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1 And there has been a lot of money spent, a lot of
2 talent spent in addressing our program, coming and looking at
3 it, but they haven't shared that. And that's the greatest
4 disappointment, and I think that's the need.

5 MR. O'HARA: Yes, that's -- those are good points.

6 May I ask you a question? When were you last
7 monitored?

8 MR. TUSCHERER: About two years ago.

9 MR. O'HARA: Okay. So maybe some of the things
10 that we're doing now have not impacted -- that you've not had
11 the experience. As a matter of fact, we have gone out of our
12 way -- I have sent teams back to programs two and three times
13 within a year to help them get things to the -- we learned
14 things in certain programs. And we have taken those things,
15 and we have made it available to our monitoring staff as best
16 we can.

17 And we send the individuals with that experience
18 back to the program, so that if you're monitoring team goes
19 in the next time, it may not be four or five people, as you
20 had two years ago. It may be only two people. They may only
21 be there for three days, instead of five days. Or they may
22 be there for two days. But we are sending monitors back to

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1 programs where we have detected that they need some help.

2 I think more than anybody, having been in the
3 catbird seat, so to speak, for many years, I know that I
4 always needed help, and I always liked somebody looking over
5 my shoulder. And that's what I'm asking you for right now.
6 And those are the kind of comments we like.

7 But we are sending people back to programs, and we
8 are giving them the kind of help that you're talking about.
9 And I think that if you talked to some of the executive
10 directors who've been monitored within the last 18 months to
11 two years, you'll find that that is what we are doing.

12 MR. TUSCHERER: I'm very encouraged by the Peer
13 Review Project and the standards that are coming from that.
14 And I think that participation of project directors in the
15 monitoring, so that they have the opportunity to go out and
16 see other programs and they have the assurance that the
17 monitors that come to visit their programs are going to
18 include the voice of at least one individual who is in there
19 received and deals with those problems would do a lot to
20 improve the process. I really encourage you to include that
21 as part of monitoring.

22 MR. O'HARA: Well, this whole process -- I think

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1 you have this Board to thank for that. They gave me a free
2 hand, and I made the decision to set up the Advisory
3 Committee. I made the decision to bring in all these people
4 from these different areas and get them together in a group.

5 And I selected the peer reviewers, and I think that
6 for the most part they're doing a terrific job. And I think
7 they're learning and you're learning, and I think that's what
8 this is all about.

9 If we're going to serve clients, we've got to do it
10 in the most efficient and the best way possible, because the
11 dollars just aren't out there, and we've got to make every
12 dollar count.

13 MR. TUSCHERER: We, in the field, agree with that
14 completely.

15 CHAIRMAN WITTGRAF: One of the tough questions is
16 whether monitoring and mentoring can go together or not,
17 whether or not compliance and assistance can go together as
18 part of the same process.

19 And hopefully one of the things we're going to
20 learn, as was said in the panel discussion yesterday
21 afternoon from that so-called comparative demonstration
22 project, is what the performance standards might be which go

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1 beyond the monitoring standards and get to the qualitative or
2 performance standards.

3 And whether or not it's possible to review
4 compliance and performance at the same time or whether
5 inevitably they have to be separate processes, they're
6 expensive.

7 Just as was said yesterday on behalf of one Board,
8 that it said, "Why do these people keep coming out here?
9 Wouldn't it better to spend the money for the delivery of
10 services, rather than for all of this reviewing?"

11 And one of the tough issue perhaps -- internally,
12 the toughest issue for the new Board is whether or not they
13 can marry compliance and performance review into one process
14 or whether they have to continue to be different processes.

15 And Jack has tried to back off some on the
16 compliance part. If you don't need a lot of compliance
17 checking, then it is a waste of time and money. Or if you
18 need a lot of compliance assistance, then, as he said, more
19 has been given.

20 But hopefully you all will continue to be candid,
21 not just with us but more particularly with our successors,
22 about the compliance reviews as well as the performance

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1 reviews. And that's a big challenge, to try to get those two
2 together if possible -- if we can't get them together, then
3 to try to do both of them.

4 And I hope that we're going to learn a lot from the
5 comparative demonstration projects, even though I realize
6 many people viewed that somewhat skeptically as we got into
7 that. It sounded yesterday as if maybe we were going to
8 learn some things that will help with this process.

9 MR. TEITELMAN: If I may just interject a couple of
10 more comments, I would strongly support that viewpoint. I
11 was there in the late '70s and early '80s, the political good
12 times, when there was a lot of subjectivity.

13 When you get in -- I would prefer the compliance
14 review being separate from a peer review, because the peer
15 review on quality of work is, by its nature, subjective. And
16 I think that the kind of statements yesterday in which people
17 said that the staff was open, willing to talk, willing to
18 think about and talk to the peer reviewers very candidly
19 comes out of a process not based on their grants.

20 I have -- in my program, I do a coaching session
21 and evaluation. It's not based on their money. I evaluate
22 them separately for the other issues, but we do not -- we go

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1 through case reviews and other issues with a very candid
2 discussion of how the cases are handled and how things are
3 going, what's going on. And it's a frankness that can be
4 generated from that which is not based on the money.

5 And no matter what we do, if you send lawyers out
6 who have different experience levels or different -- the
7 quality of their work cannot be evaluated in any way but
8 subjectively.

9 And I think the coaching and mentoring is a
10 separate process from the monitoring. I think monitoring and
11 compliance -- it should be separate from the other.

12 And I had my 2 cents, so I have this microphone --

13 CHAIRMAN WITTGRAF: And they may not be able to be
14 married. They may have to remain separate. And it may be
15 that the balance needs to move more in the direction of the
16 performance reviewing and the peer reviewing, and perhaps
17 less away from the compliance-type monitoring.

18 And that's a judgment that the Board has to make
19 with the staff and, in part, with the Congress, so that we
20 continue to leave the Congress with some level of comfort
21 that the money is being expended well and in no way wasted.

22 Do you have anything?

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1 MR. TUSCHERER: We all recognize that we are
2 stewards of federal funds and that there is a certain amount
3 of compliance and reporting that is required. And no one in
4 the field has objections to a reasonable amount of reporting
5 and ensuring compliance.

6 However, with the resources that have been expended
7 in the past, I feel that we should be getting something more
8 than simply the checkmarks in the columns. That way we're
9 doing okay.

10 CHAIRMAN WITTGRAF: We -- let me play the devil's
11 advocate for just a moment. I think when Dick Halliburton
12 was talking a few minutes ago about the impact of cases that
13 he had had, the class action cases during this past year --
14 because so many of you were so successful, particularly in
15 going after entities of the federal government, state
16 governments, city and county, other local governmental
17 entities, that means that you're taking on big targets, tough
18 targets -- you're necessarily involved in a lot of
19 controversy.

20 And to the extent that different programs are
21 involved in impact cases, that allows for great success, it
22 allows for a lot greater level of controversy. And if the

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1 oxen of local governmental officials, state governmental
2 officials are being gored, they're going to go to their
3 members of Congress.

4 And it just seems to me -- maybe it shouldn't be
5 this way, but for better or worse, these kinds of activities,
6 of all the different kinds of activities funded by the
7 federal government, are often going to come under much
8 greater scrutiny than the activities of lots of other parts
9 of the federal government or almost all other parts of the
10 federal government.

11 So that we unfortunately have an obligation of
12 being squeaky clean, squeaky efficient, squeaky economical,
13 whatever it is. And while it may not always appear that it's
14 the best use of some of the monies, I think we have a greater
15 burden -- "we" meaning all of us together, the Board, the
16 management, the grant recipients in the field, have a greater
17 burden than an awful lot of other people who get federal
18 monies for that reason, because of the nature of this being
19 such, necessarily controversial, and in part because you're
20 all so successful most of the time.

21 That means that somebody isn't going to comment to
22 a member of Congress, "Gee, they sued our country," or "They

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1 sued our state. They really did well." They're only going
2 to comment when they're really unhappy.

3 And I would say to you the successes of CRLA and
4 others are what led to the tough 1980s. There was a governor
5 in California in the 1960s and his chief of staff who went on
6 to the White House. And because CRLA and others had been so
7 successful, there was a little payback -- or an effort at
8 payback -- a failed effort, I guess, at payback. And that's
9 the best example I can give you of the nature of this
10 process.

11 And because it is that way, we have to go out of
12 our way to be squeaky clean. And I think we all have to
13 forebear somewhat in light of that. It may be politically
14 necessary, even if you have a hard time seeing it as
15 substantively necessary. I don't mean to pick on you, but I
16 think that's an ongoing reality, and it's one we have to live
17 with.

18 Jack, you were going to say something.

19 MR. O'HARA: I just had a couple of comments.
20 Number one, the mere fact that the teams have been out there,
21 that they've been trained and we've had some very good people
22 involved in the training, they bring a lot of years of

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1 experience to the training. The mere fact that the first
2 phase is nearing completion does not mean that it may not
3 change by the time they go back and do their 18-month review.

4 I have asked Clint Lyons for a day or several hours
5 at their annual meeting in Albuquerque, at which time I would
6 hope to meet with the program directors whose programs have
7 been part of the competition, because I think we can learn
8 from them. They have been the people who have been visited
9 by the peer reviewers.

10 I intend to meet with all of the peer reviewers
11 after they've completed their first go-around. I have not
12 been involved in any of the process up to now, because, as
13 George indicates, I wanted to squeaky clean.

14 I didn't want my influence, my thinking to
15 influence what they were doing. I wanted them to go in and
16 do what the Advisory Committee came up with and what the
17 trainers would do.

18 We selected the trainers from outside the
19 Corporation. We didn't want the Corporation to have a heavy
20 influence on what was going to be done, so we brought in the
21 Training Center from Los Angeles.

22 These are all part of a long-range plan. These

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1 things do not happen overnight. We have to satisfy the
2 requirements of Congress. And what I'm doing is I'm reaching
3 back into my portfolio of experience.

4 And one of -- the most experience I've had in this
5 is dealing with the Federal Aviation Administration, where I
6 had responsibility for oversight of that particular agency
7 for a number years. The FAA is in a very difficult position.
8 On the one hand, they have to promote aviation. On the other
9 hand, they have to promote aviation safety.

10 And I have to tell you, I spent sleepless nights
11 coming up with solutions to some of the problems that I could
12 see as I was looking at both sides of that, and I'm facing
13 and looking at this the same way. And I hope, for however
14 long I'm here, we keep talking about sitting ducks and
15 walking ducks.

16 CHAIRMAN WITTGRAF: Dead ducks.

17 MR. O'HARA: And having been shot at, sometimes not
18 too well off in the end. I understand that.

19 And I'm going to do what I think is right for the
20 clients, because if we don't serve clients, we don't have any
21 business being here. And I've said that before, and I'll
22 continue to say that.

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1 And I appreciate those comments, and they will be
2 listened to.

3 MR. TUSCHERER: Thank you for the opportunity.

4 CHAIRMAN WITTGRAF: It's an ongoing dialogue.
5 Hopefully we understand the different perspectives.

6 Jack, go ahead.

7 MR. O'HARA: No, that concludes -- I just
8 appreciate the two gentlemen coming up and making their
9 remarks.

10 And as the others who are here have an opportunity
11 to read those standards, we welcome them. And we will
12 probably have a number of sessions with executive directors
13 before we finalize them.

14 I think that's the attitude of the Corporation, is
15 we're going to be open, we're going to work with you, we have
16 a responsibility to respond to the Congress, to the clients,
17 and to the Board of Directors. And we're going to do all
18 three as best we can.

19 MR. TEITELMAN: Thank you for just being such a
20 good public listener. Thank you.

21 CHAIRMAN WITTGRAF: Why don't we go ahead and
22 complete the president's report before we go back to the

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1 other agenda items.

2 PRESIDENT'S REPORT, JOHN P. O'HARA

3 MR. O'HARA: Thank you, Mr. Chairman. My report
4 actually is going to be fairly brief today. We have
5 completed another phase of the reorganization of the
6 Corporation internally, and we're consolidating some sections
7 of the Office of the Comptroller, which is the Office of
8 Financial Assistance and the Office of Human Resources, into
9 a new division, which is the Office of Administration and
10 Human Resources.

11 Ken Boehm has done yeoman work in helping us get
12 that organized, and he is now the acting director of that
13 office until such time as we obtain somebody for that
14 position.

15 Ken also is counsel to the Board and remains in
16 that position and is my special assistant. And I don't know
17 where he finds the time to do all of the things that he does
18 for us, but he's certainly a good right arm.

19 Our refunding application was in the mail as of
20 last Thursday and Friday, a week ago. It's substantially
21 reduced from what it was even a year ago. And much more of
22 it is in the nature of software. It's going to be easier to

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1 do. Some of the executive directors here may have already
2 received it and have gotten a view as to where we're going
3 with that.

4 We've talked about the supplemental grant that we
5 were able to obtain for the flood states. It was \$300,000.
6 And again, as I mentioned to the committee the other day,
7 Rick Teitelman was on the phone with us from the very first
8 day.

9 And actually, the information he provided to us was
10 the reason we were able to get to the Congress so quickly
11 with what was happening out there and get a good handle on
12 the kind of money that we needed. As I understand it, there
13 was no dissent from anybody about the money and how it was
14 going to be used.

15 There is a possibility we may have a supplemental
16 opportunity this month to go for additional money, and we'll
17 be following that very closely.

18 We have now gotten out the edition of "Inside Legal
19 Services," which we had started as a quarterly newsletter to
20 the field. We have changed it to a semi-annual because of
21 our financial situation within the Corporation. It is
22 produced entirely in-house.

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1 Costs are kept to a minimum, and I regret that we
2 can't do it more often, but we are including in that
3 newsletter articles of interest to the field. And certain
4 things that have been brought up here today and in the
5 committee meeting the other day will be included in the next
6 edition.

7 The Veterans Project is winding down. The teams
8 have been out doing their review of the programs that have
9 been involved in this, and we will be getting a report to the
10 court on that fairly soon.

11 We have furnished -- a model client retainer
12 agreement has been provided to the Legal Services Programs,
13 and we'll be -- or I expect we'll be hearing back on that.

14 I think that that is the sum and substance of my
15 President's Report to the Board for this month.

16 CHAIRMAN WITTGRAF: Do you want to take a moment or
17 have Ken to take a moment to review where we are on the
18 appropriations and reauthorization?

19 MR. O'HARA: Yes.

20 Ken.

21

22

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1 PRESENTATION BY KEN BOEHM,

2 ASSISTANT TO THE PRESIDENT AND COUNSEL TO THE BOARD

3 MR. BOEHM: Yes, I'll be brief. A lot of this has
4 been coming for a while, and you're familiar with it. But
5 quite a few important things are going to be happening with
6 respect to legal services within the next two weeks.

7 With respect to appropriations, we have two
8 different numbers really we're working with. The House
9 supported \$400 million. And then as Jack had mentioned
10 previously, as per the Holman Rule in the House, because
11 we're unauthorized, that was stuck, but that reflects the
12 thinking in the House. And that would be a good
13 approximately 12 percent increase.

14 Over at the Senate, unfortunately they voted on a
15 figure of \$349 million, which is an \$8 million cut over the
16 current year, or a 2 percent cut. The conferees for the
17 Senate have already been appointed. It's largely the
18 Subcommittee on Appropriations.

19 The House conferees will be appointed shortly.
20 The expectations are within the next two weeks there will be
21 a Conference Committee to resolve where the dollar figures
22 are. And while there's some case to be made to be cautiously

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1 optimistic towards the \$400 million, we will not know for
2 sure until they actually meet and we get the number.

3 As Jack has already mentioned, the emergency
4 supplemental of \$300,000 has gone through. It went through
5 in the form that the Corporation drafted, along with the help
6 of Congressman Neal Smith's staff.

7 Initially, that was not supported on the Senate
8 side. We did get it on the House side, and we did get it in
9 conference. And hopefully the prevailing views of the House
10 in the Appropriations conference that we saw just a few weeks
11 back on that will also occur on our overall appropriation.

12 There is a prospect of a second supplemental. The
13 administration has agreed to such. A lot of the damage done
14 by the flood is not damage that happens immediately but is
15 secondary, as industries, for example, have been knocked out.
16 And there is a lot of expenditure to be made to bring the
17 district back up -- the area back up. And we will go in for
18 that.

19 As I say, President O'Hara was the one immediately,
20 on the first day of the flood, who had come up with the
21 figure. And then we upped it, and we were able to get it.

22 CHAIRMAN WITTGRAF: If a second supplemental

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1 appropriation moves forward, do we have a figure in mind for
2 the Corporation for flood-related -- additional flood-related
3 assistance?

4 MR. O'HARA: Yes, I think that, in trying to
5 eliminate a lot of time, maybe I should explain that we
6 received a number of applications for assistance from the
7 flooded areas. The total amount requested was \$645,000. We
8 funded \$298,000.

9 And as I explained to the committee on Thursday,
10 the way we did that was we looked at the programs and their
11 carryover funds, and we have asked them to supplement what we
12 were able to give them from our emergency grant with some of
13 their carryover funds. So they're dipping into their
14 reserves, so to speak, to make up the balance of their
15 request.

16 For instance, Eastern Missouri and Central Missouri
17 I think submitted a combined application. Their total
18 request was for \$200,000. We could not give them \$200,000,
19 because we had so many requests. We funded them for \$70,000.
20 But each of those two programs had a balance, a carryover
21 balance that they are able to reach into.

22 But the fact is, as Ken just pointed out, from

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1 experience, we know that most of the demands for civil legal
2 services are going to come as we go down road six months,
3 when people get back -- or three months, when people get back
4 in their homes and there are all kinds of difficulties that
5 arise, emotional and otherwise. And this is where the
6 attorneys' help is going to come in. Our money is not used
7 primarily for damage to property or stuff like that.

8 CHAIRMAN WITTGRAF: But the immediate shortfall, if
9 I'm following you, would be some \$345 million?

10 MR. O'HARA: Exactly. That was as of two or three
11 weeks ago. And I think the executive directors are going to
12 be getting back into me with supplemental requests as they
13 find out what the real need is. These were based on what
14 they knew at that time. I think as we go down, we'll find
15 that they're going to need more money.

16 And we also had the situation in Virginia where we
17 had a tornado hit Petersburg. They were counting on being
18 declared a disaster area. They were not, so they're not
19 eligible for disaster aid, and I expect that we'll be getting
20 some help for them. We have a black community outside of
21 Petersburg which was virtually wiped out, and we're waiting
22 for the requests to come in from them.

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1 CHAIRMAN WITTGRAF: Yes.

2 MR. BOEHM: And if I could just reiterate something
3 -- I'm not sure if Rick is still here or not, but the
4 information he provided we got to the full Appropriations
5 Committee prior to their vote. And there were some questions
6 on the House side.

7 It went smoothly in the final analysis, but we were
8 able to show them what happens with legal services programs
9 in emergencies based on what had happened with Hurricane
10 Andrew, based on the proposals that Rick Teitelman had
11 presented and others. And so we were successful in the
12 House, and that carried over to the conference.

13 MR. O'HARA: And we were able to -- one other thing
14 we did, in view of the fact that we had experience with some
15 of the disasters in the other states, we were able to bring
16 in people from Florida and California and South Carolina.

17 In the Corporation, we found enough money to pay
18 their transportation and get them to Cedar Rapids when we
19 brought in people from the different programs and trained
20 them, gave them firsthand exposure to attorneys who had dealt
21 with these disasters in the other areas. And so the
22 Corporation spent -- I think \$10,000 or so we were able to

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1 give them for that. You know, we ran a two-day training
2 session.

3 MR. BOEHM: Exactly. And I think there is an
4 appreciation now among the appropriators in Congress of what
5 we can do. But I should say that it wasn't automatic. We
6 were not invited to present to proposal for funding. We had
7 to invite ourselves.

8 And that was President O'Hara who initiated it, and
9 we got some good help from the field and from others and were
10 able to get the figure and the exact language that we had
11 drafted. So we did prevail on that and hopefully will on the
12 second round as well.

13 CHAIRMAN WITTGRAF: Speaking of invitations, do you
14 want to talk about the reauthorization legislation?

15 MR. BOEHM: Yes. The reauthorization hearing is
16 scheduled for Wednesday, September 22nd. Chairman Wittgraf
17 and Commissioner Norman Shumway are invited guests. I
18 understand there will be about eight witnesses.

19 While they haven't scheduled an exact time, it's
20 expected to be in the morning of that date. And the
21 commentary is on the proposed legislation.

22 The proposed legislation is largely the legislation

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1 as it passed the house, which was the Frank bill, which was
2 H.R. 2039, with three amendments on the floor of the House.
3 So that's a starting point for this committee.

4 There will be testimony, we understand, from the
5 administration. Mr. Webster Hubbell will be testifying that
6 day. And it will be this particular subcommittee's really
7 first hearing on this.

8 There may be more; there may not, because it's
9 largely based on what passed the House last time. It's
10 expected that that would be the starting point. And that is
11 on Wednesday, the 22nd.

12 The other major event that's happening -- we could
13 actually have three major things in one week -- our
14 Conference Committee reauthorization and confirmation. The
15 other major event coming up is that the Senate Committee and
16 Labor and Human Resources will be convening a hearing on
17 Friday, September 24th. It will be a confirmation hearing
18 for the nominees for the new Board.

19 The original presidential message named all 11,
20 although 9 are formally nominees, and it's expected that the
21 other two would be shortly.

22 And the procedure following that would be for that

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1 committee then to vote on recommendation to the full Senate,
2 that there be a full Senate vote, and then subsequent to that
3 they would be sworn in as the new directors of Legal Services
4 Corporation.

5 So we could actually have, as I say, three major
6 legislative events in the course of a week or so.

7 And that concludes the report, but I'm open for
8 questions.

9 CHAIRMAN WITTGRAF: Any questions or comments for
10 Mr. Boehm?

11 (No response.)

12 CHAIRMAN WITTGRAF: Thank you, Ken.

13 Mr. O'Hara.

14 MR. O'HARA: Thank you, Mr. Chairman. One thing
15 that I neglected to mention is that when the nominees for the
16 new Board were named, we immediately put together a package
17 of information that we thought would be helpful to them, and
18 we have mailed it to them. And I have received some
19 acknowledgement that they have received it.

20 And just for the Board's information, we are
21 preparing additional information, and we are ready to assist
22 the nominees at any time prior to the time they go for their

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1 hearings as to what is going on in the Corporation. And
2 we're there to furnish them any information, any help they
3 need.

4 CHAIRMAN WITTGRAF: Let me ask Mr. Smegal, who is
5 not the least bit shy or retiring, and Mr. Eakeley as well,
6 is there anything that you haven't received thus far that you
7 think might be helpful?

8 MR. EAKELEY: No. I should say, as I said
9 yesterday afternoon, that the staff and the Board and the
10 administration all have been extremely thoughtful in
11 providing us and initiating the information exchange and
12 volunteering to help out any way possible. And the materials
13 we've gotten have been excellent.

14 CHAIRMAN WITTGRAF: How many bankers' boxes full so
15 far?

16 Smegal had to build what, an addition on his house
17 from his prior service on the Board. I think his compilation
18 of material is second only to Mr. Dana's.

19 You can guide Mr. Eakeley perhaps on how to retain
20 that, how to file it, how to organize it. And if you don't,
21 I know Mr. Dana has a system that he has shared with all of
22 us that he would be happy to share with Mr. Eakeley.

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1 MR. SMEGAL: Actually, George, I didn't build an
2 addition. I just park my car outside the garage now.

3 CHAIRMAN WITTGRAF: At this point, there is nothing
4 additional that you gentleman or your colleagues feel you
5 need?

6 MR. EAKELEY: No.

7 MR. SMEGAL: No.

8 CHAIRMAN WITTGRAF: Anything else from the
9 president?

10 MR. O'HARA: No, that concludes my --

11 CHAIRMAN WITTGRAF: Having come to this point on
12 the agenda, to be perhaps a little bit consistent, I'll turn
13 to the inspector general, General Quatrevaux, to see if, for
14 the purpose of this open session, there are some things he
15 would like to share with the Board.

16 Mr. Quatrevaux.

17 PRESENTATION OF EDOUARD QUATREVAUX,
18 INSPECTOR GENERAL

19 MR. QUATREVAUX: Thank you, Mr. Chairman.

20 I have two items. The first, as you know, the OIG
21 issued an audit report on software approximately a year ago.
22 And I'm pleased to report to you that the Corporation has

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1 indicated that they've removed 524 copies of unauthorized
2 software from the Corporation's computers.

3 The Corporation management also understands, as we
4 approach the end of the semi-annual reporting period, the
5 importance of being able to close this one out. So I'm
6 optimistic we'll get a report shortly.

7 CHAIRMAN WITTGRAF: Mr. O'Hara.

8 MR. O'HARA: Yes, thank you.

9 Mr. Quatrevaux, you will have the balance of the
10 comments, I'm sure, before the end of this week. We're
11 working on those things. We have a very good working
12 relationship, and things are moving back and forth.

13 CHAIRMAN WITTGRAF: Again, for the benefit of
14 Mr. Eakeley and Mr. Smegal, let me just review the
15 semi-annual report process so that they don't get visited
16 upon by the GAO or representatives of the House and Senate
17 oversight committees, government operations oversight
18 committees, any sooner than necessary.

19 The semi-annual report covers the period from
20 March 1st to September 30th, does it not?

21 MR. QUATREVAUX: April 1st -- March 31st.

22 CHAIRMAN WITTGRAF: Excuse me, March 31st.

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1 April 1st to September 30th, that six-month period, your
2 report will be presented to the Board, which is presently the
3 head of the entity, within 30 days, by the end of October?

4 MR. QUATREVAUX: That's correct, Mr. Chairman.

5 CHAIRMAN WITTGRAF: Okay. And then the burden is
6 on the Board, as the head of the Inspector General for this
7 purpose, to respond to your report within 30 days after that
8 or by the end of November?

9 MR. QUATREVAUX: That's correct, Mr. Chairman, and
10 forward both reports -- and forward both reports to the
11 Congress, to the appropriate committees.

12 CHAIRMAN WITTGRAF: And because our Board was
13 somewhat new to the ways of the IG Act, I think we were
14 criticized at one point by the GAO a couple of years ago or
15 by staff members of the government oversight committees of
16 the House or the Senate for having not promptly responded to
17 a semi-annual report from your predecessor?

18 MR. QUATREVAUX: That's correct, Mr. Chairman.

19 CHAIRMAN WITTGRAF: Do you have other comments you
20 wanted to make, Mr. Quatrevaux?

21 MR. QUATREVAUX: Just one other. We, as you know,
22 under the IG Act, have the responsibility to review and

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1 comment and make recommendations regarding proposed and
2 existing legislation.

3 We are preparing our comments on the
4 reauthorization bill. We hope to be -- we will be through
5 with that next week and have them in your hands for your
6 consideration. We'll also be providing them directly to the
7 subcommittee.

8 CHAIRMAN WITTGRAF: Is it my understanding that you
9 have received an invitation at your instance from the Ad Law
10 Subcommittee of the House Judiciary Committee to appear at
11 the hearing on the 22nd of September?

12 MR. QUATREVAUX: That was discussed. I have not
13 received an invitation, nor have I made a request to do so.
14 We simply just want to get our review and analysis on the
15 record. So the answer is I don't know.

16 CHAIRMAN WITTGRAF: Okay. Anything else?

17 MR. QUATREVAUX: No, that's all, Mr. Chairman.

18 CHAIRMAN WITTGRAF: Okay.

19 Any questions or comments for General Quatrevaux?

20 (No response.)

21 CHAIRMAN WITTGRAF: Thank you.

22 MR. QUATREVAUX: Thank you.

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1 CHAIRMAN WITTGRAF: We'll return then to agenda
2 item 5. For that purpose, I'll recognize Mr. Fortuno.

3 This is an item that will require Board action, as
4 I understand it. In anticipation of possible or likely Board
5 action, would you just review the matter for the Board,
6 Mr. Fortuno?

7 PRESENTATION BY VICTOR FORTUNO,
8 GENERAL COUNSEL

9 MR. FORTUNO: Yes. By way of background, several
10 years ago, the system for retirement of federal employees was
11 changed from the old Civil Service Retirement System to the
12 new Federal Employees Retirement System, with the acronym
13 FERS.

14 When the change occurred, the Corporation's
15 officers and employees were excluded from participation in
16 the system, so that any new employees of the Corporation
17 would be ineligible for participation in the retirement
18 system.

19 So the Corporation had to turn to a private
20 insurance company, in this case Mutual of America, for a
21 retirement plan. Mutual of America has provided a -- we've
22 worked with Mutual of America to provide a retirement plan

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1 for employees.

2 We had been paying administrative fees in the
3 amount of approximately \$100 a month. Earlier this year,
4 that situation changed, and their fees were increased to
5 approximately \$500 a month.

6 We engaged in some discussions with Mutual of
7 America. What they've done is they've waived those fees for
8 a period of time, resulting in a savings of approximately
9 \$5,000. Nevertheless, they were insisting that to continue
10 with the full-service plan that we had, we go ahead and pay
11 their fees, which would be costing the Corporation at the
12 current rate approximately \$6,000 a year.

13 In an effort to reduce that sum, what we did was
14 negotiated with them a revised service arrangement. The
15 revised service arrangement would provide all of the services
16 that we continue to need and would discontinue the services
17 that we no longer need, a provision of documents that we
18 already have, for example, and provision of copies of
19 documents that we're allowed to photocopy and distribute
20 ourselves.

21 With the change in the services arrangement from
22 the full-service plan to the modified-service plan -- and the

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1 Board has been provided copies with both the full-service
2 plan and the modified plan -- we would actually go from
3 having to pay \$500 a month, or approximately \$6,000 a year,
4 to not having to pay any administrative fees. And that would
5 result in a savings at this time of approximately \$6,000 a
6 year to the Corporation.

7 So the matter was brought to the Board's attention
8 for discussion by the Board and a decision as to whether or
9 not to go from the full-service plan to the modified plan.

10 CHAIRMAN WITTGRAF: Okay. You're relating back or
11 referring us back to your memorandum of August 19, I believe,
12 and then the draft resolution that accompanies your
13 memorandum?

14 MR. FORTUNO: That's correct. When we met with
15 representatives of Mutual of America and discussed
16 alternatives aimed at saving the Corporation some funds, they
17 offered, after some discussion, this alternative plan.

18 The alternative plan -- they asked -- if we chose
19 to elect that alternative, they asked for a Board resolution,
20 so allowing -- so if the Board were inclined to go that
21 route, it would require a resolution of the Board.

22 CHAIRMAN WITTGRAF: Is there any urgency or any

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1 significance to an action that can't be taken today that
2 might be taken in a few weeks?

3 MR. FORTUNO: No, I think no.

4 CHAIRMAN WITTGRAF: What's the timing here?

5 MR. FORTUNO: At this rate, it is costing us about
6 \$500 a month. And if we were to go with the modified plan,
7 the sooner we go with the plan, the more money we would save.

8 But as I said, at this point, the savings aren't
9 enormous. And with the savings amounting to approximately
10 \$500 a month, I really see no reason why it couldn't be put
11 off briefly.

12 CHAIRMAN WITTGRAF: Any reason not to proceed with
13 such a modification? Any disadvantages?

14 MR. FORTUNO: No. I've discussed it with the
15 Corporation's benefits administrator, and also the
16 Corporation, and I think the consensus -- actually, it's a
17 unanimous opinion -- is that we're -- we're not giving up
18 anything that we need in the way of services from Mutual of
19 America. And the savings are relatively significant. I
20 mean, \$6,000 at this point in our budget is nothing to scoff
21 at.

22 So we don't feel that we're giving up anything of

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1 any significance. And in return, we're going to see some
2 savings. So I think that the unanimous recommendation is to
3 proceed with adoption of a modified plan.

4 CHAIRMAN WITTGRAF: Okay. Any questions or
5 comments for Mr. Fortuno on this matter?

6 (No response.)

7 CHAIRMAN WITTGRAF: Thank you, Mr. Fortuno. We'll
8 act on that as soon as we have a quorum.

9 Let's turn to agenda item 6, the proposed revisions
10 to Part 1602 of 45 C.F.R. Again, I'll recognize Mr. Fortuno
11 in that regard. And I believe that we're now in effect
12 discussing the memorandum of August 25 that you sent to us?

13 MR. FORTUNO: That's right.

14 CHAIRMAN WITTGRAF: Mr. Fortuno.

15 PRESENTATION BY VICTOR FORTUNO,

16 GENERAL COUNSEL

17 MR. FORTUNO: What has happened is, with the
18 establishment of an OIG at the Legal Services Corporation,
19 several new issues arose.

20 Some time ago, while the establishment of that
21 office of the Corporation was still fairly recent, one of the
22 issues that arose was how to handle FOIA -- that is, Freedom

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1 of Information Act requests that were received by the
2 Corporation.

3 As you know, the Corporation is subject to the
4 Freedom of Information Act, and we do have a regulation that
5 implements that act for the Corporation. And that appears at
6 45 C.F.R. Part 1602.

7 The question that arose was, in the case of OIG
8 records, because of the independent investigative nature of
9 the OIG, whether it would be appropriate to possibly cut out
10 a wedge and give responsibility for those records to the OIG.
11 One of the initial questions to arise was: What exactly do
12 we mean by OIG records?

13 In the past, the Corporation has -- the Office of
14 the General Counsel has handled all FOIA requests. I think
15 the reason why that was done initially was the Board of
16 Directors, when it adopted 1602 to implement FOIA for the
17 regulation back in the '70s, felt that it was best to vest
18 responsibility for that function -- that is, a determination
19 as to whether or not to disclose certain records in response
20 to a request -- in the hands of an entity that would not have
21 line responsibility for the records.

22 That is, the people who create the records and

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1 maintain the records would not be the ones deciding whether
2 or not those records should be released. Instead, that would
3 be in the office within the Corporation that didn't have line
4 responsibility for the records and people with some legal
5 expertise -- that is, the Legal Department of the
6 Corporation.

7 The proposed revisions would continue that
8 arrangement, with the exception being that records that are
9 in the exclusive control of the Office of Inspector General,
10 rather than being provided to the General Counsel's Office --
11 as technically they would have to be now, and being reviewed
12 by the General Counsel's Office, and then a determination
13 being made as to whether to disclose -- that initial
14 determination would be made by the counsel to the Inspector
15 General.

16 And if there were an appeal in the normal course,
17 what would happen is the appeal would go to the president of
18 the Corporation. That is, if the General Counsel's Office
19 denied a request for information in the form of documents,
20 that denial could be appealed to the president.

21 In this case, the case of records in the exclusive
22 control of the inspector general, the revisions would call

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1 for the appeal to go not to the president of the Corporation
2 but to the inspector general, him or herself.

3 And what this does is it results in a situation
4 where documents that are within the exclusive control of the
5 OIG -- as I said before, an independent and investigative
6 organization -- would remain within their exclusive control
7 and not be shared with others outside of that office.

8 I think that that response to a concern on a part
9 of the OIG, that unless it's absolutely necessary those kinds
10 of records are best maintained within the OIG and the
11 decisions regarding those records are made by the OIG.

12 There would be some additional changes. Records
13 that originate with the OIG but that are not in the exclusive
14 possession of the OIG would continue to be reviewed by -- the
15 determination as to whether or not to disclose would be made
16 by the General Counsel's Office. But if we were to disclose
17 something, prior to disclosure, under the revisions, we would
18 have an obligation to consult with the Inspector General's
19 Office.

20 And likewise, if it was an OIG document that the
21 OIG had concluded would need to be disclosed before
22 disclosure, they would consult with the General Counsel's

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1 Office.

2 I think you all know that FOIA is a disclosure
3 reg -- it's a disclosure statute. And the presumption is
4 that the document requested is to be disclosed unless it
5 comes within a specific enumerated exception to that rule.

6 So we take it very seriously, and it is a fairly
7 time-consuming function. From our standpoint, we would still
8 be very involved in this. It would still be taking up a
9 great deal of our time.

10 But that narrow category of records of documents
11 exclusively within the control of the OIG would be dealt with
12 by the OIG.

13 CHAIRMAN WITTGRAF: Now, notice was published
14 regarding this regulation. And at least as of August 25, no
15 comment was received even though one request for an extension
16 of the comment period had been made?

17 MR. FORTUNO: That's correct. The notice appeared
18 in the Federal Register on July the 9, 1993, for public
19 comment. The 30-day period allotted for public comment ended
20 on August the 9th, 1993.

21 I did send a memo to the field and asked if there
22 was a need for an extension, to please let us know. And we'd

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1 certainly give that every consideration and expected we'd be
2 able to go ahead with an extension.

3 In fact, we received one request for an extension,
4 granted the extension. However, we never did receive any
5 response.

6 So, we have no formal public comment.

7 CHAIRMAN WITTGRAF: Now, correct me if I'm wrong.
8 But while you have indicated, and we have acted upon your
9 counsel, that we've had authority over the last couple of
10 years to eliminate pending regulations from their pendency,
11 we do not have the authority as an unconfirmed Board to adopt
12 this regulation at this time.

13 MR. FORTUNO: Actually you do. You can engage in
14 formal rulemaking. But any rulemaking that you -- that is,
15 the current sitting Board engages in cannot become effective
16 any sooner than October 2nd -- that is, the following fiscal
17 year.

18 In this case, in theory at least, if this -- if we
19 had a quorum here today and the Board was so inclined, it
20 could go ahead and adopt these revisions, the proposed
21 revisions, or any revisions that it chose to, based on the
22 notice that published for comment.

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1 And once that was -- and the staff could then be
2 instructed to publish that as final in the Federal Register.
3 That would then become effective 30 days from the date that
4 it appeared in the Federal Register.

5 The Appropriations Act also provides that if there
6 is a confirmed Board, then there's no need to delay the
7 effective date. So that this Board, in fact, could, if it
8 chose to and had a quorum here today, proceed with this --
9 with the proposed revisions, yes.

10 CHAIRMAN WITTGRAF: Okay. The only difference
11 being the additional publication requirement?

12 MR. FORTUNO: In both instances, the revisions
13 adopted by the Board would have to be published in the
14 Federal Register and could not become effective for at least
15 30 days from the date of publication.

16 The difference is that a nonconfirmed Board,
17 although it can engage in rulemaking, whatever rulemaking it
18 does engage in could not become effective any sooner than the
19 following fiscal year, October 2nd actually, under the
20 Appropriations Act.

21 Whereas a confirmed Board -- if this Board had been
22 confirmed and engaged in rulemaking some months back, it

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1 could have adopted revisions or new regulations that would
2 have gone into effect 30 days from date of publication.
3 Being nonconfirmed, you could not do that, and it would have
4 to wait till October 2nd.

5 CHAIRMAN WITTGRAF: So if, for example, there is a
6 confirmed Board sometime yet in calendar 1993, its action
7 upon this proposed regulation would make the regulation
8 effective sooner --

9 MR. FORTUNO: That's correct.

10 CHAIRMAN WITTGRAF: -- than would the action of
11 this unconfirmed Board sometime yet in 1993?

12 MR. FORTUNO: That's correct. But that's, of
13 course, based on the assumption that the Appropriations Act
14 that would govern then would contain the same provision that
15 the current Appropriations Act contains -- that is, the
16 provision that restricts your rulemaking authority, so that
17 whatever you do do, if you're not confirmed, doesn't become
18 effective till October 2nd.

19 I don't know if that was clear, but --

20 CHAIRMAN WITTGRAF: Oh, no. I think I understand
21 the point. And, of course, we don't know what the riders
22 will be, whether they'll be exactly the same or somewhat

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1 different on the appropriation that's now awaiting action by
2 the Senate-House Conference Committee.

3 So actually, even if we had a quorum, it probably
4 would be prudent not to act on this today. If our Board
5 meets again in approximately two or three weeks, we may know
6 more about what riders there are -- or at least pending.

7 It's likely that the Conference Committee will have
8 acted by then, and then we'll know whether it's better to let
9 a more readily effective action be taken by a confirmed Board
10 or whether or not to go ahead with action by this Board.

11 CHAIRMAN WITTGRAF: I think I understand.

12 Any questions or comments?

13 I'm going to turn to Mr. Quatrevaux in a moment in
14 case he or any members of his staff and his counsel would
15 like to comment.

16 First, Mr. Shumway.

17 MR. SHUMWAY: Victor, you mentioned this, but I
18 would just like to underscore the importance, as I see it, of
19 the consultation --

20 MR. FORTUNO: Yes.

21 MR. SHUMWAY: -- between the IG's office and the
22 president of the Corporation with reference to materials that

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1 are going to be released under FOIA. The proposed regulation
2 contains that requirement, I take it?

3 MR. FORTUNO: Yes, it does.

4 MR. SHUMWAY: Okay. So that --

5 MR. FORTUNO: The reason why -- there are several,
6 but the principal reason would be we've been -- we've
7 discussed this concept with the OIG.

8 The General Counsel's Office and the Office of the
9 Inspector General had been involved in discussions for quite
10 some time, a period of actually over a year. And we
11 discussed different aspects of the proposed changes.

12 And the consultation requirement was put in there
13 because there was a concern when -- there was thought given
14 to defining OIG records more broadly. After discussing it at
15 some length, we elected to not define it so broadly, but
16 define it very narrowly so that OIG records are those records
17 in the exclusive possession of the OIG.

18 The OIG still had some concerns about records that
19 are not within their exclusive control but that are generated
20 by the Office of Inspector General. And an example of that
21 would be travel expense reports.

22 There was a concern that in some instances if there

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1 was a FOIA request for travel expense documentation for
2 members of the OIG staff, that anyone reviewing, say, travel
3 expense reports might be able to piece together the work that
4 they were engaged in at that time, work which was still
5 ongoing and which was confidential and of a sensitive nature.

6 So that they were concerned that we in the General
7 Counsel's Office, not being privy to what they were doing,
8 might not be sensitive to what might possibly be disclosed by
9 disclosing travel expense reports.

10 So the consultation requirement is there for the
11 purpose of ensuring that if we review a request and the
12 documents that are responsive to the request and determine
13 that under the law we're obligated to disclose that, we,
14 before disclosing it, would go to the Office of Inspector
15 General and say, "We're familiar with the law. We know the
16 request. We've reviewed the documents. It appears to us,
17 based on the information available to us, that this
18 information is releasable and, in fact, we have an obligation
19 to release it."

20 If, in fact, there is something peculiar about
21 those documents which we should be made aware of which may
22 bring those documents within one of the enumerated exceptions

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1 providing for withholding of materials, then the IG's Office
2 could at that point bring that to our attention.

3 And if we're persuaded that that's right, it now
4 brings it within one of the exceptions, the material would be
5 withheld or redacted as appropriate. And that's the purpose
6 for the consultation requirement or at least the principal
7 purpose.

8 MR. SHUMWAY: And that process would work in both
9 directions?

10 MR. FORTUNO: Yes, it would. So that in the event
11 that for some reason there is a document which is exclusively
12 in the possession of the OIG and we receive a request and we
13 forward it to the OIG and the OIG reviews its files, locates
14 this document, determines that, in its judgment, this is a
15 document which they're obligated to produce, they would
16 contact us.

17 So if there is anything peculiar about the document
18 about which we're aware that we need to communicate to the
19 IG, we then have that opportunity to bring those facts to
20 their attention in the event that that impacts on their
21 judgment as to whether or not it's releasable.

22 MR. SHUMWAY: Thank you.

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1 CHAIRMAN WITTGRAF: Further questions or comments
2 for Mr. Fortuno?

3 (No response.)

4 CHAIRMAN WITTGRAF: Mr. Quatrevaux or --

5 MR. QUATREVAUX: No comment. It's a housekeeping
6 matter.

7 CHAIRMAN WITTGRAF: Thank you.

8 We'll have that on our next agenda. And depending
9 a little bit on what our status is and what the status of our
10 successors is and what the content of the Conference
11 Committee report is, I guess we'll act or not.

12 Let's -- as long as you're at the table here,
13 Mr. Fortuno, without objection, proceed to agenda item 11.

14 PRESENTATION BY VICTOR FORTUNO,

15 GENERAL COUNSEL

16 MR. FORTUNO: As was discussed yesterday -- or
17 actually I should say the day before, before the Audit and
18 Appropriations Committee, we have been looking at Mr. Uddo's
19 request, at an alternative source of funding.

20 Mr. Uddo was concerned with the drawing up of IOLTA
21 funds and the many demands on federal funds, that if we could
22 find and possibly tap into alternative sources of funding for

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1 legal services, that that would be a worthwhile endeavor.

2 He asked if I would look into the notion of having
3 statutes that provide for punitive damages revised, amended,
4 so as to provide that a portion of each punitive damage award
5 would be earmarked for legal assistance and that that money
6 would go to legal assistance -- to our grantees for the
7 provision of legal assistance to the indigent.

8 We did some work in that area. There are actually
9 a number of states that have adopted provisions to that
10 effect -- I believe nine in number.

11 There have been some challenges. In fact, there
12 was one case from the Florida Supreme Court where the
13 provision was upheld by the Florida Supreme Court, and there
14 was a petition for cert filed with the U.S. Supreme Court.
15 Unfortunately, the petition was denied, so we're not, at
16 least for the time being, going to be getting any guidance
17 from the U.S. Supreme Court. In any event, the notion
18 appears to be a viable one.

19 In addition, Mr. Boehm did some checking to see if
20 there was any empirical data to give us an idea as to just
21 how much money is available out there that we would be
22 tapping into. Although there is no definitive study, one

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1 thing that emerged, as I gather, from the reviews that he did
2 see, is that there is an enormous amount of money out there.

3 In responding to Mr. Uddo's request for some
4 guidance on whether this could be done and whether it was a
5 viable concept, we prepared a memo which runs through what we
6 found -- that is, the number of states that have such
7 provisions, just how they read, those that have been
8 challenged, what has happened to the challenges.

9 That memo, since it was provided to Mr. Uddo and to
10 the Board at the request of the Board, was considered
11 privileged. We have received one request from a member of
12 the public for that memorandum. And I communicated that
13 request to Mr. Uddo and the Board.

14 Mr. Uddo wanted simply to have some time to review
15 the memo, but felt comfortable that at this meeting the Board
16 would, as the collegial body, be able to pass on that
17 question. So the item was put on the agenda for the Board to
18 determine whether it wished to disclose the privilege in this
19 instance and produce that memo to the public.

20 CHAIRMAN WITTFRAF: Is it your sense that that
21 requires formal Board action or simply consensual Board
22 action?

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1 MR. FORTUNO: No, I think to be on the safe side,
2 it should be formal Board action. There isn't --

3 CHAIRMAN WITTGRAF: Can you think of any reason why
4 that memorandum would not be released?

5 MR. FORTUNO: No. Frankly, I think it -- it would
6 be a good idea to release it. And I'd be surprised of any
7 member of the Board were not inclined to agree with that.

8 CHAIRMAN WITTGRAF: In effect, then, you're
9 recommendation is that it be released, consistent with the
10 request --

11 MR. FORTUNO: Yes.

12 CHAIRMAN WITTGRAF: -- pursuant to formal Board
13 authority?

14 Any questions or comments for Mr. Fortuno regarding
15 that memorandum and its potential release?

16 MR. FORTUNO: Now, one thing I should say is that
17 the substance of the memorandum has been disclosed at this
18 point. It has been discussed openly, so it may be that, in a
19 very technical sense, with the substance having been publicly
20 discussed and disclosed, there is no need for the formal
21 action.

22 However, given the choice, I'd rather see the Board

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1 formally consider it and formally resolve to go ahead and
2 release the memorandum.

3 CHAIRMAN WITTGRAF: Even though it doesn't happen
4 to involve any litigation pending against the --

5 MR. FORTUNO: No, it does not.

6 CHAIRMAN WITTGRAF: -- Corporation, as a party, or
7 any of its officers or directors or staff members?

8 MR. FORTUNO: Not at all.

9 CHAIRMAN WITTGRAF: Questions or comments for
10 Mr. Fortuno?

11 (No response.)

12 CHAIRMAN WITTGRAF: Thank you, Mr. Fortuno.

13 MR. FORTUNO: Thank you.

14 CHAIRMAN WITTGRAF: We will return, then, to agenda
15 item 7 -- that is, the consideration of any report of the
16 Operations and Regulations Committee of the Board. In that
17 regard, the Chair recognizes Mr. Shumway.

18 PRESENTATION BY NORMAN SHUMWAY,

19 LSC BOARD MEMBER

20 MR. SHUMWAY: The Operations and Regulations
21 Committee did not meet and hence has no report to make,
22 Mr. Chairman.

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1 CHAIRMAN WITTGRAF: Thank you, Mr. Shumway.

2 We'll proceed then to agenda item 8. That is the
3 report of the Office of Inspector General Oversight
4 Committee. For that purpose, and in the absence of Mr. Kirk,
5 the chair of that committee, the Chair recognizes Mr. Hall.

6 MR. HALL: I think that I would prefer that you put
7 on the record whatever you'd like to say about that, George.

8 CHAIRMAN WITTGRAF: Thank you, Mr. Hall.

9 MR. HALL: But I appreciate the recognition.

10 PRESENTATION OF GEORGE WITTGRAF,

11 CHAIRMAN, LSC BOARD

12 CHAIRMAN WITTGRAF: The Office of Inspector General
13 Oversight Committee did meet at some length, both in
14 executive and open session this past Thursday, September 9.

15 The principal subject of the discussion -- or of
16 the meeting, I should say, was discussion of a report
17 prepared by the inspector general, Mr. Quatrevaux, that being
18 a report of activities of the Office of Inspector General for
19 the period October 1, 1991, to and through June 30, 1993.
20 And I believe all members of the Board have received a copy
21 of that report.

22 There was no action taken by the committee; I don't

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1 believe any is recommended by the committee to the Board.

2 Comments were made by the members of the committee
3 to Mr. Quatrevaux and to the members of his staff as a part
4 of that discussion.

5 I think the general purpose of the discussion was
6 to pursue some of the matters discussed in the report and
7 also to share with the inspector general the committee's and
8 the Board's concern with being able to show the
9 organizational efforts, as well as the substantive efforts,
10 of the office during Mr. Quatrevaux's stewardship and to lay
11 groundwork both for the future activities of the Office, the
12 expectations of the Board, and also to match up the
13 activities and the operations of the Office with the
14 budgetary requests that have been made and will be made by
15 that Office in the future, as a part of the management and
16 administration spending of the Corporation.

17 Any questions or comments in that regard?

18 (No response.)

19 CHAIRMAN WITTGRAF: Hearing none, we will proceed
20 to agenda item 9.

21 I'll recognize Mr. Hall, the chair of the Committee
22 for the Provision for the Delivery of Legal Services, for the

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1 report of that committee.

2 Mr. Hall.

3 PRESENTATION OF J. BLAKELEY HALL,

4 LSC BOARD MEMBER

5 MR. HALL: Thank you, Mr. Chairman.

6 We did meet and received status reports on several
7 ongoing projects of the Corporation. We received a report on
8 the progress of the Migrant Ombudsmen's Project and learned
9 that four grant checks have gone out to the Western Nebraska
10 Legal Aid, Texas Rural Legal Aid, Florida Rural Legal
11 Services, and the Farm Worker Legal Services of New York.
12 And we look forward to hearing about the future successes of
13 those programs and savings to the Corporation.

14 We heard a report on the extra funds for current
15 migrant programs. The Corporation had been asked to identify
16 whether or not there were any additional monies that could be
17 used to go to those programs. And we did find \$26,000
18 available, however that money was earmarked for the Migrant
19 Service Programs in Kentucky. Apparently, it would have been
20 used, had it been a little bit more, by them and will be
21 needed next year by them. The discussion focused on exactly
22 how much good it would do to spread thin that \$26,000. And I

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1 think the consensus of the committee was to take no action in
2 recommending moving that money and rather to continue to go
3 to Congress and ask for supplemental appropriations to help
4 the other migrant programs that are in such great need.

5 We received a report on the recruitment and
6 retention efforts, which is pretty well summarized in a very
7 nicely done report prepared by the staff, Report on Attorney
8 Recruitment and Retention, which I think everyone has
9 received a copy and pretty much speaks for itself. The
10 committee, of course, hopes that the next Board can use this
11 study as a springboard to Congress to argue for additional
12 funds. I think the study pretty well documents a need for
13 monies to help do recruitment programs, as well as to up the
14 salaries to retain and to attract not only minority attorneys
15 but the current legal services staff.

16 We received a report as well on the time-keeping
17 grant solicitations, learned that 26 proposals had been
18 received and exceeding the available monies. 18 of those
19 were funded, 4 of them were for brand new -- were for
20 programs that had no timekeeping system. 13 will be updating
21 or improving the systems. And one was awarded to a
22 collection of programs to begin a system. And we'll hear in

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1 the future about the success of those.

2 We heard a report on the Meritorious and Innovative
3 Grant Project, received a list of the projects that have
4 received -- well, I think the funds haven't gone out.
5 They'll go out in the next two weeks or so to those, before
6 the end of the month. Additionally, the Corporation has
7 funded a meritorious grant in the amount of \$49,000 to the
8 Indian Law Support Center.

9 I think there is a total of maybe close to \$240,000
10 that went out in innovative and meritorious grants. Is that
11 close to correct?

12 MR. O'HARA: I don't think it was 240. It was
13 roughly \$198,000, and we gave the award to the Indian Law
14 Support Center out of the Native American funds. It was such
15 a worthwhile project that I took the money from the other
16 line and granted it to them --

17 MR. HALL: Okay.

18 MR. O'HARA: -- so that we could award monies to
19 the other programs and not waste the money that was in there.

20 MR. HALL: We also heard a report on the flood
21 assistance that the Corporation has provided and the
22 activities that have been taken there. The Corporation had

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1 made \$10,000 available for training expenses or for
2 transportation to and from some training sessions for helping
3 the flood victims and had also requested from Congress and
4 received approval for \$300,000 in additional flood monies.

5 And LSC then solicited and reviewed some proposals
6 that were received, which, as Jack has already described in
7 his report, exceeded the funds available. He has described
8 how the grants were made on a reduced basis to all the folks
9 who asked for them.

10 He mentioned that only -- that most of the money
11 went for direct service, and I think \$6,000 went on for
12 property damage, which was an accomplishment.

13 And again, the credit apparently belongs to not
14 only all the staff but to the excellent work done by Ellen
15 Smead's staff and by Rick Teitelman and assistants. That
16 concludes my report, absent corrections or additions to the
17 other members that were present.

18 CHAIRMAN WITTGRAF: There's nothing that requires
19 Board action from your committee's activities is there,
20 Mr. Hall?

21 MR. HALL: No, there was not.

22 CHAIRMAN WITTGRAF: Good.

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1 Questions or comments for Mr. Hall?

2 (No response.)

3 CHAIRMAN WITTGRAF: Any public questions or
4 comments?

5 There should be a list of Migrant Ombudsmen
6 Demonstration Project recipients if anybody is interested in
7 that. There should be copies of the Attorney Recruitment and
8 Retention Effort Review available if anybody is interested in
9 copies of that.

10 There should be a list of the Timekeeping Grant
11 Recipients if anyone is interested in a copy of that list.
12 Similarly, there should be a list of the Meritorious
13 Innovative Grant Award recipients.

14 Any questions or comments regarding any of those
15 materials?

16 (No response.)

17 PRESENTATION OF GEORGE WITTGRAF, CHAIRMAN, LSC BOARD
18 ASSISTED BY DAVID RICHARDSON, COMPTROLLER AND TREASURER

19 CHAIRMAN WITTGRAF: Thank you.

20 Finally, we have the report of the Audit and
21 Appropriations Committee. In the absence of Mr. Uddo, I'll
22 try to make a report on behalf of that committee, with the

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1 assistance of Mr. Richardson.

2 Mr. Richardson, if you would be good enough to
3 introduce yourself for the record.

4 MR. RICHARDSON: Yes, sir. For the record, my name
5 is David Richardson. I'm the treasurer-comptroller of the
6 Corporation. We met on September 9th, the day before
7 yesterday, in regards to the Audit and Appropriations and
8 finances of the Corporation, had a very busy agenda.

9 One of the things that we reviewed was the expenses
10 through June 30th and the three-month projection of expenses.
11 There are some internal budgetary adjustments that are at the
12 discretion of the directors and the president that we
13 reviewed.

14 There are also some reallocations that are proposed
15 that the Board will have to approve. Those are required
16 because of the Migrant or the ADR Program money that was
17 moved from the other funds available for that purpose. There
18 is also money needed for the Native American line. The
19 supplemental field and state support to provide funding for
20 those lines were the Meritorious and Innovative Grant awards.
21 That amounted to \$31,632.

22 There was also an amount that was originally in the

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1 Meritorious line that was put there in 1990, held in reserve
2 for a program in South Carolina that had sustained some
3 damage due to Hugo. Since at this point their insurance has
4 come through, there is no longer a need for that money. And
5 it's my recommendation that we move that to the Special
6 Emergency line, to be consistent with the way the money was
7 earmarked before.

8 In reviewing the total budget plan, it appears that
9 we're going to have approximately \$80,000 left in grant
10 money. The vast majority of that, \$36,000, was in the
11 National Support. There is \$16,000 left in the Basic Field.
12 And there is \$26,000 in the Migrant line, which has just been
13 reported as also earmarked, hopefully, for a Kentucky grantee
14 to come forward next year.

15 In the Management and Administration line, we're
16 projecting approximately a \$350,000 carryover. And the vast
17 majority of that is the good job that has been done by
18 Mr. Fortuno and his staff in holding down litigation expenses
19 and actually getting some money returned from litigation in
20 prior years. There is also \$12,000 that we are projecting to
21 be available from the other funds available.

22 CHAIRMAN WITTGRAF: Let me stop you there just a

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1 moment. The \$350,000 carryover that's being projected for
2 the Management and Administration is, in fact, substantially
3 less than has been the case in prior years; is it not?

4 MR. RICHARDSON: Yes, sir, it is. We've had as
5 much as -- last year, I think it was \$710,000 total that was
6 available. And of that, it was approximately 450 for M&A.
7 It has been steadily coming down.

8 We have had as -- I'll go back as far as '87. When
9 I first came in the Corporation, there was actually
10 \$4.4 million available in uncommitted carryover. And that
11 has steadily gone down to this year, that the total amount is
12 \$450,000 in total.

13 CHAIRMAN WITTGRAF: You were present yesterday noon
14 when our former Board member, Mr. Dana, spoke; were you not?

15 MR. RICHARDSON: Yes, sir, I was.

16 CHAIRMAN WITTGRAF: And he characterized the
17 Corporation as being functionally bankrupt. And I was nice
18 enough, of course, not to talk about the lease arrangement in
19 that context, the Howard being a memorial lease that we have
20 at the former headquarters. But one might have taken that as
21 a negative comment -- I guess I would -- for one member of
22 the Board, say that I take that so-called functional

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1 bankruptcy really as an accomplishment.

2 I think the Board has made a concerted effort
3 during this fiscal year in particular to get so many of the
4 monies available to the Corporation as possible out the door,
5 be it for the provision of Basic Field Services, be it for
6 Support and Supplemental Support purposes, or be it even the
7 monies that are used for Management and Administration.

8 I'd like to think that not only does that allow the
9 provision of as many services as possible across the country
10 but that it also allows a more honest and accurate
11 appropriation process from year to year as the Corporation
12 deals with the Congress.

13 I'd ask you, Mr. Richardson, as the conscience of
14 those of us who have the fiduciary responsibility for the
15 Board, do you see that the position that we're in at the
16 moment, where we have moved almost all of the money out the
17 door, be it Services monies or even Management and
18 Administration monies, as that having created any problems,
19 any threats, any liabilities, any difficulties for the
20 Corporation?

21 MR. RICHARDSON: In my opinion, I believe it has
22 somewhat. I also spoke to Mr. Dana after that comment

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1 yesterday, and we have prepared some internal budgetary
2 documents for 1994. The budget internally, the freeze
3 budget, was approximately \$12.6 million.

4 I think what he is basing that on is that the last
5 three years the Congress has held our appropriation steady,
6 at \$9.774. And certainly if we would get that amount of
7 money again, we would be in serious jeopardy.

8 But hopefully -- and, of course, the way that this
9 Board has been moving -- our request is for \$14.6 million.
10 We were projecting \$300,000 in carryover, to make it a
11 \$15 million budget. We have used the majority of that money.

12 Another thing that has occurred is remember last
13 year we had money set aside for the deferred rent incentive.
14 During the budget process for '93, the non-cash portion of
15 expenses that we incurred last year, some \$425,000 in
16 deferred-rent incentive, how -- it was a non-cash expense, so
17 we put it back in, converting our position to a cash budget.
18 So we passed a cash budget of \$10.9 million, plus \$860,000
19 for deferred-rent incentive.

20 Basically, I think what Mr. Dana is looking at is
21 we have basically borrowed \$1.2 million of non-cash expenses
22 to finance this year's budget. By my calculations, we're

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1 going to be approximately \$700,000 negative balance in our
2 fund balance.

3 I have talked to our auditors about it. They don't
4 see it as a particular problem. There may be a note to the
5 financial statement, calling it to the Board's attention.
6 They will certainly speak to that when they come before the
7 next Board in January or February, because they would prefer
8 that the money be set aside for that.

9 But the -- I think it's the deficit in the fund
10 balance is mainly what Mr. Dana was speaking to. And he was
11 concerned that if our funding is held constant again, that we
12 are going to have a \$2.5 million shortfall in needed funding
13 to fund Management and Administration next year.

14 CHAIRMAN WITTGRAF: It's my understanding, based
15 upon the analysis that you've just given so well, that the
16 president, with the assistance of Mr. Boehm, does plan, this
17 coming week, to reiterate in writing to the Congress and to
18 the Senate and House conferees the position that we are in.

19 With all due respect to Mr. Eakeley and Mr. Smegal
20 and their fellow heirs apparent -- or Board members
21 apparent -- we've certainly not done this in any way to
22 hamstring them and their management in the future. We're

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1 done it rather to get on a more honest and a more
2 straightforward appropriation relationship with the Congress
3 henceforth.

4 And it is critical that the appropriation be
5 larger, be \$12, \$13, \$14 million, that it be a real
6 appropriation for the real needs of the Management and
7 Administration of the Corporation. And hopefully the
8 conferees will act on that basis. We certainly have no
9 intention of wanting to see our successors and their
10 Management and Administration hamstrung in any way.

11 And if the Congress moves according to that
12 reality, then hopefully there will be no problem. If they
13 would stay with the \$9.7-plus million of the last few years,
14 then there would be the problem you have described and
15 presumably to which Mr. Dana was speaking yesterday noon.

16 MR. RICHARDSON: That's correct, sir.

17 CHAIRMAN WITTGRAF: It's my understanding that the
18 Audit and Appropriations Committee on Thursday did act upon
19 three items. They did act regarding the -- and recommended
20 to the Board the action that's necessary for the
21 reallocations within the line items. They also acted
22 regarding the reallocations that are necessary within

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1 Management and Administration line item in particular, and
2 finally that the committee did act on the matter of providing
3 the Office of Management and Budget with a so-called "budget
4 mark."

5 And I believe the committee in that regard asked
6 you to draft wording that would have us reiterating to OMB
7 our Board support ongoing for \$525 million budget goal or
8 budget mark, also suggesting to OMB that it itself, for the
9 fiscal year 1994, recommended through the White House,
10 through OMB, a \$432 million figure and would cite those two
11 figures to OMB as they make their projections for Fiscal Year
12 1995.

13 Is that your recollection, Mr. Richardson?

14 MR. RICHARDSON: That is correct, sir.

15 CHAIRMAN WITTGRAF: Okay. So that you will have
16 for the Board consideration three proposed resolutions, the
17 two regarding the reallocations and the one regarding the
18 budget mark?

19 MR. RICHARDSON: That is correct, sir.

20 CHAIRMAN WITTGRAF: Is there anything else that you
21 think might be highlighted for the members of the Board this
22 morning from the deliberations of the committee Thursday

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1 afternoon?

2 MR. RICHARDSON: I do not believe so. The only
3 other thing, of course, as you brought up, the building -- we
4 have subleased an additional 4,900 --

5 CHAIRMAN WITTGRAF: The news is getting better --
6 maybe it would be good to highlight that -- yes, sir.

7 MR. RICHARDSON: Yes. We have subleased the
8 executive office, 400 Virginia Avenue. It's approximately
9 4,900 square feet. Mr. Sundseth, who is now overseeing that
10 particular project, met yesterday with the tenants who
11 sublease that property. They are moving, it looks like,
12 forward to lease an additional about 8,500 square feet.

13 Their review of the property was very favorable
14 yesterday. In that light, we have provided them some
15 drawings, architectural drawings, of what they have laid out.
16 They actually already had the names written in, so we'll be
17 moving forward very quickly, I hope, with that in the next
18 week -- to see, hopefully, when we do meet together again in
19 two weeks, possibly three, that we can report another lease
20 signed on the property.

21 CHAIRMAN WITTGRAF: Questions or comments, either
22 regarding the deliberations of the Audit and Appropriations

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1 Committee as summarized or of Mr. Richardson in particular
2 from any members of the Board?

3 (No response.)

4 CHAIRMAN WITTGRAF: From any members of the
5 audience?

6 Mr. Smegal.

7 MR. SMEGAL: George, I'm curious, how many square
8 feet are we talking about there?

9 CHAIRMAN WITTGRAF: At the old facility?

10 MR. SMEGAL: Yes, the 48 and 85 are what part of
11 what?

12 CHAIRMAN WITTGRAF: Okay, Mr. Richardson.

13 MR. RICHARDSON: We have leased already
14 approximately 10,000 square feet. If we get the leases
15 signed or the lease signed for the second floor area, it will
16 leave the total concourse area, which is approximately 26,000
17 square feet, still not subleased.

18 MR. O'HARA: I've got a comment on that.

19 CHAIRMAN WITTGRAF: Mr. O'Hara.

20 MR. O'HARA: Thank you, Mr. Chairman.

21 In response to Mr. Smegal's request, David, we were
22 in a situation that we got caught in the crunch of the

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1 oversupply of office space, but things are rapidly becoming
2 very scarce in the Southwest area, which is where the
3 Virginia Avenue office was.

4 The need to move was readily apparent to the Board
5 two years ago, when we entered into this. We had people
6 virtually working in broom closets. We had people that --
7 that didn't even have offices. And the space was really not
8 good for us, and we had the opportunity to move. That's
9 history.

10 The decision was made. I still think it was the
11 right decision. We now are in the situation where the space
12 that was just leased this week was sought after by two
13 different groups. We had a commitment to the one group, and
14 we honored that commitment. The other group is negotiating
15 with us now, as I understand it, for the basement level. It
16 is a question of windows and things in there. Right, that is
17 still ongoing. We have -- we're looking at that very
18 carefully.

19 The other thing we're doing is, because of the
20 budget crunch on the financial situation we had, we've had to
21 substantially reduce our -- the staff of the Corporation.
22 We're now down from about 135-136, to about 114 or 115, give

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1 or take one. Because of that, we've had some offices that
2 have been vacated. And David, in his good management, has
3 leased out some of that office space.

4 We now have six offices that are leased?

5 MR. RICHARDSON: That's correct, sir.

6 MR. O'HARA: And we're negotiating with another
7 group that wants to lease maybe 8 to 10 more office spaces.
8 And we are going to be consolidating our work force and
9 freeing up a particular area that we can sublease out. And
10 until we get the situation at Virginia Avenue covered, we
11 will not be totally without income to cover some of that.

12 Historically, you should know that several years
13 ago, and prior to my becoming president, the Congress, in its
14 wisdom, created the Inspector General's Office. And
15 unfortunately for the Corporation, we didn't get any extra
16 money for the inspector general. We needed that office, and
17 we just dipped into the funds that we had. We got no extra
18 money at all from the Congress for that office.

19 And hopefully, in our deliberations with staff, we
20 have made some inroads on that. The fact that we've had that
21 extra staff added on, which is needed and is required, and in
22 our discussions with the staff in the coming weeks, we'll be

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1 talking about that in addition to the short falls we've had,
2 because we do not have the carryover that the Corporation has
3 had in the past, and the Board has recognized that. So I'm
4 optimistic that we're not going to be in terrible shape as
5 far as the Virginia Avenue.

6 Chris Sundseth, the staff person who is working on
7 this, is a real go-getter and has been really producing for
8 us. And I fully expect that we'll hear some more good news
9 the early part of next week. And we're going to continue to
10 push that space.

11 Thank you, Mr. Chairman.

12 CHAIRMAN WITTGRAF: Thank you, Mr. President.

13 I would note for all members of the audience and
14 particularly, again, for Mr. Smegal and Mr. Eakeley, if
15 they'll forgive my presumptuousness, I think not only do you
16 want to have a so-called multi-meeting Board book, but I
17 think, along the lines of this colloquy we've been having
18 with Mr. Richardson, we especially want to have this
19 green-covered booklet that he had presented to the Audit and
20 Appropriations Committee on Thursday. And it has great
21 detail on the budgetary figures. If you haven't picked that
22 up already, I'd encourage you to do so.

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1 Further questions or comments from the Board, from
2 the audience, for Mr. Richardson?

3 (No response.)

4 CHAIRMAN WITTGRAF: Thank you, Mr. Richardson.

5 At this point, and pursuant to the notice given and
6 to the written vote taken previously by the members of the
7 Board, we will proceed to executive or closed session for
8 consideration of the matters listed on the agenda as items
9 number 14 through 19.

10 It's the Chair's expectation that we will have
11 approximately 15 or 20 minutes in closed or executive session
12 before we come back to conclude today's Board meeting.

13 And I would ask that everyone except for the
14 reporter and General Quatrevaux excuse themselves at this
15 time.

16 Thank you.

17 (Whereupon, at 11:24 p.m., the meeting was
18 adjourned to executive session at 11:24 p.m.)

19 * * * * *

20 (12:16 p.m.)

21 CHAIRMAN WITTGRAF: At this time, we're returning
22 to open session for the completion of the deliberations of

1 the Board.

2 We have only agenda item 20. That is Consideration
3 of Other Business.

4 Are there other members to come before the Board at
5 this time, either from members of the Board or from members
6 of the Public?

7 (No response.)

8 PRESENTATION OF GEORGE WITTGRAF,

9 CHAIRMAN, LSC BOARD

10 CHAIRMAN WITTGRAF: I would take this opportunity
11 on behalf of the Board, and in light of the comments that
12 were made in a number of the sessions yesterday, to say to
13 Rosie Mewsome, on behalf of the National Organization of
14 Client Advocacy, that I think at least for this Board, for
15 this administration, and probably for future -- for the new
16 Board, suggest that as you talk about funding for NOCA, that
17 it would be particularly helpful to make what I'll call a
18 grant application.

19 And there are monies at any point in time -- at
20 least a few thousands of dollars at any point in time or even
21 a few tens of thousands of dollars -- which end up not
22 getting expended or which are grant recoveries or which are

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1 earnings off monies drawing interest.

2 And I think that this Board, a future Board,
3 President O'Hara and his staff would be favorably inclined to
4 make a grant. But I do think it requires a specific
5 proposal.

6 And I think to follow on the comments and the
7 concerns raised by a number of client representatives
8 yesterday, that that's the next step to take. And I
9 encourage you to do that.

10 If there's something in particular, some project or
11 some need, be it for purposes of travel, be it client support
12 materials, whatever, that a specific proposal is what you
13 need to make to the Corporation and that that has the best
14 opportunity, in my judgment, of being funded and providing
15 some funds for NOCA.

16 Down the road, it may be possible that there will
17 be some permanent funding for NOCA or some other entity. But
18 at this point, I think a specific request for a specific
19 grant is the way to go.

20 MS. NEWSOME: Thank you.

21 CHAIRMAN WITTGRAF: Other questions or comments?

22 (No response.)

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